

## EMPIRICAL STUDY POST LIBERALIZATION POLICIES AMONG EMPLOYEE RELATION PRACTICES

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### **Abstract:**

The use of network technology, information technology, and other economic material means, guided by the age of knowledge, the scientific, and technological force as an important productivity of social and economic development, is the primary characteristic of the new economic era. China is currently experiencing a period of tremendous economic growth, and all facets of society are paying increasing attention to human resource management, which supports the long-term growth of businesses. In order to help organizations, achieve sustainable economic, social, and environmental development, sustainable human resource management (Sustainable HRM) refers to theories and methods of human resource management. This study intends to investigate the Sustainable HRM component, design the measurement scale, and evaluate the construct validity. In order to learn more about the significance, makeup, and components of sustainable HRM in the context of emerging economies, the researchers surveyed 103 corporate managers and employees and conducted qualitative interviews based on the 2030 Sustainable Development Goals (SDGs) of the United Nations.

### **Introduction**

The new economic, once the stars of the world economy, are now suffering from a complex set of factors that are weakening their growth slightly. What is the future of emerging economies? How should they break through the bottleneck to achieve sustainable development? As of 2015, 193 countries had committed to the United Nations' 17 sustainable development goals (SDGs), and also its proposed 2030 agenda of actions to be undertaken by businesses, governments, and the public in order to achieve those SDGs<sup>[1]</sup>. From a business perspective, the key goal of sustainable development is to build a "sus- tainable, innovative, and people-oriented" economy and improve employment opportunities, especially for the younger generation and women. The mission of organi- zations, in this context, is to ensure the health and optimal training of the

workforce and to develop the awareness and capabilities needed to create productive employees and active citizens to contribute to society<sup>[2]</sup>. The main feature of the new economic era is the use of network technology, information technology and other economic material means, under the guidance of the age of knowledge, the scientific and technological force as an important productivity of social and economic development. In China in particular, companies have carried out a number of practical actions that do not explicitly carry the label of sustainable HRM, but that are equivalent in significance or connotation. Examples include Alibaba's corporate vision of "surviving 102 years" which advocates the concept of "seriously living and working happily", as well as Xiaomi's creation of an enterprise ecological chain. The remainder of this article is structured as follows. Following a literature review in section 2, we describe, in section 3, how we developed a pre-test scale for sustainable HRM. Section 4 then reports the findings of an empirical test that led to the final version of the scale, with section 5 discussing the significance of these study and the main contributions to research in this area, while also reviewing the implications of our research for management practices, some of the limitations of our study, and the future outlook for additional work in this domain.

### **Sustainable HRM**

The Brundtland Commission (1987) defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Sustainable development ties together concern for the carrying capacity of natural systems with the social, political, and economic challenges faced by humanity. Sustainability Science is the study of the concepts of sustainable development and environmental science. There is an additional focus on the present generation's responsibility to regenerate, maintain, and improve planetary resources for use by future generations. The characteristics of sustainable HRM, in line with the concept of corporate social responsibility, also reflect principles of the Rio Declaration on environment and development; this declaration states that "Human beings are at the center of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature. It is well-established in the current literature that sustainable HRM has a double role: (a) to contribute to implementing sustainable practices in organizations; and (b) to make HRM systems, in particular, sustainable.

There have been more than two decades of research on sustainable HRM. From the first contributions to the field to today's path breaking work, the relevant research involves a wide range of disciplines. Yet researchers have still not arrived at a shared understanding of what sustainable HRM means, or entails. Different scholars use different terms to describe sustainability and HRM activities, such as the sustainability of human resources, sustainable work system, sustainable leadership, sustainable management of human resources sustainable organizations, sustainable HRM, green HRM, and HRM based on corporate social responsibility (CSR). Although the labels or rubrics are different, they all point to the need for organizations' HRM to achieve a balance between economic and social benefits. The differences among these frameworks mainly concern the relative importance granted to investments in economic competitiveness, positive social benefits, and ecological benefits

### **Existing Literature for Sustainable HRM Measurement**

In order to analyze the content structure of the construct as accurately as possible, this study reviews the papers on sustainable HRM that represent key concepts and best practices in the

field. Although there have been theoretical discussions on the dimensions of sustainable HRM, there is currently no specialized scale for sustainable HRM. Wehling et al.(2016) suggest five core dimensions of sustainable HRM practices: rationale (motivations, triggers, and benefits), conceptual frame- work (models and terminology), direction (functional responsibility and hierarchical accountability), transfer(implementation mechanisms and knowledge transfer), and evaluation (awards, bench marking, metrics, and content of reports). Kainzbauer and Rungruang(2019) summarized the first approach used to harness sustainableHRM to enhance organizational sustainability<sup>[8]</sup>; the ap- proach focuses on practices that help to influence people in developing sustainable attitudes and behaviors. Ex- amples of such practices include attracting talent via the sustainability commitment of the organization; training employees in knowledge acquisition and capability de- velopment supporting sustainability goals; integrating sustainability goals into practices of assessment and compensation; building an organizational culture that encourages the development of sustainability practices; creating an organizational support system that fosters corporate sustainability behaviors; implementing diver- sity initiatives; and using internal communication to strengthen the focus on corporate sustainability<sup>[14]</sup>. A second approach to harnessing sustainable HRM involves incorporating sustainability principles into HRM practices. Gollan (2000) conducted one of the pioneering studies in this area; the study presented the sustaina- bility concept in the context of HRM and showed that organizational sustainability must be based on acknowledgement, recognition, and development of the capacities of employees. If these issues are not considered, it is highly likely that an organization will lose talent to other, more sustainability-oriented enterprises.

In the literature, there are scales that use concepts re- lated to sustainable HRM, such as scales for measuring the extent to which “organizations use resources for is- sues related to sustainable development”, and the degree to which “HRM is embedded in goals related to corporatesocial responsibility”. In our review of the available measures, we found two options for a scale for measuring sustainable HRM. The first option is (i) the six-item scale.by Orlitzky and Swanson (2006), which includes items related to the extent to which the employment organiza- tion devotes resources to the following issues and prac- tices: sustainability-related issues in recruitment and selection<sup>[32]</sup>; training to promote sustainability as a core organizational value; training to develop employees’ skills in receptive stakeholder engagement and commu- nication; developing metrics to compensate employee social performance in the form of promotions, perfor- mance appraisals, rewards, and monetary compensation.

The second option is (ii) an index based on “the role of HR in corporate sustainability”(CIPD,2013). This index includes 10 possible HRM practices that can be used to embed corporate sustainability (CS) and corporate social responsibility (CSR) objectives in an organization via HRM. Relevant practices include, for example, leadership and management training on CS issues; policies to im- prove employee well-being being actively championed by senior management; internal publicity campaigns to raise awareness of CSR issues; employee induction programs that emphasize responsible and sustainable values; em- ployee champions of CS and CSR; recruitment and se- lection criteria that look for responsible values or behaviors in prospective employees; leadership and man- agement training on CSR issues; organization-wide training to develop responsible and sustainable behavior; employee performance assessment or appraisals that include CSR objectives; job descriptions with CS and CSR objectives; incentives or rewards that recognize responsible and sustainable behavior.

### **Semi-structured Interviews and Expert Discussions**

Some of the items in the initial scale obtained on the basis of the literature review are underdeveloped and do not necessarily conform to the actual practice of sustainable HRM in

Chinese enterprises. As a result, this study adopts the methods described in the following subsections to conduct qualitative research in this domain. It uses these methods to explore the meaning and dimensions of sustainable HRM in the Chinese context, and to adjust the initial scale accordingly.

### *Question Seminars with Managers*

We conducted interviews with participating companies through the “Corporate Social Responsibility and Sustainable Development Forum”. A total of 15 business managers were asked about the characteristics of sustainable HRM and how they evaluated sustainable HRM. Around this theme, participants were invited to list specific practical measures of enterprises. Before the interview, the researcher introduced the purpose of this study, the expected content of the interview, and the arrangements that had been made to ensure privacy. Consent by the 15 business managers interviewed was obtained, and the concept of sustainable HRM itself was clarified, in order to obtain the most relevant information vis-à-vis the enterprises’ actual practices. The average interview time was about 30 minutes. In the interview, the researchers conducted interactive dialogues flexibly according to an interview outline prepared in advance. At the end of the interview, the researcher converted the recording into text and performed content analysis on the resulting transcript. Overlapping concepts of sustainable HRM could thus be pruned away, and redundant or irrelevant scale items could be eliminated. We found that the 8 items, which were initially precipitated from the literature review, warranted inclusion in the scale and were in line with the interview results. Further, because the specific practical terms used in the interviews differed from those proposed by researchers, we adjusted the description of the measurement items for later investigation.

### **Developing The Scale For Sustainable HRM**

Screening items for measuring instruments should follow the principles of selectivity, sensitivity, good representativeness, independence, and good discrimination, and should consider the overall acceptability of the items. With these criteria in mind, the discrete degree method, correlation coefficient method, factor analysis method, discrimination analysis method, Cronbach’s  $\alpha$  method, and retest reliability method are used to analyze the results and filter the final items to be included in the scale.

### **Procedure and Participants**

We randomly selected 300 enterprises in 6 provinces, municipalities, and autonomous regions in China, including Sichuan, Chongqing, Guangdong, Hunan, Hubei, and Beijing, as survey objects. We distributed questionnaires to corporate executives and human resource managers. The questionnaires were scored on a 5 Likert scale, whereby total agreement is 5, agreement is 4, uncertainty is 3, disagreement is 2, and total disagreement is 1.

The evaluation procedures we used at this stage include the following:

- Structural dimension assessment: According to the results of exploratory factor analysis, we propose a testable two-dimensional model to test whether the established factor model is the best theoretical model. AMOS24.0 statistical software was used to compare the advantages and disadvantages of different models using confirmatory factor analysis. According to the previous research results and corresponding theoretical basis, the factor model of the existing scale was compared to the factor model of

the revised scale.

## 2.1 Empirical Test of the Sustainable HRM Scale

### 2.1.1 Item Purification

In this study, a single overall correlation coefficient (CITC) was introduced to conduct a homogeneity test, which was used as a method for the purification of items in the sustainable HRM scale. According to Nunnally, the CITC index should not be less than 0.5. The result shows that that "F21" is irrelevant to the population ( $CITC=0.345 < 0.5$ ). Therefore, this item should be excluded.

### 2.1.2 Exploratory Factor Analysis

#### a) Sample Object Description

Among the 122 oddly numbered questionnaires, 49.8% were completed by males and 53.3% by females. As for education levels, "college degree or below" accounted for 17.2% of the responses, "undergraduate degree" accounted for 47.5%, and "postgraduate or above" accounted for 35.2%." In terms of job categories, "general staff" accounted for 48.4% of the responses, "junior managers" accounted for 16.4%, "middle level managers" accounted for 18.9%, and "senior manager" accounted for 16.4%. With respect to organization type, "private enterprises" accounted for 49.2% of the responses, "state-owned enterprises" accounted for 27%, "foreign-funded enterprises" accounted for 6.6%, "Chinese-foreign joint ventures" accounted for 12.3%, and "mixed-ownership enterprises" accounted for 4.9%. Finally, with respect to industry type, "manufacturing" accounted for 40.1% of the responses, "service industry" accounted for 25.4%, "agriculture, forestry and animal cultivation" accounted for 14.8%, and "other" accounted for 19.7%.

#### 2.1.3

### 2.1.4 Confirmatory Factor Analysis

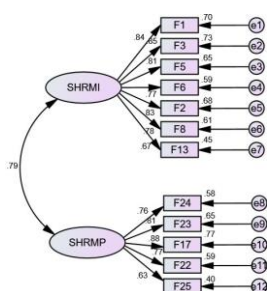
The remaining half of the sample (the 121 evenly numbered questionnaires) was used to further test whether the two-dimensional structure obtained by exploratory factor analysis can be supported by other sample data.

#### a) Sample Description

Among the 121 evenly numbered questionnaires, 56.2% were submitted by males and 43.8% by females. In terms of education level, "college degree or below" accounted for 17.4% of the responses, "undergraduate degree" accounted for 43.8%, and "postgraduate or above" accounted for 38.8%. With respect to job categories, "general staff" accounted for 43.0% of the responses, "junior managers" accounted for 32.2%, "middle level managers" accounted for 10.7%, and "senior manager" accounted for 14.0%. In terms of organization type, "private enterprises" accounted for 50.4% of the responses, "state-owned enterprises" accounted for 24.0%, "foreign-funded enterprises" accounted for 5.0%, "Chinese-foreign joint ventures" accounted for 13.2%, and "mixed-ownership enterprises" accounted for 7.4%. With respect to industry type, "manufacturing" accounted for 35.6% of the responses, "service industry" accounted for 26.4%, "agriculture, forestry and animal cultivation" accounted for 14.9%, and "other" accounted for 23.1%.

b) *Confirmatory Factor Analysis*

Confirmatory factor analysis is used to detect whether the relationship between a factor and its corresponding items conforms to the hypothesis and posited theoretical relationships, and to verify the content structure of the sustainable human resource management scale obtained via exploratory factor analysis. According to previous studies<sup>[34,35]</sup>, the index standard with respect to the fitting degree of the confirmatory factor analysis model is  $\chi^2/df < 3$ ,  $RMSEA < 0.08$ ,  $CFI > 0.9$ ,  $TLI > 0.9$ , indicating that the model fitting degree is good.



**Figure 1.** Confirmatory factor analysis results (N=121)

In order to further test the conceptual dimension of sustainable human resource management, this study also proposed two competitive models: (1) M1, a single factor model, combining 19 projects into one potential factor; and (2) M2, a two-factor model, with SHRMI merged into one potential factor and SHRMP merged into another potential factor. As shown in Table 2, the fitting effect of M1 is worse than that of the M2 when the two models are used to analyze the results obtained by exploratory factor analysis. Therefore, this study assumes that the model fitting degree is ideal, and that the fitting degree between the model and the observed data is good.

Furthermore, the reliability of the two factors is analysed. According to the standards adopted in previous exploratory studies, if the Cronbach's  $\alpha$  internal consistency values for the two subscales of sustainable HRM and the overall scale are 0.933, 0.907 and 0.941, respectively, then the requirements for high reliability have been met. As shown in Table 3, all of these Cronbach's  $\alpha$  values are greater than 0.8, indicating that the scale designed in this study has a high reliability. Conclusion And Future Research

**Research Contributions and Management Implications**

This study examines concepts of sustainable HRM in the new era. Compared to strategic HRM, sustainable HRM places more emphasis on maintaining and developing the human resource base of the organization. With the aim of avoiding negative impacts, sustainable HRM works to balance the differences between organizations' economic goals and effects, on the one hand, and sustainable development, on the other hand. The present research adopts a grounded theory method, selects Chinese companies as survey objects, conducts semi-structured interviews, explores the implementation status of sustainable HRM policies in enterprises, and

suggests a model for sustainable HRM for different scenarios in China. The scale is intended to provide a reference point for attempts to expand sustainable HRM, by clarifying directions for research on and development of sustainable HRM. The two-dimensional scale of sustainable HRM developed in this study can prompt companies to pay equal attention to “knowledge” and “action”, and to implement the concept of sustainable HRM into HRM policies. It also highlights how HRM practices can be used to help enterprises achieve sustainable competitive advantages and sustainable development.

### **Limitations of Research and Future Outlook**

The study has some limitations. First, the self-reports regarding sustainable HRM on the part of managers may be influenced by the social desirability effect. A second limitation is that all the data were collected from mainland China, potentially limiting the generalizability of the results.

to other cultures. A third limitation is that validity criteria for sustainable HRM are not included in the research. In future research, sustainable competitive advantage could be used as a criterion to test the validity of sustainable HRM. Antecedents of sustainable HRM, such as the study of sustainable leadership and environmentally oriented pressure from stakeholders, as well as evidence concerning the results of sustainable HRM, such as overall HRM performance, can be incorporated into future theoretical and empirical research in this domain.

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