Common Good HRM: A paradigm shift in Sustainable HRM?

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1. Introduction

Over the last decade, HRM scholars have increasingly drawn attention to the challenge to develop more Sustainable HRM systems to enhance human sustainability (e.g., Ehnert, 2009; Hartog, Morton, & Muller-Camen, 2008; Pfeffer, 2010) as well as HRM systems that support business organizations in reaching their corporate sustainability (CS) goals (Ehnert, Harry, & Zink, 2014; Taylor, Osland, & Egri, 2012). This call to use sustainability both as a “means” to reach CS objectives and as an “end” to design HRM practices and process (Taylor et al., 2012) comes late, despite evidence that HRM practices impact not only employees but also the human, social, and environmental contexts of organizations (Renwick, Jabbour, Muller-Camen, Redman, & Wilkinson, 2016; Rothenberg, Hull, & Tang, 2017) and despite insights that people in organizations play a vital role in the effectiveness and success of a company’s sustainability strategy (e.g., Cohen, Taylor, & Muller-Camen, 2012; Opoku-Dakwa, Chen, & Rupp, 2018).

Although HRM scholarship is still struggling to explain whether and how sustainability is an issue of concern – the debate originated in general management during the 1990s (e.g., Gladwin, Kennelly, & Krause, 1995) – the CS scholarly debate reached a new level with Dyllick and Muff (2016) after they suggested that companies should focus on contributing to sustainable development goals (SDGs) instead of CS objectives. A focus on SDGs challenges the purpose of business organizations – and as we highlight in this paper, the purpose of HRM. We know little about how the search by companies to become “more sustainable” impacts HRM or how HRM could effectively contribute to both Sustainable HRM systems and to reaching SDGs. Guidance for HRM practitioners looking for answers has come mainly from the Global Reporting Initiative (GRI) or from practitioner bodies like the Society for Human Resource Management (SHRM) in the U.S. (Cohen, Taylor, & Muller-Camen, 2010) or the Chartered Institute of Personnel and Development (CIPD) in the U.K. (CIPD, 2013). However, the question is whether these practices are effective in making HRM systems more sustainable and/or more capable of contributing to SDGs. In this paper, we argue that it could further undermine the social legitimacy of HRM and could complicate access to valuable (also human) resources in organizations, if practitioners and scholars miss the “sustainability paradigm shift” (Boudreau & Ramstad, 2005) or if the design and implementation of Sustainable HRM practices are ineffective.

The objectives for this paper are twofold: First, we examine whether and how the sustainability paradigm transforms the purpose of HRM from a single economic purpose to multiple – including common good – purposes. Second, we ask along which dimensions Sustainable HRM approaches vary and develop a classification of Sustainable HRM types that can guide future conceptual and empirical research. We argue that a new understanding of the purpose of HRM is needed if it is to be effective in both designing and implementing Sustainable HRM systems and contributing to solving today’s “grand” societal challenges (the SDGs). Dyllick and Muff (2016) developed a business sustainability typology highlighting the necessary shifts required for a paradigm change. Our goal in this paper is to extend this idea further for HRM with the intention of stimulating future Sustainable HRM research.
2. From Hard HRM to Sustainable HRM models – shifting the purpose

Since the 1980s the HRM discourse has been highly influenced by the models of Hard HRM (Fombrun, Tichy, & Devanna, 1984) and Soft HRM (Beer, Spector, Lawrence, Mills, & Walton, 1984). The Michigan Hard HRM model focuses on tight strategic control and defines HRM’s contribution in terms of the economic performance of the firm (Huselid, 1995). This one-dimensional purpose emphasizes the need to apply “best practices” in selection, appraisal, rewards, and HR development to increase shareholder value (Fombrun et al., 1984), which is treated as the only purpose of the organization. Broader societal or environmental stakeholder concerns are not considered.

Inspired by the Human Relations movement’s industrial-relations and employee-welfare approaches (Beer et al., 1984), a developmental, humanist Soft HRM approach (with a more comprehensive employee-stakeholder emphasis) has also gradually emerged since the 1980s (Kaufman, 2015). The HR strategy of this model is based on the concepts of commitment, flexibility, and quality and aims to enhance performance through a policy of high-involvement relationship management (e.g., reward systems, work-systems) in which behavior is often self-regulated and based on a culture of trust and cooperation (Guest, 1987). Although the HRM purpose is two-dimensional in the Soft HRM model and refined to incorporate wider, long-term consequences (individual well-being, organizational effectiveness, societal well-being), the main concern is still shareholder value and centered on organizational performance-related HR outcomes (commitment, competence, congruence, cost-effectiveness) (Beer, Boselie, & Brewster, 2015). However, broader global societal factors and ecological challenges were not yet recognized as important to HRM. Only recently have scholars been calling for a more Sustainable HRM model that better reflects how organizations are currently changing and developing toward more multistakeholder perspectives (e.g., Beer, 2015; Beer et al., 2015).

In contrast to Hard and Soft HRM, a context-based literature emerged (Legge, 1995) that emphasized the social, cultural, and legal purposes and multiple-roles of HRM in helping “employees meet the expectations of role partners within the organization (i.e., supervisors, peers, subordinates), at organizational boundaries (i.e., customers and clients), and beyond (i.e., family and society)” (Jackson & Schuler, 1995, pp. 239-240). Rather than giving priority to either strategic necessities or human needs, context-based approaches argue for an integrated system of (value) mutuality that bridges strategic versus human, economic rationality versus relational rationality, and efficiency versus fairness dichotomies (Paauwe, 2004) to ultimately achieve the desired HR outcomes of performance, fairness, and social legitimacy.

Over the past 10–15 years, the global business context has changed rapidly, and many organizations are now seen to be pursuing multiple purposes. Consequently, they are redefining success in more sustainable terms of Triple Bottom Line, Quadruple Bottom Line and common good outcomes, not just financial criteria (O’Higgins & Zsolnai, 2017). At the level of a changing organizational environment, the purpose of HRM is currently in transition (Ehnert, 2014) and a multidimensional Sustainable HRM model is emerging that takes into account long-term influences such as climate change, biodiversity, urbanization, and workforce demographics rather than simply quarterly returns and market-driven, short-term financial issues. Also, natural resources and social capital are increasingly seen as valuable assets on a par with economic capital. Consequently, these resources are recognized as in need of appropriate protection through the development of “people-management practices that take the development of social, environmental and human capital into account” (Guerci & Carollo, 2016, p. 212).

The term Sustainable HRM first appeared almost 20 years ago. Since then an extensive amount of literature has been published on the topic (for recent reviews, see De Stefano, Bagdadi, & Camuffo, 2018; Podgorodnichenko, Edgar, & McAndrew, 2019). We will classify this literature along four dimensions that created four types of Sustainable HRM. Based on the business sustainability typology developed by Dyllick and Muff (2016), the first dimension considered the organizational perspective (see Table 1). They distinguished between an inside-out perspective defined as the “focus on the business itself” (Dyllick & Muff, 2016: 168) and an outside-in perspective defined as a focus on “society and the sustainability challenges it is facing” (p. 168). In an inside-out perspective, organizational-level sustainability activities are concerned with minimizing business risk and maximizing (refined) shareholder value, e.g., through enhanced organizational identification and individual task-performance (Shen & Benson, 2016). In contrast, in an outside-in perspective, the purpose of the organization is to make “a positive contribution to overcome sustainability issues and [to serve] the common good” (Dyllick & Muff, 2016: 166). Actors in an outside-in perspective ask: “How can business use its resources, competencies, and experiences in such a way as to make them useful for addressing some of the big economic, social or environmental challenges that society is confronted with, e.g., climate, migration, corruption, water, poverty, pandemics, youth unemployment, sovereign debt overload, or financial instability?” (Dyllick & Muff, 2016: 165).

In our typology (see Table 1), the second dimension focuses on the inputs of each type of Sustainable HRM. We define Sustainable HRM inputs as Sustainable HRM competencies, i.e., skills, knowledge, and attitudes, such as (i) raising awareness for the accountability of HRM for the impact of decisions, (ii) integrating short- and long-term purposes, and/or (iii) contributing to regenerative organizational and HRM practices.

Our third dimension of Sustainable HRM types concerns how HRM redesigns corporate practices to match the new perspective and purposes by creating Sustainable HRM processes (see Table 1). This occurs, for example, (i) by managing the risks and opportunities of not being sustainable, or by (ii) embedding sustainability throughout organizational and HRM processes (also see Dyllick & Muff, 2016). Finally, our fourth dimension considers Sustainable HRM outputs as defined in in an analogy by Dyllick and Muff (2016) as the values or resources created by HRM, such as the achievement of ecological, social, and human values. Our classification results in four types of Sustainable HRM: Socially Responsible HRM, Green HRM, Triple Bottom Line HRM, and Common Good HRM. We will now introduce all of these in turn (see Table 1).
Table 1
A classification of Sustainable HRM Types (Source: Dimensions adapted and extended from Dyllick & Muff, 2016).

<table>
<thead>
<tr>
<th>Sustainable HRM types</th>
<th>Organizational perspective (purpose)</th>
<th>Sustainable HRM inputs (what key concerns?)</th>
<th>Sustainable HRM processes (how?)</th>
<th>Sustainable HRM outputs (what values, resources are created?)</th>
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<tbody>
<tr>
<td>Type 1</td>
<td>Inside-out, i.e. economic and social purpose (the latter as long as it serves the economic purpose)</td>
<td>Creating an awareness of the impact of business on people beyond organizational boundaries and present time frames</td>
<td>Socially responsible HR behavior, practices, strategies, and culture, e.g., health and well-being initiatives</td>
<td>Economic and social values, e.g., enhanced organizational social reputation, employer attractiveness</td>
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<tr>
<td>Socially Responsible HRM</td>
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<td>Type 2</td>
<td>Inside-out, i.e. economic and environmental purpose (the latter as long as it serves the economic purpose)</td>
<td>Using HRM to embed Green values across an organization; implementing Green workplace practices</td>
<td>Green HR behavior, practices, strategies, and culture, e.g., Green recruitment, Green awareness training, Green rewards</td>
<td>Economic and ecological values, e.g., growing employee engagement with reduced carbon footprint</td>
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<td>Green HRM</td>
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<tr>
<td>Type 3</td>
<td>Inside-out, i.e. economic, environmental and social purpose (the latter two as long as they serve the economic purpose)</td>
<td>Uses HRM competencies, skills, knowledge, attitudes, to create win-win-win situations</td>
<td>Behavior, practices, strategies, cultures etc., enabling contributions to CS and to perform HRM sustainably</td>
<td>Triple Bottom Line, Quadruple Bottom Line, e.g., Cross-generational (green) management, secures the transfer of knowledge and skills to future generation (economic sustainability) and enhances older workers self-esteem and well-being (social sustainability)</td>
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<td>Triple Bottom Line HRM</td>
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<tr>
<td>Type 4</td>
<td>Outside-in</td>
<td>Uses HRM competencies, skills, knowledge, and attitudes to contribute to the common good and to help in solving “grand challenges”</td>
<td>HR practices and behavior enhancing common good values, e.g., trustful employment relationships</td>
<td>Social and Ecological Sustainable Development Impact, e.g., Decent working conditions in supply chains, employment creation, economic democracy</td>
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<tr>
<td>Common Good HRM</td>
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3. Types of Sustainable HRM

3.1. Type 1 Socially Responsible HRM

In its early stages of development, Sustainable HRM referred to Socially Responsible HRM activities. For example, Thom and Zaugg (2004) defined Sustainable HRM as “those long-term oriented conceptual approaches and activities aimed at socially responsible and economically appropriate recruitment and selection, development, deployment, and release of employees” (p. 217). This definition is—in the tradition of Soft HRM—focused on human capital conservation. It serves both a social and economic purpose. In a later development, Shen and Benson (2016) understood Socially Responsible HRM as not only an important part of a company’s sustainability or CSR strategy but also as an implementation tool. One finds this type of Sustainable HRM in sustainability reporting today. Influenced by the Global Reporting Initiative guidelines, businesses use these reports to describe their HR activities in the areas of diversity management, training, and development as well as in health and safety (Ehnert, Parsa, Roper, Wagner, & Muller-Camen, 2016). Earlier, Mariappanadar (2003) suggested that a “Sustainable HR strategy can be defined as the management of human resources to meet the optimal needs of the company and community of the present without compromising the ability to meet the needs of the future” (p. 910). Thus, he acknowledged that the responsibility of business in managing HR goes beyond its corporate organizational boundaries and beyond the present time frame. In other words, corporations are responsible not only for the people they employ directly, but also for the communities in which they operate and also for those indirectly employed in their supply chains (Ehnert et al., 2014; Jackson, Schuler, & Jiang, 2014). In all these approaches, the organizational perspective is inside-out. The purpose of implementing Socially Responsible HRM is to minimize negative impacts on business and to reduce business risks (see Table 1). For example, a primary purpose is not to improve the life of employees in supply chains in developing countries but instead to manage the economic risks associated with people management practices in the supply chain. Thus, the social purpose serves the economic purpose.

3.2. Type 2 Green HRM

Over the last decade, Green HRM, a new approach to Sustainable HRM, emerged. Our Type 2 is primarily concerned with environmental sustainability in business organizations. It was developed to influence and improve employees' ecological awareness and behavior and ultimately to both reduce an organization's carbon footprint and contribute to its green credentials (Renwick, Redman, & Maguire, 2013). This HR approach (although still inside-out), differs from earlier sustainability/CSR endeavors through its employee-level focus on encouraging practices and actions to improve the environmental records of companies.

Green HRM has recently gained an increasing amount of research interest (Renwick et al., 2016). A key objective of the resultant literature is to raise the awareness of HR executives and scholars of the importance of considering the environmental dimension in HRM. Initial suggestions that emerged from this objective concerned how to integrate and implement environmental sustainability in existing HR functions (e.g., Jackson, Renwick, Jabbour, & Muller-Camen, 2011; Renwick et al., 2013). For example, green HRM practices such as green hiring (e.g., recruiting employees for jobs that require green attitudes and involve green tasks), green training (e.g., offering courses that impart environmental knowledge), and green compensation (e.g., linking bonuses with the achievement of environmental goals) have been shown to have a significant impact on sustainable success (see Renwick et al., 2016).

However, similar to Socially Responsible HRM, this environmental purpose also is expected to serve an economic purpose. Thus, the organizational perspective is still inside-out. Nevertheless, there is still limited data and scant analysis about the mechanisms by which Green HRM practices actually mediate pressures from regulatory and consumer stakeholders to make companies more sustainable (Guerci, Longoni, & Luzzini, 2016; Zibarras & Coan, 2015). There is also disagreement about the effectiveness of Green HRM practices in both answering stakeholder concerns and in making a positive environmental impact (Jackson & Seo, 2010). As a result, despite some limited movement within the HR discipline toward promoting environmentally friendly workplace practices, not all HR actors are convinced that meeting ecological challenges should be a core HRM function. Thus, a paradigm change toward broadening the purpose of HRM has proved to be a challenge.

3.3. Type 3 Triple Bottom Line HRM

In contrast to types 1 and 2, what we call Triple Bottom Line HRM focuses simultaneously on the presumed economic, environmental, and social purposes of HRM. According to Bush (2019), our Type 3 is by now the most common conceptualization of Sustainable HRM. It is based on Elkington’s (1997) triple bottom line concept first introduced to Sustainable HRM by Jackson et al. (2011). Triple Bottom Line HRM is “characterized by the maximization and balancing of economic, environmental, and social organizational goals” (Bush, 2019, p. 2). This approach shows that a broader understanding of Sustainable HRM is possible when HRM is regarded as a generic approach to management that focuses on both employee-oriented practices (such as employee well-being or involvement) while also considering the impact of HRM on its social and ecological environments (such as resource regeneration, Ehnert, 2009) and/or ecological goals (Andersson, Jackson, & Russell, 2013). In comparison with our Type 1 and Type 2, Type 3 redefines performance in win-win-win terms of “people, profits, and planet” shared-values (Porter & Kramer, 2011), and multidimensional outcomes (see Table 1).

The triple bottom line model is based on the accepted assumption that its three dimensions are inextricably intertwined (De Prins, Van Beirendonck, De Vos, & Segers, 2014). Although not always explicitly recognized, the model contains possible sources of paradoxical sustainability tensions (Ehnert, 2009, 2014; see also in this Special Issue Podgorodnichenko et al., 2019; Ren & Jackson,
2019) or competition, ambiguity, and conflict (Bush, 2019). These are tensions Type 1 and Type 2 approaches have not experienced in a similar way. In Type 3, they reflect the attempted assimilation of business and nonbusiness concerns. For example, in some cases financial investments used to meet environmental goals and additional expenditures in employee development and training could hinder maximization of economic performance (Jackson & Seo, 2010; Pfeffer, 2010), resulting in uncertainty among managers about performance priorities. Setting wider, multipurpose targets that depart from classical single purpose economic goals can often mean progress in one direction and regression in another. For example, on an individual level, the implementation of more flexible innovative working practices in pursuit of a more Sustainable HRM, may require employees to adapt and change embedded behavior and to accept more responsibility while fulfilling multiple roles. These tensions could lead to unintended nonsustainable effects, such as increased stress, role ambiguity, uncertainty, and enhanced turnover (Bush, 2019).

By including the environmental dimension, the triple bottom line definition has extended both the logic of why Sustainable HRM is vital for organizations beyond “social responsibility” (e.g., Ehnert, 2009; Kramar, 2014) and the scope of Sustainable HRM beyond a social, societal, or human dimension (e.g., Ehnert et al., 2014; Taylor et al., 2012). Nevertheless, a multipurpose focus can also create organizational level conflict, interdepartmental competition for limited resources, and encourage divergent expectations and demands (Bush, 2019). Such intrinsic conflict calls for alternative ideas on how to manage paradoxical tensions at the levels of both individual employees and the organization (Ehnert, 2009, 2014; Keegan, Aust, & Brandl, 2018). It has implications for how a firm can effectively implement a sustainability agenda through specific HR practices.

3.4. Type 4 Common Good HRM

As a reaction to increasing criticism of the ineptitude of current business models to seriously address the issue of sustainability, interest is growing among academics and practitioners alike in alternative “outside-in” models that answer the call for a new paradigm by redefining the purpose of business in terms of common good values (Daly & Cobb, 1994; Dylick & Muff, 2016; Hollensbe, Wookey, Hickey, George, & Nichols, 2014). Type 4, Common Good HRM, marks a fundamental change in understanding the purpose of business and the contributions of HRM. All three previous types have to various degrees adapted the traditional business purpose of economic gain to accommodate the external pressure for more social and ecological responsibility (inside-out view). However, a common good approach assumes that it is the fundamental responsibility of business to “make an effective contribution to resolving the sustainability challenges we are collectively facing” (Dylick & Muff, 2016: 156) and that business organizations’ long-term self-interest lies in sustaining our collective livelihood (see Ehnert, 2009). Thus, Common Good HRM places collective interests above – or more realistically equal to – individual (including organizational) wishes, needs, and desires (Daly & Cobb, 1994; Frémeaux & Michelson, 2017).

This assumption is built on the insight that despite the recent prevalence of organizational sustainability initiatives, triple bottom line frameworks, and environmental management practices, they have had, whether considered individually or collectively, limited positive societal or ecological impact. Dylick and Muff (2016) argued that this is because these initiatives have failed to address the “grand challenges” of our times. These failures underline the crucial need of a new common good business and HRM model. Also, recent developments such as millennials interested in jobs that serve a purpose (Gong, Greenwood, Hoyte, Ramkissoon, & He, 2018), higher CSR expectations of customers (Joshi & Rahman, 2015) and more government and investors’ pressure on companies to serve the common good (Crifo, Durand, & Gond, 2019) may motivate some companies to consider such an approach.

A broader, multipurpose and outside-in frame of reference demarcates Type 4 Common Good HRM from Type 3 Triple Bottom Line, and earlier perspectives. Common Good HRM has consequences regarding current understanding of the purpose, concerns, and output of HR. It requires that organizations review not only their operational procedures and practices with regard to regulatory compliance, but also to radically review their traditional profit-oriented viewpoint and instead focus more on environmental and societal impact, thus reversing the business perspective from inside-out to outside-in (see Table 1). Instead of focusing on an economic purpose, the primary purpose of Common Good HRM is to support business leaders and employees in contributing to ecological and social progress in the world. This contribution is an elementary difference from Sustainable HRM types 1-3, which are motivated by a (value-neutral) aim at worst, to limit external negativities and, at best, extract a win-win opportunity.

In Common Good HRM, inputs would refer to using HRM competencies, skills, knowledge, and attitudes, to contribute to the common good and to help solve the “grand challenges” of our time (see Table 1). Common Good HRM implementation would mean embedding common good values within all areas of HR policy, structure, and procedures (Hoffman & Shipper, 2015). This would involve HRM’s taking on a new role of developing an organizational culture of common good values and introducing HR practices based on such values as dignity, solidarity, and reciprocity (Hollensbe et al., 2014).

Redefining Sustainable HRM outcomes in this direction would involve an openness to nonbusiness objectives of societal fairness, workplace democracy, employment security, environmental protection, and human rights (see Table 1). Thus, in contrast to current conceptualizations of Sustainable HRM, Common Good HRM emphasizes the global and local context of organizations, recognizes the reciprocal, individual, and collective elements of business activity and serves a purpose that contributes to the common good in economic, social, ecological, and human dimensions.

A reversal of perspective will be a challenge in the current economic-oriented institutional and organizational settings. Nevertheless, in the last decade several common good-oriented movements such as B Corp (or Benefit Corporation) (Honeyman, 2014), Conscious Capitalism (Mackey & Sisodia, 2014) and the Economy of the Common Good (ECG) (Felber, 2015) have emerged and are challenging the boundaries of current definitions of the purpose of business organizations.

Based on our analysis in this section, we suggest the following design principles for Common Good HRM. First, the main principle is an outside-in perspective with the objective of contributing to solving one of the grand challenges or SDGs such as climate change,
corruption, migration, poverty, or youth unemployment. The second principle refers to an understanding that equal and fair employment relationships are essential for Common Good HRM to achieve trusting relationships and organizational success. The third principle reflects the idea that Common Good HRM provides all stakeholders with opportunities for participation and democratic workplace representation to achieve locally adapted HR solutions of complex global grand challenges. Fourth, Common Good HRM assumes that the psychological contract will be upheld in terms of protecting human needs for employment, which includes security, safety, and meaningful work.

4. Examples for Common Good HRM

There is increasing evidence that common good approaches could prove more effective in bridging the current gap between corporate sustainability business practices and their impact (see Dyllick & Muff, 2016). Nevertheless, some uncertainty remains about how these alternative models can be integrated within the current economic system and to what extent this would influence the role and function of HRM. The centrality of this discussion is illustrated by the examples of the three grand challenges mentioned earlier. All three were chosen because of their high relevance for HRM; they are in-work poverty and exploitative working conditions in supply chains, the lack of a labor voice and of democratic workplace processes, and finally (youth) unemployment and job insecurity (see Table 2).

4.1. Business Human Rights as a response to in-work poverty and exploitative working conditions

Suppliers in emerging economies are especially likely to react to cost pressures with deficient labor standards that could result in human rights violations such as child labor, forced labor, and unhealthy and dangerous working conditions (Locke & Romis, 2010). Also, responses to cost pressures in both developing and developed countries lead to a phenomenon called “in-work poverty.” In this situation, employees are impoverished despite doing paid work (Richards & Sang, 2019). However, neither working conditions in supply chains nor fair wages are considered part of the HR function. This is surprising because the acceptance of social responsibility by business means that the responsibility of corporations no longer stops at organizational boundaries. In recent years some scholars have argued that HR departments should take an active interest in human rights issues in supply chains (Cohen et al., 2012; Muller-Camen & Elsik, 2014) because they have expertise in auditing workplace practices, training managers in supply chain firms, and maintaining safe workspaces.

In 2011, the United Nations (UN) Human Rights Council agreed on the Guiding Principles of Business and Human Rights (Ruggie, 2014), a step that could fuel developments in HRM. According to the UN’s “Protect, Respect, Remedy” framework on which the agreement is based, protecting human rights has now become a responsibility of business managers and not just politicians and legislators (Cragg, Arnold, & Muchlinski, 2012). This development is reflected in the adaptation of global codes of conduct, certifications, and compliance regulations, especially by larger organizations with structured global value chains (Lund-Thomsen, Nadvi, Chan, Khara, & Xue, 2012). Despite these developments, some discrepancies still exist between organizational social responsibility policies and actual practices, a gap that suggests that these initiatives are often merely a matter of legal compliance or corporate branding rather than a serious voluntary attempt at improving working conditions in supply chains (Marquis & Cuili, 2014).

This could change in companies with a Common Good HRM approach. For example, the B Corp movement offers “concrete examples of viable companies that value human rights intrinsically and not just where there is a ‘business case’ to do so” (Bauer & Umlas, 2017: 285). Certified B Corps are subject to an impact assessment by B Lab (www.bcorporation.net). An item in the impact assessment encourages corporations to “focus on alleviating poverty through your supply chain by sourcing through fair wage-certified suppliers; provide technical assistance and/or capacity building to small-scale suppliers or use contracts to guarantee future purchases and payments to suppliers” (Honeyman, 2014, p. 138).

The best-known example for a strong emphasis on Business Human Rights among B Corps is Patagonia, an outdoor apparel and sports gear company, with about 2,000 direct employees. Patagonia has developed several HR-related instruments to ensure that suppliers adopt in-house policies to protect human rights. For example, the workplace code of conduct stipulates that supply chain firms do not use human trafficking or modern day slavery to recruit employees. To ensure compliance, audits conducted by Patagonia as well as by the Fair Labor Association check issues such as prehiring interactions, labor contracts, wages and fees as well as employee passports are not retained. The firm has conducted a companywide course in human trafficking awareness, and training is

<table>
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<td>Global Challenges and Common Good HRM (Source: Own elaboration).</td>
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<tr>
<td><strong>Global Challenges</strong></td>
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<td>In-work poverty and exploitative working conditions in supply chains</td>
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<td>Lack of labor voice</td>
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<td>(Youth) unemployment and job insecurity</td>
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also offered to first- and second-tier suppliers. Furthermore, the company has a policy of paying living wages in all supply chain firms to avoid poverty among their indirect employees (Patagonia, 2017).

4.2. Workplace democracy and self-management as a response to lack of labor voice

The increase in low-paid, insecure, and atypical work contracts combined with the challenge of worker migration (Brewster, Gooderham, & Mayrhofer, 2016) and the negative attitudes toward trade unions by employers has made the lack of a labor voice a major societal challenge (Lee & Edmundson, 2017). In common good organizations, issues of workplace democracy and mutually shared understandings of productivity and value creation are intrinsically linked with the movement toward effective business sustainability (Hollensbe et al., 2014). A mutual gains HR approach requires an organizational atmosphere of workplace partnership enabling direct employee participation in decision-making processes and space for employees’ perspectives and expectations (Valizade, Ogbonnaya, Tregaskis, & Forde, 2016).

We argue that democratic models of management could offer a viable alternative to strategic narratives (which emphasize economic business success as the most relevant performance indicator) and that these models, therefore, help address the lack of integration between micro-level organizational practices and broader macro-level societal needs and also power drive toward true sustainable business transformation. In contrast to constrained, patriarchal top-down managerial models, democratic approaches place far more importance on employees’ dignity, extensive information sharing, and participation in decision making (Bal & de Jong, 2017; Battilana, Fuerstein, & Lee, 2018). However, we argue that self-management skills and competencies need to be developed for these models (e.g., through coaching and mentoring processes guided by the HR function).

The following example illustrates what HRM in a democratic organization might look like. The Morning Star Company is one of the world’s largest tomato processors, with revenues of more than $700 million and about 400 employees. Hamel (2011) as well as Lee and Edmundson (2017) have described this family-owned firm as a role model of self-management in a manufacturing firm. It has no management level; instead it has a system whereby employees annually negotiate responsibilities with their teams, which results in voluntary commitments by each employee. Team members interview new colleagues and assess the fit between the company’s philosophy and the expectations of the applicant. All new employees attend an orientation course on the firm’s self-management system. Self-assessment and peer feedback influence compensation decisions that are made by a committee elected by the work force (Lee & Edmundson, 2017).

4.3. Employment creation as a response to (youth) unemployment and job insecurity

(Youth) unemployment is one of the current grand challenges (along with climate change and inequality) that is proving difficult to solve and is a problem for both developed and developing countries (Stuckler & Basu, 2013). In the past technological advancement (despite initial job losses and a decline in labor demand) has ultimately resulted in the creation of new jobs and increased wealth for all. However, research by the National Bureau of Economic Research (NBER) suggests that in the postindustrial global era, this effect will be insufficient to counterbalance current negative (un)-employment developments such as the rapid advance of automation and artificial intelligence (Acemoglu & Restrepo, 2018). We argue that a Common Good HRM is an ideal model to compensate for the displacement effects of automation by creating job opportunities through the matching of local skills with local product and service requirements in situations where excessive automation is cost ineffective and where labor has a comparative advantage.

Employment-creation and job-security are core ethical principles of the grass-roots, value-based, economy for the common good (ECG) movement (Felber, 2015). This approach seeks to understand and meet the needs of stakeholders within the immediate local supply chain and includes using the skills of the available local workforce while adapting organizational structures to match the idiosyncratic characteristics of the local business environment and marketplace. It attempts to align corporate values with the established needs and cultural values of the community in which respectful labor relationships, fair workplace conditions, and employment security are considered universal ideals. It also aims to achieve a just distribution of work in society, a goal that also includes the creation of new, meaningful employment. The principles of ECG hold that organizational strategy is developed apace with (rather than cynically adapted to) current and future sustainability needs. The ECG movement emphasizes employee well-being and job creation as integrated aims, advocating the limited use of overtime and extra hours even for managers. In addition, it embraces social inclusion and (similar to the B Corp movement) the generation of job opportunities for those in long-term unemployment.

For example, the creation of employment in the region was one of the main reasons behind the foundation of ECG pioneer Sonnentor in 1988. The business culture at this Austrian organic herbal tea and spice producer is based on the five core common good values of human dignity, cooperation and solidarity, ecological sustainability, democracy, and transparency (Muller-Camen & Camen, 2018). As a result of this ethical foundation, the firm employs more handicapped people than legally required and also hires long-term unemployed. In addition, rather than systematically and unquestionably introducing automation in response to the (cost effective) actions of larger competitors, Sonnentor has chosen an unorthodox common-good strategy with a strong focus on intensive manual labor that ensures high product quality (which is also emphasized in marketing and sales and appreciated by customers). The common-good report of Sonnentor (which currently employs around 300 people in an economically disadvantaged region of Austria), even contains the explicit aim to annually generate 30 new jobs in the region. This core HR goal is embedded in the mindset of new employees when the owner Gutmann welcomes each one by saying: “Great that you are here. Please do a good job, so that we can employ the next person!” The emphasis on creating jobs may look economically unsustainable, but this fast-growing company shows...
that it could be a viable strategy. For Sonnentor, profits — which are all fully reinvested in the company or other projects in the region — are not the main goal but enable the creation of new jobs (Muller-Camen & Camen, 2018).

Based on our examples, we argue that a common-good approach in business and management could open a path for HRM to address global challenges such as business human rights, workplace democracy, and employment creation. We have ideas for future research to explore this approach and Sustainable HRM further.

5. Agenda for future research

Our review suggests three specific areas that would benefit from further research. In turn, we will examine Sustainable HRM types and purposes, Common Good HRM, and the context of Common Good and Sustainable HRM.

5.1. Future research on Sustainable HRM types and purposes

With the recent attention in the HRM literature to sustainability issues, new approaches to HRM with different foci on the main dimensions of sustainability have emerged and contributed to challenging the old, merely economic purpose of HRM. In response, and in search of a new HRM purpose, prior research investigated Socially Responsible HRM, Green HRM, and Triple Bottom Line HRM. However, according to our knowledge, this work has not yet produced an overarching framework or typology that could help researchers to define and distinguish their Sustainable HRM approach in terms of a final purpose. Nevertheless, the increasing number of publications on Sustainable HRM necessitated a more systematic look at the literature to better define and delineate the boundaries between the different approaches. Also, this literature needed a typology to guide future conceptual and empirical research.

Applying Dylick and Muff’s (2016) typology, we identified, applied, and developed four dimensions of variability between Sustainable HRM approaches. These dimensions are the organizational perspective taken, Sustainable HRM inputs, creation of Sustainable HRM processes, and fourth, Sustainable HRM outputs. Based on our typology (see Table 1), we suggest that future research on Sustainable HRM considers these four key dimensions in defining the boundaries of an approach to Sustainable HRM. This will help to clarify the final purposes of different conceptual and empirical Sustainable HRM types.

We see several avenues for empirical research on Sustainable HRM types. First, future research could identify which intended (and perhaps also unintended) effects different Sustainable HRM types have. Second, in a longer-term case study approach, it could be worthwhile to look at individual companies’ processes of how HRM was adapted to sustainability and new purposes over time, what internal or external factors led organizations to make these choices, and what tensions different HRM actors faced in this process. Third, we suggest testing our typology empirically by comparing our four conceptual Sustainable HRM types with empirically existing – possibly more fluid and overlapping – ones to understand their effectiveness with regard to different purposes. Although we appreciate the value of research on Socially Responsible HRM, Green HRM, and Triple Bottom line HRM, we agree with Dylick and Muff (2016) that these approaches may not be as effective as what apparently is needed to close the gap between increasingly greater sustainability challenges and HRM practices. This is why we suggest that researchers pay more attention to common good theory and practice.

5.2. Future research on Common Good HRM

So far, a lack of a developed theory of Common Good HRM has impeded Sustainable HRM. Moreover, mainstream HRM research still assumes that public sustainability interests are not the primary concerns of economics and business. Our examples of the relationship between global sustainability challenges, common-good policy areas, and Common Good HRM practices (see Table 2) indicate how a shift toward a purpose-oriented Common Good HRM would call into question the validity of a strong separation of the business and societal domains. Our premise is that if economics, business, and HRM work toward the common good, this could lead to more equal, fair, and sustainable societies. In this paper we could only address three of the many grand sustainability challenges because we wished to illustrate the four principles we suggest for Common Good HRM. However, future research on Common Good HRM needs to also address further grand sustainability challenges such as climate change.

A HRM paradigm shift in the direction of more communal purposes would have an impact at several levels. At an organizational level, Common Good HRM proposes a commitment to more social cohesion and HR practices of participation, mutuality, and cooperation. At a board level, noneconomic (human, societal, and environmental) criteria and new standards of enhanced social accountability would influence HRM strategic decisions. For example, this could take shape by replacing financial rewards (e.g., performance-related pay) with social incentives (e.g., social recognition) and by efforts to increase mutual gains (e.g., by employee ownership schemes). At an individual level, line managers and employees would have to match their attitudes and behavior (e.g., concerning prioritizing shared team interests and targets over self-interest) in line with a common-good corporate policy.

To assess the issue of a paradigm shift more fully, we suggest that future research needs to take an inclusive, contextual, and multilevel approach to empirically explore to what extent Sustainable HRM has changed its purpose and is embracing a common-good perspective while implementing HRM at both a strategic and operational level. A possible pathway for future research would be to explore empirically the attitudes of board members, HR managers, employees, and external stakeholders toward a Common Good HRM model. For example, research could investigate — ideally through action-research and ethnographic methodology — the impact of this approach on issues of currently shared meanings, organizational purpose, and role identity within a natural setting.
5.3. Future research in the context of Common Good and Sustainable HRM

Although HRM research largely recognizes the importance of context (Cooke, 2018), the Sustainable HRM literature has mostly neglected its influence (for an exception, see Aust, Muller-Camen, & Poutsma, 2018; Ehnert et al., 2014). There is thus a lack of research as to which single or combinations of socioeconomic external factors, such as culture, sustainability institutions (e.g., UN and/or local public institutions), environmental governance and regulation or consumer environmental concerns will be most influential – if at all – in determining a Common Good HRM paradigm change. Another question for future research could be what sort of impact this proposed research direction would have on how common-good values can be integrated into traditionally individual HRM core practices and the long-term affect of this integration on HRM operational architecture and effectiveness.

There is also ongoing uncertainty about the influence of internal contextual factors — such as organizational size, type of organizational ownership, and country of operation — on the suitability of a common-good approach. For example, large publicly traded companies with investors that seek to maximize their shareholder value may not be able to implement a Common Good HRM. Nevertheless, research could show whether and which stakeholders might exert pressure for adoption of such an HRM approach. Moreover, future research could examine whether inside-out, competitive-oriented HR practices such as rewards and compensation, training, and recruiting can be reframed in support of outside-in, common-good goals.

We are aware that our extended classification of Sustainable HRM draws attention to business/communal (often paradoxical) tensions. Nevertheless, it also infers that it is possible for managers to overcome conflicts of interests by matching the choice of Sustainable HRM type with available competencies and organizational resources to achieve numerous outcomes desired by stakeholders. Thus, future research needs to address a lack of consideration of global and local contexts in Sustainable HRM and for example, explore how existing strategies such as digitalization or regulatory compliance can be integrated with emerging issues of purpose and sustainability. By gaining a deeper understanding of contextual variables, institutional factors, and market dynamics, researchers can help explain how organizations can adopt a Common Good HRM policy and remain competitive in relation to performance-oriented companies.

Although we suggest that a Common Good HRM approach is best suited to fulfill the sustainability challenge and is a logical progression of earlier perspectives, we are also well aware of the normative, ethical orientation of the model and of the current lack of empirical research into Common Good HRM approaches. This creates the possibility that other models (or a combination of them), could prove more effective in distinct organizational contexts and underscores the necessity for more data to assess the relative viability of a common-good model within for-profit organizations.

6. Conclusions

We have undertaken a review of different approaches to Sustainable HRM. By classifying different types, we have contributed to a better understanding of the emerging concept of Sustainable HRM and highlighted how the purpose of HRM is transformed in the search for sustainability. We further developed Dyllick and Muff’s (2016) suggestion that organizations need to focus more on SDGs instead of narrow CS targets. We have also shown that a new understanding of the purpose of HRM is needed to achieve effective design and implementation of Sustainable HRM systems and contribute to solving today’s grand sustainability challenges. This allows us to identify the purpose to which HRM can effectively contribute. Although Type 1 Socially Responsible HRM contributes to economic and social values (with an emphasis on economic values), Type 2 Green HRM contributes to economic and ecological values (with an emphasis on economic values). In turn, Type 3 Triple Bottom Line HRM contributes to triple bottom line values (with an emphasis on economic values), and Type 4 Common Good HRM to common-good values (with an emphasis on finding solutions for grand sustainability challenges). Overall, we make the following contributions to the Sustainable HRM literature.

Firstly, our conceptual article examined critically whether and how the sustainability paradigm is transforming the purpose of HRM from single economic to multiple – including common good – purposes and whether this potentially has an impact on the grand global sustainability challenges we are facing. In our analysis, we found an indicator for a transformation of the HRM function toward a broader social and/or ecological and even a common-good purpose, and we provided a typology for HRM to research this further.

Secondly, by applying Dyllick and Muff’s (2016) typology to HRM and by developing it further, we identified four dimensions along which Sustainable HRM approaches vary, differentiating the organizational perspective taken, the inputs of each type of Sustainable HRM, the creation of Sustainable HRM processes, and finally, Sustainable HRM outputs. With the help of these dimensions, we developed a classification of Sustainable HRM types that will allow scholars to analyze what would be necessary for HRM to address grand sustainability challenges more systematically, and we developed four design principles for a Common Good HRM that we illustrated with three examples. Finally, we have shown how our typology could infuse future conceptual and empirical research.

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35–58.


