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A Literature Review of Green Human Resource Management for Gaining a Competitive Advantage

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ABSTRACT

Green human resource management (GHRM) plays an important role in organizations' sustainable development strategies. However, there is still a research gap on the integration of available GHRM-related knowledge to gain a competitive advantage.

Objectives: *Thus, the purpose of this paper is to conduct a literature review on GHRM aimed at proposing detailed research on those gaps in order to gain competitive advantages for future studies.*

Methodology: *First, this work applies the keyword GHRM and "competitive advantage" for articles above the year 2017 and selects articles indexed in Scopus only. We have conducted a preselect process to figure out the appropriate articles related to GHRM and competitive advantage. We have also selected and reviewed 18 articles discussing the relationship between GHRM and competitive advantage.*

Finding: *Last, the study addresses research gaps and proposes a research framework for further studies.*

Conclusion: *Analysis of the relevant literature is presented in descriptive analysis and a research framework that focuses on GHRM for a future research agenda. This review is important for researchers in GHRM to identify research gaps for competitive advantage. It is suggested that mediating variables, such as organizational citizenship behavior for the environment and environmental performance, have to be included in GHRM's future research to gain a competitive advantage.*

Keywords: *competitive advantage; environmental performance; future research agenda; green human resource management; organizational citizenship behavior*

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INTRODUCTION

Competitive advantage is the advantage that an organization gains from its competitors by giving customers more value, this can be in the form of lower prices or providing more benefits than the competitors (Agrawal & Sharma, 2015). Chuang, Chen, and Lin (2016) add that competitive advantage is a condition in which a company or organization operates more efficiently or provides better quality products or services than its competitors which results in increased performance. Competitive advantage can be achieved by implementing human resources in line with environmental and business strategies (Almada & Borges, 2018). We can indicate that human resource management and the environment are involved in achieving a competitive advantage. (Yuliantini, T., et.al, 2019) Thus, human resource management general practices which include environmental arguments are defined as green human resource management (GHRM). GHRM includes traditional aspects of human resource management (recruitment, selection, performance evaluation, training, and rewards) with the addition of environmental concerns in each step of the process (Muafi & Kusumawati, 2021). Environmental performance can affect an organization's competitive advantage through the resulting operational cost savings such as savings in water, energy, fuel, resource usage, the use of recycled materials, and much more (Molina-Azorín et al., 2015) and (Purwanti, I., & . M., 2019). Then, it would be interesting to conduct studies that examine the relations between competitive advantage, GHRM, and environmental performance.

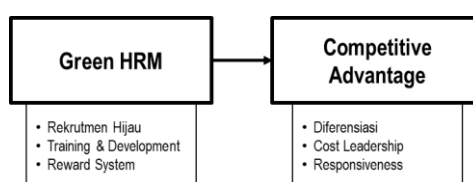
LITERATURE REVIEW

GHRM relates to the introduction of environmental management and mindsets to the management of Human Resources as well as the inclusion of environmental management in human resource policies and their application in daily human resource activities (Acquah, Agyabeng-Mensah, and Afum. 2020). GHRM includes traditional aspects of HR management (recruitment, selection, performance evaluation, training, and rewards) with environmental concerns associated in each step of the process. Training and motivation are aspects of HR Management that significantly influence employee performance (Ratnasari, 2014), (Soelton, M., et. al, 2021). Work environment has a positive and significant effect on employee performance which has a correlation to company performance (Utama, 2015). Several previous studies have found that GHRM can affect a company's competitive advantage. In their research, Rasheed and Alam (2020) state that the aspect of environmental concerns in human resource management can positively affect company performance and can create company advantages. Human resources which are related to unique human resource management include social, emotional, skill, and behavioral factors that can provide an advantage in a competitive market, environmental-based human resource management can help companies gain more positions in the competitive market (Almada & Borges, 2018) also (Sariani, N. L. P., et.al 2021). Emeagwal & Ogbonmwan, (2018) in their research also state that the human resource management strategy is one indicator of a company's success in achieving competitive advantage. A good human resource management strategy motivates employee development and commitment so as to increase competitive advantage.

GHRM can influence attitudes based on social and psychological processes, therefore human resource management strategies must run synergistically with the goal of developing a competitive advantage in the organization (Dumont et al., 2016). Organizations with good human resource practices directly support the performance of organizations in gaining a

sustainable competitive advantage (Delery and Roumpi, 2017) and (Ratnasari, S. L., 2014). GHRM consists of green hiring or recruitment, green training, and green performance management including green compensation. A good GHRM implementation will support financial and environmental performances in order to bring more advantages to the organization in terms of operational efficiency (Longoni, et al., 2016).

Nawafleh, (2020) conducted research about the influence between the application of GHRM and competitive advantage in educational institutions in Jordan, the results of the research show that the application of GHRM namely green recruitment and selection, green training and development, and green rewards and compensation affect competitive advantage (differentiation, cost, and speed of response). The discussion in the results of the study also found that the influence of GHRM on competitive advantage in terms of differentiation had the most significant relationship, followed by the cost factor. Figure 1 illustrates the relationship of the research model.



Source: (Nawafleh, 2020)

Figure 1. Research conceptual model of GHRM and CA

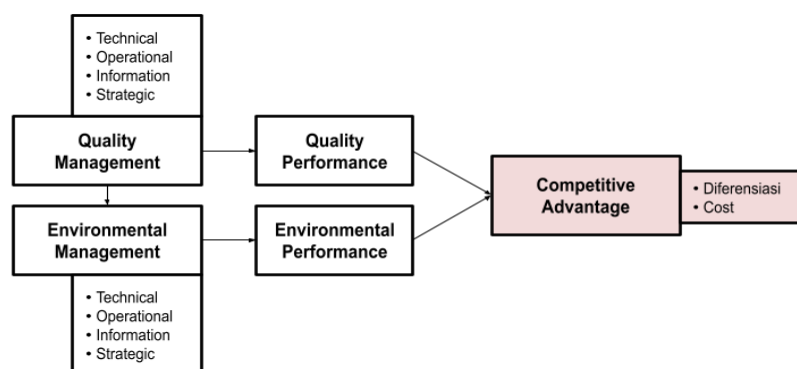
Considering the recent rapid changes, companies should be more active and innovative in this dynamic process. The pressure of competition through globalization on the one hand and the changing conditions on the other hand force companies to change their business structure, processes, and implementations. Human resources make up the driving power for change and innovation in a business, and they also an important role in the economic, social, and environmental sustainability of the business. There are three elements to explain competitive advantage, namely differentiation, cost leadership, and speed of response to change (Nawafleh, 2020). Nuryakin (2018) defines competitive advantage as a variable with indicators in market position, price advantage, quality advantage, differentiation, and product suitability according to market needs. Companies need to pay attention to factors in their business to gain a competitive advantage. There are five factors in determining a company's competitive strategy to provide maximum results for the company, namely Industry Competitors, New Entrants, Suppliers, Buyers, and Substitute Products. There are two basic types of competitive advantage that a company can have, namely low cost and differentiation (Porter, 1998).

A competitive advantage is obtained by a company if the company has the characteristics or attributes that are needed by its consumers but are not owned by its competitors (Lasalewo et al., 2017). Competitive advantage is a factor that needs to be considered because it is able to improve financial performance but must be supported by the ability to find and handle new target markets in order to increase the number of customers so that in the future sale volumes, profit levels, and company growth can be increased (Purwanti & Muah, 2019)

In their model which is adapted from Porter's model, the model was used to determine competitive advantage, including aspects of cost, differentiation, and focus. Rua et al., (2018) use two factors to see the source of achieving competitive advantage, namely cost leadership

and differentiation. The company's cost leadership achieves lower cost levels compared to its competitors, while differentiation is achieved if the company makes products that provide more value than competitors.

Solovida & Latan, (2017), in their research use several indicators to describe an organization's environmental performance such as compliance with environmental standards, relationships with outside communities, emissions produced, financial impacts generated, and energy efficiency. This describes how an organization manages its resources by considering its impact on the environment. Organizational citizenship behavior is also an important factor to be considered including organizational culture and climate, personality, mood, perception of support, perception of the interaction between superiors and subordinates, year of service, and gender (Abda Alif, 2015), (Sariani et al., 2021), (Sabuhari et.al, 2022). Bangwal et al., (2017) in their research to describe indicators in order to explain environmental performance, including minimizing the disposal of hazardous materials into the environment, using recycled materials, reducing energy consumption, and reducing negative impacts on the environment. Anwar et al., (2020) use six indicators to measure the environmental performance of an organization, namely environmental management, energy consumption, waste management, emission reduction, compliance with environmental regulations, and environmental awareness. These indicators are in line with the three main categories to determine a company's environmental performance, namely the impact on the environment (energy use, waste recycling, pollution level), compliance with environmental regulations (number of audits, ISO standardization), and organizational processes (process audits, periodic reports, environmentally friendly processes) (Ahmadi and Bouri, 2017). Having good environmental management will improve the environmental performance of an organization, and improving environmental performance will bring a competitive advantage to the organization. This is shown in the research conducted by Molina-Azorin, et al. (2015), who conducted research on the influence of quality and environmental management on competitive advantage in the hospitality industry. The better in organizational environment and environmental performance, the more significant the competitive advantage possessed by the organization, such as cost reduction and differentiation advantage. Figure 2 presents Molina-Azorin's research conceptual model.



source : (Molina-Azorín et al., 2015)

Figure 2. Molina-Azorin research conceptual Model

METHOD

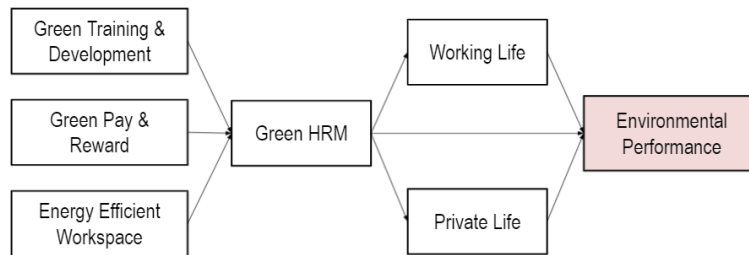
The main purpose of this article is to elaborate on the relationship between competitive advantage (CA), GHRM, and environmental performance (EP) through a literature review. The single keywords CA, GHRM, and EP are widely discussed in many aspects of management articles. By using the combined keywords "competitive advantage" and "green human resource management" on Google Scholar, we found 3,440 results of articles above the year 2017. There are 18 articles taken from researchers who discussed the relationship between competitive advantage and green human resource management. The method used in this paper is a descriptive analysis. The data was collected through a literature review as follow: 1) determining the keyword "competitive advantage" and "green human resource management" on Google Scholar (Adriaanse & Renleigh, 2013); 2) preselecting articles published above the year 2017; 3) screening through titles containing the keyword "competitive advantage" and "green human resource management"; 4) selecting articles which have a relationship with competitive advantage and green human resource management.

RESULTS AND DISCUSSION

In this section, we highlight the relationship between GHRM, EP, and competitive advantage and provide some references as examples. Our analysis focuses on mixed papers that have empirically tested the relationship between GHRM, EP, and CA. Next, we highlight practices that contribute to CA. Finally, some insights on the appropriate methods to advance research on the link between human resources and environmental strategy which are indicated.

Sobaih et.al (2020) in their research on the effect of GHRM on environmental performance, stated that GHRM practices positively affect environmental performance. Companies that uphold employee values and awareness of the environment will improve the company's environmental performance and create high environmental standards in the company. Lok & Chin, (2019) concluded that the implementation of GHRM in organizations significantly increases employee engagement on an ongoing basis with employees who have high engagement will improve organizational performance. This is supported by the statement of Cheema, et.al (2015) which states that the application of environmental management in the work area can help organizations achieve their goals more efficiently such as cost reduction, energy savings, waste reduction, and many more. In addition, Cheema et al., (2015) also added that implementing green management in the organization will improve the company's reputation and will attract talented candidates who have environmental awareness who will motivate organizations to improve their performance.

Several previous studies also have found that environmental-based human resource management has a positive effect on the company's environmental performance. A good environmental-based natural resource management will encourage companies to have good environmental performance, employees are encouraged to care about energy savings and use renewable resources (Bangwal et al., 2017; Huynh, 2020). Green natural resource management equips employees with knowledge about the management and use of resources that are safe for the environment and have a positive impact on a company's costs and investments. Figure 3 shows the Bangwal's research conceptual model.

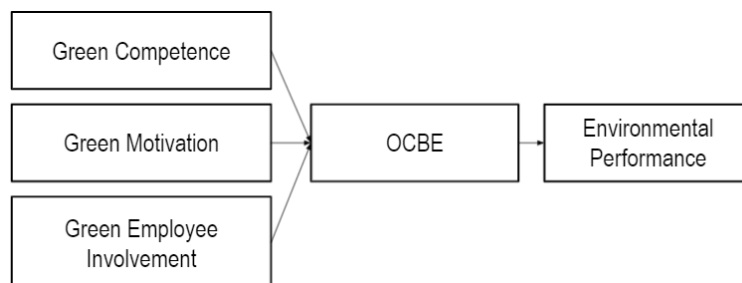


source : (Bangwal et al., 2017)

Figure 3. Bangwal research conceptual Model

This is one of the main concerns of all subjects, including governments and companies. The company's efforts to help overcome environmental problems must be supported in all levels of the organization, from the operational level to top management (Suharti & Sugiarto, 2020). The behavior of employees who care about the environment that arises due to personal awareness and volunteerism that is not part of the job requirements and does not receive special awards from the company is needed to improve environmental performance, namely organizational citizenship behavior for environmental (OCBE) (Pham et al., 2018). OCBE has a positive impact on the sustainability of environmental management in the company (Zhao et al., 2021; Tai-Wei et al., 2018). OCBE also increases employee engagement at work and has a positive effect on organizational environmental performance. Boiral et al., (2018) stated that OCBE is a non-reward and informal behavior that employees have due to the environment to improve environmental performance.

Anwar et al., (2020) stated that there are three main factors that significantly affect OCBE, namely employee competence, motivation, and employee participation in environmental care activities. It can be shown in Figure 4. In addition to providing an appeal for employees to be aware and concerned about the environment, the company is expected to provide practices to improve employee competencies related to the environment, motivate employees to adopt more environmentally friendly behavior in their personal and office lives, and provide facilities for employees to be involved in caring activities. Environmentally friendly behavior can help organizations reduce unnecessary costs, use resources more efficiently, improve environmental performance, and build a better corporate image.

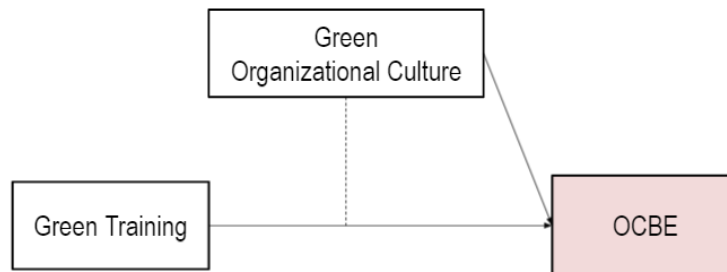


source: (Anwar et al., 2020)

Figure 4. Anwar's research conceptual Model

Pham et al., (2018) stated that employee awareness of the environment can improve company performance both in terms of environmental and financial performance. Thus, Figure 5 shows

that OCBE can be raised from the implication of green organizational culture and the providing green training.



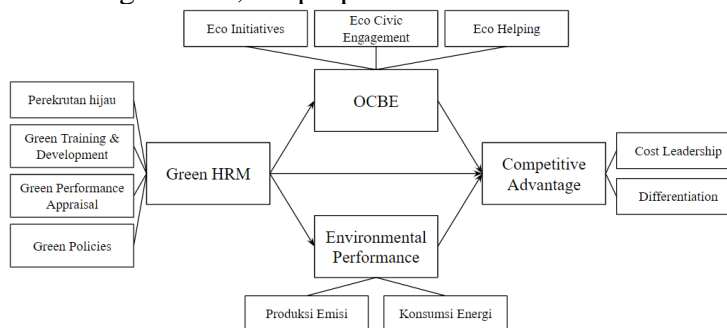
source: (Pham et al., 2018)

Figure 5. Pham’s research conceptual Model

Through a literature review, it can be seen that the implementation of GHRM can affect the occurrence of competitive advantages and there are variables that affect the relationship between GHRM and CA. The environmental performance variables and OCBE can be suggested as a mediating variable between GHRM and CA.

CONCLUSION

The article concludes that GHRM, EP, and OCBE have a positive effect on competitive advantage. From all existing models, we propose a modified model as follows:



source: author (2018)

Figure 6. the conceptual model of GHRM for gaining Competitive advantage

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