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MASTER'S THESIS

**GREEN HUMAN RESOURCE MANAGEMENT:  
THE CASE OF GORENJE GROUP**

Ljubljana, July 2016

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The undersigned Ana Stojanoska, a student at the University of Ljubljana, Faculty of Economics, (hereinafter: FELU), declare that I am the author of the master's thesis entitled Green Human Resource Management: The Case of Gorenje Group, written under supervision of Prof. Dr. Katja Mihelic.

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## INTRODUCTION

The concern for the natural environment began a long time ago. Throughout the previous two decades, the globe appealed for proactive ecological management. Environmental management interpreted by Rodriguez (2000, p. 23) as “sum of practice simple implemented by a particular society with the purpose to protect the environment” appeared to be a powerful arrangement tool for controlling the phenomena that could destroy mankind. The term eco-friendly or environmentally friendly is also widespread nowadays, relating to laws, activities, products, services etc., theatre having, minimal, reduced or not having negative impact on eco-systems and the environment (Webster, 2006). Environmental performance is the relationship between the organization and the environment. In broad terms, environmental performance indicate simple implementing practices that enable protecting of the environmental factors – soil, air, water, eco-systems (Bran, Radulescu & Ioan, 2011).

Current writing on environmental management (Chugan, 2015; Harris & Tregidga, 2012) recognizes that with a specific end goal to accomplish environmental sustainability objectives, associations can use proper human resource management practices to motivate their employees. To this end, incredible endeavors have been made to investigate what drives workers to participate in pro-ecologic practices that help their organization to turn green and be sustainable. Sustainability, on the other hand, is characterized as progression that addresses the issues of the current generations without undermining the capacity of future generations to address their own issues (United Nations General Assembly, 1987).

The term “green human resource management” is by all accounts an unfamiliar term to most of the people, including experts and academics in HRM. Green HRM is related to “all of the practices required for creating, usage and continuous maintenance of a system that is established with the purpose of making the representatives of a company green. It’s the part of human resource management that is involved with converting ordinary representatives into green representatives with the purpose of accomplishing the environmental objectives of the company, and lastly to make a commitment to being sustainable. It is related to the approaches, activities and frameworks that orient the workers of the company into the green movement for the benefit of the individual, society, natural environment and the business” (Opatha, 2013, p. 24). Without creating personal and integrating practical techniques, it is rather hard to turn the organization green. That is the reason why HR practices are a crucial segment of sustainable business development. The idea of sustainable development is focused on fostering economic progress and advancement while at the same time preserving the quality of the environment; it sets up a system for the incorporation of environmental policies and strategies for development (United Nations General Assembly, 1987).

According to Renwick et al. (2013), the integration of corporate environmental management into HRM is described as green HRM. They also stated that human resources aspects of environmental management are green human resource management. On other hand, green business is an association that focuses its work's scope on the standards of sustainability, efforts to use renewable resources and strives to reduce the negative influence of its operations (Čekanavičius, Bazytė & Dičmonaitė, 2014). Additionally, a number of studies demonstrate that there is a connection among the green activities, organizational performance and corporate profitability within any association. Organizations which have higher scores on the environment indicators notice larger financial return than the overall market (Correa et al., 2008; Estampe et al., 2010).

**The main purpose** behind this thesis is to extend our understanding of how the concept of green management can be positioned as part of the human resource function. The motivation is to highlight the importance of building sustainable and eco-friendly business, and to gain knowledge of the outcomes after adopting Green human resource management in the organizations.

**The objectives are:**

**Theoretical:**

1. To study how human resource policies and practices could improve the environmental performance of organizations;
2. To study specific human resource philosophies, policies and/or practices that is concerned with environmental issues;
3. To changing attitudes and behaviors related to environmental issues in the workplace, as a result of human resource environmental approaches.

**Empirical:**

4. To investigate the green and sustainable practices which in the Slovenian white goods industry Gorenje operate.
5. To research how Gorenje's human resource management encourages green business development.

**The research questions are:**

1. Which Green human resource practices Gorenje implements?
2. How Green practices increase the success and brand recognition of Gorenje?

Gorenje is the largest Slovenian producer of white goods (home appliances). With a market share of 4% and it is one of the eight largest producers of home appliances in Europe (official web site of Gorenje). With a persevering orientation on creating sustainable business, Gorenje

supports activities that diminish the effects on the environment; strives to establish safe work environment; and to better the economic development of the local communities. A part of Gorenje's global success is due to the sustainable and eco-friendly programs, and the successfully incorporated green human resource management practices.

The first part is primarily based upon secondary data. For the purpose of this research, extant literature related to the topic from different data bases, websites and other available sources were collected. A systematic review of collected literature was done in detail. The objective of this paper is to indicate significant works on Green human resource management research, integrating environmental management and human resource management, and to group them so as to identify gaps, issues, and scope for further research. A literature review using an archival method is adopted as it enables us to structure research and to build a reliable knowledge base in this field.

The thesis is structured as followed: the first part is the literature review that is divided in three chapters. The first chapter analyzes the green behavior in organizations. This part explores the concepts of green business and eco-friendly organizational culture. The second chapter researches the link between the green HRM and environmental sustainability. The third chapter investigates the integration of green HRM into HRM roles. The second part, the empirical study adopts a qualitative approach. As an example of successfully incorporated green HRM, the case of Gorenje Company is investigated.

Our examination procedure incorporates arranging and classifying the writings in a process model format of human resource management (from entry to exit), using gathered publications from the last 25 years (1988 until 2013), as this is when works on the Green aspects of human resource management appeared in the published writing.

In order to learn more about the functioning and implementing of Green practices of Gorenje's Group, interviews via mail were conducted with seven employees from the representative office in Slovenia. The interviews were conducted with employees from different managerial positions, in order to take into account the different approaches due to hierarchical position. The interviews are structured and personal. The purpose of the research interviews is to investigate the opinions, experiences, views and/or motivations of the respondents on specific matters. Qualitative methods, such as interviews, are believed to provide a 'deeper' understanding of social phenomena than would be obtained from purely quantitative methods, such as questionnaires. Interviews are, therefore, most appropriate where little is already known about the study phenomenon or where detailed insights are required from individual participants.

# 1 GREEN BEHAVIOR IN ORGANIZATIONS

## 1.1 An Introduction to Green Business

The thought of "green business" started to expand at the end of the XX century simultaneously with the continually growing concern about the sustainability of the economic development. While the starting points of the modern "green developments" are found in the middle of the 1960s, it took nearly twenty years for businesses to align with the "greening" inclines and integrate them into its value systems and to put effort to beget the term green business. Be that as it may, even now, the importance of the concept of green business is fairly understood as it's shown by the numerous definitions existing in the literature. Moreover, green business practices are far from being widely spread and linked by business elements around the globe, with recognizable differentiations of the "green" activities across the regions. There are numerous reasons behind this. One is related to the fact that the pursuit of green business is still mostly considered as an extra burden (as far as cost increment or profit loss). The other is related to the country's factors like the political, social, and monetary differences.

Brown and Ratledge (2011, p. 2) define the green business as "an institution that produces green output". Makower and Pyke (2009), on the other hand, say that the green business demands a dedication towards financial gain, sustainability and humankind. The Business Dictionary states that the green business is "a business working in a way that has no harmful effects on the environment, the community, or the economy", and also that "green business partake in creating approaches that include the pro-environmental issues and policies that affect the human rights" (Business Dictionary, n. d). Croston (2009) writes that the green organizations integrate more sustainable business activities than the rivals, enhance the natural environment and improve the living conditions, while profiting and adding to the economy.

Slovik (2013) suggests a correlation between the sustainable practices and the social commitment: "a "green business" is a business that utilizes renewable resources (environmentally responsible) and it is responsible for the HR part of their activities (socially responsible)". Other researchers consider a different methodology, concentrating on the "green" component. They characterize green business as "business related to and encouraging environmentalism" and "business concerned with protection of the environment quality" (Green Times, 2013, p. 12). Cooney (2008) states that the green businesses make a persistent dedication to ecological standards in its business operations, as "businesses that develop a strategy and take steps to lessen its harmful effects on the environment" (Sustainable Green, 2013) and considerably more grounded, according to Calling Green (2011), as "a business whose practices doesn't inflict negative effects on its surroundings".



Establishing a green business is a versatile procedure. There are different activities that can be integrated and started when organizations need to move to a green conduct. In general, according to Kassaye (2001), an ecologically mindful organization ought to take a commitment to one of "4Rs" – reduction, reuse, recycle and recovery. All of the "Rs" may be accomplished by integrating a few applications, some of which may fill the need of multiple "Rs". Figure 1-1 shows scheme of commonly used green business practices.

Figure 1: Green Business Practices



Source: L.Čekanavičius, R.Bazytė and A.Dičmonaitė, *Green business: Challenges and practices*, 2014, p. 79.

"R" as reduction can be manifested through two practices, as a downsizing of resource utilization and a lessening of waste. The Eco-labeling (otherwise called green or ecological labeling or green branding) seems to attract new customers by providing the information on products' natural profile, e.g., about their production, recycling potential and consumption quality (Lavallee & Plouffe, 2004).

Many researchers suggest that by educating the customers about the products' natural advantages, the company can stir the purchaser's eagerness for ecological issues and furthermore, add to an enthusiasm for a specific item. The awareness of the consumers is increased by the usage of eco labels as means to display an organization's corporate social commitment to buyers, overall population, accomplices and controllers. Case in point, some organizations advice their workers to utilize public transport as opposed to private vehicles with a specific end goal to decrease air contamination or to refuel the car after six p.m. at the point when the gas exhausts are less destructive to the environment (Collins, 2008). Examples of different "green" activities incorporate sorting of the waste, arranging seminars on ecological awareness and environmental practices and so forth. The type and scope of the activities used by organizations, though, varies according to the specific company's capacities to adapt its operations to be environmentally friendly.

## **1.2 Eco-friendly Organizational Culture**

According to Carrol and Shabana (2010) the associations are accountable to the community for more than profiting and working in a pro-environmental way that is considered as one of those duties. To realize an ecological mindfulness into an association is different according to various kinds of changes, because it is a subsidiary's aim of the company. Eco-friendly companies are essential to customers, yet since this performance will never be the principle objective of an organization, it should be contended that they should put effort to achieve their primary objectives in an eco-friendly way. This demands a change in the organizations' attitude and culture (Borland, 2009).

If the organization wants to be capable of executing an ecological conduct, the organization's culture must be adapted and focused on the environment, and the management must show a dedication towards building an environmentally friendly organization. Organizational cultures have grasped the desired qualities needed for achieving competitive advantage, while at the same time promoting effective ecological execution (Fernández et al., 2003). As Andre (2013, p. 43) stated "the culture of the company is an important and imperative determinant for the fact whether the association will accomplish its targets or not".

When the management wants to bring and establish ecological values in the organization, the best approach is through changing of the organizational culture. The Motivation of the employees is essential in the change of the organizational culture (Fernández et al., 2003). Some researches state that the representatives are the ones who through their everyday work can realize the environmental activities, which leads to the conclusion that the accomplishment of the ecological targets in evitable depends upon the willingness and commitment of the representatives to change their work practices. Meyer et al. (2004) stated

that the motivation influences the course of the changes, how economical they are, and the amount of the exertion the representatives devote into the ecological issues. That what motivates representatives may be the money or different advantages, however in the case that the association is eco-friendly itself can act as an inspiring variable (Palimeris, 2006).

Appels et al. (2006) wrote that when an employee can define the ecological strategies and their own particular contribution to them, it indicates a high level of comprehension and responsibility, which company ought to accomplish through their employees. Commitment is the component that creates enthusiasm in representatives, bonding them with a particular goal (Argyris, 1998). When there is a lack of commitment it would be tremendously difficult to accomplish ecological change. According to Meyer et al. (2004) the advantage of having committed workers is that they will not just do what is necessary to fulfill the aims and objectives set up, yet eagerly put effort to improve their environmental duty.

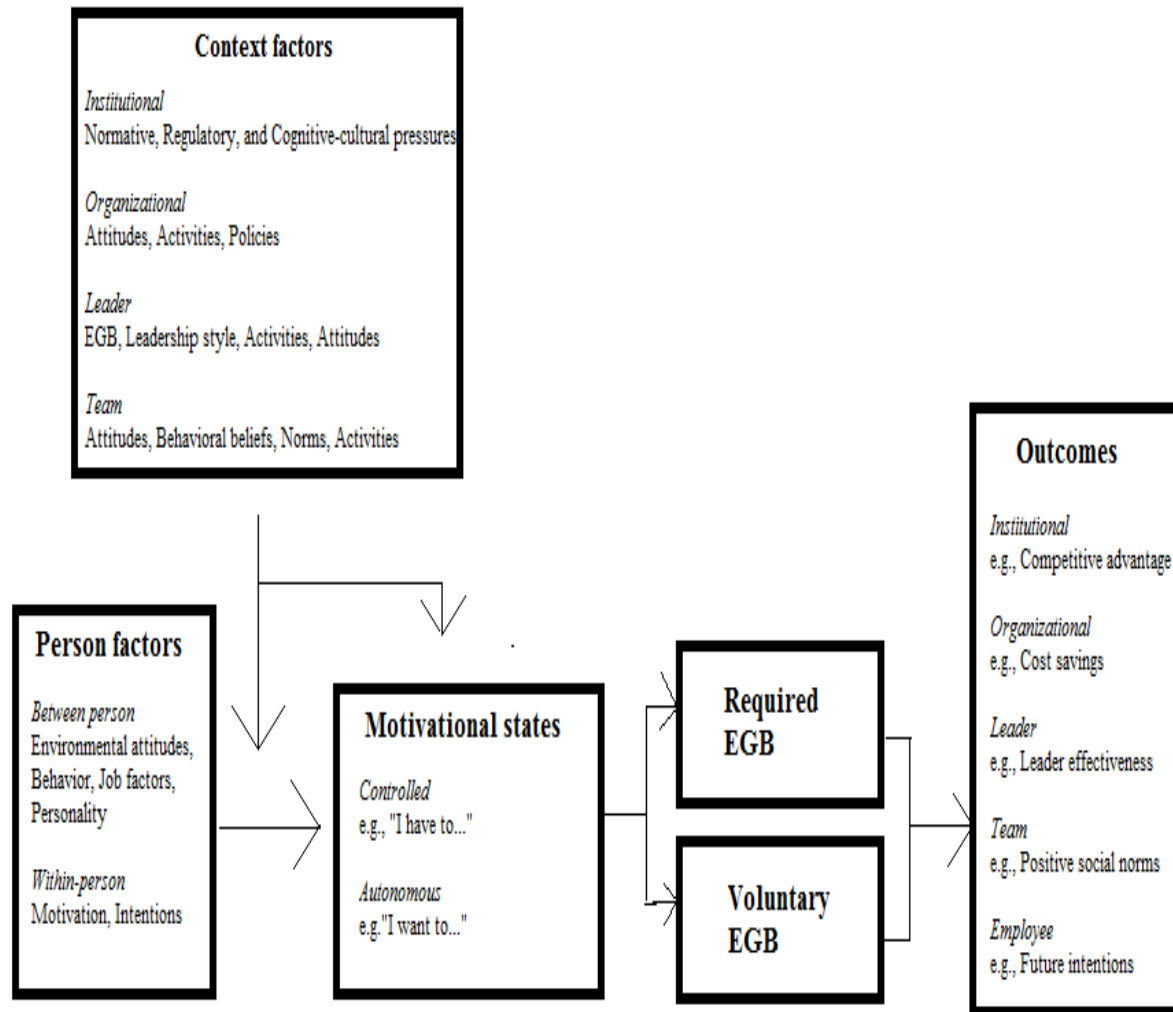
The significance of communication as a tool to include and engage workers during cultural and overall organizational developments is continuously highlighted by the researches (Andre, 2013). In case those representatives are not completely acquainted of the developments which are undertaken, it may convey misunderstanding and prompt resistance to change. For the change to be executed effectively, it should be founded on open interactions.

### **1.3 Characteristics of Employee's Green Behavior**

In the previous decade, the organizations started to focus their attention on the issue of environmental change and sustainability. Various opinions have emerged on the matter why associations should be more environmentally friendly; however, despite the general affirmation of this green necessity, progress stays moderate. Whilst extensive arguing continues over the relative effect of innovative green technology and the roles of governments, international bodies and private and public sector associations, the truth is that the pro-environmental conduct relies upon individual behavior. Everyone has a part to play and the part of the organizations will essentially be manifested through the people that work in and for them.

Norton et al. (2015) proposed a model for employee's green behavior. The model, which is explained below, is presented in Figure 1-2.

Figure 2: Model for Employee Green Behavior



Source: Norton et al, Employee Green Behavior: *A theoretical framework, multilevel review, and future research agenda*, 2015, p. 104.

First, the model is founded on the viewpoint that performance is the function of a person and their environment. More particularly, inside this perspective, the conduct is a consequence of a person's ability and general eagerness to perform, along with other influences which are not controlled by a person. Second, the job performance includes required and voluntary activities. By utilizing an approach based on job performance, Norton et al. conceptualizes worker's green behavior as a particular kind of work performance that corresponds with environmental sustainability, different from the environmental conduct which just happens to be implemented

in the work surroundings. Basic to their methodology is evaluation for the significance of the factors which are not controlled by the individuals, but nevertheless influence the conduct, especially in connections where the person has decreased authority over its own activities, for example, in the working environment.

Third, they recommend that motivational situation compose the mechanism through which setting and individual elements influence the behavior. Along this way, resulting behavior is a result of a feeling that the individual is willing to participate in the conduct. Self-motivations related with pro-social conduct are prone to encourage positive performance. Then again, practices that are not interesting or inherently persuading require outer direction. The enactment of boring or exhausting tasks, for example, activities that may be required as a component of a representative's role, depend on the perception of a desired result. In this way, the controlled motivation includes a feeling of pressure and obligation.

Norton et al. says that the required and intentional (voluntary) worker's green behavior may differ according to the motivational states that go before execution. Specifically, they see the obliged conduct to be achieved by controlled motivation, though voluntary conduct is initiated via autonomous motivation. In this methodology, it is expected that the interaction of pro-environmental demeanors and green transformational leadership create a self-governing motivational state where a representative needs to preserve the surroundings, which in turn, consequently results in the execution of voluntary green representative behavior. In such manner, it is normal the synergy of convictions toward organizational environmental strategies and transactional leadership to create a controlled motivational state where an employee may feel the need to protect the environment, which results in fulfillment of required workers green behavior.

Lastly, they state that a multilayered methodology is essential for gaining knowledge on environmental management in organizational contexts. Consequently, the components associated with employee's green behavior are divided into institutional, organizational, leader, team and representative levels of analysis. Separation of these levels gives a more profound analysis of important indicators and results inside an organization, and of distal indicators (e.g., organizational qualities) or results external to the organization. In addition, a multilevel perspective permits laying out how diverse organizational actors (e.g., policy makers, leaders and colleagues) can impact worker's green behavior.

## 2 GREEN HRM AND ENVIRONMENTAL SUSTAINABILITY

### 2.1 Definition and Introduction of Green HRM

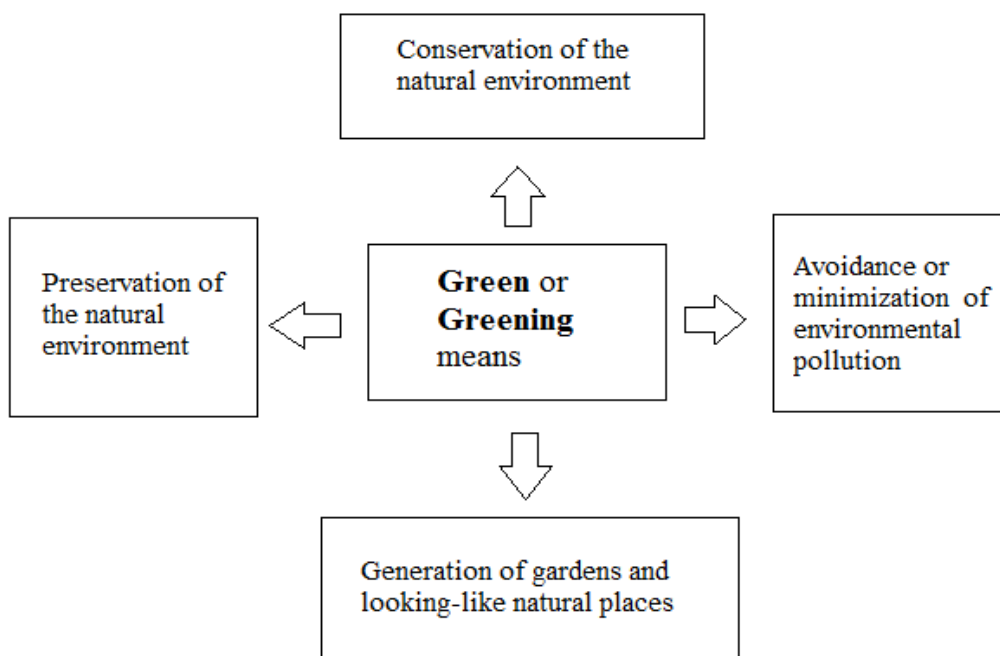
The New Oxford Thesaurus of English (2000) uses the term “green” with several meanings such as verdant (grassy, leafy, rural; environmentally friendly; unripe; raw; inexperienced; vivid; vigorous; and pale (in combining form) to the term green. It also characterizes "green as a noun" as environmentalist, conservationist, preservationist, nature-lover, or eco-activist. The Oxford Paperback Dictionary (1979) characterizes “green” as the color between blue and yellow; the color of growing grass; unripe, immature, inexperienced; pale and sickly looking. This means that the term “green” can be related to different meanings. Regardless, broadly it implies something related to the environment and to nature.

Going “Green” has four major implications regarding human resource management:

1. Taking care for the surroundings
2. Protection of the natural environment
3. Minimization of contamination and pollution
4. Creating green fields and natural looking places

These aspects of meaning of the word “Green” are presented in Figure 3.

Figure 3: Four Meanings of the term Green



Source: HHDNP Opatha, Green Human Resource Management: A Simplified Introduction, 2013, p. 13.

Green human resource management is associated with each of the practices and activities incorporated in creating, using and continuous protection of a framework whose final goal is to make the representatives of an association green. It's the part of human resource management that is related with changing the representatives into green workers with a purpose of achieving a set of company's environmental goals and lastly to be responsible to ecological sustainability. It alludes to the procedures, approaches, policies and frameworks that make workers of the association green for the benefit of the individual, society, environment, and business. The reason for green human resource management is to develop, improve and maintain greening within every company's employee, so that every employee gives personal commitment to each of the 4 parts, i.e., conservationist, preservationist, maker and non-polluter.

Going green is crucial for today's organizations, and understanding that importance leads to the significance of Green human resource management. Greening is necessary in order:

1. To diminish climate change.
2. To prevent natural disasters.
3. To avoid unhealthiness and diseases because of contamination.
4. To minimize animal harming.
5. To encourage biodiversity.
6. To strengthen the relation between the individual and its' surroundings.

Green HRM refers to utilizing each worker to apply sustainable approaches and enhance the employees' mindfulness and commitment on the issues of sustainability. Green HRM is the process of utilizing HRM activities to enhance the sustainable use of resources. Term Green human resource management is mostly related to the aligning of the employee management strategies and activities with a wider corporate environmental schedule (Rani & Mishra, 2014).

Corporate social responsibility is presented as a degree to which a company will put an effort to enhance the general wellbeing of the community. As indicated by Certo and Certo (2008), corporate social responsibility is the commitment of the management to work in a way that secures and improves both the well-being of the community in general and the company's interests. There are 4 particular demands for corporate social responsibility:

1. Because the company utilizes natural resources, it has to show gratitude and preserve its surroundings.
2. The association regardless its scope of work contaminates the environment (air, sand, noise etc.). The contaminated environment will be a danger to the individuals of the organization

in future. Because of that, the contamination of the environment should be minimized by different corporate social responsibility practices.

3. The society and the government demand for the company to preserve resources for future usage and to protect the conditions of the environment where the company operates.
4. Through corporate social responsibility practices the company can improve its status as a committed corporate participant and will inspire the society to admire the company and in return both the clients and the representatives will become loyal. Additionally, the company will draw in more suitable applicants for its employment opportunities. At last the company will expand its benefit from a bettered environment.

Green human resource management is essential not only on hierarchical level but, as well at individual level. A worker has got a personal life other than her/his working life and in this way every individual is a worker at the work environment and a customer at the personal life. Pro-environmental behavior in both areas is encouraged. Greening is significant for the worker to give an individual devotion to corporate management and to be a decent resident with a noteworthy commitment to ecological maintainability.

Nineteen years ago, Wehrmeyer (1996) published one of the first books trying to connect the two fields of environment management and human resource management. This author demonstrated that there is lack of incorporation of EM and human resource management:

“There is a belief that current managerial approaches and uses of technology to solve environmental problems do enough to address the issue of environmental protection. This approach reinforces, and is a product of a technological optimism that may assist organizations in their economic performance, but does not create a path towards sustainable development as it does not address ethical and attitudinal change. This lack of integration is, curiously, also detrimental to the economic success of organizations, as it negates the opportunities that can be achieved from a more ethical and participative view to environmental and personnel management. The most important advantages —namely, increased motivation of the workers, lower turnover, increased job satisfaction, more innovations and improved customer services—are due not to improved technology but people” (Wehrmeyer, 1996, p. 28)

Wagner (2012) suggested that integrating environmental management considerations are strategic human resource level. Milliman and Clair (1996) were among the first to present a research of the role of HRM in environmental management. They proposed a model of environmental human resource management practices incorporating the four crucial steps. At first, a company needs to establish an environmental vision as a guide for designing its strategy. Second, representatives must be prepared to incorporate the company's understanding of ecological vision in its objectives and procedures. Third, employee's green performance should be evaluated utilizing a proper evaluation framework depending on these objectives.



Four, reward system should be established, relating to the environmental activities achieved in the work environment.

## 2.2 Definition and Introduction of Environmental Sustainability

The World Commission on Environment and Development formulated a definition of sustainable development: sustainable development is development which meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987).

According to Harris et al. (2001), there is a developing acknowledgment of 3 vital parts of sustainable development:

1. **Economic:** A monetarily sustainable system must have the ability to convey products and services continuously, to be responsible on the governmental and external regulation, and to prevent severe imbalances in the sector which negatively impact rural or industrial creation.
2. **Environmental:** An eco-reasonable framework must have a steady resource support, keeping up a strategic distance from over-exploitation, and using non-renewable assets just to the degree that investment is made in adequate substitutes. This incorporates support of bio-diversity, atmospheric stability, and other biological ecosystems.
3. **Social:** A socially sustainable framework must accomplish reasonableness in distribution, satisfactory procurement of social administrations incorporating wellbeing and education, and political responsibility and cooperation.

These three segments of sustainability acquaint various potential inconveniences to the principle meaning of economic development. The objectives communicated or inferred are complex, thus bringing up the question of how to adjust goals.

1. Economic sustainability requires maintained or expanded types of capital. These include produced, natural, human and social capital. Some convertibility may be possible between them, yet broadly they are complementary, so the support of every one of the miss-crucial over the long term.
2. The protection of the environment and natural resources is crucial for sustainable financial creation and lasting value. From an environmental point of view, both human population and total demand should be constrained, and the biological systems and bio-diversity should be sustained.
3. Social value, the attainment of fundamental wellbeing and learning needs, and included democratic system are pivotal components for advancement, which are correlated with ecological sustainability.

Overall, these perceptions recommend new directions for the improvement process. They additionally require change to the goal of economic development. Regarding sustainability, a modest level of consumption, paired with effective organizations and a healthy environment, presents a superior vision compared with the continuously expanding consumption (Durning, 1992).

Sustainable development is related to accomplishing the necessities of individuals today without trading off the capacity of future generations. Organizations know that they need to establish a solid obligation to the society and awareness for the obligation of going green. The HR function is the driver of environmental supportability of the association by conforming its activities and approaches to sustainability objectives mirroring an eco-focus. The HR strategy must show and inspire the desire of the HRM and different representatives, adapting to the organization's strategies, values and principles, in order to provide returns to investors, solve clients' issues, perceive and react to rising social issues, react to legislative and administrative obligations, and impact the general society motivation. This means making a green world where consumers and employees force change.

In this green world the green human resource sustainability is at its focus as a noteworthy component of its functions as individuals and associations engage with the general public by altering their programs with it.

Sustainability is not just being responsible to the community — it can gain a crucial competitive advantage for the company. Along these lines, associations are starting to consider sustainability as a procedure that increase a mutual value — for both the organization and what's more, society - by providing a more significant shareholder value, capital access and a more grounded execution. Actually, research papers propose that social and environmental responsibilities are beneficial in various ways. According to Fairfield, Harmon and Behson (2011) companies can improve their status, efficiency, employees' satisfaction and commitment, cost effectiveness, risk reduction, innovation, growth and access to capital". Nonetheless, the relation between investments in sustainability and, company's performance is complex, and various components such as industry situating and business sector structure impact the quality of the relation.

In order for human resource management to direct the company into sustainability, corporate initiative must see human resource management as a crucial contributor. Leaders should include human resource supervisors through coordinated effort and discussion as well as demand human resource management responsibility for reasonable human resource management activities. At the same time, human resource experts must upgrade their

methodology from transformational HRM to sustainable HRM. Human resource management has two fundamental parts in the usage of sustainable system in any association:

1. Supporting the company's sustainability: Using the procedure based devices of human resource management to install sustainability frame work in an association's way of life and practices.
2. Performing human resource management sustainably: Making and conveying human resource management crucial processes, which are by themselves established on standards of sustainability.

The human resource management function can utilize its abilities, skills, knowledge and human resource management instruments in three principle approaches to assist the association into implanting sustainability: partnering, engaging and aligning.

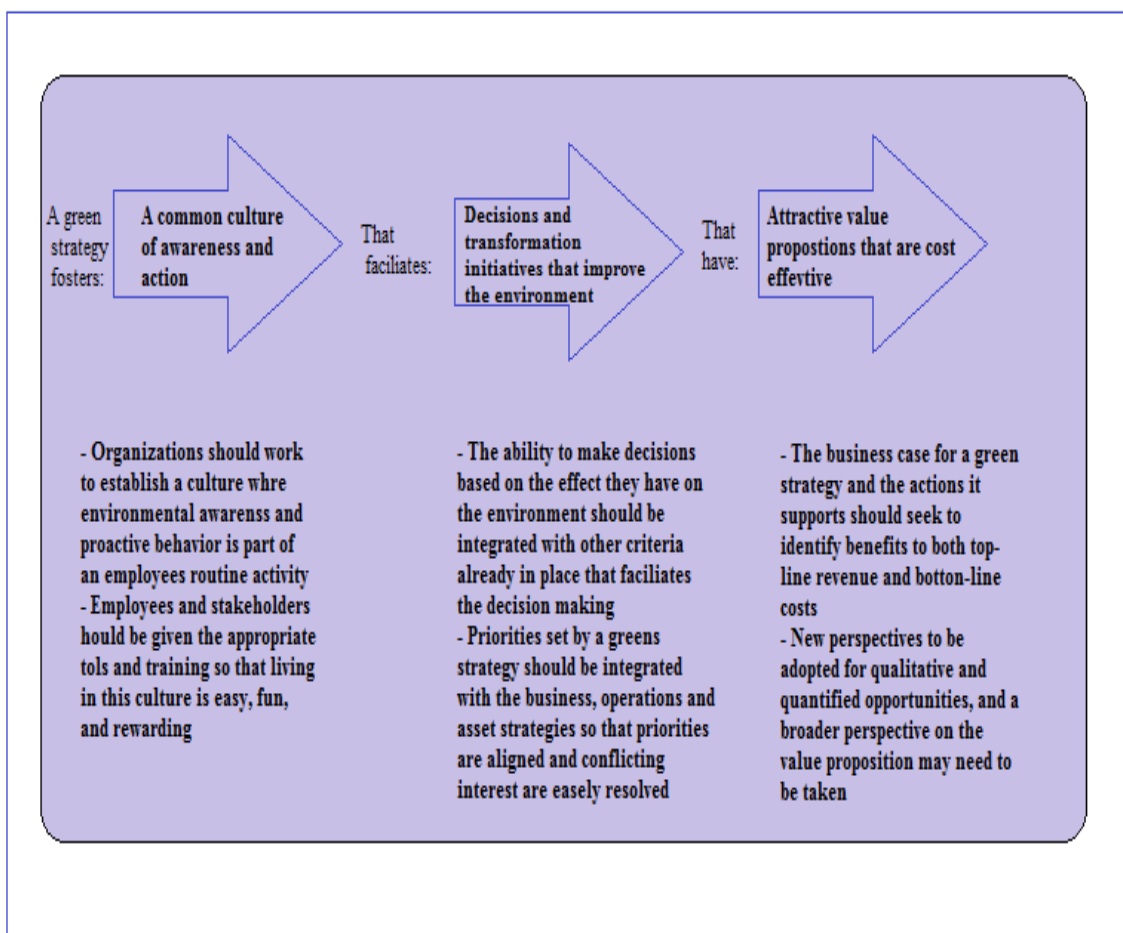
1. **Partnering:** The experience of numerous associations recommends the human resource management authorities to assume an essential part in helping articulate the company's vision, communicating the concern of the company beyond that of just increasing its profit.
2. **Engaging:** Human resource management must integrate both internal and outside partners to recognize the ways in which the organization can add to the social and natural vitality of the actors that are mostly affected by an association's work. Employing may include bonding organizations with outer institutions, for example, not-for-profit organizations that can help identify or resolve the impacts of the organization's operations.
3. **Aligning:** Human resource management is equipped with the most imperative instruments to support implementation of a sustainability vision. The most important human resource management functions in a company must be used in order to build supportable procedures, which can be implemented in the functions of recruitment, training, rewarding and pay, communication and managing.

Every association must choose instruments which are suitable for embedding sustainability. The instruments a business decides to utilize and which group of representatives to concentrate the most, will depend upon two crucial criteria: the company's sustainability strategy and the resources which are available. Some systems oblige a total reevaluating of the plan of action of the company. As far as resources, large companies may have more administrative and money related assets accessible to dedicate to the creation of reasonable human resource management instruments or their implementation. Nonetheless, smaller companies are in some cases quicker and more imaginative in sustainable human resource management tools designing and in cultivating a feasible organization culture.

## 2.3 Defining a Green Strategy in an Organization

The green strategy for an organization supplements the business, activities, and resource techniques that are as of now well comprehended by the enterprises. A green strategy essentially helps the organizations to make choices that will not have negative effect on the nature. The rules that frame the premise of a green strategy ought to lead an organization to bring a on decisions based strong business logic. The three standards indicated in the following figure can act as rules of any organization's green strategy.

Figure 4: Green Strategy Principles



Source: Eric G. Olson, *Creating an enterprise-level "green" strategy*, 2008, p. 23.

1. A green strategy promotes mindfulness and activity – establishing a green culture includes supporting conduct that individuals want to embrace, yet there is still a necessity for the proper instruments and preparations with a specific end goal to change. Organizations that build a green strategy are often quickly recognizable as novel, and sometimes the

distinctions in a green culture are minor. For the first case, a pro-environmental culture is regularly in a center of the business system and strategy to empower "green" contemplations in each choice that is done. For the second case, implementing simple steps that can be done by every can have a critical effect to an organization's expenses and performance.

2. A green strategy empowers decision making and change activities that enhance the surroundings. Establishing a clear vision and procedure at last inspire individuals to improve their choices thus adjusting them with the organization's needs to deliver products and services in the worldwide commercial center. Indeed, unlike other strategies of the organization, green strategies influence choices that are made over the whole enterprise, including business techniques, working methods, association procedures, data procedures, applications methodologies, innovation techniques, and supporting foundations.

Numerous analysts, particularly regarding human resource management contended that the viability and effectiveness of any strategy tool and management innovation depend on the accessibility and capacity of their HR utilized in the strategy (Paauwe & Boselie, 2003). According to Lado and Wilson (1994, p. 711) human resource management framework is characterized as "an arrangement of different but correlated practices, functions, and procedures that are focused in retention, improving and maintaining company's human resources"). Boselie et al. (2001) stated that the associations in general organize human resource activities into frameworks that are linked to their business strategy. Many authors concurred that human resource management is the best tool which adds to the production of human capital, thusly, contributing to the company's performance and increasing its competitive advantage. Today, many organizations are actualizing a strategic mechanism known as an environmental management system to increase competitive advantage.

This framework gives a base that permits management of the association to improve the control of the association's ecological impact (Florida & Davison, 2001). An environmental management system incorporates responsibility and strategy, planning, execution, evaluation and assessment, review and change (Hersey, 1998). Callenbach et al. (1993) stated that with the end goal to implement green management, the management should motivate and empower the representatives and they should be aware of the environment in order to have an effective greening process. Then again, to successfully incorporate green management activities and encourage ecological developments, companies need a high level of managerial and technological abilities (Renwick et al., 2008).

### **3 INTEGRATION OF GREEN ELEMENT INTO HUMAN RESOURCE MANAGEMENT ROLES**

#### **3.1 Recruitment and Selection**

The processes of recruitment and selection should reflect the long term skill requisites of the organization. The recruitment process should indicate the corporate environmental culture of the company. In this regards, Wehrmeyer (1996) suggests that:

The ecological part, health and safety occupations and other roles related with the environment are recommended to be specified in the job descriptions.

The interview process should be customized to determine whether the individual is well matched with the organization's environmental objectives.

The program for induction should be established to give new employees information about the policies on sustainable development policies, as well as on environmental management systems and the organization's green objectives.

The process of recruiting, one of the most crucial functions of human resource, which includes attracting the most suitable individual for the right occupation at a proper time, is starting to change. Associations attempt to seize every chance and want to present themselves as unique, so the ideal applicants with the pro-environment attitudes make an application for employment. As stated by John Sullivan (2007), "green recruitment" is a new concept and through it the companies show their concern for the environment, utilizing it as a vital methodology for recruiting. Associations progressively utilize pro-environmental activities to extend their recruitment power. The green recruitment develops in a slow yet steady manner. John Sullivan, a human resource expert defined "green recruitment alludes to the finding of the same commitment to the environment between the organization and the applicant whom the company is hiring". The number of organizations that use the green recruitment method steadily increases.

#### **3.2 Training and Development**

The training and development courses established for representatives at all positions across the company ought to include ecological and environmental perspectives. The introductory process preparing for new employees should incorporate green presentations which will inspire the workers to acknowledge the green strategies and activities of the organization and furthermore to adjust to the green objectives of the organization. Such preparation framework

can communicate to the employees the green practices conducted by the organization like reducing the greenhouse gas emission, waste reduction and energy conservation. Moreover, in order for the managers to encourage awareness for the environment, "green managers" can be developed in every division. The training process requires evaluation of the knowledge which can help distinguish the training needed in environmental management and by that implement effective training modules.

Training is by all accounts a field where the part of human resource management in ecological management it's been recognized for quite a while. Besides, Fernandez, Junquera and Ordiz, (2003) stated that establishing an ecological methodology needs increased employees awareness and learning of procedures and abilities – which means representatives need “integrated training” – and they need to demonstrate an enthusiastic contribution to achieve goals. The same authors point out studies that demonstrate the relation between the levels of representatives training and ecological awareness (and that ecological training is rare in numerous organizations). Various steps may be utilized to develop a training program oriented towards the environment, for example, a review of previous programs, resources and practices, forming a corporate board (with human resource agents, environmental experts etc.), integrating the job background and scope in the training process or to utilize a performance management framework to observe and examine the execution on efficiency, quality, accidents, created waste etc.

This might be done by means of training and an evaluation of the perspectives, skills and aptitudes the workers might require for future positions. Than the schedule and progression of training should be surveyed, because it may be the case that the company can incorporate it with their current provision (for example the wellbeing and security training could incorporate an ecological component, or management improvement projects could incorporate environmental activities), with associations requiring to assess and audit the achievement of the training they have offered (Wehrmeyer & Vickerstaff, 1996).

The education and training should be focused to make the employees feel included (Jabbour & Santos, 2008). Training also should incorporate all workers and managers in the association (Banerjee, 1998). The reason for the training is to persuade and incorporate ecological activities in the culture of the association (Stoughton & Ludema, 2012). If everyone is not included, the accomplishment of the activity can be debilitated, as it might make it appear to be less imperative to other members. In the event that the training programs are prolonged, employees might overlook what they learnt, their inspiration might be decreased and they might get back to their previous habits (Hansson et al., 2003). Workers as well as the managers need updates routinely and they need to be reminded of the significance of ecological targets all together for the procedure to be feasible.

### **3.3 Compensation and Rewards**

Compensation programs can be utilized to motivate the workers to change their conduct towards green performance. A reward incentive and various pay components can be included to the remuneration framework for compensating workers who depict green and pro-environmental conduct connected to their work execution. Reward frameworks are required by the associations which will empower creating the wanted environmental behavior by method of incentives and disincentives. Supportive criticism over e-mail or verbalized evaluation from managers and other similar motivations which inspire representatives to be aware of green conduct should be provided. Disincentives that dishearten unwanted behavior may likewise be used, like suspensions or warnings.

A reward framework can inspire workers to increase their performance in ecological activities and build their dedication and obligation (Epstein & Buhovac, 2010). With a specific end goal to assure that the representatives try to attain the targets related to the environment, a compensation and reward arrangements can be established, which will empower the employees, and having on mind that the most effective reward is acknowledgment, even monetary rewards are frequent and can be integrated (Epstein & Buhovac, 2010). According to Jabbour and Santos (2008) at the point when an association utilizes money related rewards there is a danger of the incentives being seen as unjust. In meantime it has been stated that money is the most powerful prize for motivation, which besides it, likewise influences the workers' satisfaction of their occupation (Govindarajulu & Daily, 2004). Different researches have demonstrated that other rewards, which are not finance related, for example, additional days off, a good parking spot, recognitions and gift certificates could be more powerful in urging representatives to act into all more ecological way. Still, rewards are effective only when utilized with clear communication, input and including of workers while making an ecologically aware climate in the association.

### **3.4 Performance Management**

Measuring the environmental performance of individuals in an association is hard. A performance management framework to enhance the green human resource activities are hence, needed to create ecological execution models and criteria. The performance management framework can be established by connecting performance management to green objectives and undertakings depending on the work related duties.

Using performance management in environmental management demonstrates the challenges of how to evaluate the performance related to the environment depending on the sector of the organization, and obtaining valuable facts on the environmental performance and execution of



leaders. Companies have addressed these issues by introducing all-inclusive principles and standards of environmental execution to quantify and evaluate environmental performance principles, and creating green frameworks, reviews and commissions (to increase valuable information on ecological accomplishment of the managers). Performance appraisal can include themes as environmental accidents, use of ecological obligations, correspondence of ecological issues and approaches etc. (Wehrmeyer, 1996).

Matters included in ecological performance appraisal include the requirement for managers to be responsible, and they need to be aware of the compliance obligations. Performance management framework ought to be created to incorporate "green" focuses in the key performance areas. This may be expressed in the principles of green execution and green conduct criteria which ought to be used as measuring pointers in performance appraisal of workers. Environmental goals, objectives and obligations should be founded for managers and their accomplishment in achieving green targets should be incorporated into examinations. Cases of such commitments can incorporate increasing awareness and informing the representatives of green matters, urging the representatives to include in pro-environmental practices of the organization and encourage environment management knowledge.

According to Daily and Huang (2001) support from the executive level is additionally a crucial element for successful execution and applying of the organizational environmental management programs. Executive support entails endorsement of change, promotion of employee empowerment, institutionalizing of punishment frameworks and communication of environmental management information across the company (Emerson et al., 1997).

### **3.5 Employee's Relations**

The involvement of the representatives is characterized as making an environment in which individuals can contribute in the process of making choices and have an impact on the operations that influence their employments. The contribution of representatives in the process of planning the ecological strategies would prepare them to produce green goods. Employee relations add to improve the processes by improving the coordination. It additionally deals with the wellbeing and health issues of workers. As Phillips (2007, p. 12) states, "involvement of the employees in the environmental management has been showed to enhance the prevention of pollution from the work environment"

It is important managers to include the representatives in the process of decision making and to encourage them to present their thoughts and proposals, because the representatives are influenced by the choices that are made. To include workers in the decision process along with informing them on prerequisites and accomplishments will motivate them to act in an

ecological way (Perron et al., 2006). Particularly with regards to environmental procedures, employees' contribution to discover answers for ecological improvements is extremely gainful, because workers are best at recognizing problem areas and discovering solutions. This implies that in regards to ecological concerns, supervisors need to ensure greater autonomy for their workers and empower them to be innovative and think of answers for problems.

According to Hansson et al. (2003) appointing obligation and delegating responsibility additionally exclude unnecessary management in the process of organization change with the purpose of advancement and development amid improvement changes, and creates an environment where workers can participate. The empowerment of the representatives is crucial if an association wants to accomplish their environmental objectives and it is a smart thought to divide the obligation to groups of representatives (Atkinson, 2010). If the organization strives to be more eco-friendly than there is a necessity to make the employees more motivated and committed.

A continual feedback where outcomes are envisioned will motivate both sides to proceed with the developments and the changes and in addition will guarantee that ecological endeavors do not come to a standstill. The employees should be constantly informed on their significance for the organizational changes and on the viability of their contribution.

#### **4 AN ANALYSIS OF GREEN HUMAN RESOURCE MANAGEMENT IN GORENJE**

The empirical part introduces the green HRM and the process of integrating the green in the strategy process of Gorenje Group, and examines the challenges the corporation has in implementing and communicating green practices to the employees. The research questions are:

1. Which Green human resource practices Gorenje implements?
2. How Green practices increase the success and brand recognition of Gorenje?

With the purpose of answering the research questions, first a company's description and history are given, and then a review of Gorenje's internal documents regarding green human resource management strategies and practices are performed. Lastly, an interview process with seven Gorenje's managers is presented, thus providing a better overview of the green practices and processes the company executes.

## **4.1 Presentation of the Company**

### **4.1.1 Gorenje's human resource strategy**

One of the essential Gorenje's considerations is the protection of the environment, which is highly seated in all of its strategies for development. The approaches for the preservation of the environment involve the complete duration of a product, from planning, production, and usage, to disposal.

By using cutting edge technology, processes, and materials, Gorenje consistently diminishes the amount of wastage created in the manufacturing process and the utilization of energy and natural resources. Gorenje is among the first in Europe to decrease and subsequently completely abandon the use of ecologically hazardous refrigerants and propellants.

As a socially mindful organization, Gorenje as well works towards educating and improving the awareness of representatives and people in general about the environmental behavior and its importance. In 2006, the international certificate ISO 14001 was awarded to Gorenje; in 2004, it also became the first Slovenian companies that become part of the EMAS register (Gorenje Group, 2013). The Gorenje management considers that a company which operates in an environmental way gets a crucial advantage over its rivals. The EMAS certification indicates that responsibility to everyday advancement is an essential element of Gorenje's vision.

The company operates on the principle of the following orientations:

1. All workers are actively involved in the policy. The company policies are the premise for consistent improvement setting goals in all key areas, including quality and environment.
2. Satisfaction of investors, customers and other interested actors is Gorenje's primary consideration. With high-quality products and pro-environmental project execution Gorenje acquires customers' trust.
3. Gorenje is focused on long-term success on the domestic and foreign markets, the reputation and brand recognition.
4. All workers continually improve their work-related and other knowledge and experience. In addition to improving their skills Gorenje provides social security to employees, hence improving their loyalty to the company.
5. Gorenje is always concerned with commercially interesting projects by determining the requirements of potential buyers and with helping them to adjust rapidly.
6. Gorenje's focus is on the continual diminishment of environmental contamination with accentuation on preventive activity. This implies finding quality, innovative, aesthetic and environmental and efficient arrangements from planning, designing and project execution.

7. Concern for the environment is conveyed also by the advancement of renewable energy assets. Gorenje has established plants for cogeneration of electricity and heat by combustion or gasification of various types of biomass.
8. Gorenje regularly observes and meet regulatory needs, technical standards and other potential requirements and best practices related to the work execution.
9. The project execution reflects important balance between quality, environment, cost and timelines of implementation.
10. Gorenje strives to establish correct, fair and environmentally responsible relations with subcontractors and suppliers.

With the purpose to effectively seek achieving its vision and mission, Gorenje's strategic plan 2010-2013 defines the following basic strategic policies (Gorenje Group, 2010):

1. Improve the offer of deluxe items, and items with high revenues, through efficient tools of branding and managing of the brand, novelty, and superior design;
2. Accomplish superiority of processes and the subsequent cost effectiveness in every area of the company;
3. Increase the amount of activities of sourcing activities in countries with lower costs, diminishing the labor expenses in the value of the principle operations, enhance the economies of scale, and reduce the complexness of the products;
4. In-depth extension to business sections with increased profits.

An essential part of Gorenje's vision, mission and strategies are the principles supported and monitored continuously through Gorenje's operations: honesty, openness, loyalty, creativity, and ambition. The changes to the mentioned strategy are now including two additional values: responsibility and efficiency.

### **Summary of Gorenje Group human resource strategy**

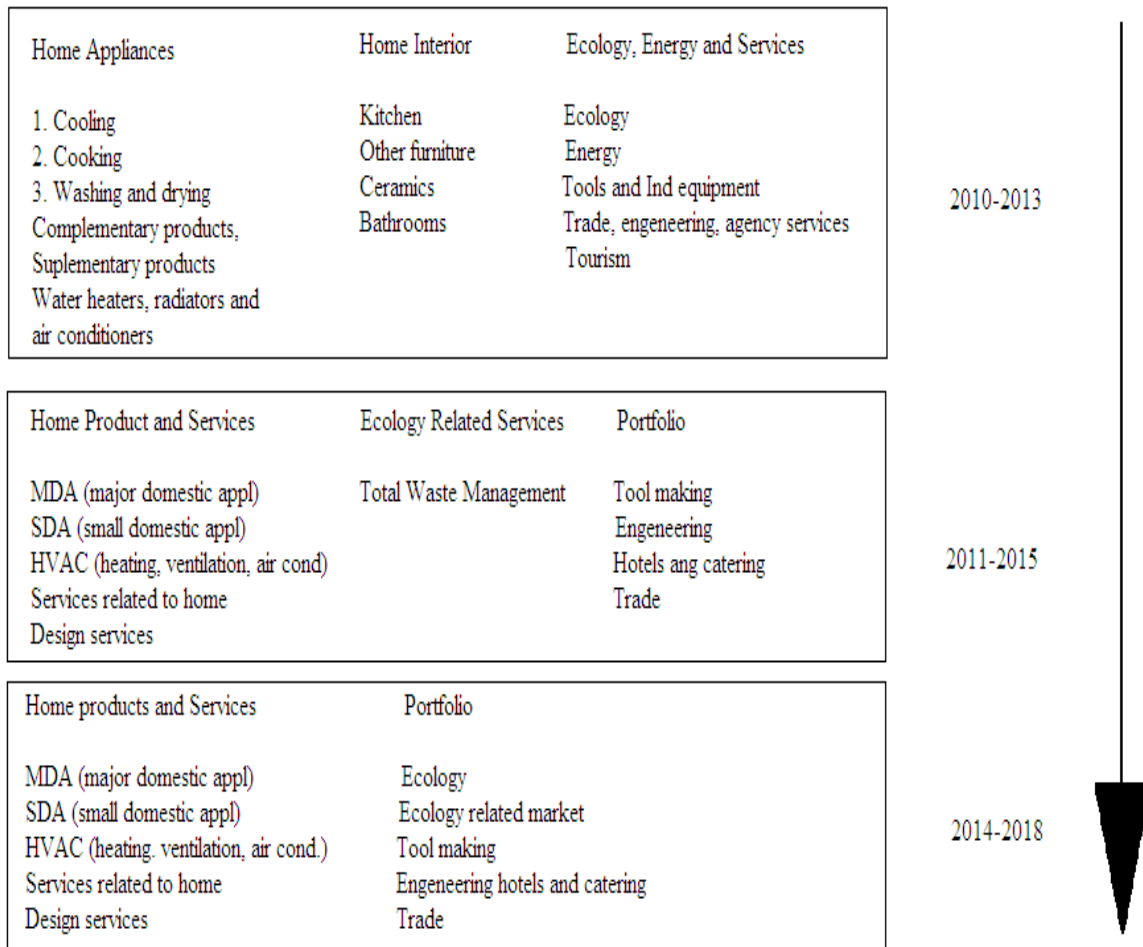
Key human resource strategy policies by 2013 are (Gorenje Group, 2010):

1. Improve the proficiency of the managing frameworks;
2. Develop global managers, talented people and entrepreneurs;
3. Manage the prize framework and work expenses;
4. Increase benefit gained per worker;
5. Introduce new HR strategy by using the cost-benefit analysis; present systematized human resource management mechanisms at the Gorenje Group associations;
6. Enable and stimulate inventive culture.

#### 4.1.2 Environmental protection and green practices of Gorenje's Group

The concern for the environment is the principle occupation of the division of Ecology, Energy, and Services. The strategic goal for this division is Gorenje to be the largest organization which provides a wide scope of waste handling services in South-eastern Europe.

Figure 5 Organization of Gorenje Group



Source: Organizational structure of Gorenje, official website.

Gorenje strives to comprehend the customer' requirements and expectations. Regarding this, Gorenje concentrates on the issues that enhance the competitive advantage of its products and services, by:

1. Developing superior products and technological innovation that leads to added value for the customers;

2. Being energy efficient which demands continual monitoring in order to satisfy user expectations and controls by the regulators;
3. Develop new materials which will enhance the functionality while at the same time reduce the harm to the surroundings;
4. Develop products that are simple to use;
5. Platform-based thinking is crucial in order to create products for different target groups of clients, and in the meantime to manage Gorenje's complexity;
6. Superior design of the appliances, beginning from the early phases of the production.

In evaluating the environmental effects which incorporate all changes to the surroundings, favorable or not, resulting partly or completely from the practices, appliances, and services, Gorenje considers (Gorenje Group, 2015):

1. Direct effect, i.e. direct impact of the practices over which the company has immediate responsibility; and
2. Indirect effect, i.e. the impact from other actors, in which case Gorenje influence on the volume, type and occurrence of the contamination.

Internal correspondence that involves environmental protection is organized through Works Council, system for submitting and rewarding valuable and important proposals known as "Sparks" ("Iskrice"), the twenty key system, internal newspapers, and coordinators for environmental protection and occupational safety and health. Representatives are educated about the occasions, practices and approaches in environmental work and occupational health and safety in the newsletters that are published every week.

The Gorenje's vision includes improving of the wellbeing and mindfulness of the surroundings. The Group's strategy involves a strong stands a pro-environmental manufacturer which results in changes in the use of new substances and energy. With the incorporation of new materials, procedures and innovations that minimize the damaging effects, Gorenje fully consents with the latest environmental standards.

Ecological management influences the design and execution of appliance development and production procedures. In the process of developing the products, Gorenje strives to diminish the appliance's final effect on the environment.

Based on the previous experience, Gorenje strives for further advancements (Gorenje Group, 2013):

1. In 2003 the dangerous waste was decreased for 51 %, in accordance to the level of hazardous waste that was measured in 1997. Gorenje introduced new innovative cleaner technology.
2. Gorenje faced reduction in the disposal waste by 31% which lead to 0.36 kg/product
3. New technologies reduce the water consumption by 48 %
4. New technologies also reduce the usage of natural gas by 20 %.
5. Increased warranty for five years for tumble driers and washing machines
6. All appliances meet the latest European standards

## **4.2 Empirical Part**

### **4.2.1 Research aim and interview**

For the purpose of researching green human resource management, the research could involve interviewing participants in green human resource management to discover and analyze the human resource practices in environmental management and their views on the motivations, commitments and opinions regarding the mass initiatives, as well as their eagerness to be included. For that purpose, to analyze the green behavior of Gorenje, a qualitative study which consists of interviews was performed. Sekaran (2003) explains that doing structured interviews improves the extent to which given responses are rightly understood, which was perceived suitable in this case. According to Boyce and Neale (2006), the main benefit of in-depth interviews is that through them the researcher can gain information that is more detailed compared to the information obtained via different data collection method, such as surveys. Interviews are of value when detailed information is needed about an individual's ideas and conducts or when exploring new issues. Interviews, also, typically provide for more focused discussion and follow-up questions, so this methodology was found to be most suitable for conducting the empirical part.

A short description of the goals of this study was emailed to the participants, after which they were asked to share their thoughts on green human resource management during an in-depth interview. The interview questions were than e-mailed to the participants.

Before composing the questions for the interview, I thoroughly read the company's website, its latest annual Report and its sustainability report. An exploratory pre-study in order to gain insights about how the organization define and understand the concept of green human resource management was conducted.

The questions (given in the appendix) were chosen according to the analysis of the company's background, with the purpose of verifying the accuracy of the provided information about the

Gorenje's green practices and to obtain further clarifications for a more profound analysis of the company's experience in the process of implementing green HRM actions and processes, as in addition to investigate their perspectives for the future.

The research questions have been designed for gaining qualitative overview of the usage of dynamic abilities of the organization's human resource management process. A total of 4 research topics with 17 questions were comprised, with a focus on key research areas that will determine the main outcomes of whole process. Therefore the research questions are used as guidelines, providing direction for the interviews and allowing the respondents to present the most comprehensive overview of the green practices.

The interviews began with an extensive discussion of the company's current strategic organizational, ecological and HR challenges both at national and international level; and, current and future environmental management activities. The interviews then consider the particular areas analyzed in the theoretical part, including the role of the managers in engaging the employees; alignment of human resource with the operational functions including the environment; and the importance of integration of the environmental function in the human resource activities.

#### 4.2.2 Data collection and sample

The study is comprised of seven structured interviews with representatives of human resource in Gorenje carried out in April 2016. The interviews were conducted with employees from different managerial positions, in order to take into account the different approaches due to hierarchical position. Table 4-1 outlines the manager positions of the participants. The interview questions were emailed to the participants and they replied approximately two weeks after. This allowed the participants to consider well thought-out and detailed answers.

Table 1: Manager Positions of the Participans

Manager position
1. Sales Manager
2. Marketing Manager
3. Project Manager
4. Purchasing Manager After Sales Service
5. Product Group Quality Manager
6. Marketing Communications Project Manager
7. Product Manager



### 4.2.3 Findings

#### a. Organization strategic priorities and context

**What are the major strategic issues or challenges facing the organization at a national and local level, including environmental and human resource management/development (examples might include cultural, operational, systems)?**

Great power leads to great expectations: the society considers the enterprises responsible as organizations capable to accomplish the burden some long-term challenges confronted by our planet. Addressing them is not just a corporate obligation. It is fundamental for corporate survival.

One of the participants stated: “Unfortunately, short-term planning is now detrimental to strategies of the business. To survive in an unpredictable environment with a lot of challenges on resources and limited financial support, organizations must create and enforce a sustainability strategy. However, this should not be mistaken with green strategy. Sustainability is more complex because it considers each aspect of the business surrounding: societal, economy, and cultural as well as natural”.

Although all interviewed participants recognize great pressure to maintain a competitive position in the market, all of them think that the green behavior can only improve the competitive position of the company – “Every crisis is an open door. The difficulties we face now are our opportunity to develop a sustainable strategy into the foundations of the organization. This becoming is quested, and is not a utopian thought”.

Gorenje Group is not only Slovenia's largest manufacturing organization and one of the largest two exporters in the nation. As of late, Gorenje has been firmly settled as an international organization. They have internationalized their manufacturing, expanded the quantity of their markets, did three acquisitions inside the business, extended the offer of the brands, and invited universal financial specialists into their structure. This, combined with ceaseless advancement of new and innovative products has lead Gorenje to growth and expansion. The state of the international markets stays demanding and exceptionally changeable in 2016. With the vast group of partners and all Gorenje representatives, and with further advancement of the company's governance, Gorenje will keep on adapting all the practices and endeavors towards obtainment of lasting and sustainable competitive advantage so as to create highest benefit for its owners, clients, representatives, and other partners.

**Can you outline two or three examples (initiatives) of how the organization is addressing the issues or challenges associated with environmental sustainability (national or local initiatives)?**

With the using of superior materials, procedures and innovations that minimize the harm and negative impact on the surroundings, Gorenje fully complies with the latest environmental principles. Gorenje complies with the ISO 14001 standard that was certified in 2000. The company is also in the EMAS register since 2004. In 2006, Gorenje established a framework of safe and healthy work according to the OHSAS 18001 standard. The list of measures that Gorenje takes for promoting a sustainable and green business is extensive. Gorenje is greatly concerned about energy efficiency, carefully designing the products, concentrating on sustainability even in the early stages of development, and is always searching for new means which will upgrade the functionality of the appliances, at the same time minimizing the negative impact. The frameworks for management of quality, environmental preservation, and health and safety at work are included into all systems of the company.

One of the participants said: “Gorenje takes its pro-environmental commitment seriously. The two most important values of Gorenje are the responsibility and innovation. The environmental protection and health and safety at work are maintained through openness of thinking, team spirit, respect, efficiency, goal-orientation, and commitment”. Another participant claimed: “Environmental protection is considered at all stages. We assess the impact of the materials, energy resources, emissions, waste and the final products”.

**To what extent are environmental and human resource management/development approaches influenced by key stakeholders (such as headquarters, local regulators)?**

The appliances that Gorenje produces are subject to numerous standards and regulations. These demands are met with constant improvement and establishing systems for quality assuring.

As one of the interview participants stated: “As our business includes advertising the products in more than 90 countries, involving some countries where Gorenje’s share is very high, Gorenje is exposed to different risks, including the compliance with the competition law. We have been closely monitoring the demands by the national competition protection offices”. All of Gorenje’s offices have the required environment grants, according to the scope and size of their work, contamination and other pro-environmental thoughts. Gorenje performs all occasional environment, health, and safety estimations, involving measuring emissions and noise, evaluating waste creation and harmful matters, and additionally legal control of work

conditions etc. Also, minimizing environmental, health and safety risks is a vital part of the company's risk management systems.

Gorenje operations are in accordance with the current environmental, health and safety laws and regulations, but as one of the participants claimed "In the years ahead we should prepare for more strict regulations, as demanded by national or international laws and regulative bodies that we'll have to conform with. In the future, this can lead to increased expenses for operation, while any inability to consent with the rules will notably affect the organization's integrity and character".

### **What is your vision on "sustainable" strategic HR management?**

Sustainable strategic human resource management is differently perceived by all of the participants. What can be concluded is, though, that all of them have a clear view of what sustainable strategic human resource management represents for them, and how they can contribute in achieving a sustainable business.

Another respondent stated: "My input is that there is a very strong relation between HRM strategy and sustainability. I look at the discussion this way; the human resource management strategy is the ways and means of directing human resources in a SMART way in its implementation through agreeable set targets. In retrospect while coordinating sustainability in the planning process - one reassures that human resource management is deliverable in short, medium and long term for present and future generations in an operational environment that is ever supportive and improved".

While other respondent claimed: "Human resource management as any type of management for that matter is identifying, organizing, exploiting and discharging the components and tools needed to achieve a SMART objective by running a series of tasks efficiently, a temporary process, I believe. However when we consider the strategy or sustainability, it has a long term vision to deal with and thus it is more about policies and principles than targets and objectives. Analyzing the status of the organization, identifying it's long term needs and developing a dynamic, scalable organization structure to make the organization sustainable should be the human resource development strategy for any organization that looks forward to, not just sustain but grow in both directions".

Lastly, one of the respondents explained the term as: "Sustainable human resource means human capital strategies and activities that enable us to create skilled workforce, with representatives who live the core values and are motivated to achieve sustainable success for the company".

### **What are the sustainability goals? - Can you measure such results?**

The major objectives of the organization are defined in the Gorenje's mission: "We create innovative, technologically superior products and services inspired by design, which bring simplicity to the lives of our users".

In addition to Gorenje's policy for environmental protection, long-term and yearly objectives are determined for every production factory, which for the most part relate to diminishment of wastage, and utilization of water and energy. "Our corporate culture depends on the qualities that every representative is focused on. Our ethic, quality and environmental responsibility are strengthened with probity, openness, and loyalty, while creativity and sound ambition contribute for sustainable progress and expansion".

Another respondent stated: "We are concentrated on the accomplishment of operational superiority in various areas, extending from convenience and dependability of supply, decrease of inventories, increasing the effectiveness and efficiency of the processes, to work related wellbeing, safety and cost-effectiveness. We carried on the execution of the lean producing standards at all factories. These standards are implemented for reducing the days in stock and the normal stock levels, and enhancing the utilization of machines and coordination of production plants". At long last, the most imperative objective is to enhance the competitive advantage of the products and the overall company by "creating technologically superior products that convey a quality to the clients, energy efficiency, new materials, and ease of use".

All environmentally related elements are examined in the process of introducing new technologies and technological processes alongside with financial effectiveness, thus leading Gorenje to accomplish the long-term goals. Careful consideration is paid to decreasing the effect of completed appliances on the environment. Increases in energy efficiency have become Gorenje's constant development task and also a crucial competitive advantage of its items.

### **If yes, how? How does Gorenje measure its sustainability and environmental impact results?**

Gorenje continuously measures its environmental impact – and it publishes EMAS – environmental statement annually. As one of the respondents state: "The environmental effects are evaluated according to the environmental objectives – prerequisites identified with matters in appliances, deterioration of products, minimizing the amount of waste, rational use of

resources etc.”. This annual statement reviews the environmental impact of Gorenje’s work and products, and suggests corrective measures where needed.

Another interview participant declared: “Gorenje has developed corporate EHS management system and organizational structure appropriate for maintaining and continuous improving of the environmental, health and safety performance of all its operations as applicable for its business lines. The EHS unit also includes OHS and Fire Safety unit. The environmental management team, through its EHS Manager who is a member of the management board of the company, provides consulting, control, coordination, education, cooperation with authorities and performs operative goals for the entire Gorenje Group. Environment management of the manufacturing processes of each individual company is defined by internal documents and is responsibility of a designated management team”.

Consultation with local communities and national and local authorities is being conducted regularly, internally and externally, through different communication channels i.e. Gorenje regularly reports on its EHS performances through electronic and printing media including its web portal ([www.gorenje.com](http://www.gorenje.com)). These reports include, among others, annual Corporate Social Responsibility Report for Gorenje, EMAS Environmental Statement, EMAS Amendment of the Environmental Statement etc.

#### **b. Organization structure in relation to the environment and human resource management/development function**

##### **Where does the environment function “sit” within the hierarchical organizational structure?**

In Gorenje, environmental practices are planned primarily in Environmental Protection and Occupational Safety and Health department. The organization's management evaluates the adequacy of the environmental management system annually. The protection of the environment is an integral part of Gorenje's corporate governance policy and organizational culture. Along these lines, all strategy principles and policies in corresponding and coordination with the stakeholders also relates to ecological matters and occupational health and safety. One fundamental reason of communication with the representatives is to share with them the mission, vision, values, and strategy of the company, and furthermore the concerns about environmental protection and occupational health and safety policies, to incorporate and empower them, and to actualize these approaches. Communication about the environment is a crucial component of internal communication at Gorenje. Corporate commitment is crucial pillar of Gorenje's responsible behavior and it is aligned with the endeavors to preserve the environment. Gorenje’s outlook on the significance of ecological conduct is also translated

into strategy decisions of projects and organizations supported with donations and sponsorships. Every year a growing number of employees participate in training and educating projects, where special attention is paid on leadership, quality, change, technology, and so on.

As one of the respondents stated, “The environment function is integrated in all areas of Gorenje’s work, and the environmental concern is communicated to all of the employees. Starting from the corporate governance, organizations’ sub-divisions, managers and employees, Gorenje has a top-down approach to promote safe and environmental-friendly practices”.

Inventive and responsible behavior is characterized at both company and representative level. At personal level, it includes the behavior of the representatives and the managers and leaders who act as an example to the subordinates by showing what behavior is satisfactory and advisable at the organization. The Code characterizes the conduct in which the qualities are shown and reflected, regarding the general public and the nature, clients, consumers, and the brand.

### **Why is the environment function important?**

The company knows the thought of corporate duty to the community and the environment as an individual virtue and not exclusively as an organizational guideline. Consequently and in perspective of commitment to a broader social environment it ought to be emphasized that corporate social responsibility conjoin several areas of Gorenje's corporate connections. Also, the greater part of the management and a large number of representatives show commitment to the community. Gorenje owns many decades-long tradition of corporate social responsibility. At the beginning, the practices were centered on representative and the local community, but in time the practices expanded to other actors as well. “It almost goes without saying that we develop new production process and quality, environment-friendly products within global environmental protection and quality standards. More and more users are aware that such purchases represent a step toward both in caring for the environment and in quality living. The awareness will continue to increase. Whether we want to like it or not, the nature and our living performance needs will compel us to do so”.

### **What relationship does the environment function have with the human resource management/development; to what extent are they aligned?**

The fundamental function in the human resource development is to recognize the employees’ values, desires and ambitions, and to elevate them regarding the objectives of the employee and the objectives of the organization. That information can be gained by a various methods,

where Gorenje utilizes different systems and processes like IQ and knowledge tests and projects in the form of interviews. The quality of the assessment of the identity elements gives more detailed information and that increases the objectiveness of the process, because one source of data can sometimes bring just basic information or can lead to wrong estimations. For a long period the organization's management works on establishing a friendly working environment, on introducing cleaner technology and involvement of workers in the process of developing a pro-environmental culture. Regarding the sustainable development, the protection of the environment is considered in every Gorenje's production process from its establishment. The informing and training of employees about the protection of the environment, often related with training projects on health and safety at work, is extensive.

The environment preservation policy, the enthusiastic perspective of the leaders and the representatives, the diminishing of the resource usage, the usage of cleaner technologies and the minimization of the effects on the environment are reinforced by Gorenje throughout different methods of training and education in Slovenia and abroad, in everyday newspapers, in other open media and on the Gorenje web page.

As one of the participants stated, "The environmental aspect is an important part of Gorenje's human resource management. As a company with strong environmental-friendly attitude, Gorenje can't strive to accomplish its goals without full support of its employees".

**Employee engagement is a very important factor in this process, what initiatives are taken to improve the engagement of the employees?**

Gorenje knows that in order to succeed, has to concentrate on motivating its representatives. Employees cooperate in creating a culture of trust, respect, learning, and responsible and efficient work. Representatives with adequate knowledge and experience who are inspired and see an opportunity for their individual and professional advancement at Gorenje are the competitive advantage. Gorenje Group corporate culture is manifest in encouragement of openness of thinking and relations to different employees' views and opinions and customs in different business environments. It contributes to the integration of values into the business processes and to the advancement of responsible conduct of employees to themselves, their work, and the environment.

"By actualizing new safety ideas and continual developments in the ergonomics of the work environment, we are effectively reducing and minimizing the dangers at the work environment. We give preventive health caring programs and trainings on healthy and safe work, fire safety, and pro-environmental conduct. The organization of sports and recreation

activities is also significant for increasing them in fullness of representatives and their families about the importance of a healthy living”.

### **What are the drawbacks or negative impacts of developing a green business?**

The highly volatile and uncertain business environment, together with the alterations in Gorenje, forced the company to create a new strategy which will reflect the challenges of modern time and the challenges in the business environment. In addition to the development through inventive ideas, cost management is very significant in the home appliance industry. Gorenje’s management is mindful that realization of the 2020 strategy is even more significant than the strategic planning. Because of that, the management has already set specific activities in order to execute the objectives. This includes not only management of development and technological processes, information to the clients, sales organizing etc., but additionally a suitable hierarchy of the company and a strong corporate culture. Because of the effects from the continuously changing market environment, globalization, consolidation within the branch, lifestyle trends, and in particular the global economic crisis, Gorenje should persistently enhance its execution. In this way Gorenje reacts to the problems rapidly, productively and cost-effectively. Developing a green business includes many challenges.

As one of the participants said, “It is never easy to develop a green business. We encounter several challenges in this process – we have to develop close cooperation with authorities and experts, we have to train staff for new management systems and processes, and we have to be extra careful in designing the company’s goals and targets”.

### **c. Environmental and human resource management and/or development initiatives**

#### **Can you outline two or three human resource management/development initiatives that have been developed to address environmental challenges?**

Gorenje’s human resource initiatives are stated in the strategies. A lot of the initiatives include enhancing the proficiency of the administration frameworks, developing global entrepreneurs, supervising the representative’s remuneration frameworks and the work expenses, introducing standardized HR management tools, enabling and stimulating innovative culture environment etc. These duties are controlled at a group level by the corporate sustainability board. This board comprises of members of the groups’ management boards accountable for ecology and technology and the heads of the corporate center departments for corporate HR & organization, communications and environment & sustainability. The board has regular meetings with the purpose of establishing sustainable strategies and goals, adopting directives related to the sustainability of the organization and to decide on key initiatives. Gorenje



considers itself responsible for its practices and operations which influence the society, the local and the wider environment. Hence Gorenje continuously plans and improves its social commitment and responsibility. Carefully arranged and executed training and education contents for workers support the Gorenje Group efforts for business superiority, corporate social responsibility, and environmental responsibility. Responsiveness, openness to change, and ability to adapt in the field of training and education allow further growth, competitiveness, and sustainable development.

As one of the participants said, “At the Gorenje Group, 65 to 93 percent of all employees takes part in training and education every year. Last year, 83 percent of all employees were involved. Annually, we dedicated around 300,000 hours to education and training. In 2015, the number of training and education hours per employee was 30”.

Another participant claimed: “Education, training and promoting awareness of representatives and partners about their responsibility to the work and the broader environment is one of the most significant activities of the HR department”.

**More specifically: what was the goal of the initiative? Was the initiative in response to a particular challenge? What has been your involvement with the initiative? What actions were taken to develop, implement and evaluate the initiative? What has been the impact of the initiative? What was your managers' involvement?**

“Well, Gorenje has started the "Sparks" ("Iskrice") system with the intention of capturing, discussing and processing, and awarding inventive propositions proposed by the representatives regarding the appliances, processes and the work environment. Iskrice is well accepted and numerous representatives have been included in the process. A material prize is not the primal source of rewarding; rather acknowledgement by colleagues and knowing that a worker's skills have resolved a specific issue and enhanced the organization's exaction are viewed as more significant”.

Beginning in 2002, Gorenje established a system that rewards and realizes small proposals. The system is intended for all employees. “Since the system in Gorenje is extensive, we had to choose and identify areas where the system was being tested. Because the results were good, the system spread to other plants”.

Iskrice is supported by the use of the application, where users can access the system and keep records of useful proposals. Sparks consists of quickly realizable ideas or suggestions, for which no savings can be calculated and which do not require large investments. Sparks is useful for the employees in the company, but also has an impact on the quality of products and

work processes, increases the security workflow, improves the working conditions, improves the protection of health and environment, reduces operating costs etc. The system Sparks serves to encourage and motivate employees to communicate their knowledge and ideas.

Every person needs to achieve good performance boost. The stimulus is also rewarding good ideas. The system sparks contains several types of incentives on-line awarding of ideas (the winning ideas are good ideas that affect savings), bonus (within the system Sparks, there are semi-annually and annually awards for a number of useful proposals) and awarded managers and coordinators (according to the number of received and processed useful suggestions).

Expectations of Iskrice, of course, are different from the worker in the production or from middle and top management, but all of them have benefits regardless the working position. Iskrice's aim is certainly to encourage employees to think. Production workers expect improved working conditions, to work easier, increased working environment safety, empowerment, increased motivation, recognition for the success of the company, better understanding of the businesses and activities, better flow of information and increased efficiency. The middle management expects: easier work due to better cooperation with employees, clearly defined responsibilities, more opportunities for personal growth, increased efficiency, and more time spend on work that adds value, improved communication... Lastly, the top management expects increased employee's motivation, opportunities for learning and innovation, achievement of strategic goals, increasing of productivity and flexibility of businesses, increased customer satisfaction, increased competitiveness and profitability – which leads to long-term success of the company.

### **Is the concept of green incorporated in all HRM activities?**

#### **- Recruitment and selection**

The company's execution and market position rely on the company's capacity to attract, keep and inspire new representatives with a suitable qualifications and experiences. In addition, Gorenje's recruitment process involves giving scholarships to exceptional students.

As one of the participants stated, "Gorenje attracts new representatives through collaboration in various inventive programs with international organizations and schools and we endeavor to recruit the most skilled individuals and experts".

Gorenje continuously provides scholarships for young people from different educational backgrounds. The students which are granted with a scholarship have the opportunity of undertaking practical courses at Gorenje, and some of the representatives are also mentors to students.

“In the process of selecting job candidates, Gorenje analyzes candidates’ pro-environmental behavior and opinion as criteria for selection. When interviewing candidates or evaluating them for selection, environmental-related questions are asked”.

Another participant claimed: “We reflect the environmental policy and strategies of the organization in our recruitment policy. Also, we express our environmental values and the preference of the organization to recruit individuals who have the capability and the attitude to join the corporate environmental management initiatives too”.

### **- Performance management**

One of the participants stated, “For the purpose of developing HR in the most effective way, we have established a performance management framework and we utilize different approaches of assessment and advancement such as assessment of competence and capabilities. Successful representatives are nominated as key employees. They are given the opportunity to work on more demanding projects and work positions. High-achieving workers also may partake in Gorenje Group global training programs at the Corporate University of Gorenje”. Examining employee’s skills, assessing objective achievement, setting new objectives, and continual supervision and support by the leaders in the execution of the activities set for every representative is the foundations of the procedure of performance management at Gorenje. Gorenje introduced the procedure of guaranteeing goal execution and annual meetings as a key instrument for the performance management process. During the training, leaders dedicate most of the time to explain and set quantifiable objectives. Gorenje offers extended support to effective implementation of the procedures by setting up the structures, directions, and questionnaires.

“We consolidate the significance of the yearly interviews as a crucial tool for effective leadership. The yearly interviews are the premise for the assessment of the execution or appraisal, objectives determining, progress planning, training, etc. Through the yearly meetings, we discuss the strategic objectives to each worker and specify the conduct originating from the values and which is needed for achieving the set objectives”.

Gorenje has created and established a competence model that presents the behavior Gorenje wants to motivate all workers and the conduct related with improved corporate execution. Gorenje makes an effort to encourage collaboration and correspondence, innovative critical thinking, responsibility, positive approach to problem solving, and productive planning and implementing of the objectives which are set. Gorenje has also established a competence model for the managers, which involves explanation of the behavior that enhances and displays the wanted qualities of the leaders in a way that prompts resourcefulness, orientation

on advancement of colleagues, effective planning and deciding, networking, cooperating and pro-environmental behavior.

### **- Training and development**

Gorenje offers various types of training and education for its representatives. Gorenje is encouraging them to gain and exchange knowledge and experience, to enhance their abilities and expertise so they can adjust more rapidly to the requirements of the market and the business environment. Another method for gaining knowledge, associating businesses with different backgrounds and sharing the corporate identity is Gorenje's Corporate University. It is intended to promote intellectual capital, efficiency, productivity and increase the competitive advantage of the company and it is a vital tool for employee advancement.

Keeping in mind the end goal to enhance the adaptability of manufacturing and its procedures and boost the execution of the lean fabricating system to all of Gorenje's plants, Gorenje in 2014 conducted the School of Lean Manufacturing and many more projects lean production. One of the participants' states: "The Gorenje Create Academy program was established last year as a part of the company's Corporate University of Gorenje. In order for the company to gain the most recent theoretical and practical knowledge and competencies for the creative process leading to new innovative products, they combined their efforts with three famous universities: Delft University of Technology, the Netherlands; Chalmers University of Technology, Sweden; and University of Ljubljana, Slovenia. With such cooperation, Gorenje provides insight into the challenges faced by an international company in the global markets in a mature industry such as home appliances".

The system is based on the principles of a learning organization as Gorenje knows the significance of highly educated, skilled, and trained employees and their impact on development, growth, and competitiveness in a challenging and unpredictable international business environment in which it operates. In the new Gorenje Group Strategy 2016 - 2020, investment into employees and human resource development remain among the Group's important business platforms for attaining long-term strategic goals.

### **- Compensation and rewards**

Gorenje's management strives to create a very loyal workforce. This loyal workforce is held by exceeding the social expectations and constant communication with the workers and their organizations. Gorenje's management has stressed that facilities are such that all employees feel welcomed and comfortable, and equipment, furnishings etc. are the best that can be

provided. Employee benefits include extensive continuing education (lifelong learning), annual interviews, preventive medical checkups, recreation, free meals, jubilee awards etc.

These lead to a certain level of devotion on both the part of management and employees. Main objective of the remuneration system of Gorenje is to enhance the business strategy and vision of the company, the promotion of the organizational culture and to internalize the values that lead to success and increasing the competitiveness on the market. Gorenje strives to become the most innovative manufacture of home appliances in the world, and for achieving of this objective their reward system is above all focused at encouraging creativity and innovation, making improvements proposals to existing processes, etc.

“We find ourselves in an environment where the only constant is change and the responsiveness is necessity and because Gorenje is aware that the success is relied on the conducts of the personnel, we continuously invest in our employees, providing them with constant education and training and in this way there is also system oriented on salaries and remuneration of the employees who are paid according to the level of education and type of work they do and are rewarded according to how well the work is done”.

Annual interviews with direct managers set goals in line with personal expectations and the expectations of the company, and then depending on the realization of the objectives the employees are suitably rewarded. Objectives and performance assessing include professional and personal development, innovation and creativity of the employee. Quantity, quality and cost of work are assessed on a monthly basis and also employees' progress throughout the year is monitored.

### **- Employee relations**

Gorenje recognizes how critical both the individual and the ambience are in the everyday life of the organization. That is why encouraging innovation, improving the employee's relations, and following novelties using soft methods of management are part of Gorenje's corporate culture. The purpose behind conveying and supporting effective communication with representatives are to convey to the representatives the company's vision, mission, qualities, values and strategies, to guarantee that the planned advancement of workers is in accordance with their abilities, to develop positive work environment, to encourage inventiveness of representatives, to establish a proactive management, to stimulate collaboration and entrepreneurship of representatives and so on.

With the above goals in mind, Gorenje publishes the Pikana G magazine and the info. g weekly bulletin, for the representatives of the company which is consisted of a diverse

hierarchical structure and diverse scope of work. Gorenje publishes GIB monthly magazine, informing on the accomplishments of representatives and on their commitments. Gorenje's workers are empowered to present their ideas and concerns in special boxes, through open telephone or e-mail, or attend open door days with the president.

“We know that the attitude of the individuals and the working environment greatly influence the daily functioning of Gorenje. Because of that, encouraging innovation, strengthening employee relations, and following the newest managing and administration techniques are important element of the corporate culture. On the other hand, representatives are acknowledged and remunerated for their execution, based on the set goals, and the constructive criticism and review through the personal interviews”.

#### **d. About you**

##### **What environmental practices are important to you?**

As expected, all of the participants have different opinions on which environmental practices are important to them. One of them claimed: “I think the most important thing is environmental awareness. Once the organization commits to be environmental friendly, spreading awareness is imperative. After the organization becomes mindful of the environment it can start with educating those around it. After the decision was made, the organization can describe its significance to the society, partners, clients, customers etc., develop useful communal activities, and find more causes to support”.

Another one has a different opinion on the matter: “The organization should evaluate the impact it has on the environment. Then, by setting achievable goals it should strive to achieve sustainable development. Even small changes can have a tremendous impact on the health and environment”.

Lastly, one of the interviewed participants said: “It is not a question of willingness anymore, it must be. The customers are more and more concerned about energy efficiency and green production. If the company strives to be competitive, it must be prepared to invest in production quality and safety. Gorenje is not just concerned with pro-environmentalism in the organization, but in the everyday lives of its employees”.

##### **What do you perceive as the main levers to achieve positive environmental impact (prompt behaviors, systems, processes, regulations etc.)?**

“We have a long history of sustainability and using of advertising and market research to encourage changes in the behavior. The issues are quickly advancing. We definitely don’t have all the answers. For achieving sustainability in all areas of living all people need to cooperate and be daring and energetic in the vision for the future. We trust that enterprises and brands have a crucial part in this process”.

Another participant stated: “Leaders who lead ethically are good examples, imparting the significance of principles, considering the representatives responsible to those principles, fundamentally establishing environments in where others work and live. Leadership may be a standout amongst the most critical levers in a system planned to support pro-environmental behavior”.

Another participant considers the corporate culture as a main lever for achieving positive environmental impact: “The standards and regulations serve to direct the organization on the right path for resource usage and reducing the impact to the environment. Systems and processes in the organization can designate certain rules of conduct and desirable and required behaviors. However, if the corporate governance and the management don’t communicate a clear message that the environment is of paramount importance to the organization, the organization will hardly achieve true environmental impact”.

### **What are your ambitions in the field of sustainable eco-friendly strategic HR?**

“I see clear advantages for me and my colleagues to spend time and energy on sustainability initiatives. I like to promote effective cooperative relations within the organization to promote sustainability, and I think these organization practices of sustainable human resource management could be an example for other organizations”.

Another participant stated “Sustainable business activities progressively show on the radar of companies around the globe on account of changing public perception. A significant number of organizations now realize the benefits of sustainable business practices and agree that these practices create long-term shareholder value. Often, organizations fail to implement sustainable business practices due to poor coordination with the strategies, lack of support from the leaders, insufficient comprehension and contribution by the representatives and nonexistence of proper methods and procedures that standardize sustainable working. The human resources should assume a crucial part in achieving the key success factors for executing sustainable business operations”.

The interview analysis shows a deep commitment to sustainability and environmental awareness of Gorenje’s managers and employees. Firstly, sustainability and environmental

protection are strategic priorities of the organization. The long term planning includes aspects of environmental protection and perseverance. The organization is based on corporate responsibility. Gorenje continuously invests in development, innovation and operational excellence. The company fully complies with the ecological standards and regulations, measures the environmental impact and suggests corrective measures when needed. There is a strong correlation between HRM and sustainability, and the concept of green is integrated in all areas of HRM work. The pro-environmental commitment, values and environmental functions are integrated in all areas of work and communicate to all the employees. The employees are also encouraged to give suggestions, and the employee's engagement is an important part of Gorenje's green strategies. Lastly, although Gorenje is aware of the challenges rising from developing and promoting green business, the employees are committed to achieve the sustainability goals. Overall, the results can be summarized in the following table:

Table 2: Key Findings from the Interview Process

Gorenje is aware of the importance of developing and executing a sustainable strategy
The managers are aware of the challenges of developing a green business, but continuously strive to accomplish the sustainability goals
Pro-environmental commitment in all areas of work
The organization culture is oriented on environmental responsibility
The green concept is incorporated in all HRM activities
There is a strong link between HRM, sustainability and green practices
There is a strong correlation between HRM strategy and sustainability
Gorenjes' corporate sustainability board includes members of various HR functions
Gorenje continuously monitors the environmental impact
The environmental aspect is an important part of Gorenje's HRM
Gorenje reflects the environmental policy and strategies of the organization in the recruitment policy
Gorenje has established a competence model that presents the behavior Gorenje wants to motivate for all workers and the conduct related with improved corporate execution
Gorenje is focused on improvement and innovation
Managers strive to turn crises into opportunities
Leaders act as a role models communicating the importance of achieving a true environmental impact
Gorenje shares and communicates the values to all of the employees
Gorenje allows various types of training and education for its representatives, including education on pro-environmental practices
Gorenje encourages and motivates employees to give proposals



#### **4.2.4 Recommendations**

Gorenje introduces sustainable and pro-environmental practices at all levels of the company's governance – from the corporate governance, to the overall management, including the human resource management, through which, most often, Gorenje influences the practices and behaviors of all of the employees. Ultimately, by developing products that are efficient and which comply with the ecological standards, Gorenje affects the practices of its end-users. Having in mind that Gorenje is spread across many countries, and constantly strives to increase its revenue, attention should be paid that all of the Gorenje's subsidiaries follow the example of Gorenje Slovenia. Also, another challenge arises from the fact that regulations and standards constantly change and tighten, so Gorenje should work towards even more ecologically aware and green products. Another big step would be sharing the knowledge and experience, so other companies can follow the example of Gorenje's success. Gorenje can help by educating other managers on the human resource practices it implements, so they can achieve greater involvement of the personnel and can work towards more sustainable and green businesses. Regarding the internal practices of Gorenje Group, besides the constant improvement and innovation of products, Gorenje can work towards minimizing the company's impact on the environment, by setting descending thresholds of the company's environmental aspects – emissions, waste, energy resources, materials etc. Lastly, Gorenje can encourage and reward the employees who implement pro-environmental practices, for example by motivating them to do charitable work, to ride bikes to work or take the public transportation, recycle etc.

## **CONCLUSION**

The above analysis recognizes that the significance of green human resource management practices is crucial to increase the employees' motivation and this may be advantage for both the organization and the employee. Some of the advantages that an association can accomplish as an after effect of presenting green human resource management standards in its management include:

1. Increasing the ability to retain the employees
2. Increasing brand recognition and improving the status of the company
3. Attraction of most suitable representatives
4. Increasing the efficiency and sustainability
5. Minimizing or reducing the negative impact of the organization
6. Improving the competitive position and leading to a superior performance

More associations now understand the significance that sustainability has on their competitive position, status, and capacity to draw in and hold talent. Aware of their financial, social, and environmental effects, reasonable associations now search input from a wide set of actors — both internally and externally — in molding their business systems and procedures. The human resource management has a crucial part to play. Using the human resource abilities in organizational procedures, change management and culture shaping, human resource management can help make and actualize sustainable business methodology all through the company. Not only human resource must become capable at using human resource management tools to implement the sustainability strategy, but also the mission in the organization should additionally learn how to change itself, so that its effect on workers, teams and different partners align to the vision for sustainability of the organization.

The purpose of this thesis was to investigate how the concept of green management can be positioned as part of the human resource function. As an example of successfully incorporated GHRM practices and sustainability programs, the case of Gorenje was investigated. The Gorenje vision incorporates the advancement of the quality of life and the responsibility for the surroundings. Gorenje's strategic plans involve a solid stance as a pro-environmental manufacturer, which has brought developments and reduction of the resource and energy consumption. Through the integration of new materials, procedures and advancements that reduce destructive effects on the surroundings, Gorenje works according to the newest environmental regulations. Environmental management influences the designing and executing of the appliance development and the related production processes. The environmental friendly approach and its application in all human resource practices is that what makes Gorenje one of the leading companies in Europe.

For a better review of the green human resource practices of Gorenje's Group, a qualitative study was performed. Structured interviews with seven employees from different managerial positions were conducted in April 2016. The interviews were divided into 4 research areas with a total of 17 questions. The interview participants confirmed the conclusions gained from the theoretical part. Managers have a determining role in implementing an environmental management system in an organization. Gorenje's human resource management develops strategies to foster proactive environmental management through strong and highly visible top management commitment, development of training programs, strong internal environmental communication, development of green production and products, creation of performance evaluation and reward systems, implementing green programs and continuously improves in the area of environmental management.

As in the case of each research, this research also encountered certain limitations. First, further improvements can be done with increasing the number of participants. The future researches could also take into accounts the views and practices of employees from different

organizational positions. Also, all of the managers who took part in this research are employed in Gorenje Slovenia. Involving employees from the other subsidiaries would also contribute in a better overview of Gorenje's green human resource management practices. Due to lack of time, the interview process was conducted by e-mail, thus limiting the number of interview questions and the personal factor in the interview process. Further researches can also analyze several companies with different industry backgrounds, in order to gain insight on how GHRM differentiate depending on the company's scope of work. Despite the shortcomings, this research sets up a framework for analyzing the GHRM practices undertaken in large corporations, with an emphasis on how the "green" and the "HR" in the organization to be integrated.

Indeed, there are many gaps to be filled in terms of green human resource management, and theoretical and empirical research is needed in order to extend the knowledge on green human resource management. Notwithstanding, the green concept is becoming more and more important in the business environment, and human resource management will have a crucial part in translating green policies in practice.

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## **APPENDIX**



## **Appendix A: List of Questions from the Interviews**

### **Research Themes and Specific Questions**

#### *Organization Strategic Priorities and Context*

1. What are the major strategic issues or challenges facing the organization at a national and local level, including environmental and human resource management/development (examples might include cultural, operational, systems)?
2. Can you outline two or three examples (initiatives) of how the organization is addressing the issues or challenges associated with environmental sustainability (national or local initiatives)?
3. To what extent are environmental and human resource management/development approaches influenced by key stakeholders (such as headquarters, local regulators)?
4. What is your vision on 'sustainable' strategic human resource management?
5. What are the sustainability goals? - Can you measure such results?
6. If yes; how? How does Gorenje measure its sustainability and environmental impact results?

#### *Organization structure in relation to the environment and human resource management/development function*

1. Where does the environment function 'sit' within the hierarchical organizational structure?
2. Why is the environment function important?
3. What relationship does the environment function have with the human resource management/development; to what extent are they aligned?
4. Employee engagement is a very important factor in this process, what initiatives are taken to improve the engagement of the employees?
5. What are the drawbacks or negative impacts of developing a green business?

#### *Environmental and human resource management and/or development initiatives*

1. Can you outline two or three human resource management/development initiatives that have been developed to address environmental challenges?
2. More specifically: what was the goal of the initiative? Was the initiative in response to a particular challenge? What has been your involvement with the initiative? What actions were taken to develop, implement and evaluate the initiative? What has been the impact of the initiative? What was your managers' involvement?
3. Is the concept of green incorporated in all HRM activities?

- 3.1 Recruitment and selection
- 3.2 Performance management
- 3.3 Training and development
- 3.4 Compensation and rewards
- 3.5 Employee relations

*About you*

1. What environmental practices are important to you?
2. What do you perceive as the main levers to achieve positive environmental impact (prompt behaviors, systems, processes, regulations etc.)?
3. What are your ambitions in the field of sustainable eco-friendly strategic human resource?