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PRESENTING SUSTAINABLE HRM MODEL BASED ON BALANCED SCORECARD IN KNOWLEDGE-BASED ICT COMPANIES (THE CASE OF IRAN)

ABSTRACT. This qualitative study attempts to ground the value-added contribution of sustainable HRM in accomplishing the organization's mission using Balanced Scorecard (BSC). For this purpose, semistructured interviews were conducted with HR and sustainability experts of three knowledge-based ICT companies and university professors, and the obtained data was analyzed using thematic analysis technique. Critical success factors were identified in each four BSC perspectives regarding sustainability strategy in HRM. The results obtained and conclusions drawn suggest that sustainable HRM and BSC provide more opportunities to attain long-term organizational and business success, especially in today's complex and dynamic business context. This paper could enable practitioners gain better understanding of key requirements to sustainability goals in the 21st century via effective integration of sustainable HRM and Balanced Scorecard.

Keywords: sustainability, sustainable HRM, balanced scorecard, knowledge-based information and communication technology companies, Iran.

Introduction

Organizations, in the twenty-first century, are confronted with globalization, demographical changes, technological innovation, and high customer expectations that continuously reshape business landscape. To compete successfully, within complex and dynamic knowledge-based economy, companies require strategies to reach certain level of sustainability. Moreover, it is gradually accepted that traditional market models' strong focus on rather short-term efficient and effective exploitation of natural, social, and human resources in organizations will not ensure organizational viability in the long run (Docherty et
al., 2002, 2009; Hahn and Figge, 2011; Wilkinson, 2005). Ehnert et al. (2014a) asserted that besides the short-termism of performance, active engagement in renewal, regeneration and reproduction of organizations' resources for long-term survival is also neglected. Hence, re-thinking resource management including current and potential (future) human resources is essential. Incorporation of sustainability in organizations' strategy helps the realization of corporate sustainability goals (Ehnert, 2009; Kellerman, 2010; Cohen, 2010; De Prins, 2011), particularly in the presence of increasingly challenging worldwide issues such as climate change, environmental problems, world population growth, escalation of social disparity and poverty. Ehnert (2009a) claims that these trends highlight the need for more sustainable HRM practices and regards sustainability as having a strategic potential for HRM. In this regard, Ehnert et al. (2014b) define sustainability as a concept for providing new solutions and for making economic systems and organizations more viable over the long term and less harmful to society and the world well-being. According to Losey, Meisinger, and Ulrich (2005), the way the world is changing puts HR in the spotlight. HR could guide organization’s leaders on their way to sustainability as Boudreau and Ramstad (2005) assert that sustainability improves understanding organizational success by going beyond the traditional focus on financial results. Sustainability can be integrated in management of people in organizations and sustainable HRM can be considered as a design option for employment relationship, and a contribution to sustainable corporate development (Zaugg et al., 2001; Gollan, 2005; Ehnert, 2006; Ehnert, 2009a, Ehnert et al., 2014a). In this respect, Gollan and Xu (2014) argue that adopting sustainable principles, practices, and structures towards different organizational strategies and creating a climate for releasing employees’ potential under a shared value of sustainability are the central challenges for the HR function. Therefore, HR policies and practices need to be designed based on sustainability goals to bring about sustainable business performance and positive employee outcomes for better equality, development and well-being (Gollan & Xu, 2014). This concern can be considered highly significant in knowledge-intensive companies like ICT companies regarding their soaring dependence on knowledge, skills, and experience of their most important assets which are human resources. In knowledge-intensive companies, sophisticated or exceptional knowledge of highly qualified employees is considered to be a specific form of economic capital (Grey and Sturdy, 2009) that is vital for achieving competitive advantages and organizational long-term survival. Additionally, ICT companies are confronted with rapidly changing environment including increasing competition, high complexity of products and work processes, changing customer demands, short-time innovation cycle, and overall uncertainty. Hence, it seems that sustainable way of maintaining, developing, creating and regenerating of HR are being of particular importance to ensure organizations' long-term survival and viability. Adopting sustainable strategies in HRM practices aims at balancing between efficient deployment of human resources and sustaining their long-term availability by two basic sets of sustainability strategy (Ehnert, 2009a): First, the reproduction of external sources of resources vital to ensure resource availability (Muller-Christ, 2001 cited by Ehnert, 2009a). Second, strategies that intend to “maintain the HR base from within” (Ehnert, 2009a), i.e., internal strategies for regenerating and developing human resources. It is assumed that if employees’ health and knowledge-related resources are developed and regenerated, they can make a substantial contribution to sustainability and long-term viability of organizations and societies. Studies conducted on sustainability and HR-related strategies and practices mainly focus on the role of developing and implementing sustainable work and HRM systems known as internal role of sustainable HRM (Ehnert, 2014, 2009 (a); Dorenbosch, 2014; Mariappanadar, 2003, 2014; Guerci et al., 2014; Gollan & Xu, 2014; Gollan, 2005). Secondly, in the role of supporting the implementation of corporate sustainability strategies known as external role of sustainable HRM (Zink, 2008, 2014; Kira & Lifvergren, 2014; Becke, 2014; Osranek & Zink, 2014;
Hirsig et al., 2014). All these efforts were made to put forward the approach of sustainable HRM, however, there are still some gaps that need to be addressed as mentioned in previous studies. As sustainability based HR strategies require longer term view and influence the organizational outcomes in the long term, there is a need to clarify the affective factors and the values created applying sustainable HRM strategies and practices, and this has not been yet addressed comprehensively in prior researches. Moreover, there are some needs to build an accurate foundation for sustainability approach to be applied in each field of an organization such as its HRM system since sustainability has special concepts and principles that first require to be fully learned and then be applied in the system. Therefore, a holistic framework is needed to illustrate the success of sustainability measures in the HR context. Thus, this study aims to present a model of sustainable HRM using BSC to find and show the success factors in each perspectives of BSC and the values created in the way to sustainability approach in HRM systems. In this respect, it can be asserted that if the outcomes of an approach are clearly visualized, it makes the decision- and policy-making process easier consequently making practitioners more committed to pursuing, implementing and observing the determined practices corresponding to that approach.

HRM contribution to value creation seems to be widely accepted (Becker et al., 2015), however, since HR has rather intangible nature, determining a real quantitative value expressed in monetary units is not that straightforward. In this regard, BSC seems to be a tool to deal with intangible features of human resources as it can help deal with these intangible factors and expressing their contribution in business success or in value creation. The Balanced Scorecard is applied by many companies to improve their strategic management capabilities (Rhodes et al., 2008). It is an integrative instrument showing cause-effect relationship and providing adequate indicators for the value realized by any measures implemented (Alter, 2011 cited by Becker et al., 2015). Thus, it can be helpful in explaining the logic behind the generation of added value created by HR measures concerning sustainability strategy. Moreover, BSC helps visualize how the set goals can be achieved and what success factors need to be taken into account in order to reach the desired goals. That is the reason why BSC is selected in this study to offer the logic of dealing with precious human resources in a sustainable way and the outcomes organizations would obtain from it.

Application of learning and growth perspective as the basis for creating value through other perspectives of BSC was represented by Kaplan and Norton (2004). However, to supplement the traditional BSC shareholder focus on financial performance, the interests, rights, and needs of different stakeholders of an organization need to be considered for realization of desirable sustainability outcomes within value-creating processes (Rae & Sands, 2013) as sustainability has wider perspective than merely financial outcomes for shareholders. Furthermore, the customer perspective should be expanded to include other relevant stakeholders as in the long run, shareholders' value can only be maximized if all stakeholders’ interests are taken into consideration (Becker et al., 2015). Satisfaction of different interests leads to various types of monetary and non-monetary benefits for organization. Hence, it can be argued that if organization's business model actually delivers benefits in sufficient quantities to its various stakeholders, it will endure in the long term (Becker et al., 2015).

Regarding the advantages of using BSC as a holistic and multi-perspective tool, this study attempts to propose Sustainable HRM model that includes the success factors to be fully addressed in order to achieve sustainability goals within the HRM system and organization as a whole.

In the following sections, first, key features of the study (sample, measurements, procedures and analysis) are presented. Next, the results are discussed and the sustainable HRM model based on BSC is proposed according to the findings. Then, the main implications
for sustainability and HRM fields are highlighted in the concluding section. Finally, limitations of the study and opportunities for future research are presented.

1. Methodology

The present study is qualitative and exploratory in nature; thus, it applies a qualitative paradigm. Interviews are most appropriate where detailed insights are required from individual participants to study the phenomenon of interest (Boyce and Neale, 2006). Therefore, in this study, semi-structured interviews consisting of several key questions were conducted among 11 experts, 7 of whom were HR and sustainability experts chosen via purposeful sampling in three selected knowledge-based ICT companies and 4 of whom were university professors selected via intensity sampling i.e. the process of selecting or searching for rich or excellent examples of the phenomenon of interest that provide in depth information and knowledge and are they not extreme or deviant cases (Patton, 2001). The selection of the three studied companies was also performed based on intensity sampling. Thematic analysis was used to analyze the gathered data. Thematic analysis is a flexible and useful research method for identifying, analyzing, and reporting patterns (themes) within data (Braun & Clarke, 2006). Data analysis was performed according to 6 phases of thematic analysis method as stated by Braun & Clarke (2006) which consist of familiarizing with data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report. The report analysis is presented in the next section.

2. Finding Analysis

Interviews were conducted with 7 HR and sustainability experts in three knowledge-based ICT companies and 4 HR and sustainability professors and the obtained data was analyzed using thematic analysis method. The major findings are summarized according to four perspectives of BSC in the following paragraphs.

2.1. Learning and Growth Perspective

It was found from the study that the purposeful HR training and development in the learning and growth perspective of BSC was one of the main themes. This theme was found commonly agreed by about half of the interviewed experts. An example of the supportive citation from the interview transcripts says: “One of the most important factors for the success of a business is empowering organization's human capital which cannot be achieved except by purposeful HR training and development particularly in this challenging and highly competitive business world.” The importance of training and development was emphasized in previous studies (e.g. Ehnert, 2009a; Ehnert et al., 2016; Wilkinson et al., 2001; De Prins et al., 2015, Wehling et al., 2009). HR training is like the injection of new blood into the veins of the organization that facilitates employees' adaptation to the changing environment. Regarding the increasing acceleration of knowledge renewal, merely thinking to the needs of the present time is inadequate. Training and development needs in the future should be identified via foresight and appropriate plans should be made before it is too late.

Another theme found was long-life learning that was highlighted by Ehnert et al. (2014a), and Ehnert (2009a, 2006). A sample quotation is as follows: “Training is a fundamental task in the organization and is a continuous and permanent process that should be continued over individuals' lifetime”. Today's world is continuously changing so all employees, young or old, need to learn and gain expertise to be able to adapt to the new changes.
Equal opportunity for individual's growth was found as another important theme in the learning and growth perspective that suggests with a sustainable approach, training should be provided without gender and ethnic discrimination and all members of the organization should have the equal opportunity for training and development as also affirmed by Cohen et al. (2012), Ehne et al. (2016), Hirsig et al. (2014) and Debreaux (2014) and as an HR expert said “Organizations should have the equal policies for their employees' regardless of their gender, ethnic or religion”. It can also be implied that promotion should be performed based on merit and professional capabilities of employees.

Organizational learning in the field of sustainability was found as the other theme that was accentuated by Gollan and Xu (2014) and Kira and Lifvrgren (2014) as sharing of common values, respecting to each members' competence and organizational learning were stated as critical factors. An example of the experts' quotation who was an HR professor is: “Common ideal should be developed, learned and taught by every single employee”. In fact, by sharing knowledge and experience and its integration at all levels of organization, information synergy and proper interaction can be achieved which lead to productive teamwork and facilitate dealing with challenges that are key features of a sustainable approach.

In sum, four themes were identified in learning and growth perspective including purposeful HR training and development, long-life learning, equal opportunity for individual's growth, and organizational learning in the field of sustainability.

2.2. Internal Process Perspective

The study revealed four themes in the internal process perspective of BSC. The first theme was developing sustainable working systems. Sustainable work systems focus on HR development and regeneration and on the prevention of negative consequences of stressful work systems as highly emphasized in previous studies such as Docherty et al. (2002, 2003), Kira (2003), Kira and Lifvrgren (2014), Becke (2014), and Zink (2014). The citations from the interviews that support the argument include: “Designing and implementation of working systems that help develop HRs and make them eager to stay in the company are major factors in the success of the company's performance”. “A working environment should be designed in the way that employees feel comfortable and be confronted with the least damage to their physical, psychological and mental health”. Implementation of sustainable work systems will lead to high quality of work life and ultimately result in better performance of the individual and organization.

The second theme found was reward systems and motivational incentives consistent with sustainability goals. Contrary to mainly financial rewards in traditional approach, having various, flexible and purposeful reward programs is of particular importance as highlighted by Harry (2014), Ehnert (2009a) and Zaugg et al. (2001). Almost all the respondents have agreed that purposeful and fair reward systems are essential as they can heighten employees' motivation and boost their performance and productivity as one of the HR managers stated: “Reward policies should be set in a way that have high positive effects on realizing the value creation and strengthening the culture of performance and innovation”.

Change with sustainability approach was the third theme highlighted in the study as asserted by Gollan and Xu (2014), Hoepe (2014) and Gollan (2006). A few of the respondents opined that “Organizational change is a kind of organizational renewal which will lead to innovation and adaptation within the organization as it is expected by sustainability ideals”, or “Change landscape should be drawn and common sense should be created based on sustainability goals to foster efforts to achieve the goals which also entails efficient change management”. It signifies that the mission of organization to move toward
accepting and implementing sustainable strategies, principles, practices and structures is the creation of shared value of sustainability among all members of the organization.

The fourth theme was HR regeneration that was highly emphasized in prior studies (e.g. Becke, 2014; Ehnert, 2006, 2009a; Docherty et al., 2002, 2009; Kira and Lifvergren, 2014; Kira, 2002, 2003; Dorenbosch, 2014; Mariappanadar, 2003, 2014). One respondent who was a HR Director viewed that “For the continuity of efficient performance of HRs, their needs must be met properly”. HR development, reproduction, and regeneration is one of the essential prerequisites that organizations need to ensure the access to human resources with the required skills and motivation.

Developing sustainable working systems, reward systems and motivational incentives consistent with sustainability goals, change with sustainability approach and HR regeneration were four themes found in the internal process perspective of BSC.

2.3. Stakeholders Perspective

In the beginning of the section, it should be noted that in this study as sustainability approach has wider view than merely customers, stakeholders' perspective was chosen instead of customer perspective of BSC. In this perspective, five themes were derived from the expert's opinions analysis. The first theme was providing dialogue spaces for stakeholders as it was noted in researches conducted by Harry (2014), Ehnert et al. (2014a), Osranek & Zink (2014), Guerci et al. (2014), Kramar (2014), and Wehling et al. (2009). One of the respondents who was an HR manager opined that “Holding meetings with different groups of stakeholders such as clients, staff, NGOs periodically bring about helpful comments, and suggestions that would lead to multilateral understandings of each parties' interests”. In the current situation of business world, merely considering the interests of shareholders or some other stakeholders such as customers is illogical as the world has seen many challenges such as global warming, air and water pollution, and decreasing diversity of plants and animals. All these global issues are happening due to the lack of business authorities' attention to the impacts of their activities on the surrounding environment. Unlike the traditional model of businesses, sustainable approach considers the interests of different groups of stakeholders that would be achieved through constructive, continuous and purposeful communication between organization and different parties. This perspective assists organizations in creating more value and contribute greatly to best achieve the desired results for all parties of interests.

Increased employability was the second theme in this perspective. According to the interviewee's opinions, actions and programs to improve the professional development of individuals were mentioned necessary since improving employees' professional skills and specialized knowledge in the long term will prevent the social and human damages caused by unemployment problems. For example, one of the manager said that “To improve employee's employment potential and to develop their skillset, investment in training and development, should be done”. The importance of employability was highlighted in prior research conducted by Zaugg et al. (2001), Ehnert (2009a), Zink (2014).

Health and safety of HRs was the third theme that was also affirmed by past studies including Kira and Lifvergren (2014), Boudreau and Ramstad (2005), Mariappanadar (2003, 2014), Ehnert (2009a; b) and Zink (2014). Health and safety at work and investments to maintain and improve it are concerned as a basis of sustainability of organizations. Among important issues raised in interviews with managers and experts were prevention of the negative effects of indoor pollution, inappropriate working hours and workload and considering the hygiene of the working environment since if these factors are overlooked, they will threaten employees' physical and mental health.
Work–life balance was stated by more than half the interviewees and it can be said that this is the most cited factor in sustainability and HR-related literature that reflects a close association between work-life balance and employee productivity, motivation and retention (e.g. Zaugg et al., 2001; Hoepppe, 2014; De Prins, 2015; Kramar, 2014; Ehnert, 2009a; Gollan, 2000). Respondents stated that “Work life balance initiatives including the possibility of distance working, flexible or floating working hours, and recreational programs should be highly acknowledged to help employees in responding their commitments at work and at home” “reduction in absenteeism, increased employee morale levels at work, higher employee engagement, increased creativity and involvement and reduced stress levels are the positive outcomes of creating work-life balance which pinpoints the significance of this factor”.

The last theme found in this perspective was controlling HRM negative externalities on HR as asserted in prior studies (e.g. Ehnert et al., 2014b; Mariappanadar, 2003; 2014; Ehnert, 2009a; Pfeffer, 2010; Wilkinson, 2005; Kira, 2003). This factor aims to adopt policies and measures to reduce or eliminate stressors in organizations like work intensity, the uncertainty of tasks, displaced monitoring, and unfair assessments. Adopting strategies and practices in HRM systems such as downsizing, outsourcing, temporary contracts, part-time work have negative effects on employees' life in the forms of loss of the confidence, inability to work, burnout, and other health-related problems.

In sum, providing dialogue spaces for stakeholders, increased employability, health, and safety of HRs, work-life balance, controlling HRM negative externalities on HR were the five themes in stakeholders' perspective.

2.4. Value Creation Perspective

It is worth noting that value creation perspective is chosen instead of financial perspective of BSC as ascribing the contribution of human resources to strategic benefits in a monetary value is not that much possible because of the intangible characteristics of HR measures (Becker et al., 2015). Moreover, sustainability perspective considers the ecological, economic, and social resources of a system not merely the financial bottom line (Wilkinson et al., 2001), thus, it can be inferred that focusing on monetary targets is not enough. That is why value creation perspective is more comprehensive that regards the monetary and non-monetary values created by HR strategies and practices. Additionally, it can be ascertained that obtaining non-financial values will lead to financial values for the organization in the long time horizon. After mentioning the logic behind the value creation perspective, the themes found in this perspective are presented and discussed in the following.

Organizational reputation was stated as the first value that can achieved via sustainability perspective to HR practices since this factor can positively influence employer of branding (Lis, 2012) and winning in the "war for talent" (Boudrea and Ramstad, 2005) and consequently can strengthen an organization’s position in its industry. Citations from the interviews say that “by acting in a responsible manner and be accountable to your stakeholders, good reputation can be achieved”; “seriousness and diligence in fulfilling the responsibilities committed to the different stakeholders will ensure organization's success” Creating sustainable values for individuals and the society as a whole ensures a positive corporate image as affirmed by Hoepppe (2014), Lis (2012), App et al. (2012), Ehnert et al. (2014c).

Social legitimacy was mentioned as the other value that can strengthen organization's license to operation since it will be recognized as an accountable entity. This theme was highlighted as a salient achievement of sustainability perspective in prior research (e.g. Ehnert, 2009a, b; Ehnert et al., 2014a; Ehnert, 2014, 2009a). In our study, one respondent who was a university professor stated that “For example, one way of responding our social
responsibilities is that our company and our employees are actively involved in charitable programs and many of our staff are members of NGOs and do volunteering activities”.

Attraction and retention of skilled, motivated and committed HR was raised as the other theme in this perspective. The following response indicates a sample of such theme: “One of the central missions of the HRM is the attraction and development of competent and skilled HRs which can be more accessible and successful through sustainability perspective in HRM system”. Attraction and retention of skilled and motivated HR has been one of the promises for organizations that actively implement sustainability initiatives as it is confirmed in earlier studies (e.g. Hoeppe, 2014; Wagner, 2011; Boudreau & Ramstad, 2005; Zaugg et al., 2001; Wehling et al., 2009).

Organizational dynamics was the other theme derived in this study that has not been mentioned in prior research to the authors' knowledge. Stacey (2007, p. 240) defined organizational dynamics as "the patterns of movement in the activity in the joint activity people undertake, organizational strategies, and its purposes over time and how actors involved are engaged in, and think about, this movement". By this definition, it can be inferred that organizational dynamics aims to develop intellectual perspective on today’s complex work environment, and to explore the practical applications required to thrive. The following citations support this argument: “Adoption of sustainable performance over the long term will lead to improved financial performance, increase competitive advantage and create organizational dynamics”; “The satisfaction of stakeholders’ interests ensures the future viability, sustainability and dynamics”; “As sustainability perspective encourages guiding, coaching, supporting and promoting employees, this would bring about more active, innovative and dynamic atmosphere at workplace in organizations”. Sustainable HRM practices such as open communication up and down, encouraging decision making at all levels, encouraging innovation through employee involvement and self-expression, and treating members with respect and appreciation are considered as the influential factors on organizational dynamics that all external and internal groups of stakeholders will benefit from it and that is why organizational dynamics was stated as the value in this study according to the interviewees.

From the viewpoints of the interviewees, one of the consequences resulting from the establishment of sustainable HRM (if accurately implemented) was organizational sustainability that enables organizations to develop and maintain their long-term performance and the continued satisfaction of their stakeholders. It can be deduced that through sustainability lens, all employees endeavor to deliver their specific creative and innovative thoughts and change them into products and services not only compatible with environmental and social interests but also these high quality products and services generate economic value. Thus, the triple bottom line will be realized and organizational sustainability will be achieved as some managers found that “through the development of innovative and sustainable performance embedded in sustainability perspective, the ability of organizations to achieve organizational sustainability will be boosted”; “To survive in the complex and changing conditions, implementing sustainability strategies help acquire corporate sustainability”; “Making a balance among economic, social and environmental interests results in corporate sustainability in the long run”. Organizational sustainability was accentuated by earlier studies (e.g. Guerci et al., 2014; Ehnert et al., 2014a; Sroufe et al., 2010; Gollan & Xu, 2014).

Sustainable competitive advantage was the other theme in the value creation perspective. Through developing and implementing sustainability strategies and principles, such capabilities and competencies will be embedded in the organizations that bring on value creation and sustainable competitive advantage for the organization. Harry stated that sustainable competitive advantages will be accessible via strategic, and future-oriented outlook as well as timely and appropriate utilization of strategic resources according to new
approaches such as sustainability (Harry, 2014). In the present competitive world, attracting high quality and motivated HRs, investing on their development, implementing innovation encouraging policies as suggested in Sustainable HRM result in organization's compatibility and make it capable to remain safe from heavy surges of competitive environment and over the long time, it brings on sustained competitive advantage. In this argument, an HRM professor declared that “the results of the sustainability of HRM systems such as commitment, flexibility, knowledge, skills and confidence lead to a sustainable competitive advantage”.

Increased productivity was stated as the other theme in the study. As Gollan and Xu (2014) asserted adopting Sustainable HRM strategy will positively influence on employee satisfaction, commitment and on the traditional organizational objectives of increased productivity and profits. One of the respondents who was a HR Director confirmed that “with focusing on sustainability goals and strategies in HRM system like creating a family like atmosphere, caring for employees' work-life balance, sharing organization’s goals and visions with employees, constant appreciation, organizations will enjoy increased productivity”. Creating a more human workplace culture that puts employees first, concerning employees as a whole person – not just an employee, giving employees a purpose and inspiring and encouraging each and every one of them to help achieve the goals, training and retraining and being transparent are conceived as influential Sustainable HRM practices resulting in increased productivity.

In total, seven themes were obtained in value creation perspectives which were organizational reputation, social legitimacy, attracting and retention of skilled, motivated and committed HR, organizational dynamics, organizational sustainability, sustainable competitive advantage, and increased productivity.

The key success factors of Sustainable HRM model based on BSC found in the present study are summarized in Table 1 with the related prior studies.

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<th>Key Success Factors of Proposed Model</th>
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3. Proposal of Sustainable HRM Model based on BSC

The proposed model can be considered as a map for any organization thinking about implementing Sustainable HRM using BSC. The map allows the organization to focus on all the elements required to make the project a success, and helps avoid failures. Sustainable HRM key success factors extracted from the data obtained from interviews with experts in the framework of strategic management based on BSC is given in Figure 1. Detailed discussion of the key elements of the proposed model and guidelines based on the results of this study are provided in the following sections.

Figure 1. Sustainable HRM Model based on BSC
4. Overview of the Model

4.1. First level: Sustainable HRM within Strategic Management

Identifying clearly the direction in which the organization should be headed is crucial. This needs to include identification of relevant sustainability strategies to be managed and its source and nature as well as sustainability needs. Sustainability strategies should be framed in terms of a direction not just a destination. Regarding the ever-increasing uncertainty and complexity and highly challenging decision-making, acquisition and application of Sustainable HRM offer the best capability an organization can have to change, adapt and influence its environment in a way that maximizes its performance over time. Strategic management vision and objectives need to be brought into perspective with sustainability of all the internal and external resources whether impacted by or impact the organization's business activities. This involves a comparison between the sustainability needed in the organization's systems including HRM and the level of the sustainability existed in the systems of the organization. This comparison will lead to identifying the Sustainable HRM gap. The vision and mission statement should be based on Sustainable HRM strategies relating to how the organization could be transformed in the future. Sustainable HRM based on BSC translates the organization's Sustainable HRM strategies into four perspectives of BSC to help managers draw a clear picture of the operations of the business along with strategy. It can also be served to communicate the strategy effectively throughout the organization. It should also be confirmed that developing an effective strategy depends on adopting a holistic approach like sustainability to all aspects of the organization. This involves strategic alignments among all aspects of the organization in order to create an appropriate Sustainable HRM system. As the organization's environments are changing rapidly and the consequent probable changes in stakeholders' value drivers and their priorities, a competitive analysis needs to be conducted regularly to proactively anticipate the forthcoming changes and make the required decisions. Moreover, organizations should assess the interrelation between strategic business plan functions, and the way strategic resources are structured to support these functions. The Sustainable HRM based on BSC therefore gives managers a way of ensuring from the alignment of both departmental and individual goals at all levels of the organization. Enhanced strategic feedback enables the organization to reflect on its situation, and thereby provides opportunities to perform the needed adaption or changes to fit the current circumstances. Strategic management and Sustainable HRM strategies should thus feed upon each other and need to work interdependently. Sustainable HRM strategies can be formulated when the complementary functions of strategic management and Sustainable HRM allow knowledge to flow from external or internal sources to the organization, and from the vision and mission or human resources or knowledge assets of the organization. An organization's objectives are shaped by the environment that in which it operates, and this will influence the nature of its strategic plans, which in turn influences the other strategies.

4.2. Second level: Sustainable HRM Strategies

In an ideal world everybody in the organization would understand the strategy. The individuals would grasp how their actions benefit the process of achieving the ultimate objective. Sustainable HRM strategies are divided into four perspectives of BSC including learning and growth, internal process, stakeholders, and value creation. These four perspectives incorporate aspects that have an influence on the performance of the organization and can enable the organization to devise future strategy and development, and to deal with the major intended and emergent initiatives. The proposed model aims to create a balance
between internal and external stakeholders and to design internal business processes according to Sustainable HRM strategies in a way that ensures Sustainable HRM goals’ fulfilment which are visualized in value creation perspective. Considering wider stakeholder needs is essential as Harry (2014) asserted that ignorance of wider stakeholder needs can destroy even those with the largest pool of resources and the most clear-sighted strategy. Sustainable HRM strategies in learning and growth acted as the fundamental infrastructure the organization needs to invest on as they are the basis for the creation of organizational capabilities, particularly when combined through other processes and activities embedded in the Sustainable HRM perspective. All the mentioned processes of strategic management and key success factors in each BSC perspective should effectively work and collaborate in order to make a substantial contribution to the sustainability of working systems, organizations, and societies.

Applying sustainability as a comprehensive approach for HRM strategies and practices can develop a better understanding of stakeholders’ relationships including employees as the core and precious capital of organizations. Moreover, it effectively contributes to long-term viability of organizations as it embeds particular capabilities within organizations that positively influence efficiency and effectiveness, along with flexibility and responsiveness to external environmental changes.

Conclusion

Sustainability is a strategic issue for HRM that is necessary for a company’s long-term access to resources needed for business in the future including human resources and long-term viability to maintain the social legitimacy of their commercial operations for which they need to control the risks from producing harmful or negative externalities on natural and social environments (Ehnert et al., 2014c). The theoretical body of knowledge as far as Sustainable HRM is concerned is still in its early stages. Sustainable HRM is a new phenomenon within management systems, and thus implementation methodologies are still developing with experience. To join this attempt, this study intended to provide required data to guide the successful development of such systems or to predict expectations about the potential benefits. Based on strategic management and BSC perspectives, this study developed a Sustainable HRM model for the effective and ethical management of HRs. This study emphasized the impact of advanced managerial concept and tool which result in synergy when applied concurrently. This paper was conducted in knowledge-based ICT companies as these knowledge-intensive companies are highly dependent on the knowledge employees and these skilled and professional HRs are the main assets of the ICT companies. In this qualitative study, the data was gathered by experts’ interviews and analyzed using thematic analysis method. After analyzing the data, 20 critical factors were identified that must be considered carefully to secure strategic success of Sustainable HRM. Through identifying critical success factors of Sustainable HRM in each perspective of BSC, this paper contributes new knowledge to this important emerging and under-researched area of HRM. This study is possibly the first attempt to develop Sustainable HRM model based on BSC to the authors’ knowledge.

The study agreed that the Sustainable HRM project can yield to a wide selection of benefits that are of a tangible and intangible nature. The proposed model is hypothesized to deliver a comprehensive approach to successful Sustainable HRM project. The model is expected to be useful to a wide range of organizations, since it provides for Sustainable HRM implementation plans to suit any business situation. It is to be hoped that by describing and analyzing the major and significant factors in moving towards a Sustainable HRM system, this research has contributed to the successful realization of sustainability goals in both HRM
systems and organizations and to showing how this approach has a potential to be transformed to a state where it will be able to meet the challenges in the HRM systems in the increasingly global economy of knowledge and high level skills. Moreover, it is hoped that the theory and research findings presented in this research can aid the development of Sustainable HRM, as well as serving as a consultative tool for organizations in their Sustainable HRM projects. This study's proposed model is also considered to strengthen the balance between the internal capabilities of the organization and the external environment. In particular, the study has been uniquely effective in identifying and describing components that make up the integrative approach to strategic management and Sustainable HRM using BSC. This paper has contributed to the general body of works that have suggested the significance of Sustainable HRM strategies as an influence on organizational strategic management. This has allowed comparisons to be made with general and sustainable approach to HRM and will also contribute to the still small number of studies on the sectors of the Middle East and Iran in particular. The findings help HRM professionals in this region to identify ways to improve their practices in order to meet the need many of them have for attracting and maintaining skilled, motivated and committed HRs and to make the organization competitive in a global economy.

To summarize the findings, some key characteristics of sustainability perspective in HRM derived in this study (comparing the general HRM) and the related theoretical literature are listed in the following:

Having a long-term approach and foresight, Having permanent view to training, Creating organizational dynamics, Emphasizing on creating equal and non-discriminatory learning opportunities, Proactive approach to the regeneration and development of HRs, Greater emphasis on the implementation of appropriate policies to create work-life balance including flexible or floating working hours and distance working, Targeted, diverse, flexible and motivational reward system that is consistent with sustainability goals, Caring for the interests of different groups of stakeholders, Developing constructive interactions to create reconciliation among the interests of different stakeholders, Caring to the health and safety of HRs to improve the quality of work life, Efforts to gain and maintain social legitimacy through long-term investment appreciation and responsibility towards society and other stakeholders, Having a strong organizational culture and institutionalizing the values of sustainability, Convergence and alignment of values and goals with stakeholders, The ability to make use of the restrictions and turn them into opportunities through creativity and innovation, Gaining sustainable competitive advantage, Creating corporate sustainability.

In fact, a number of issues are highlighted in the above that will need to be addressed if progress in developing sustainability in HRM systems and in organization as a whole is going to be made.

By drawing attention to the sustainable approach to HRM, it is hoped that lessons can be learned about the factors that influence good practice in organizations especially knowledge-intensive ones and the need for sharing information and greater openness to ensure that policies are put into effective practice at different levels of organizations.

In sum, Sustainable HRM and BSC can be viewed as facets of modern integral management model, in continual dynamic interaction that brings about a potential for improved competitive advantage and business performance and as the opportunity for HR to prove its own legitimacy and strategic position.
References


