

SUSTAINABLE HUMAN RESOURCE MANAGEMENT PRACTICES IN MICRO, SMALL AND MEDIUM ENTERPRISES

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ABSTRACT

Sustainable human resource management is defined as a strategic approach in managing human resources that not only pays attention to economic aspects, but also social and environmental aspects. This research aims to explore and analyze the implementation of sustainable human resource management in Micro, Small and Medium Enterprises (MSMEs). This research uses a qualitative approach with descriptive methods. The research results show that the implementation of sustainable human resource management (HRM) practices in Micro, Small and Medium Enterprises (MSMEs) has a significant positive impact. MSMEs that have a high awareness of sustainability take concrete action in implementing HRM that focuses on environmental, social and employee welfare aspects. Completeness in HRM practices, such as recruitment based on sustainability values, sustainability-related training, and career planning that considers contributions to sustainability goals, makes a positive contribution in creating competitive advantage. With a good reputation in sustainability, the ability to attract and retain high-quality employees, and environmentally friendly product innovation, MSMEs have succeeded in achieving holistic business sustainability while providing a positive impact on the environment and society.

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1. INTRODUCTION

Given the current period of globalization, where organizations are expected to be socially and environmentally responsible, it has become crucial to incorporate human resource management (HR) strategies that prioritize sustainability (Harjanti, 2004). Modern businesses are becoming more aware that in order to attain enduring sustainability, they must have a comprehensive strategy that encompasses all facets of the organization, including human resources management. The company's recognition of the economic, social, and environmental effects of its HR policies lays the groundwork for transitioning to more sustainable operations (Basuki, 2023).

The company's implementation of sustainable HR practices is the primary catalyst for establishing a responsible corporate image. Enforcing principles of equity, fostering employee growth, and practicing corporate social responsibility is not just a moral obligation, but also advantageous from a financial perspective (Azis, 2022). Obtaining a competitive edge can be achieved by investing in sustainable human resources, establishing an inclusive work environment, and giving priority to environmental features that reduce negative impacts (Idrus et al., 2023).

The essential elements for implementing sustainable HR management practices are awareness, action, completeness, and excellence. The company's recognition of its obligations to society and the environment influences concrete measures that are evident in the HR policies that have been put into effect (Hartono, 2019). The company's comprehensive engagement of all stakeholders, including employees, in the decision-making process demonstrates a profound dedication to sustainability. The achievement of excellence, whether in the realm of business or social responsibility, is the outcome of making enduring investments in sustainable human resources management (Siswanto et al, 2022).

Micro, Small, and Medium-Sized Enterprises (MSMEs) are not only business associations; they are the principal forces behind a nation's or region's economic growth. MSMEs are a major alternative for generating employment and are essential to maintaining the rate of economic expansion (Kumalasari & Asandimitra, 2019). Economic diversification and income distribution are significantly aided by MSME

entrepreneurs, the majority of whom are from social classes that run small to medium-sized enterprises (Siagian & Indra, 2019).

MSMEs' existence has a significant social impact in addition to economic benefits. MSMEs foster local creativity and innovation by giving individuals and small groups access to business opportunities. In this regard, MSMEs are a major factor in lowering a nation's or region's unemployment rate (Pritandhari, 2022). MSMEs' ability to hire a large number of people offers a practical answer to the issue of job instability and can successfully lower the unemployment rate, particularly in the face of shifting global economic pressures. In addition, MSMEs can promote more engagement from all societal levels, which could boost economic inclusivity (Annisa, 2022). Small and medium-sized enterprises (MSMEs) can become agents of sustainable local economic empowerment through empowering them.

The application of sustainable HR management to MSMEs creates a framework that integrates economic, social and environmental principles into workforce management. This includes aspects such as justice, social responsibility, employee development, and resource efficiency (Permatasari, 2023). Even though MSMEs have a strategic role in the economy, efforts to implement sustainable HR practices at this level are often limited by limited resources, knowledge and understanding of long-term benefits (Rizqi, 2022). Therefore, this research aims to investigate and analyze the implementation of sustainable HR management in MSMEs. By going in-depth into the practices that have been implemented by a number of MSMEs. Through this deeper understanding, it is hoped that this research can contribute to the sustainable HR management literature and provide practical guidance for MSMEs in facing increasingly complex and sustainable business dynamics.

2. METHOD

This study used a qualitative research methodology with a descriptive approach to examine the application of Sustainable Human Resource Management (MSDM) in Micro, Small and Medium Enterprises (MSMEs) as a strategy to enhance economic growth. The study employed a qualitative methodology to comprehensively comprehend the phenomena encountered by the participants, encompassing their behavior, perspectives, motivations, and behaviors that could potentially impact the execution of sustainable HRM (Yulianah, 2022). Researchers analyze the behavior, views, motives, and actions of research subjects in relation to the implementation of sustainable HRM. The data collection method employed is the documentation methodology, wherein information is gathered from relevant books and magazines. The data utilized is of a secondary nature, meaning it is derived from pre-existing sources. The data analysis process commences with meticulous data gathering, subsequently followed by the researcher's discerning selection of pertinent data. Subsequently, the chosen data will be presented and scrutinized, leading to the formulation of conclusions that will enhance comprehension of the phenomenon being investigated. This methodology enables academics to investigate the intricacies and intricacy of implementing sustainable Human Resource Management (HRM) in Micro, Small, and Medium Enterprises (MSMEs), offering a thorough overview to facilitate the formulation of more efficient strategies in bolstering the economy through sustainable HRM.

3. RESULTS AND DISCUSSION

Sustainability HRM

Sustainability is a new concept that is attracting business interest because it includes important outputs related to company growth and development. Sustainability is an umbrella that covers several aspects related to quality, appropriate environment, customer satisfaction, creativity and innovation, growth, expansion and optimal use of resources (Malik et al., 2021). Achieving sustainability is an ongoing process, and the steps required vary from one company to another. In addition, the steps required to achieve sustainability are integrated, comprehensive, and complex because they include a company's financial, human, and community resources (Khan et al., 2020).

The Principles of Human Resource Management (HRM) prioritize sustainability as the fundamental basis, as it plays a crucial role in attaining corporate objectives and enhancing performance. This idea encompasses not only the minimization of detrimental effects on stakeholders, but also the pursuit of optimizing organizational outcomes while simultaneously considering sustainability factors (Ehnert et al, 2013). The sustainability of HRM is not solely tied to present performance, but is also intricately linked to the preservation and enhancement of the well-being of both present and future generations. The

primary objective is to guarantee the continuation of cultural values and establish a harmonious living environment in order to enhance the overall quality of life (Cohen et al, 2012).

The significance of sustainability in HRM extends beyond organizational considerations and encompasses substantial social ramifications. The use of sustainability principles in HRM can effectively address social inequalities, foster an inclusive workplace, and actively contribute to societal progress. HRM developers have a significant impact on cost optimization, productivity enhancement, and quality assurance within the framework of sustainability (Colbert & Kurucz, 2007).

The importance of HR management in achieving corporate success has been widely recognized. HRM sustainability focuses on a range of actions that firms must do to provide long-term access to a skilled workforce, with the primary goal of fulfilling ethical commitments and responsibilities towards employees and society (Stahl et al., 2020). Within this paradigm, the sustainability strategy emphasizes the pivotal function of HRM, specifically focusing on the distinctions between strategic HRM and HR sustainability. HRM primarily centers on an organization's financial and workforce outcomes, execution of HR strategies, and supervision of human resources. Kramar (2014) highlights the necessity for managers to possess a strategic outlook that encompasses innovation, social engagement, and accountability towards environmental preservation.

In order to attain sustainability, managers must actively and responsibly participate in environmental conservation, optimize resource allocation, and enhance adaptability to the competitive landscape. The primary objective of HRM sustainability is to promote organizations in attaining a harmonious economic, social, and environmental performance (App & Buttgen, 2016). HRM sustainability is more than simply a business strategy; it is a dedicated commitment to generating a favorable and enduring influence in a time of progressively intricate economic and social dynamics.

The HR strategy encompasses not only the attainment of company objectives, but also the consideration of employee interests and the fulfillment of stakeholder requirements. Adopting an interactive approach is crucial for integrating larger principles, particularly those pertaining to communal concerns, and elucidating the procedural alignment between HR sustainability and overall corporate sustainability. Hence, this approach acknowledges that the sustainability of HR cannot be detached from the overall sustainability of the firm (Ren & Jackson, 2020).

Previous research related to HR sustainability has placed emphasis on human and social aspects, both of which play a crucial role in achieving organizational sustainability goals. These studies highlight the existence of two complementary human resource approaches: organizational sustainability and sustainable HRM practices. The first approach focuses on the role of HR in supporting the organization's sustainable activities, while the second emphasizes the implementation of measures that influence individuals and groups to develop perspectives and behavior consistent with a sustainable approach.

By combining these two approaches, organizations can create a work environment that not only supports business sustainability, but also pays attention to employee needs and the resulting social impact. This holistic and interactive HR strategy creates alignment between organizational goals and stakeholder interests, creating a solid foundation for sustainable growth and collective empowerment. Thus, this approach is not just a management strategy, but rather a commitment to value integrity and social responsibility in achieving broader organizational sustainability.

Implementation of Sustainable HRM in MSMEs

Human Resource Management (HRM) is a discipline oriented towards managing the workforce within an organization. In the era of globalization and increasing awareness of sustainability, Micro, Small and Medium Enterprises (MSMEs) are increasingly recognizing the importance of adopting human resource management practices that support sustainability. In this framework, awareness, action, completeness, and excellence are the key factors that reflect the implementation of these practices.

a) Awareness

Awareness is a very crucial first step for Micro, Small and Medium Enterprises (MSMEs) in forming their commitment to sustainability. At this stage, MSME players need to understand in depth the importance of sustainability factors which include environmental protection, social responsibility and employee welfare. This awareness does not only include theoretical understanding, but also reflects practical awareness regarding the impact of their operational activities on the environment and surrounding communities. MSMEs who are aware of sustainability tend to view their business practices as an integral part of a larger ecosystem. This understanding encourages companies to adopt more

sustainable practices, with the aim of reducing negative impacts on the environment and increasing their positive contributions to society.

Furthermore, this awareness also includes an understanding of corporate social responsibility for employee welfare. MSME players who are aware of the importance of sustainability will prioritize working conditions that are safe, fair and support employee development. This awareness creates the basis for adopting sustainable human resource policies, including employee skills development, wellness programs, and improving the quality of work life. Thus, awareness is the main driver for changing the mindset and actions of MSME players towards more sustainable business practices. This not only provides internal benefits in operational efficiency, but also creates a wider positive impact in supporting sustainability goals at both local and global levels.

b) Action

Action is a concrete step that follows awareness of sustainability among Micro, Small and Medium Enterprises (MSMEs). Commitment to sustainability does not only stop at understanding, but also encourages MSME players to implement sustainable human resource management (HRM) practices. MSME players who are committed to sustainability will adopt various steps to create a positive impact. One concrete action that can be taken is to involve employees in the decision-making process regarding sustainability. By involving employees, MSMEs provide the opportunity for the entire team to have an active role in creating and implementing sustainability initiatives. This not only raises collective awareness of sustainability issues, but also creates an organizational culture centered on social and environmental responsibility.

In addition, MSMEs can develop efficient energy use policies as part of their efforts to reduce their environmental footprint. This can include optimizing the use of energy resources, implementing green technology, and involving employees in energy conservation efforts. Adoption of this policy not only has a positive impact on the environment, but can also produce operational efficiencies that can increase business competitiveness. Reducing waste and emissions produced during the production process is another example of action that can be taken by MSMEs who are committed to sustainability. Implementing clean and environmentally friendly production practices not only supports sustainability goals, but can also reduce production costs and improve a company's reputation in the eyes of increasingly environmentally conscious consumers.

c) Completeness

Completeness is an important aspect that complements awareness and action in developing a commitment to sustainability among Micro, Small and Medium Enterprises (MSMEs). MSMEs need to ensure that the human resource management (HRM) practices they adopt cover various relevant areas and support each other to achieve overall sustainability. First of all, in the context of employee recruitment and selection, comprehensiveness includes selecting individuals who are not only competent in job skills, but also have an awareness of sustainability. MSME players need to include sustainability considerations as one of the criteria in the recruitment process, ensuring that selected employees are committed to the company's values and sustainability goals.

Furthermore, employee training and development is a key component in completing sustainable HRM practices. MSME players can organize training programs specifically designed to improve employee skills and knowledge related to sustainability. This may include an understanding of environmentally friendly practices, sustainable innovation, or even awareness of relevant social issues. Through this approach, the comprehensiveness of HRM practices not only includes sustainability as an additional element, but becomes an integral part of employee development. In addition, in designing career planning, completeness includes providing opportunities for employees to contribute directly to the company's sustainability goals. This can be realized through sustainable project assignments, social responsibility integrated into work positions, or even the development of a specific career path related to the field of sustainability. In this way, career planning not only becomes a tool to achieve individual goals, but also supports the achievement of the company's sustainability vision.

d) Superiority

Excellence is a critical factor in reflecting sustainable human resource management (HRM) practices among Micro, Small and Medium Enterprises (MSMEs). MSME companies that successfully develop a commitment to sustainability will gain a competitive advantage in a market that is increasingly aware of the environment and society. A good company reputation in terms of sustainability is one form of excellence that can be generated. MSME companies that are able to consistently implement sustainable

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HRM practices will build a positive image in the eyes of consumers who tend to prefer products or services from companies that are committed to sustainability. This reputation becomes valuable capital in expanding market share, retaining loyal customers, and increasing the attractiveness of the company's brand.

In addition, the ability of MSME companies to attract and retain high-quality employees who share sustainable values is also a significant advantage. Employees who are committed to sustainability can be a valuable asset to the company, assisting in the implementation of sustainable practices, and making a positive contribution to the organizational culture. Having employees inspired by sustainability values can also increase productivity, innovation and customer satisfaction. Furthermore, the company's ability to innovate in creating environmentally friendly products and services is also a competitive advantage. MSME companies that are able to integrate aspects of sustainability in their value chains will create differentiation that can attract customers who increasingly value products or services that are more environmentally friendly. This advantage not only creates added value for customers, but can also increase the company's competitiveness and relevance in the market.

4. CONCLUSION

The implementation of sustainable human resource management (HRM) practices among Micro, Small and Medium Enterprises (MSMEs) forms a holistic and strategic approach in facing the demands of sustainability in the era of globalization. Awareness, action, comprehensiveness and excellence emerge as critical pillars in developing a commitment to sustainability at the MSME level. First, awareness is an important first step, encouraging MSME players to understand and internalize sustainability values, including environmental protection, social responsibility and employee welfare. Further actions involve implementing sustainable HRM practices, such as employee participation in decision making, efficient energy policies, and waste reduction efforts. Completeness in HRM practices includes aspects of recruitment, training and career planning that take into account sustainability values. Excellence is the expected result of a commitment to sustainability. MSME players who successfully adopt sustainable HRM practices can gain advantages through a good reputation in terms of sustainability, the ability to attract and retain high-quality employees, and environmentally friendly product or service innovation. MSMEs that integrate sustainability into their human resource management not only have a positive impact on the environment and society, but also gain a competitive advantage in an increasingly sustainability-conscious market. By viewing sustainability not only as a social responsibility, but also as a solid business strategy, MSMEs can form a sustainable foundation for long-term growth and empowerment of the wider community .

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