THE IMPORTANCE OF HUMAN RESOURCE MANAGEMENT IN ENHANCING ENVIRONMENTAL DIMENSIONS OF SUSTAINABILITY IN RETAILING

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Abstract: Besides external driving forces (the public environmental awareness and information availability), there are numerous internal motives for environmental responsibility such as improving resource productivity, enhancing quality, better risk management, bolstering reputation or brand image, positive word-of mouth, media coverage, better employee motivation, etc**.** Retail companies are in a unique position to be able to influence upstream environmental effects. Retailers can specify requirements for cleaner products and processes as a precondition for cooperation with suppliers, wholesalers, distributors and other partners. However, implementing such practices requires high-quality staff while retailers face a human resource environment characterized by a large number of inexperienced workers, long working hours, highly visible employees, a diverse workforce, and many part-time workers. The main purpose of this paper is to shed light on the interrelationships between human resource management and environmental management in the context of retailing. It has been explored in aqualitative study among grocery retailers in Croatia. The results revealthat proactive environmental commitment of retailcompanies rely on engaging employees in environmental initiatives.

Keywords: human resource management, retailing, environmental concerns

I. INTRODUCTION

Human resource management involves recruiting, selecting, training, compensating, and supervising personnel in a manner consistent with the retailer`s organizational structure and strategy mix (Berman and Evans, 2010, p. 319). It is a business function that is concerned with managing relations between groups of people in their capacity as employees, employers and managers (Rose, 2007). According to Mondy (2010, p. 4), human resource management is the utilization of individuals to achieve organizational objectives. Its primary objective is to build a basis for a sustainable competitive advantage. Reddy and Suresh (2011, p. 523)definehuman resource management practices asa primary means for defining, communicating and rewarding desired role behaviour.

Human resource management is particularly important in retailing because employees play a major role in performing its critical business functions(Levy and Weitz, 2012, p. 219). Retailers rely on people to perform the basic retailing activities, such as buying, displaying merchandise, and providing service to customers. The experience that most customers have with a retailer is determined by the activities of employees who select the merchandise, provide information and assistance, and stock displays and shelves. Thus, employees can play a major role in differentiating a retailer`s offering from its competitor`s. However, besides relating to human resource management`s priorities, which have been increasingly focused on reducing costs and improving employee performance, today`s quest for sustainability has already started to force retail companies to change the way they think about customers, competitors, technologies, etc. and employee recruitment, selection and training in a way that they are willing to engage in environmentally managed activities. This approach of human resource management to incorporate environmental sustainability within the organisation is well known in literature under the term"Green Human Resource Management" (Ahmad, 2015; Raijani et al. 2015; Renwick et al., 2012). In retailing it is directly responsible for creating a green workforce that understands, appreciates, and practices not only environmental, but also social and economic concerns.

This paper addresses two areas: human resource management and environmental issues in retailing. In doing so, the paper begins with a framework where a short theoretical background with relevant work on environmental aspects of retail sector is briefly discussed, and the explanation of human resource management practices that can improve the environmental performance of retail companies isgiven. Next, we proceed with a discussion on the methodology with a qualitative study among retail companies operating in the Croatian market. Finally, a discussion of the theoretical and managerial implications, including limitations of the study and directions for future research are presented.

II. ENVIRONMENTAL SUSTAINABILITY AND RETAILERS` ENVIRONMENTAL CONCERNS

As the most crucial link between suppliers and consumers, retailing could contribute in effecting the global shift to corporate environmental responsibility. Davies and Conisky (2000) have systemized the direct, upstream and downstream environmental

impact of the retail industry. Direct environmental impact arises from the retail process itself. Upstream environmental impact includes the influence of retail companies over supply chains and non-retailing activities to become more environmentally responsible (through contracts, strategic alliances, vertical integration, wholesale supply chain), while downstream impact includes the influence of retail companies over customer environmental preferences (informing and influencing consumer preferences).UNEP (http:// unep.fr/scp/retail/background.htm) has developed a similar approach and divides the retail sector contribution to sustainable development into three main areas: (1) cleaner production and environmental management systems, (2) supply chain management, (3) education and information for customers. Pagell et al. (2004) try to explain that managers make balanced efforts to reduce costs and innovate while maintaining good environmental (ecological) performance. Their decision on how and where resources are used can potentially have a major impact on the environment (Wu and Dunn, 1995).

As retailers have become more than passive intermediaries between producers and manufacturers on the one hand and customers on the other, there are many areas where they have shown their interest in improving environmental performance.

In general, retailers` direct environmental impact includes energy consumption, air and water emissions, solid waste streams, recycling, refrigerant use, food safety concerns, land use, logistics etc., and there are substantial opportunities for improving energy efficiency in those areas.In "A Better Retailing Climate Progress Report" (2010) the British Retail Consortium set targets of increasing the share of renewable energy in the transport sector, greenhouse gases reductions for fuels used in the transport sector,reducing transport emissions by re-designing distribution networks, using more efficient vehicles, sharing loads where feasible to reduce waste to landfills, reducing consumer food and packaging waste by optimising packaging and providing recycling information, and minimising waste from operations and managing sustainably for any unavoidable waste.

By introducing environmentally responsible purchasing, retailers can encourage partners to develop environmentally-friendly processes and products and to provide information about the environmental aspects through eco-labels, ISO14000, EMAS and other certificate reporting. A large proportion of retailers are vertically integrated into wholesale, distribution and other functions. Performing these activities, they can influence the level of energy use and air pollution concerned with the exhaust from trucks and other vehicles. UNEP (2003) suggests solutions such as backhauling/return logistical solutions, local sourcing, the use of rail and ships as alternate-fuel vehicles, employee carpools, etc. The introduction of a transport management system can reduce daily delivery and optimize flow that can yield substantial savings. Wu and Dunn (1995) consider transport as the single largest source of environmental hazards in the logistics system as vehicles generate noise and emit toxic chemicals into the air. Thus, retailers` logistics managers can reduce the use of road transport, increase the use of alternative fuels of their fleets, and keep their fleets more energy efficient and less polluting.

Besides, retail operators can be vertically integrated into manufacturing (bakeries, dairy, beverage facilities) causing additional environmental effects that arise from these activities - water emission and waste. UNEP notes that the supply chain includes other indirect environmental impacts such as raw material use, labour standards, animal welfare, and effects on biodiversity (UNEP, 2003). In their discussion on logistics elements and their environmental impact, Wu and Dunn (1995) point out a recent trend of the consolidation of distribution centers, warehouses, which has led to a reduced number of logistics nodes in operation and to a more efficient operation at lower levels of inventories. Logically, the results are cost savings and environmentally responsible due to a reduction of storage, energy and excess location.As shared information could eliminate inefficient shipping (with better prediction and co-ordination) and excess inventory, using information systems in such a way are considered less costly environmentally.

III. THE SPECIALTY OF HUMAN RESOURCE MANAGEMENT IN RETAILING

Human resource management is a business function that is concerned with managing relations between groups of people in their capacity as employees, employers and managers (Rose, 2007). According to Mondy (2010, p. 4), human resource management is the utilization of individuals to achieve organizational objectives. Its primary objective is to build a basis for a sustainable competitive advantage. Reddy and Suresh (2011, p. 523)definehuman resource management practices asa primary means for defining, communicating and rewarding desired role behaviour.

Retailers face a human resource environment characterized by a large number of inexperienced workers, long working hours, highly visible employees, a diverse workforce, many part-time workers, and variable customer demand. These factors complicate employee hiring, staffing, and supervision. Mondy (2010) points out that effective human resource management requires five functional areas, as follows: i) staffing, ii) human resource development, iii) compensation,iv) safety and health, and v) employee and labour relations. Mondy (2010, p. 5) defines staffing as the process through which an

organization ensures that it always has the proper number of employees with appropriate skills in the right jobs, at the right time, to achieve organizational objectives. The retail human resource environment has its special features: a large number of inexperienced workers, long hours, highly visible employees, many part-time workers, and variations in customer demand (Saaty and Qureshi, 2012). Those features create difficulties for retailers and lead to specific issues in human resource management practices. Those practices should be effective in order to hire and retain competent employees and to develop their competencies.Deakin and Njoya (2007) have considered measures aimed at enhancing opportunities for temporary and part-time work at the same time, as entrenching a principle of equality of the treatment between these forms of work and full-time, long-term employment, and recognition at the EU level of wider principles of non-discrimination in employment. Employee motivation and retention has become major concerns for HR departments in the organized retailing sector. Employees should have the right to privacy, for maintaining an acceptable work-family balance, and health and safety as well as financial returns and benefits in return for their services.

IV. RESEARCH METHOD

For the purpose of this paper, a qualitative study examining the role of human resource management in retailers` environmental activities and image was conducted. The study included in-depth interviews with eight retail senior managers (in retail companies operating in grocery retailing in the Croatian market), who are familiar with environmental initiatives in operational activities on a daily basis. In order to be sure and to identify whether the selected retail companies would be prepared to participate in this survey, we made pre-survey telephone calls. All the necessary contact phone numbers were obtained using the information available on companies` corporate web pages. The participants were assured anonymity and confidentiality.

The research instrument includedtwo groups ofquestions adapted from 'A Guidelines Manual for Retailers towards Sustainable Consumption & Production' (2008), Pettijohn et al. (2008), Renwick et al. (2012), and Valentine et al. (2011) that are related to (1) employee engagement in direct, upstream and downstream environmental impact of their retail companies, and to (2) the three core components of Green Human Resource Management (GHRM). Direct environmental impact was investigated through questions concerning: energy consumption, water consumption, traffic problems, waste management and recycling. To asses upstream environmental impact questions regarding agreements with suppliers were asked. Downstream impact was determined by questions including environmental techniques in advertising and promotion, using PVC-free materials and reusable shopping bags and the availability of public transport for customers. GHRM components (Renwick et al., 2012) included:i) employees` ability in a sense of employee training about environmental management, the development of an environmental knowledge base, etc.; ii) employees` motivation, commitment, environmental rewards and recognition; iii) employees` opportunity for wider environmental management participation.

The interviews lasted, on the average, about 25 minutes and were transcribed. Results of the interviews were analysed by categorizing the responses into major conceptual areas.

V. RESULTS AND DISCUSSION

The interviews among retail companies reveal that retailers introduced a number of environmentally friendly initiatives embracing their product range, packaging, waste disposal, recycling, energy consumption, etc. Those activities have increased their profitability, lowering costs and offering better quality in all business activities. All the investigated retail managers are using ICT in their companies in order to improve the transport planning of routes. They have optimized transport routes to their customers in order to respect the environment. To reduce unnecessary exhaust emissions, retailers regularly modernize their transport fleets. All respondents mentioned the use of IT solutions for monitoring the flow of products. They pay more attention to the application of technological means and the use of computer information, such as from the GPS to the team`s information management and ultimately to the track positioning system. Therefore, in their recruitment and staff selection retailers are trying to attract high-quality staff preferring those with environmental knowledge and motivation. This is in line with Renwick et al. (2012) who also pointed out training as a key GHRM intervention.

Respondents suggested that environmental training initiatives were not only directed to raise the level of eco-literacy and environmental expertise in the company (Roy and Therin, 2008), but also on training in-store employees to educate customers about the use and disposal of the products and to offer facilities and services such as take-back systems for batteries, reusable bags, etc.

However, respondents pointed out the extensive initial capital costs associated with the usage of energy-saving technology of air-conditioning and heating, waste management, using alternative fuels, better transport utilization, reverse logistics, etc. They were complaining about long payback periods which are in line with the findings of the research conducted by Dahle and Neumayer (2001).

It is interesting that respondents are disappointed with their top management support in employees` training and development. According to their opinions,

rewards and compensation as the most powerful method that links together an individual`s interest to that of the organization`s (Ahmad, 2015), are also not adequately used. In such a way, employee involvement and participation have not been encouraged, and may affect the work.

Given the complex nature of the study phenomenon, we have to point out the many opportunities that lay ahead for new research.On the one hand, future research could expand completely into the motivation of companies and employees to be involved in environmental activities, and on the other hand, attention of researchers could be placed on the impact of green human resources management practices on performance outcomes. An additional starting point for future research could be to extend the qualitative approach by conducting the research on the sample of all retail formats including not only retail managers but also employees. Such a more convenient data collection could allow generalization of the findings across the entire retail industry.

CONCLUSIONS

Recent increasing trends of corporate focus on greening the business (Ahmad, 2015) faced retail HR managers with additional responsibility of adopting environmental management systems, seeking to make companies simultaneously more competitive and environmentally responsible. This paper has examined the contribution of human resource management to retailers` environmental behaviour. The findings from the interviews among retail companies operating in the Croatian market suggest that they are highly aware of the importance and benefits of environmentally sound management practices.

Employees` involvement in environmental management reported efficient resource usage, reducing waste, increasing consumer environmental awareness, etc. However, the human resource environment in retailing characterizes a large number of inexperienced workers, long working hours, highly visible employees, a diverse workforce, and many part-time workers which complicate the implementation of GHRM practices, especially employee hiring, staffing, supervision, and compensation. Additionally, management still do not adequately evaluate the perceived costs of the implementation of such environmental initiatives.

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