

The Effect of Sustainable Human Resource Management on Competitiveness: Applied Study in a Number of Private Commercial Banks Listed on the Iraq Stock Exchange

A.L. Layth Adil Hameed¹, Dr. Saadoon H. Al-Rabeawi²

¹College of Administration & Economics, University of Baghdad, Iraq. Email: Laythkr91@gmail.com

²Professor, College of Administration & Economics, University of Baghdad, Iraq.

ABSTRACT

The new changes in the business environment have imposed on organizations the need to develop more sustainable business models by linking their main operations and activities with sustainability. The aim of the study is to identify the extent of the impact of sustainable human resource management on achieving competitiveness in a sample of Iraqi private commercial banks. The questionnaire was adopted as a tool to collect information from (9) banks, and the sample (90) of managers and employees in the Human Resources Management Department, (10) from each bank. The study reached a set of conclusions, the most prominent of which is the significant effect of sustainable human resource management on competitiveness in the study sample banks. In addition to presenting a set of ideas and visions that contribute to raising the level of banks' readiness to implement and benefit from sustainable human resources management.

Keywords

Sustainability, Sustainable Human Resource Management, Competitiveness.

Introduction

The success of the organizational vision and strategy and achieving the competitiveness of business organizations depends on the effective development of human resources, as the backbone of organizations, with a focus on the continuous improvement of their capabilities and effectiveness. So organizations are always looking for ways to develop a highly competitive workforce and maximize productivity levels in order to survive in a competitive business environment. According to (Hahn & Figge, 2011), society will not achieve sustainable development without support from organizations, and in order to promote sustainable development organizations need to adapt their work to sustainability, which means that the success of organizations today is not defined in financial terms only, but Also in terms of social justice and environmental safety (Kuusirinne, 2018). Therefore, organizations and in all sectors, including the banking sector, need strategic implementation of their work that takes into account sustainability through organizational policies, human resource management practices and other major activities in the organization in

order to survive and keep abreast of rapid developments and achieve high productivity rates, profitability, market share and better flexibility than competitors. As a result, it leads to the achievement of competitiveness.

The establishment and sustainability of an effective workforce managed through modern human resource management systems has become an urgent necessity in light of the changes that the business world is experiencing in terms of a dynamic and highly competitive environment, a culture of innovation, diverse human resources, environmentally friendly practices, sustainable business models, a knowledge-based economy, as well as aging and increase work-related health problems (Khan,2019). Therefore, it has come to require organizations to strategically implement their work that takes into account sustainability through organizational policies, human resource management practices and other major activities in the organization in order to survive and keep abreast of rapid developments, to achieve high productivity rates, low costs, profitability and a better market share than competitors and lead the result to achieving competitiveness. agreed with that, (Ehnert & Harry, 2012) indicated that

enhancing the sustainability of the human resource management system itself has become a "survival strategy" for organizations.

As a result of the foregoing, the following questions arose to define the general framework of the study problem:

1. What is meant by sustainable human resource management? What are its dimensions ?
2. What will be the effect of sustainable human resource management in achieving competitiveness?

Literature Review

Sustainable HRM

The emerging approach to "sustainable human resource management" began to be discussed for the first time almost 20 years ago in Germany, Switzerland and Australia through studies (Müller & Remer, 2000), (Zaugg et al., 2001) (Gollan, 2000), these studies focused on the importance of sustainability for human resource management based on previous studies on environmental management, human relations and the sustainability of organizations. Because of the novelty of the concept, the proposals and ideas that discussed linking sustainability with human resource management differed, and this was reflected in the absence of a concept and specific dimensions for sustainable human resource management (DE Stefano et al., 2018). The writings of sustainable human resources management differed in terms of focusing on internal and external private outcomes. However, a common feature of the sustainable human resource management literature is that human resource management practices contribute to the development of human and social capital within the organization (Podgorodnichenko et al., 2020). defined it (Zaugg et al., 2001) an administration whose long-term goals are socially responsible and economically effective in attracting, training and retaining employees, increasing employability, ensuring life balance, harmonious work, and enhancing individual responsibility

(Wikhamn, 2019). It has also been described as adopting human resource management strategies and practices that enable the achievement of financial, social and environmental goals, with influence inside and outside the organization over a long-term period of time while controlling unintended side effects and negative feedback (Ehnert, 2014). Whereas, (Baum, 2018) defined sustainable human resource management as a proactive approach in the business relationship that can help organizations legitimize their business operations within the community. The study (Zhang, 2019) emphasized the role of sustainable human resource management in achieving sustainability for the organization as a whole, as he defined it as the use of human resource management practices to help embed a sustainability strategy in the organization and the establishment of a human resource management system that contributes to the sustainable performance of the organization (Ehnert et al., 2020). From another perspective, the study (Mariappanadar, 2020) focused on the social aspect of sustainable human resource management, defining it as a management that enhances organizational support for employees to achieve social sustainability outcomes such as health and well-being. As for the **dimensions** of sustainable human resource management, and after reviewing a number of studies, the current study suggests using the three pillars model for researchers (Zaugg et al., 2009), which is one of the first models presented in sustainable human resource management and was also applied in a study (ESFAHANI et al., 2017), and the model focuses on sustainability in people management, As shown in the (**Figure 1**), the three dimensions are:

- Work-life balance
- Individual responsibility
- Employability

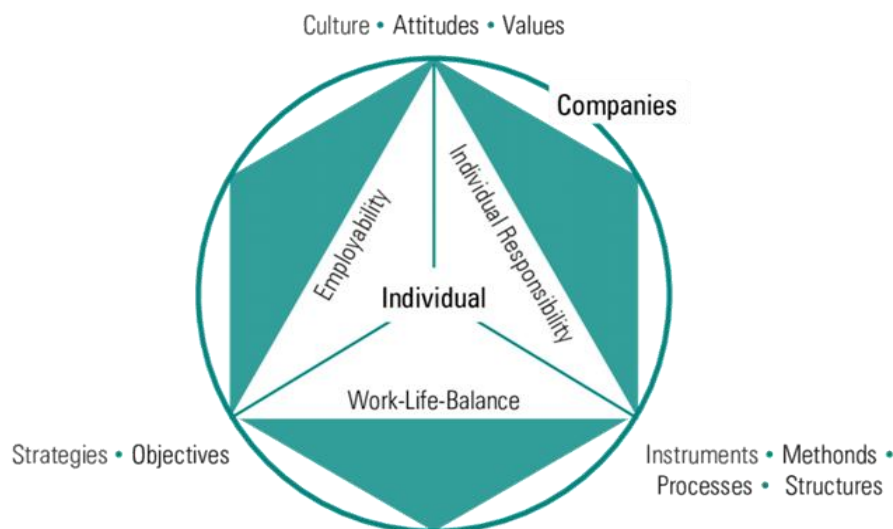


Figure 1. Dimensions of sustainable HRM

Source: Mazur, Barbara (2017), “Sustainable Human Resource Management and its Models”, International Journal of Contemporary Management, Volume 16, No. 3, P:217.

Competitiveness

Competitiveness at the level of the organization is linked to the existence of a sustainable competitive advantage, such as the ability of the organization to build some factors of superiority over competitors and defend them (Resurreccion, 2012). Competitiveness is defined as the design, production and marketing of products that are more superior than those provided by competitors, as superiority can be evaluated through multiple factors such as price, quality, technological progress, and others (Depperu & Cerrato, 2006). Competitiveness is the extent of the organization's ability to effectively meet the desires and needs of customers compared to other organizations that provide similar goods or services through achieving high productivity rates, low costs and better profitability than competitors. As for competitiveness dimensions, a review of the literature reveals a lack of consensus on how to measure competitiveness.

The current study will be based on **four dimensions**, according to Claude (2018) it is: profitability, productivity, market share, and flexibility.

Methodology

The study applied the analytical descriptive approach, for the purpose of knowing the effect of the independent variable (sustainable human resource management) on the dependent variable (competitiveness), shown in the study model in (Figure 2). The study sample (9) from Iraqi private commercial banks, questionnaire was used as a tool for finding data. The sample included (90) managers and professionals in the human resources management department, (10) individuals from each bank.

For the hypothesis testing, researchers using multiple linear regression. In addition to normal distribution test, and designing a (Correlation Matrix) between the dimensions of the study variables together to identify the correlations between the dimensions of the variables and to detect the possibility of a Multicollinearity Problem.

The main hypothesis of the study: Sustainable HRM through its dimensions (Work-life balance, Individual responsibility, Employability) has a statistically significant effect on the competitiveness variable.

And from it the following **sub-hypotheses** are derived:

1. Sustainable HRM has a statistically significant effect on the market share dimension.
2. Sustainable HRM has a statistically significant effect on the Profitability dimension.
3. Sustainable HRM has a statistically significant effect on the Flexibility dimension.
4. Sustainable HRM has a statistically significant effect on the Productivity dimension.

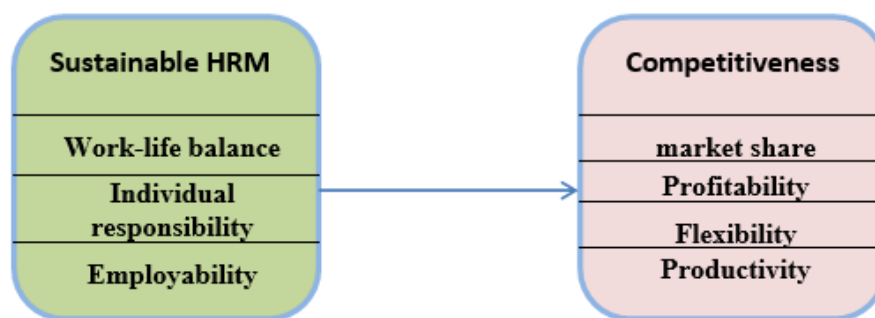


Figure 2. The study model

Results and Discussion

Correlation Test

From Table 1, the result is significant correlations between the dimensions of the study variables,

and at the same time the absence of high correlation values (Exceeds 0.7) between the dimensions of the three variables (no problem multicollinearity).

Table 1. Matrix of correlation between the dimensions of the study variables

Dimensions		1	2	3	4	5	6	7
Work-life balance	Pearson Correlation	1	.632**	.615**	.529**	.314**	.280**	.524**
	Sig. (2- tailed)		0.000	0.000	0.000	0.003	0.008	0.000
Individual responsibility	Pearson Correlation	.632**	1	.644**	.537**	.297**	.371**	.568**
	Sig. (2- tailed)	0.000		0.000	0.000	0.005	0.000	0.000
Employability	Pearson Correlation	.615**	.644**	1	.648**	.378**	.324**	.580**
	Sig. (2- tailed)	0.000	0.000		0.000	0.000	0.002	0.000
market share	Pearson Correlation	.529**	.537**	.648**	1	.293**	.262*	.568**
	Sig. (2- tailed)	0.000	0.000	0.000		0.005	0.012	0.000
Profitability	Pearson Correlation	.314**	.297**	.378**	.293**	1	.458**	.238*
	Sig. (2- tailed)	0.003	0.005	0.000	0.005		0.000	0.024
Flexibility	Pearson Correlation	.280**	.371**	.324**	.262*	.458**	1	0.34**
	Sig. (2- tailed)	0.008	0.000	0.002	0.012	0.000		0.001

Productivity	Pearson Correlation	.524**	.568**	.580**	.568**	.238*	0.34**	1
	Sig. (2- tailed)	0.000	0.000	0.000	0.000	.314**	0.001	

Source: Output SPSS 24

Normal Distribution Test

It should be ascertained before starting to test hypotheses, whether the data on the research dimensions are normally distributed or not, the results of which are shown in Table 2, known as (the Kolmogorov-Smirnov test).

Table 2. Results of the normal distribution test

Type of test Variables and their dimensions		Kolmogorov-Smirnov	
		Statistic	Sig.
Sustainable human resource management	Work-life balance	0.086	0.098
	Individual responsibility	0.091	0.065
	Employability	0.081	0.197
competitiveness	market share	0.093	0.055
	Profitability	0.091	0.061
	Flexibility	0.090	0.068
	Productivity	0.089	0.075

Source: Output SPSS 24

Hypotheses Testing

Table 3, displays the results of the first sub-hypothesis test, and indicates the significance of the effect of both dimensions of Individual responsibility ($\beta = 0.26$, $P = 0.027$) and employability with the strongest effect and according to the value of the effect factor ($\beta = 0.31$, $P = 0.009$) on market share as a dimension Respondent, in addition to the insignificance of the effect of the work-life balance dimension ($\beta = 0.17$, $P > 0.05$) on the market share dimension. The explanatory strength of the model as a whole

according to the value of the Correlation Coefficient ($R^2 = 0.42$) was completely significant ($P = 0.000$), and this reflects the amount of variance (53%) that is explained by the variable of sustainable human resources management with the limits of its two significant dimensions from the variance of the market share of banks for a sample of the study.

Thus the first sub-hypothesis of the study is partially accepted (Sustainable HRM has a statistically significant effect on the market share dimension).

Table 3. Results of the first sub-hypothesis test

Statistical indicators Regression paths	β	t	Sig.	R^2	F	P
Work-life balance \rightarrow market share	.17	1.496	.138	.42	20.459	.000

Individual responsibility → market share	.26	2.253	.027			
Employability → market share	.31	2.666	.009			

Source: Output AMOS 24

Table 4, displays the results of the second sub-hypothesis test, appear the significance of the effect of both dimensions of work-life balance ($\beta = 0.16$, $P = 0.049$) and employability ($\beta = 0.46$, $P = 0.000$) on Profitability as a dimension Respondent, in addition to the insignificance of the effect of the Individual responsibility dimension ($\beta = 0.14$, $P > 0.05$). The explanatory

strength of the model as a whole according to the value of the Correlation Coefficient ($R^2 = 0.46$) was completely significant ($P = 0.000$). Thus the second sub-hypothesis of the study is partially accepted (Sustainable HRM has a statistically significant effect on the Profitability dimension).

Table 4. Results of the second sub-hypothesis test

Statistical indicators	β	t	Sig.	R^2	F	P
Regression paths						
Work-life balance → market share	.17	1.496	.138			
Individual responsibility → market share	.26	2.253	.027	.42	20.459	.000
Employability → market share	.31	2.666	.009			

Source: Output AMOS 24

Table 5, displays the results of The third sub-hypothesis test, appear the significance of the effect of employability ($\beta = 0.28$, $P = 0.047$) on Flexibility as a dimension Respondent, in addition to the insignificance of the effect of both dimensions of Work-life balance ($\beta = 0.11$, $P > 0.05$) and Individual responsibility dimension ($\beta =$

0.05 , $P > 0.05$). the value of the Correlation Coefficient ($R^2 = 0.46$) was completely significant ($P = 0.002$). Thus the third sub-hypothesis of the study is partially accept (Sustainable HRM has a statistically significant effect on the Flexibility dimension).

Table 5. Results of the third sub-hypothesis test

Statistical indicators	β	t	Sig.	R^2	F	P
Regression paths						
Work-life balance → Flexibility	.11	.832	.408			
Individual responsibility → Flexibility	.05	.323	.748	.15	5.242	.002
Employability → Flexibility	.28	2.017	.047			

Source: Output AMOS 24

Table 6, displays the results of the fourth sub-hypothesis test, appear the significance of the effect of both dimensions of Individual responsibility ($\beta = 0.27$, $P = 0.002$) and employability ($\beta = 0.13$, $P = 0.035$) on Productivity as a dimension Respondent, in

addition to the insignificance of the effect of the work-life balance dimension ($\beta = 0.03$, $P > 0.05$). The explanatory strength of the model as a whole according to the value of the Correlation Coefficient ($R^2 = 0.46$) was completely significant ($P = 0.003$). Thus the fourth sub-hypothesis of the study is partially accepted (Sustainable HRM has

a statistically significant effect on the Profitability dimension).

Table 6. Results of the fourth sub-hypothesis test

Statistical indicators	β	t	Sig.	R ²	F	P
Regression paths						
Work-life balance Productivity	.03	.208	.835	.15	5.079	.003
Individual responsibility Productivity	.27	2.890	.002			
Employability Productivity	.13	2.070	.035			

Source: Output AMOS 24

Based on the results in (Tables 3,4,5,6), the main hypothesis of the study is partially accepted : Sustainable HRM through its dimensions (Work-life balance, Individual responsibility, Employability) has a statistically significant effect on the competitiveness variable.

Conclusion

It was found that bank administrations realize the importance of sustainable human resources management in increasing profitability, productivity, enhancing market share and flexibility, and thus achieving competitiveness. Therefore, the results indicate a significant effect of sustainable human resource management on the competitiveness of the study sample banks. The results showed an insignificance of Work-life balance. Therefore, the banks should review their policies related to this.

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