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8: Sustainable organizations and the role of HR: HR related interventions towards sustainable change processes

Introduction

Joost Bücker

Since the 2008 economic crisis and the late 2015 International Climate Change Agreement (the Paris agreement) on a decrease and final ban of the use of carbon energy resources, the debate regarding sustainability of organizations and people worldwide, initiated by the Brundtland report (WCED, 1987), has intensified. We are urged to take full responsibility for individual and organizational behaviour outcomes, and make ‘dirty’ hands. “Issues of environmental degradation, marginalization of significant social groups, radicalism and protests against capitalism, and the search for innovations in public and private sectors that deal with these dilemmas have increasingly become imperative nowadays” (Jabbour & Santos, 2008, p. 2133). Corporations in various sectors and industries, such as oil and gas industry, energy, financial services, and pension funds, are expected to actively lead transformation into more sustainable organizations and investments. A search for development criteria which include economic, social, and environmental elements is needed (Jabbour & Santos, 2008).

Although all stakeholders in organizations need to play their role in this transformation process, there is a special role for strategic HRM with regard to developing sustainable people management policies. Boudreau and Ramstad (2005) see the need of a paradigm shift to integrate Human Resource Management with sustainability, moving from a traditional economic profit perspective to a new sustainability perspective. Although there is interest in making organizations more economically, ecologically and socially sustainable, up until now, research on HRM and sustainability is scarce. Ehnert and Wes (2012) see two directions in which the need for sustainable HRM could be underpinned. At the macro-level, an organization is perceived in its larger environment and HRM can contribute to the societal discussion about corporate sustainability. Simply said, HRM cannot stay out of this discussion (Jackson et al., 2011). At a micro and meso level, the focus is on the internal processes of HRM. Here “the debate is linked to the observation of scarce human resources, of aging workforces, and of increasing work-related health problems and the argument is that fostering

the sustainability of the HRM system itself becomes a ‘survival strategy’ for organizations dependent on high quality employees” (Ehnert & Wes, 2012, p. 223).

Defining Sustainable HRM

Research on sustainable HRM originated from a few countries only, such as Germany, Switzerland, and Australia (Ehnert & Wes, 2012). Wilkonsson, Hill and Gollan (2001) focused on the short term use of human resources in organizations. The authors speak about ‘consumption’ of people instead of ‘reproduction’. Zaugg et al. (2001) go one step further and claim that a sustainable use of the capabilities of people in organizations can lead to a competitive advantage, especially where there is labour scarcity. These authors define sustainable HRM as “long term socially and economically efficient recruitment, development, retainment and dis-employment of employees” (p. II). Most definitions in this period were focused on the long term survival, on the viability of organizations, and a future orientation (Ehnert & Wes, 2012).

Later studies used terms such as ‘sustainable work systems,’ HRM’, ‘talent management’, and ‘HRM and stakeholder theory’ (Ehnert & Wes, 2012). Cohen et al. (2010, p. 1) define a sustainable organization as an “enterprise that simultaneously contributes economic, social and environmental benefits — known as the “triple bottom line” — to society while also ensuring its own long-term sustainability as an organization.” Sustainable HRM in their view is the use of the tools of HR to create a workforce that has the trust, values, skills and motivation to achieve a profitable triple bottom line.

In this *liber amicorum* contribution for Jac Vennix, we focus on sustainable HRM, referring to Socially Responsible HRM (Cohen, 2010), combining social sustainability and Corporate Social Responsibility (CSR). This fits well in the Nijmegen School of Management (NSM) social science perspective on business administration where multiple value creation is key and where a social and organizational perspective beyond an economic perspective are central. The NSM Strategic HRM group uses this multidisciplinary approach with a focus on social embeddedness. Six scholars of the NSM Strategic HRM group take the opportunity to offer their research view and output on Socially Responsible HRM, zooming in on sustainable employability or careers, gender diversity, cultural intelligence, the flexible workforce, high performance work systems, and financial participation. Each of these individual contributions describes the challenges of sustainable HRM in the midst of a rapidly changing environment characterised by globalization, geographical mobility, strong competition, and decreasing social security support from governments. After these individual sustainable HR related

contributions, we will conclude this article answering the question if there is something like a ‘Nijmegen approach towards Social Responsible HRM.’

Sustainable careers

Beatrice Van der Heijden

Recently, Van der Heijden and De Vos (2015), building upon their own empirical work on careers and their antecedents, both in terms of organizational as well as individual career initiatives, and their outcomes, have come up with a conceptualization of ‘sustainable careers’. They believe that changes with regard to *time*, *social space*, *agency* and *meaning*, being the four dimensions that they have incorporated in their definition, have important implications for nowadays’ careers, the practice of career management, and the scholarly field of career studies. Specifically, as workers have moved from an expectation of lifelong employment towards a focus on the need to protect their employability (Van der Heijden, De Lange, Demerouti, & Van der Heijde, 2009), it is important to increase our knowledge of those elements that contribute to sustainable careers for all workers. In line with one of the research pillars of Business Administration at the Radboud University (that is, Responsible Organization), we follow an integrative approach that focuses on social relationships between multiple stakeholders (or actors), and a better understanding of the importance of good management of careers, and eventually, of organizations. As such, we conduct research on the principles and processes that govern the different ways in which social relationships, within and outside organizations, affect how sustainable careers are managed and meaningful performance is established, and on how management can influence multiple value creation.

Contemporary career research departed from the complex and constantly changing socio-economic environment and already introduced new career concepts, such as the boundaryless career, protean career, kaleidoscope career, customized career, and post-corporate career (see Van der Heijden & De Vos, 2015 for key references on these career concepts). Although these career concepts respond to changing employment relationships, Van der Heijden and De Vos (2015) go one step further by adding the perspective of ‘sustainability’, thereby incorporating evolutions in the four dimensions mentioned above (that is, time, social space, agency, and meaning). They do not aim to replace contemporary career concepts, they rather advocate a fresh perspective on careers that recognizes the complexity of the career concept, thereby elaborating on existing career concepts.

The concept of sustainable careers is defined as “*the sequence of an individual’s different career experiences, reflected through a variety of patterns of continuity over time, crossing several social spaces, and characterized by individual agency, herewith providing meaning to the individual*” (Van der Heijden & De Vos, 2015, p. 7). They emphasize that the focus of their definition lies on the individual, yet, that a career can only be sustainable in case a balance has been reached between individual and organizational needs. Therefore, continuity for both the individual and for the organization are required. As such, Van der Heijden and De Vos (2015) have brought the organization back into the definition of careers, albeit while attaching a broader meaning to it than has been done previously. Nowadays, there are many different types of organizations, implying that sustainability of the individual’s career is highly dependent upon the ability one has to align individual needs with the needs of the specific type of organization one is employed with. As such, they turn back to Schein’s (1978) conception of careers as a matching process between individual and organizational expectations.

Van der Heijden and De Vos (2015) believe that the complexity of today’s world calls for the need to take a broader and long-term view, incorporating both stimulating and hindering factors in the light of sustainable career outcomes. In their view, a sustainable career is thus one that endures over time and that is characterized by development, conservation and renewal of the working individual’s career-related resources, including human and social capital as well as personal characteristics. Building on the general notion of sustainability, sustainability in careers implies protecting and fostering (rather than depleting) human and career development with a focus on balance and renewal (Newman, 2011).

Concrete, if we consider the concept of sustainable careers across the life-span, it is obvious that sustainability appears to be increasingly problematic in many key stages of the career life cycle (Greenhaus & Kossek, 2014). Therefore, Van der Heijden and De Vos (2015) stress the need for an integrative approach that highlights the role and interconnectedness of multiple actors (that is, individual employees, employers, organizations, and other stakeholders) in the process of enhancing sustainable careers. Notwithstanding the individual responsibility for sustainable careers, organizations should also be actively engaged in protecting and enhancing sustainability at work. That is to say, the efforts and activities of both employees and employers should be carefully aligned in order to come up with life-span-aware and diversity-friendly sustainable career management. Therefore, they call for a non-normative framework aimed at enhancing healthy, prosperous, productive and challenging careers that are beneficial for both parties involved. Sustainable careers are built upon the

notion that they should allow individuals to have positive career experiences over the long term in ways that promote organizational and individual effectiveness. Therefore, in our opinion, mutual understanding between employee and employer (in particular direct management parties) is key in order to respond to the above-mentioned pluriformity of the workforce and to align employees' individual aspirations, capabilities and expectations with regard to work and private life with the employer's goals and expectations (see also Van der Heijden, 2005).

Interventions for equality, diversity and inclusion

Yvonne Benschop

There is ample support for the thesis that a sustainable workforce means a diverse workforce and that diversity needs to be managed, because equality and inclusion do not come naturally to organizations (Kirton & Greene, 2016). There is also a long history of interventions that aimed to change organizations towards equality, diversity and inclusion. Yet, labor market statistics keep showing persistent patterns of occupational segregation and wage gaps along multiple social identity categories such as gender, race, ethnicity age, class, and sexuality. This shows that the quest for interventions that will lead to a sustainable workforce is not accomplished. In Jac Vennix's (1999) terms, equality, diversity and inclusion continue to be messy problems for organizations today. The resilience and persistence of inequalities make organizational change in this area complex indeed, in particular since interventions to change can have unintended side effects, can produce new inequalities and are frequently counteracted by inequality practices (Van den Brink & Benschop, 2012).

What does it take to come to a sustainable SHRM and shed new light on the design, implementation and evaluation of interventions? First, further clarification of the ultimate goal of change in this area is needed. Currently, the dominant discourse points to three core, interrelated concepts: equality, diversity and inclusion. These concepts are a moving target, subject to heated debate and change over time, influenced by feminist, political and social theories and organizational practices (Verloo, 2005; Walby, 2005). What is it exactly that should be achieved? Changing the numerical representation of minority diversity groups in the workforce is one part of the agenda, but the ambition for change tends to be much higher. It includes non-quantifiable goals pertaining to equality - in visibility, access to power and participation in decision making (Benschop & Verloo, 2006; Janssens & Zanoni, 2014; Mor-Barak & Cherin, 1998) - , and to inclusion - full participation of all people, contributing to

collective goals and maintaining and expressing their valued identities - (Ferdman, 2014). Yet, it is difficult to assess equality and inclusion beyond the numbers and more effort is needed to explicate non-quantifiable goals.

Second, changing organizations is a notorious difficult task, and many interventions fail. Resistance to change is typically strong when an organization's cultural norms, beliefs, attitudes and values are the target of change efforts. This is certainly the case with interventions that target equality, diversity and inclusion in organizational practices and routines (Benschop & Verloo 2006). Previous research has developed different conceptualizations of how equality, diversity and inclusion are valued in organizations (or not), such as the organization's perspective on diversity (Ely & Thomas, 2001), the diversity strategy (Ortlieb & Sieben, 2013) or the climate for inclusion (Nishii, 2013). These typologies of organizations can help to compare different organizations, but they are not very helpful to identify the suitable interventions, as resistance to change can come from different stakeholders. For interventions to work, there needs to be an alignment of the proposed intervention with the organization culture. Jac Vennix's work offers some insights for the alignment of organizational cultures and interventions, for instance regarding the involvement of multiple stakeholders to understand complex problems as a way to build commitment to proposals for change. A few studies have used Vennix's work on Group Model Building in gender and diversity interventions (Bleijenbergh, Benschop, & Vennix, 2013; Bleijenbergh & Van Engen, 2015). These studies show how stakeholders bring their expertise and diagnosis of the problem to the table, engage in a facilitated discussion with each other and with diversity experts, and come to a shared problem definition. This shared problem definition can become the input for the design and implementation of interventions, creating more support and less resistance from stakeholders for the proposed interventions.

Building sustainable skills: Developing cross-cultural competence with the help of Ecotonos, a cross-cultural simulation intervention

Joost Bücker

Societal change as a result of globalization and development of technology, brings new challenges. Growing mobility in the form of expatriates, business travelers or global professionals sent abroad by their employers result in increased intercultural contact between individuals from various cultures. Communication across cultural barriers is not easy; it often leads to misunderstanding and conflict. Individuals need to develop cross-cultural competence

to learn to communicate more effectively across cultures. Cross-cultural competence is represented by several constructs, such as a global mindset (Levy et al., 2007), cultural sensitivity (Shapiro et al., 2008), multicultural personality (Van der Zee & Van Oudenhoven, 2000), and cultural intelligence (Bücker & Poutsma, 2010). The cultural intelligence (CQ) construct (Earley & Ang, 2003) consists of four dimensions: a cognitive, metacognitive, motivational, and behavioral dimension. CQ has a more dynamic character than global mindset. Ang et al. (2007) developed the CQ Scale, a measurement instrument to measure cultural intelligence. Furthermore, CQ's antecedents and outcomes have been studied intensively (Bücker et al., 2014). Development of cultural intelligence is essential for staff of international firms; such a development may result from an international assignment (e.g., expatriation), the experience of working and living in another country or by training and education.

As an increasing number of higher educated students will sooner or later be confronted with individuals from other cultures in their job, higher education institutes need to take responsibility for cross-cultural learning and education in their curricula. Barth and Timm, 2011, p. 1) uses the term Higher Education for Sustainable Development (ESD) that, against a background of globalization and complexity, aims at enabling people to not only acquire and generate knowledge, but also to reflect on further effects and the complexity of behavior and decisions in a future-oriented and global perspective of responsibility. Cross-cultural competence or cultural intelligence can be developed in various ways. Traditionally, universities make use of cognitive learning by transferring knowledge about cultures and cultural differences to students. As the development of cultural intelligence assumes reflection about an individual's cultural values, experiential learning (e.g., in the form of role plays) has proven to be more effective (Bücker & Korzilius, 2015).

Ecotonos (Intercultural Press) is such an experiential learning tool that is used at the Radboud University within the recently developed International Business Administration program which prepares students for an international business career. Ecotonos is part of the course Cross-Cultural Management & Communication. The course starts with traditional cognitive learning (transferring culture related knowledge), its relations to management and performance, and the need for international professionals/ managers to develop their intercultural competence. After this cognitive learning the experiential learning activity Ecotonos takes place. Experiential learning helps individuals become aware of and enables them to change their behavior (Ng et al., 2009). In this simulation game students learn what it

means to acculturate and what the impact is of working with different cultures within a problem-solving team.

Students first go through an accelerated acculturation process. Three groups of 6-10 students, develop a (new) (tribe or people's) culture by creating a story, a myth, an imagination of their ancestors, their history. Simultaneously, these groups are asked to integrate and apply norms (written on rule cards) in their team culture. Each team is invited to visualize their culture on a poster using pictures and pencils. After this acculturation assignment, the team (with their visible new culture) works on an assignment, e.g., the building of a bridge from paper and glue. Half way this construction process some of the students of the three teams are asked to switch to another team to support this new team in building bridges. After this switch the (now multicultural) teams work further on completing their paper bridge. The simulation takes 60 minutes in total. After the simulation students reflect on the roles they performed during this role play and later write a reflection report on this role experience embedding it within literature about cultural intelligence development. Next, students learn how cultural intelligence can support innovative work behavior with the appropriate use of divergent and convergent information processes. The Ecotonos workshop supports students in effective communication across cultures during their study program but also in their future career working towards sustainable global solutions for global business problems.

Looking beyond good intentions: Using a paradox lens to study sustainable work interventions in contemporary flexible labour markets

Pascale Peters

A Multiple Stakeholder/Multi-Level 'Process Approach to Paradox in Sustainable Work'

In the current labour market debates, employability is often presented as a means to meet both employers' and employees' needs and demands for flexibility and security. In previous days, security was provided by welfare state institutions and policies and life-time employment with an employer. However, in current global and dynamic market and institutional contexts, many employers can no longer guarantee the 'job for life.' Therefore, flexible contracts have become more common and the responsibility for employability has increasingly been shifted towards individual workers. Despite this, 'organizing for new security through enhanced employability' is also acknowledged to be a collective responsibility (e.g., top management, line managers, HRM-manager, employees, works council representatives, trade union

representatives, national and local governance organisations, non-governmental organisations, et cetera). The plea for collaboration and partnerships relates to the debate on sustainable HRM (Aust, Brandl, & Keegan, 2015; Ehnert, 2014) and HRM ethics (Paauwe, 2004; Paauwe et al., 2013, p. 198). It may concern questions the alumni of our master program (SHRM) will need to find innovative answers to, such as whether or not to invest selectively in key human resources, or to include all workers, including flexible workers (see also Peters & Lam, 2015).

In line with the didactic principles of our educational master program, my course ‘HRM and the Flexible Workforce’ aims to challenge, activate, develop and inspire master students through assignments linking academic theory and practice, i.e., theory and action-based learning. They are stimulated to use the paradox lens, being one of the characteristics of Sustainable HRM (Ehnert, 2014), as it can fruitfully inform HRM scholars and labour market stakeholders to search jointly for creative and innovative ways to study and govern wicked, contemporary sustainability and employability issues. This year, master students (participating in the course HRM and the Flexible Workforce) conducted a research project that looked into how an organization’s HRM managers, in collaboration with other stakeholders, take up a proactive role in developing sustainable organizations by including ‘multiple bottom-lines’ relating to people, profit and planet (see Ehnert, 2014). It was questioned why and how HRM managers and other labour market stakeholders (jointly) adopted ‘employability enhancing strategies, policies and practices’ (EP&Ps), for example, by promoting employee development (education, training, and career development); internal and external mobility; health and vitality? Although the HRM managers in the case organizations appeared to be aware of the need and to be willing to stimulate employability, due to conflicting market demands, institutional pressures, and diverse stakeholder interests, they struggled with how to design EP&Ps successfully. In practice, the intended HRM practices appeared to lack effectiveness: they were not (or only partly) implemented in the intended way and were not used by workers at the shop floor level!

In order to understand this lack of effectiveness of the EP&Ps, in line with Peters and Lam (2015), the students’ project employed a Process Approach to Paradox (Jarzabkowski, Lê & Van de Ven, 2013), combining insights from the paradox literature (Lewis, 2000; Lewis & Smith, 2014) and the Process Model of HRM (Wright & Nishii, 2007). Like in the multiple case study by Peters and Lam (2015), intended EP&Ps were shown to be surrounded by multiple paradoxes which can be defined as “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382). Moreover, also in the

students' case organizations, 'organizing paradoxical' tensions associated with the intended EP&Ps could be identified. Moreover, they were able to show how these paradoxical tensions spilled over and created new paradoxical tensions at the shop-floor level and cumulatively impacted line managers' and employees' passive or active paradox responses (see Peters & Lam, 2015). Peters and Lam (2015) already distinguished the following paradoxes:

The first was the so called '(inverted) flexibility/commitment paradox': Both poles of this 'organizing paradox' relate to the employability concept focussing both on flexibility (proactive and reactive flexibility and organizational and team commitment) (see Van der Heijde & Van der Heijden, 2006). The innovative EP&Ps intended by HRM to enhance workers' flexibility and (internal and external) mobility, meanwhile maintaining commitment. Micro-level stakeholders, however, rather prioritized the commitment pole over the flexibility pole, leading to low actual internal and external mobility. These latter responses reflected line managers' fear to lose employee commitment and external mobility resulting from employability investments and employees' willingness to stay employed at their organization (see De Cuyper & De Witte, 2011; Van der Heijde & Van der Heijden, 2006).

The second was the 'self-management/(human resource) management paradox': The poles 'self-management' ('take ownership') and '(human resource) management' ('organizational support') both relate to sustainable HRM (De Prins et al., 2015) in which line managers are stimulated to implement the innovative EP&Ps and workers to use these. However, both micro-level stakeholders relied on the role of the organisation and the social safety net and remained rather passive. Associated paradoxical tensions were shown to be rooted in old labour market rules and regulations, on the one hand, and contemporary (labor) market developments, on the other. Whereas the latter pressured the organizations to shift towards employees' career self-management, the former did not stimulate managers and employees to take an active role in the EP&Ps' implementation and use.

The third was the 'sustainability/effectiveness and efficiency paradox': The tensions between the poles 'sustainability' and 'effectiveness and efficiency' (see Ehnert, 2014) were rooted in conflicting statutory health and retirement regulations, on the one hand, and intensified work demands due to enhanced market pressures, on the other. HRM's main intention with the development of innovative EP&Ps was to search for new ways to improve sustainability in the long term. At the shop-floor, however, managers and employees prioritized effectiveness and efficiency as this served their own interests more directly.

Although the paradox lens was new to students, they appreciated the new insights gained through its use and the value it could have in their professional future work. In a personal reflection on one of the assignments, master student Alexandra Keunen (2016, p. 19) stated:

“The theories provided in this course gave me new insights on the HRM profession. I had never heard about sustainable HRM, but it is a way of thinking about HRM that I like; recovering the respect for internal stakeholders by treating them as human beings again and striving for a viable organization on the longer run by balancing the needs of all stakeholders. The sustainable HRM perspective made me recognize that HRM professionals are not only balancing the needs of employers and workers, but there are a lot more stakeholders that HRM professionals need to take into account when they want to conduct sustainable HRM, which made it interesting to focus on developments in the external environment of organizations... I think that looking at HRM through a paradox lens will represent the reality that HRM is facing. In figuring out what developments in the external environment of organizations might hinder managing sustainable HRM it was interesting to find out that needs of external stakeholders can be paradoxical.”

High Performance Work Systems research: A contribution to sustainable HRM?

Roel Schouteten

The term High Performance Work Systems (HPWS) was first used by Huselid (1995) to define a set of HR practices that were related to turnover, accounting profits and firm market value. It marked the beginning of a vivid research area into the relation between HRM and organizational performance. According to Peccei (2004), this relationship is the Holy Grail in HRM research. However, twenty years after Huselid's groundbreaking study, there is still considerable debate regarding the linkage between HRM and performance. A vast body of empirical research has demonstrated that there is at least a weak relationship between HR practices and organizational performance, however the evidence is mostly circumstantial (e.g., Wall & Wood, 2005). The main challenges are related to theoretical ambiguity and empirical invalidity in the studies so far (Paauwe, Wright, & Guest, 2013). A characteristic observation for this by Kepes and Delery (2007, p. 57) is that 'nearly all empirical studies have measured different HRM practices and constructed HRM strategy and system measures in different ways'. In a similar vein, many different measures of performance have been used, varying from HRM and organizational outcomes, such as absenteeism, turnover and

productivity, to more distal financial and market performance outcomes – not likely to be directly affected by HRM practices – such as return on investment and market share.

There is growing consensus about the fact that there are various aspects and processes mediating the relationship between HRM and performance, called the ‘black box of HRM’ (Boxall & Purcell, 2008). More recent models that try to explain the impact of HRM on performance build on the notion that the effect of applying HRM practices goes through people; an organization’s human resources, so often neglected in research focusing on organizational performance (e.g., Looise & Torcka, 2013). Wright and Nishii (2007) developed a causal chain model integrating multiple levels of analysis, explicitly including organizationally implemented HRM practices that are perceived at the individual level by employees, determining their behavioral responses to these practices.

Focusing on the effects of HRM on organizational performance, whether or not via the individual perceptions and behaviors, bears the risk of searching for practices that are beneficial to the organization, but not necessarily to the employee. From this managerialist or utilitarian perspective (Schouteten, Poutsma, & Bucker, 2013), exploiting employees to increase organizational performance may have detrimental effects on employee well-being (Peccei, Van de Voorde, & Van Veldhoven, 2013), hence challenging a sustainable HRM strategy that explicitly takes the employee into consideration.

Giesbers, Schouteten, Poutsma, Van der Heijden, and Van Achterberg (2015a) explicitly included the possible effects of HRM practices on employee well-being when building a framework to study the effects of feedback provision on nurses’ well-being and quality improvement in hospitals. In the Dutch hospital sector transparency regarding quality of care has led to an abundance of quality measures to be collected by nurses. In an attempt to improve quality of health care, feedback about these quality measures is increasingly being given to nursing teams. The empirical findings (Giesbers, Schouteten, Poutsma, Van der Heijden, & Van Achterberg, 2015b) provide evidence for four different pathways through which feedback on quality measurements affects nurses’ well-being and quality of care. First, feedback may be perceived as a job demand, pressuring nurses to improve the quality of care, but negatively influencing their well-being (a conflicting outcomes perspective). Secondly, feedback can be valued as an extrinsically motivating job resource that is instrumental to quality of care, but has no effect on well-being (a parallel outcomes perspective). Giesbers et al. (2015b) also found evidence for the mutual gains perspective: feedback perceived as an

intrinsically motivating job resource positively influencing quality of care and nurses' well-being. Finally, in the fourth pathway the feedback is perceived indifferently by the nurses and has no effect on their well-being, nor on the quality of care. From a sustainable HRM perspective this kind of results encourage us to maintain pursuing avenues for theorizing the HRM-performance relation by explicitly including the employee perspective into HRM.

Developing co-ownership for sustainability

Erik Poutsma

Another intervention that may include more sustainable organisations is employee ownership. There are several accounts that employee ownership may have desired sustainable effects. A recent study indicates that employee ownership firms exhibit greater employment stability in the face of economy-wide and firm-specific negative shocks (Kurtulus & Kruse, forthcoming). Kaarsemaker (2006), in a 30-year review of the literature, documented that two-thirds of 129 studies on employee ownership and its consequences found favorable effects, while one-tenth found negative effects on sustainability of firms. These positive effects include effects on attitudes and behaviour such as job satisfaction, commitment and productivity, as well as effects on organisational performance, profit and return on equity. Why is this the case?

Looking at the mechanisms and dynamic feedback loops that may help produce the outcomes Klein (1987) developed three conceptual models regarding the effect of employee ownership on the individual level employment relationship:

1. The motivation effect; based on the expectation to achieve a favourable result employees are motivated to make the effort.
2. The commitment effect, in which there is alignment of interest in the collective outcomes between management and employees. This is reflected for example in attitudes and behaviour such as watching the performance of the company, participating in defining the direction of the company and watching the costs of the company.
3. And ultimately, the ownership effect. To get a share of the company arouses a sense of co-ownership of the company and due to this feeling of co-ownership employees act as owners. The argument is that ownership of a company causes a change in mindset that qualifies as psychological ownership, which in turn causes changes in attitude and behaviour.

Several empirical studies support the outcomes of the three models (Kaarsemaker, 2006; Pendleton, 2001; Wagner et al., 2003). However, the literature also shows that employee ownership is not a HRM instrument that produces the results mainly in a generic way, but that the best results can be achieved when embedded in a configuration of HRM policies and practices, which we call ‘high performance ownership system’. The argument is that the effectiveness of employee ownership is dependent on other HRM tools that pursue similar goals. An HRM system should also include HRM practices such as: participation in decision-making, profit sharing, information sharing, training for business literacy. An employee cannot be a real owner if he or she has no say, if he or she does not share in the returns, if he or she has no information about the business or does not understand the information that is being shared. The presence or absence of these core HRM practices determines whether or not the HRM system consistently sends the message that employees deserve to be owners (Kaarsemaker & Poutsma, 2006).

The research in this domain is about to put these insights to a test. Blasi et al. (2010) combined a shared capitalism index consisting of employee share ownership, profit sharing, gain sharing and broad-based stock options with a high performance work practices index and found that they appear to work together, with greater impacts when they are combined than when they are used separately. Hsueh (2011) did a simulation analysis explaining how various combinations of shared capitalism and several involvement and other practices influence employee behaviours and firm performance. He concludes that “one critical insight is that employee ownership and profit sharing create and mediate the strength of the reinforcing feedback loops from firm performance to employee behaviour. Salary and participation are direct effects that influence job satisfaction and productivity but do not close the firm performance-employee behaviour loop. Employee ownership along with participation effort improves firm performance significantly because closing the firm performance-employee behaviour loop amplifies the direct effects of salary and participation.”

To conclude: the best results regarding sustainable outcomes can be gained through an internal fit of employee ownership with other practices that support the focus on co-ownership of employees. A workforce philosophy and HRM strategy focusing on the relative role and value of employees as co-owners supported by a set of core HRM practices constitutes a High Performance Ownership System that can produce desired results for both employee and organization.

Concluding remarks on the SHRM's group sustainable HR contribution

Joost Bücker

All six contributions focus on 'HR related interventions towards sustainable change processes' either by adding to the theoretical debate on sustainability or by developing sustainable HR practices for organizations and business students. Common in these six studies is the agreement on the complexity of the environment that employees and organizations experience today as a result of globalization in the form of pressure from competition on efficiency, increased diversity of the labor market, and decreased government budgets. As a result, organizations are confronted with dilemmas or paradoxes (Pascale Peters) for which there is no clear uniform solution. Many of these paradoxes relate to people. To cope with these paradoxes organizations need long term solutions (Beatrice Van der Heijden), involve all stakeholders, empower people with new competencies (Joost Bücker), respect and include individuals in the organization as a community (Yvonne Benschop), share perceptions (Roel Schouteten), and make use of consistent motivation policies (Erik Poutsma). The Nijmegen School of Management (NSM) approach takes the individual as a starting point, searches for ways to increase the individual's human capital, embedding this individual in a social context, analyzing opportunities to improve the social capital and take a long term perspective. This NSM profile is reflected both in the HRM group's research output, in the group's HR related interventions through consultancy as well as in the HRM group's contribution to scientific education. This sustainable profile is the result of a decade long change and intervention approach development within the business administration program, initiated by Jac Vennix in 2006.

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