



European Research

on Management and Business Economics

www.elsevier.es/ermbe



Pressures for sustainability and strategic responses on employment relationships: The role of the HR manager

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ARTICLE INFO

Article History:

Received 25 July 2022

Revised 29 May 2023

Accepted 31 May 2023

Available online 7 June 2023

Keywords:

Institutional pressures for sustainability

Sustainable strategic commitment

Employment relationships

HR manager's role

JEL classification:

M10

M14

M51

ABSTRACT

The study objective was to show how a company's internal factors, such as organizational commitment and HR manager role can affect the establishment of different employment models towards sustainability. Specifically, we defined a model that analyses how an organisation's external (Institutional Pressures for Sustainability, or IPS) and internal factors (Sustainable Strategic Commitment, or SSC) can influence a company's Employment Relationships (ERs)— i.e., the relationships between employers and employees. We tested our hypotheses on a sample of 145 Spanish companies conducting multiple regression analyses as well as the moderation and mediation test using PROCESS (for SPSS v3.5). The results showed that despite the direct influence of IPS on ERs, a company's commitment and/or contribution towards sustainability plays a major role, as the latter constitutes the mechanism through which IPS enhance ERs. Furthermore, our results confirm the HR manager's significant role in fostering a company's strategic commitment to sustainability, thereby reinforcing the relationship between IPS and SSC. Consequently, HR management can develop a set of ERs better suited to a sustainable model, that is, one which encourages long-term commitment (Mutual Investment).

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1. Introduction

Sustainability has become a major priority, and organisations are therefore under increasing pressure to incorporate sustainability into their business management (Westerman et al., 2020; Wijethilake et al., 2017). As social institutions, organisations are directly affected by the society in which their activities take place (DiMaggio & Powell, 1983; Whitley, 2006). Their market position and organisational success largely depends on how they adapt to the pressures of their environment and on their degree of compliance with its requirements (Donaldson & Preston, 1995). Institutional theory explains that firms will conform through a process of isomorphism (DiMaggio & Powell, 1983), to the formal rules and unwritten norms of specific institutional contexts to gain legitimacy (Haveman, 1993; Kostova & Roth, 2002; Marsden, 1999). In this respect, Institutional Pressures for Sustainability (IPS) considerably influence many organisational decisions, including those in the field of human resources (Baker & Schaltegger, 2015).

In the field of Human Resource Management (HRM), the business context is currently pushing companies towards designing and implementing more sustainable people management models in which social values predominate (Stahl et al., 2020). Environment demands have an impact on HRM as they are fostering improvements in employee working conditions and employment quality (Alqudah et al., 2022; Díaz-Carrión et al., 2018, 2021; Loor-Zambrano et al., 2022). As stated by Van Buren (2020), certain changes are currently challenging the structure and management of employer-employee relationships, i.e., Employment Relationships (ERs), thereby leading to the determination of how ERs benefit both employers and employees. Institutional Pressures for Sustainability should lead to an ER model shaped by social principles – such as objectivity, justice, and transparency. The latter yields a more sustainable ER model that faithfully reflects the company's contribution to sustainability.

It should be noted, however, that each organisation is embedded within both an external institutional environment and within its own internal institutional environment, which is marked by the values, structures, systems, and processes established in the past (Paauwe, 2004). Any policy implemented within the company, including that related to ERs, is determined not only by the IPS, but also by an organisation's degree of strategic commitment to

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sustainability (Clemens & Douglas, 2005; Farndale & Paauwe, 2018; Oliver, 1997; Tenbrunsel et al., 2000). Therefore, a company's type of employment model (ER) depends not only on IPS, but also on the influence of a company's strategic commitment to sustainability, and on its organisational values related to sustainability.

Previous works have shown the relationship between HRM and sustainability (e.g., the review by Anlesinya & Susomrith, 2020) and a number of authors have focused on analysing sustainable HR practices (Aust et al., 2020; Barrena-Martínez et al., 2019; Díaz-Carrión et al., 2018). These studies show a deep concern for developing a socially orientated form of HRM, underlying how HRM systems (both socially and in terms of HR policies and practices) can play a major role in promoting employee well-being, while simultaneously developing Sustainability regarding an organisation's economic, social, and environmental outcomes (Rincón-Roldán & López-Cabrales, 2022a). Other authors have centred on an organisation's responses to institutional pressures in terms of sustainable HRM strategies. For example, López-Cabrales and Valle-Cabrera (2020) highlighted the existence of various sustainable corporate strategies that may explain an organisation's involvement in social, economic, and environmental issues. In this line, Rincón-Roldán and López-Cabrales (2022b) show that ER models have an impact on sustainability and can achieve positive economic, social, and environmental results.

Nevertheless, although the literature supports the fact that sustainable HRM models play a significant role regarding external environments (Farndale & Paauwe, 2018; Paauwe & Boselie, 2003), the subject of the essential role of companies' internal forces has barely been addressed. According to Wijethilake and Lama (2018:152), companies should ascertain the reasons behind their sustainable core values, whether they are driven by internal motives or pressures from outside stakeholders. Relating to the strength of HRM systems, Díaz-Fernández et al. (2020) show that certain ERs are more developed than others depending on organisational support perceptions and the way in which HRM systems are implemented. Specifically, regarding sustainability, Wijethilake and Lama (2018) show that a greater degree of incorporation of sustainability practices into an organisation's core values facilitates the management of sustainability. In this respect, the authors draw attention to the active role of HR managers: indeed, corporate strategy can affect an organisation's ERs. Mayrhofer et al. (2019: 367) noted for example that if managers desire legitimacy and effectiveness, the role of managerial autonomy needs to be clarified. In this regard, an HR manager can play a fundamental role in this perception of pressures and can thus become a key figure in incorporating sustainability into the business strategy. That is, HR managers are capable of influencing how IPS affect ERs for sustainable development.

Based on the above, the study objective was to build a model that included the external and internal factors that underlie how the environment (IPS) influences ERs through an isomorphic process (as an external mechanism) – that is, through the transfer of values to an organisation's structure, strategies, and practices (DiMaggio & Powell, 1983). In so doing, we also analysed the company's internal forces when testing the mediating role of a company's strategic commitment to sustainability, taking into account the role of the HR department in shaping a general strategy committed to sustainability.

This work makes several contributions to the literature. First, we capture how an organisation and its context influence each other under the umbrella of sustainability, that is, we describe the IPS that drive companies to adopt socially responsible behaviours. Second, we show how personnel management plays an active role in responding to market forces, by highlighting positions of conformity or differentiation with respect to the institution. The latter determines the degree of commitment with which *sustainability* is incorporated into the business strategy. Finally, we set out a model that embraces all the variables. It allows testing mediation and moderation effects in order to better explain an organisation's relationship between IPS and the type of Employment Relationships (ERs as

people management models). Taken as a whole, the model contributes to explaining the relationship between HRM and sustainability

2. Literature review

2.1. Institutional pressures for sustainability (IPS) and employment relationships (ERs)

Institutional theory posits that organisational survival is primarily based on conforming to social norms of acceptable behaviour (DiMaggio & Powell, 1983). A key challenge faced by organisations in today's rapidly changing environment is how to implement management practices that capture Institutional Pressures for Sustainability (IPS) coming from multiple stakeholders (Baker & Schaltegger, 2015; Bansal & Roth, 2000; Ozdora-Aksak & Atakan-Duman, 2016; Westerman et al., 2020). These stakeholders exert pressure on companies to pursue high standards of social responsibility, including amongst others: preventing abusive working practices, complying with human rights standards, and the payment of minimum wages. The way organisations respond to these IPS has become decisive in how effective their response is to sustainability challenges and the gaining of social legitimacy (Wijethilake et al., 2017). Organisational inability to comply with institutional pressures can have negative consequences such as loss of earnings, a damaged reputation, and cancellation of a licence to operate (Oliver, 1991).

Organisations have to address IPS, and as a result, many organisational decisions, including HRM practices, can be affected by these institutional pressures (Paauwe, 2004; Wijethilake et al., 2017). Institutional theory provides a meaningful lens through which to conduct HRM research (Lewis et al., 2019). A conceptual study that integrates institutional theory and HRM research is that of Wright and McMahan (1992). The authors describe four institutional mechanisms through which the institutional environment influences HRM practices: (1) laws and regulations; (2) authorisation or legitimisation from superordinate entities; (3) external rewards; and (4) imitation of others to achieve legitimacy by using underlying isomorphic forces, such as coercive, normative, and mimetic mechanisms. The arguments set out by DiMaggio and Powell (1983) describe these coercive, mimetic, and normative forces. *Coercive mechanisms* result from pressures exerted by other organisations, such as the legal system's regulatory bodies (Kreuzer, 2017). Regarding sustainability, these pressures originate in Government action via the promulgation of Laws, as well as in the directives dictated by the European Union to achieve Sustainable Development. How a company seeks compliance with legislation, or the avoidance of legal consequences, may affect the different degrees of implementation of certain organisational practices. *Mimetic pressures* refer to situations of uncertainty in which an organisation imitates the practices of companies perceived as more legitimate. In such cases, companies that fail to respond to mimetic pressures may suffer a competitive disadvantage. In this respect, if a large number of companies act in favour of sustainability, such behaviours would be legitimised, thereby putting pressure on other organisations to do the same to avoid being perceived as less responsible (Aguilera-Caracuel & Guerrero-Villegas, 2018). Finally, *normative pressures* refer to the adoption of practices consistent with the training, university specialisation, values, and beliefs of members of professional networks and professional associations. The latter can become instrumental in expanding management trends or innovative measures, such as sustainability (Wijethilake et al., 2017). Organisations must address IPS, so the orientation of HR practices and systems may be conditioned by IPS.

The way people are managed – especially the way in which employment relationships are managed and structured (Greenwood & Van Buren, 2017) – has both organisational and ethical implications (Longoni, 2014; Van Buren, 2020). The environment influences an organisation's internal relationships and promotes the implementation of labour relationship exchanges based on responsible behaviour (i.e., well-being, fairness, distributive justice, respect for rights) (De Prins et al., 2014). Employment Relationships analyse the

exchange established between the behaviour desired by the firms' management and the inducements offered in return. According to the literature above (Rincón-Roldán & López-Cabrales, 2022b:389), ERs can be defined as an exchange relationship: the employer hires a workforce to produce goods or services in order to obtain a profit, and employees provide services against (monetary or non-monetary) remuneration. Several studies have demonstrated that certain HRM practices significantly contribute towards improving employees' sustainable behaviour (Buller & McEvoy, 2016). For their part, ERs go one step further (Wright et al., 2001): they provide information on the inducements offered by the firm and on the performance expected by the organisation.

The ER model referred to in this study was proposed by Tsui and Wu (2005). It compares the inducements offered by the employer with the manager's expectations regarding the employee responses to such incentives. It determines four possible types of ERs in an organisation which can be grouped into two categories: unbalanced ERs (underinvestment and overinvestment) and balanced ERs (quasi-spot and mutual investment).

Unbalanced ERs can in turn be classified as underinvestment and overinvestment relationships. In an *underinvestment relationship*, the employer invests little in personnel yet still demands considerable contributions from employees (Tsui & Wu, 2005; Wang et al., 2003). The inducements offered to employees in terms of career, training, and compensation do are limited in scope to the firm's short-term survival as well as strict and minimum compliance with the law (López-Cabrales & Denisi, 2021; López-Cabrales & Valle-Cabrera, 2020). Consequences include a high turnover, a negative work environment, and increased absenteeism (Tsui et al., 1997). This ER type has thus no place in organisations managed according to sustainable development principles and values, in which investment in human resources is essential (Docherty et al., 2002). An *overinvestment relationship* occurs when the incentives offered to employees surpass the employees' contributions. This type of relationship may be based on the firm's trust in the employees' future contributions, but it may also involve unnecessary risks, due to excessive costs, a certain degree of labour conflict and absenteeism, and a lack of social legitimacy towards stakeholders (Bornay-Barrachina et al., 2012). Such a scenario is therefore not conducive to promoting an organisation's sustainable development (Shaw et al., 2009). A *quasi-spot contract* is a balanced model where both the offered inducements and contribution expectations are relatively low (Tsui et al., 1997; Wang et al., 2003). This ER has a clear short-term orientation and represents a purely economic exchange (Tsui & Wu, 2005): it contributes little to an organisation's sustainable development as it is mainly focused on complying with regulations (Rincón-Roldán & López-Cabrales, 2022b). Finally, *mutual investment* is a balanced ER, but contrary to quasi-spot contract ER, the mutual investment model is long-term orientated, the company offering generous inducements to employees and expecting high work performance (Tsui et al., 1997). In other words, mutual investment ER is based on a win-win workplace philosophy: the employer treats employees well, but also expects a lot from them in return. This kind of relationship focuses on training and development practices and provides both career opportunities and high levels of pay and benefits (Bornay-Barrachina et al., 2012).

The above arguments highlight the specific characteristics of diverse types of ERs (underinvestment, overinvestment, quasi-spot, and mutual investment) in terms of what companies offer to workers and what is expected of them. On the other hand, the influence of IPS on sustainable organisational behaviours must be taken into account, as IPS condition a company's existing ERs. If organisations aim to be more sustainable, then they must encourage greater commitment amongst their workers. Schramm (2011) stated that an organisation's sustainability is strongly related to the way in which its employees work. In this respect, the employer-employee exchange relationship can influence an organisation's sustainable development. A mutual investment ER

focuses on a sustainability-centred philosophy and values: communicating preferred behaviours promotes social and career investment more than monetary benefits (Rincón-Roldán & López-Cabrales, 2022b). The employment relationship is based on mutual commitment, trust, loyalty, and equity between employer and employees, since it supports sustainable behaviour (Roca-Puig, 2019).

In this respect, the following hypothesis was advanced:

- *H1: A relationship exists between Institutional Pressures for Sustainability and Employment Relationships where IPS are positively associated with mutual investment ERs, and negatively associated with underinvestment, overinvestment, and quasi-spot contract ERs.*

2.2. Sustainable strategic commitment: the mediating role

Today's business context is characterised by strong institutional pressures related to sustainability. It has been argued that such a context could be forcing companies to design and implement organisational forms associated with employment models similar to that of Mutual Investment ERs. In the latter, employment relationships offer high incentives to employees against reciprocity (i.e., they have high expectations regarding what employees provide in return). This series of pressures could be understood to be conducive to more sustainable model.

Nevertheless, not all organisations are subject to similarly intense pressures (Scott, 1995). The way in which these pressures are perceived determines variations in their degree of influence on different organisations (Busenitz et al., 2000; Kostova & Roth, 2002; Teo et al., 2003). The presence of institutional pressures does not necessarily mean that organisations view the institutional environment as restrictive, but rather that organisations can play an active role and incorporate, in this case, a commitment to sustainability as a strategic choice (Oliver, 1997). As underlined by Farndale and Paauwe (2018), any decision that is incorporated into the company is determined not only by external pressures, but also by pressures exerted within the organisation itself. The issue here is that these two variables (institutional pressures and internal components) do not function separately. Therefore, in this work, we argue that a company's type of employment model (ER) depends not only on IPS, but also on the influence of a company's strategic commitment to sustainability, or on its organisational values related to sustainability.

Institutional pressures lead organisations to consider ethical principles when shaping their corporate culture and designing their strategies of commitment to sustainability. These values and attitudes relating to sustainability are then integrated across the organisation (Wang et al., 2018). This set of values can be understood to have been influenced by pressures from different stakeholders, including government, competitors, and the community (DeSarbo et al., 2005). Institutional pressures could therefore be understood as the original factors that influence organisations to consider sustainability. Presuming that complying with the law does not require the assimilation of the sustainability concept, the latter is taken as the first step towards achieving an organisational contribution to sustainability.

Empirical evidence supports the proposition that organisations tend to integrate sustainability into organisational strategy as a means to address sustainability issues. For example, Lenssen et al. (2014) propose that sustainability issues should be managed at distinct levels (organisational, individual, sectorial, national, and supra-national). Jollands et al. (2015) show that companies use sustainability-orientated core values as a management control system for sustainable development. A set of studies lead to the assumption that a company's strategic commitment to sustainability supports a specific ER model. This set encompasses the whole HRM system, pursuing a horizontal fit and internal coherency within the practices and their synergies (Kepes & Delery, 2007), thereby favouring one type of ER or another. Specifically, we believe that companies

committed to sustainability “take care” of their employees and try to retain talent, expecting positive results, commitment, and motivation from workers in return for the established incentives (López-Cabrales & Valle-Cabrera, 2020). The concept of sustainability and ERs involves lifetime employability (De Prins et al., 2014). These companies offer training and career development, are committed to equal opportunities and non-discrimination, thus motivating employees to achieve individual objectives aligned with those of the organisation. Specifically, in the case of certain sustainable HR practices, the best-orientated recruitment and selection processes would consist of hiring employees who are ready to implement and interpret the “best” sustainability practices. For example, in an environmental framework, Boiral (2002) and Rothenberg (2003) suggest that candidates should have previous knowledge of the implementation practices that prevent any adverse environmental impact. The organisation develops objective and fair recruitment and selection processes, provides unbiased information and, amongst other actions, implements practices that improve employee well-being, long-term commitment, and loyalty. Such practices could be considered sustainable. Therefore, an essential resource to develop a specific ER marked by both strong incentives for employees, and high expectations of employees also consists of the following two factors: a company's degree of strategic commitment to sustainability in response to external pressures; and the extent to which organisations integrate sustainability components such as environmental integrity, social equity, and economic prosperity into core values (Wijethilake & Lama, 2018).

These types of organisations will thus seek to develop a business approach that involves ERs based on strong incentives, as expressed in the following hypothesis:

- H2: Sustainable strategic commitment mediates the association between institutional pressures for sustainability and Mutual Investment ERs.

2.3. Institutional pressures for sustainability and the strategic commitment for sustainability: the moderating role of the HR manager

Although not legally mandatory, as mentioned previously, the incorporation of sustainability into business management is no longer a matter of choice. Triggered by various institutional pressures, the adoption of different strategies generates an external legitimacy (Deephouse, 1996, 1999) that grants stability and longevity to the organisation. However, institutional theory overlooks the role that human agency – i.e., the active role of decision-makers (Colomy, 1998) – plays in this organisation-environment relationship (Oliver, 1991). Top management, senior and lower management, and work councils, amongst others, react to market forces by marking a position of conformity with, or differentiation from the institutional environment (Goodstein, 1994). Such a set of behaviours would, according to the arguments hitherto exposed, determine the degree of commitment to the integration of sustainability into the company's general strategy. There is thus room

for sustainability in strategic choices, and the active role of human agency remains essential (Paauwe, 2004).

Kochan et al. (1984) established that the main actor of human agency regarding strategic issues is general management, as it focuses on efficiency objectives. However, as indicated in the literature, human resources' strategic role must be aligned with this general management (Brewster & Larsen, 1992). Human resource departments directly depend on general management and have the same status, as do the rest of the functional departments. They administer employees, labour relations, the management and development of human resources, and the organisational culture (Brewster et al., 1994). The HR manager takes part in defining and implementing HR policies in the manner established by the company strategy.

The HR department has a strategic position that is transversal in nature, because the function of HR covers a company's various departments. Precisely because of this, we advance that a company's degree of strategic commitment to sustainability can be determined by the part played by the HR department in incorporating sustainability into the general strategy.

The HR manager is a board member who contributes to implementing a company's strategy following strategic decision-making and supports the strategic decisions through the implementation of HRM practices. HR functions and strategic functions are closely linked. Decisions to improve efficiency and performance involve employee development (Bar-Haim & Karassin, 2018). In other words, the HR department is the organisational driver of major changes: it orientates the company's entire organisation, decisions, departments, areas, and personnel towards a sustainable direction. The general idea is to place the notion of sustainability at the heart of organisational culture (Docherty et al., 2002) and to spread this idea across the organisation, not forgetting the institutional influence on this decision (Oliver, 1997). It is essential to consider this “strategic” or internal aspect, since it could determine not only the employees' necessary behaviours and competencies to achieve their organisation's sustainability, but also a company's attitude towards the pursuit of a more sustainable society (Rincón-Roldán & López-Cabrales, 2022a; 2022b).

- H3: The HR management's role in incorporating sustainability in the business strategy moderates the effect of IPS on the company's commitment to sustainability.

Fig. 1 represents the theoretical model.

3. Methodology

3.1. Methods and sample

We tested the above hypotheses using a sample of firms from the manufacturing (mechanical machinery and equipment) and service industries (software/computer programming services and research/

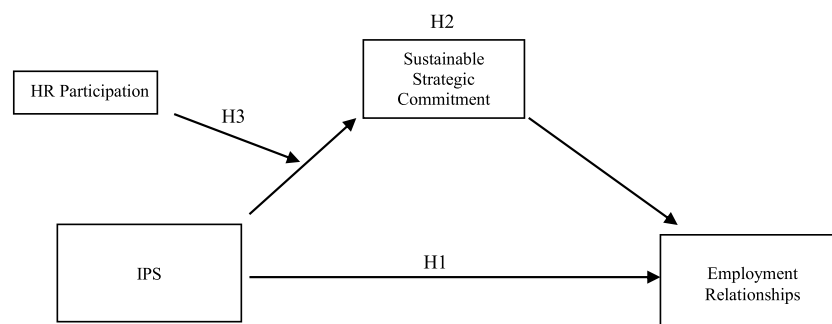


Fig. 1. Conceptual Model.

development services). The SABI (Iberian Balance Sheet Analysis System) database, the most comprehensive database of Spanish companies, was employed to identify all research and development companies with at least one hundred workers and a Human Resource Department. The SABI database holds financial information on more than 2.6 million companies in Spain and Portugal. Access to SABI is usually allowed via a University license. Specifically, our access was gained through the University of Cádiz license.

First, we verified that the firms in the sample met the study criteria of number of employees and HR Department. Firms that failed to meet these requirements were excluded. Our final sample consisted of 625 firms which met the study criteria. The research team asked each of these 625 firms to respond to our questionnaire. Questionnaires were sent to the HR managers and the CEOs of each firm, and a total of 145 firm responses were finally received (where both the HR manager and the CEO of a same firm responded). The response rate was 27.6%. To test our hypotheses, multiple regression analyses were conducted and we applied the PROCESS (for SPSS v3.5) (Hayes, 2013) for mediation and moderation analyses.

3.2. Measures

In order to test the validity and reliability of all the study measures, a confirmatory factor analysis was performed using SEM software, EQS 6.1. Factor loading was at least 0.7 or thereabouts, and the average extracted variance (AVE) was higher than 0.5. When combined with an appropriate Cronbach's alpha score, these values provide evidence of scale reliability (Hair et al., 1999).

Information regarding items used, factor loadings, R^2 , and the goodness of confirmatory factor analysis (CFA) of each variable can be found in Appendix I. Indicators of the goodness of fit fell within the accepted limits (Mueller, 1996). To test discriminant validity amongst variables, Fornell and Larcker's (1981) criteria were followed, and all AVEs exceeded square correlations (Appendix II provides a full summary).

Institutional pressures for Sustainability were measured using a scale adaptation by Kostova and Roth (2002) for the institutional profile. The scale provides a consistent analysis of institutional pressures, as confirmed by previous studies (Lavandoski et al., 2016; Llamas-Sanchez et al., 2013; Pasamar & Valle-Cabrera, 2013). Using a Likert scale from 1 to 7 (where 1 represents total disagreement and 7 total agreement), 9 items were utilised to measure IPS. Two items were dropped from the original scale for confirmatory purposes (see Appendix I). Confirmatory analysis showed good data fit (CFI=0.97; GFI=0.93; RMSEA=0.059; $\chi^2 = 29.94$ f.d.=20), and Cronbach's alpha was also satisfactory.

Employment Relationships were measured using the approach of Wang et al. (2003), who considered these relationships in terms of

incentives and expected contributions. The scale used was a Likert scale from 1 to 7 (where 1 represented total disagreement and 7 total agreement). The approach considered two types of incentives (developmental and monetary), with nine and five items, respectively, and two dimensions for expected contributions (professional managerial duties and personal work ethics), with eight and five items, respectively. The total of the original 15 items (Wang et al., 2003:535) was employed to measure the double dimensionality of the employer's expected contribution. There were 10 items for professional managerial duties (two items were removed for confirmatory purposes) and 5 items for personal work ethics. Respondents were asked to objectively respond to questions on the company's emphasis on work, and its expectations. Related to this were the offered incentives, which also included two types, developmental incentives (10 items) and monetary incentives (4 items), which were measured using the original 14 items (Wang et al., 2003:535). A CFA was performed to confirm the dimensionality and discriminant validity, and satisfactory results were obtained. The CFA data showed goodness of fit (CFI=0.97; GFI=0.93; RMSEA=0.059; $\chi^2 = 29.94$ f.d.=20; $\alpha = 0.95$).

The HR management's role in incorporating sustainability in the business strategy was measured by asking HR managers the extent to which the HR manager contributed to incorporating sustainability in the business strategy. A Likert scale from 1 to 7 points was used, where 1 was the lowest score and 7 the highest. The sample average was 2.60, with a standard deviation of 1.18. The *Sustainable Strategic Commitment* was measured by asking CEOs the extent to which the business strategy was committed to sustainability. A Likert scale from 1 to 7 points was used, where 1 was the lowest score and 7 the highest. The sample average was 5.79, with a standard deviation of 1.03.

4. Results

Table 1 shows the main descriptive statistics and correlations amongst all the study variables. Supporting our theoretical arguments, the correlation analyses showed that IPS was positively related to mutual investment employment relationships and to Sustainable Strategic Commitment. Nevertheless, contrary to expectations, HR's participation in incorporating sustainability into the business strategy was negatively correlated with institutional pressures for sustainability.

Before testing our hypotheses, we sought to classify the sample according to the employment relationship typology based on previous work on employment relationships (see Bornay-Barrachina et al., 2017; Wang et al., 2003). Using a *k-mean cluster* analysis, our sample was divided into the three most meaningful and interpretable clusters. Table 2 shows the cluster comparison. By comparing the value

Table 1
Correlations and main descriptive statistics*.

	Mean	SD	1	2	3	4	5	6
1 IPS	5.08	.847	1					
1 HR Participation	2.60	1.18	−0.480**	1				
1 Mutual Investment ^a	.413	.494	.266**	−0.291**	1			
1 Underinvestment ^b	.379	.486	.010	.020	−0.657**	1		
1 Quasi-Spot contract ^c	.206	.406	−0.335**	.330**	−0.429**	−0.399**	1	
1 Sustainable Strategic Commitment	5.79	1.03	.550**	−0.728**	.305**	.005	−0.377**	1

* N = 145; *p<.00.

** p<.05;.

^a Dummy code, 1=Mutual Investment employment relationship approach;.

^b Dummy code, 1=Underinvestment employment relationship approach;.

^c Dummy code, 1=Quasi-Spot Contract employment relationship approach.

Table 2
Dimensions of the employment relationship: comparison between clusters.

	Professional Managerial Duties	Personnel Work Ethics	Developmental Rewards	Monetary incentives	Employment Relationships (#of cases)
Sample average	5.56	4.92	5.73	4.25	
Cluster 1	4.02	3.40	4.45	3.09	Quasi-Spot Contract ER (30)
Cluster 2	6.10	5.38	6.29	5.42	Mutual Investment ER (60)
Cluster 3	5.82	5.25	5.82	3.62	Underinvestment ER (55)
Anova F Value	103.00**	80.09**	77.09**	115.18**	

obtained for each cluster with the average sample value, we classified the clusters into Mutual Investment model, Quasi-Spot Contract model and Underinvestment model. For Cluster 1, the value obtained was below the sample average across all dimensions of the employment relationships ($4.02 < 5.56$, $3.40 < 4.92$, $4.45 < 5.73$, $3.09 < 4.25$). Labelled as the Quasi-Spot Contract employment relationship model, it included a total of 30 cases. For Cluster 2, values above the whole sample average were obtained across all the dimensions of the employment relationships ($6.10 > 5.56$, $5.38 > 4.92$, $6.29 > 5.73$, $5.42 > 4.25$). It was labelled the Mutual Investment employment relationship model and included a total of 60 cases. Finally, for Cluster 3, values above the sample average were obtained for expected contributions ($5.82 > 5.56$ and $5.25 > 4.92$), and values below the average for monetary incentives ($3.62 < 4.25$). At this point, it should be noted that the value for developmental rewards in this group was higher than expected (5.82 should be lower than 5.73). Nevertheless, given that the score was reasonably close and given the results of previous research (Bornay-Barrachina et al., 2012:232; Wang et al., 2003:523), we considered that it was consistent with the Underinvestment employment relationship model. The third cluster included a total of 55 firms. We also performed an ANOVA to measure differences between the three groups: all differences were statistically significant across all clusters, as illustrated in Table 1.

In order to test our hypotheses, we conducted multiple regression analyses and the test for linear moderated mediations of Hayes (2013). All the interaction terms were included after centring the variables. Fig. 2 represents the statistical model for analyses.

In relation to our first hypothesis concerning the relationship between IPS and ERs, a negative and statistically significant relationship between IPS and QSC ERs ($\beta = -0.614^*$) was found (see Table 3). The results did not show any direct statistical relation to IPS for MI and UND ERs. Therefore, Hypothesis 1 was partially supported.

In order to explain the relationship between IPS and the ERs (see Table 3), we studied the role played by Sustainable Strategic Commitment (SSC) as well as HR participation. First, regarding the mediation role of Sustainable Strategic Commitment, we found that SSC mediated for ERs, specifically for Mutual Investment ERs (therefore, Hypothesis 2 was supported), concretely, $a_1 = 0.327^{**}$ (IPS-SSC), $b_1 = 0.575^*$ (SSC-MI). Additionally, SSC also mediated the relation between SSC-QSC ($b_1 = -0.682^*$).

Regarding the moderating role of HR participation, we found that the interaction term was positive and significant ($a_3 = 0.167^{**}$; Table 3), strengthening the relationship between IPS and Sustainable Strategic Commitment. The results also supported Hypothesis 3.

We plotted IPS in relation to SSC (Fig. 3) at high and low levels of HR participation (Aiken & West, 1991). High and low levels were defined as one standard deviation above and below the mean. For

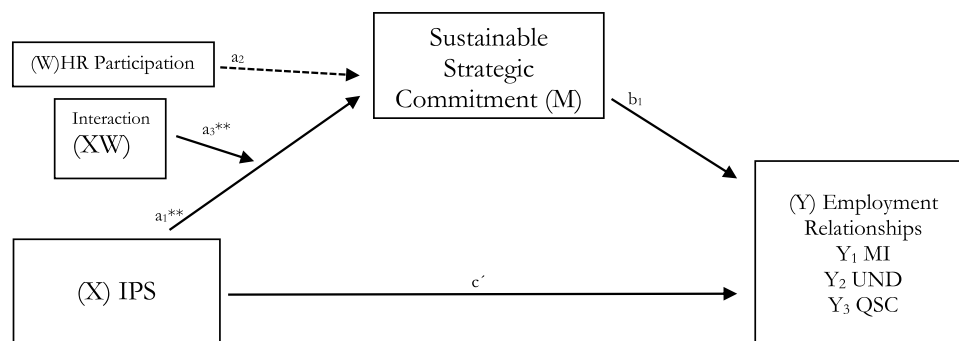


Fig. 2. Statistical Model.

Table 3
Results of test of linear moderated mediation.

Paths		DV: Commitment (M)		DV: Mutual Investment ER (Y ₁)		DV: Underinvestment ER (Y ₂)		DV: Quasi-Spot Contract ER (Y ₃)	
		β (se)	95%CI	β (se)	95%CI	β (se)	95%CI	β (se)	95%CI
IPS (X ₁)	a ₁	.327** (0.072)	(0.183, 0.472)						
HR Participation (W)	a ₂	−0.474** (0.054)	(−.582, −0.367)						
Interaction term (XW)	a ₃	.167** (0.049)	(0.068, 0.265)						
Test for XW Coeff	χ^2	.031**							
Commitment (M)	b ₁			.575* (0.238)	(0.108, 1.04)	−0.001 (0.199)	(−0.391, 0.389)	−0.682* (0.266)	(−1.205, −0.159)
IPS (X ₁)	c'			.363	(−0.148, 0.875)	.025 (0.243)	(−0.450, 0.501)	−0.614* (0.309)	(−1.220, −0.009)
R ²		.612							
F		74.36**							
R ² (Nagelkerke)				.150		.001		.237	
−2LL				179.50**		192.46		124.003**	

** $p < .01$.

* $p < .05$; DV= dependent variable.

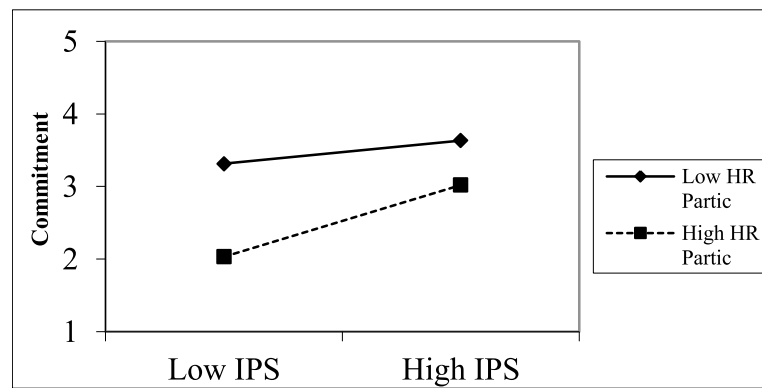


Fig. 3. The moderating influence of HR participation on the relationship between IPS and SS Commitment.

Table 4

Indexes of moderated mediation.

	Effect	Boot SE	Boot LLCI	Boot ULCI
For MI	.096	.055	.013	.229
For UND	−0.000	.034	−0.069	.072
For QSC	−0.114	.065	−0.272	−0.016

organisations with high HR participation, there was a greater association between IPS and the SSC.

Finally, a test of linear moderated mediation was performed (see Tables 3 & 4) for the whole model. We found that SSC mediated the relationship between IPS and ERs, for MI (Boot LLCI, Boot ULCI = 0.013, 0.229) and for QSC (Boot LLCI, Boot ULCI = −0.272, −0.016; this test was significant since zero was not in the confidence intervals) when the HR manager participated.

5. Discussion and conclusions

The main objective of this work was to analyse how an organisation's external and internal contextual factors relating to sustainability (Institutional Pressures for Sustainability (IPS) and degree of commitment to sustainability at a strategic level) could influence the company's type of employer-employee relationships (ERs). In addition, we analysed the possible contribution of HRM – in its role of active agent in strategic decision-making – in moderating this relationship.

We found that public and private organisations, political parties, and professional associations highlight the need to implement measures, actions, and models that contribute to achieving an economic, social and environmental balance in the long term. In other words, the institutional environment is favourable to sustainability (Wijethilake et al., 2017). As established by López-Cabrales and Valle-Cabrera (2020), this environment forces companies to design and implement ERs which target a more sustainable model, but with a previous strategic sustainability commitment (SSC). The results show that contributing to sustainability does not merely consist of declarations of principles, performing occasional actions, or actions that are disconnected from the business strategy (Díaz-Carrión et al., 2021; López-Cabrales & Valle-Cabrera, 2020). Indeed, this line of research is increasingly emphasizing that it is insufficient to simply react to environment pressures and to solely comply with the law. Nor is it enough to respond to society's expectations through minimum actions and improved organisational reputation. Contributing to sustainability requires a commitment that penetrates the overall strategy. As established by Farndale and Paauwe (2018), any company

decision must be determined not only by external pressures, but also from within the organisation itself.

Sustainability is not a fad. While we may consider that institutional pressures have driven companies to incorporate sustainability, achieving a culture of corporate sustainability that offers social, economic, and environmental value requires going beyond the mere demands of society and institutional pressures. This idea was previously advanced by Rincón-Roldán and López-Cabrales (2022b) who argued that an ER model could be shaped by various contextual factors. The authors drew attention to the lack of empirical studies on this topic and on the need to analyse the variables that could influence the incorporation of sustainability. In this respect, IPS positively influence a company's commitment to sustainability. Therefore, in accordance with López-Cabrales and Valle-Cabrera (2020), IPS lead to the set of ERs characterised by a Mutual Investment relationship (MI) (a high level of employee inducements and high expectations regarding the employee's contributions). This type of ER could be regarded as more consistent with the new scenario marked by contributions to sustainability. Employees are offered generous inducements related to training, career development, job security, as well as health and safety, bringing about greater employee motivation and involvement, as well as positive perceptions of the company's commitment to sustainability. The latter allows us to confirm that the HRM of Sustainable ER, such as MI, is more greatly committed to sustainability. Moreover, this result is compatible with the negative effect of the Quasi-Spot Contract (QSC) relationship, which fails to encourage employee commitment. Certain authors support the idea that this QSC type of relationship is balanced and could contribute positively to sustainability (López-Cabrales & Denisi, 2021; López-Cabrales & Valle-Cabrera, 2020), since it seeks to reduce costs and generate value by maximising results (Ehnert, 2009; Kramar, 2014). It is important, however, to bear in mind that this ER model is based on a short-term economic exchange, in which employees will certainly not go beyond their assigned tasks (Tsui & Wu, 2005) and will ultimately leave the company. Sustainability changes from being an obligation to becoming a choice. Therefore, despite the existence of an institutional environment favourable to sustainability, organisations must adjust or go beyond the pressures mentioned above by incorporating sustainability into their strategic decisions. This finding confirms the proposal of Farndale and Paauwe (2018) who defend the link and the need for adjustment between the macro (context) and micro (SHRM) levels.

Regarding the role of HRM in strategic planning and implementation, the result is confirmed in this case regarding the organisation's commitment to sustainability. The positive results show HRM's essential role in understanding the influence of external contextual factors on the company and on the organisation's adaptation to the demands of

society. These results confirm HRM as a “rapid deployment specialist” (Lengnick-Hall & Lengnick-Hall, 2003:129). The human resource system must be flexible and respond swiftly to an economy where sudden changes may occur. However, it is worth noting that this role emerges exclusively when institutional pressures have an impact on organisational processes and structures. Nevertheless, HRM does not contribute towards the promotion of a common social philosophy throughout the entire organisation without institutional encouragement. In other words, HR participation alone does not contribute to developing a strategic commitment to sustainability, but HRM does need those institutional pressures to assume its role in strengthening that relationship. This result is of major importance, since it could indicate that the HR department plays an active and essential role in developing a company's sustainability, albeit not a proactive role. Furthermore, the need for an active HR role is based on the fact that, as suggested by the results, minimum participation is necessary to indeed have an effect on commitment.

The results lead to interesting contributions and reflections. First, they show that specific actions to fight climate change or poverty are insufficient: a precise balance between economic and social progress needs to be pursued. It is necessary to believe in sustainability and, therefore, to commit to it by incorporating the term into the strategic analysis of business (López-Cabrales & Valle-Cabrera, 2020). This implies not only answering to institutional and stakeholder pressures in order to gain legitimacy, but also accepting these responsibilities and adding value to them by demonstrating the clear link between sustainability and business strategy (Farndale & Paauwe, 2018). This link will determine how businesses differentiate themselves and maintain a competitive position.

Secondly, the present work shows that adjusting to pressure does not consist of merely choosing the most effective and efficient option. Sustainability and legitimacy can be conflicting goals because it is sometimes necessary to go beyond the law. Therefore, there are limits to the willingness and ability of organisation members to adjust to various institutional mechanisms and pressures – and there is room for strategic choices. In this respect, this study enabled us to identify HRM's role in the organisation, to confirm its strategic place in the organisational structure, and to challenge the notion that its main task is the daily resolution of operational problems. The HR department uses its sphere of action to elevate a company's strategy and actively develops a strategy of commitment to sustainability. As stated by Zucker (1977:728): “The institutional elements implemented by the organization arise from the organization itself”, organisations being sources of institutionalisation themselves. The mechanism can therefore be understood as a circular organisation-environment adaptation process.

In conclusion, this study explained the relationship between the various (external and internal) factors that contribute towards a company incorporating sustainability into its business management, and allows us to understand the important role played by HR in this action. Strategic HRM policy and practice may be either constrained or enabled in the process.

5.1. Practical implications for HRM systems, organisations, and society

The current context – characterised by digitalisation, teleworking, and reconciliation, amongst other actions – requires the adaptation of companies, employees, as well as of society generally and employment relationship models in particular (López-Cabrales & Denisi, 2021). Today's labour market conditions are leading to the rethinking of employment relations between employees and their companies: from traditional to more sustainable relationships.

The Sustainable Development Goals (SDGs) constitute a universal call to action, with an emphasis on improving the lives and prospects of people around the world. The 2030 Agenda describes itself as “an Agenda of the people, by the people, and for the people –and this will

ensure its success” (United Nations, General Assembly, 2015, p.12). From a business perspective, the ultimate goal of the SDGs is to establish “sustainable and people-orientated” economies that improve employment opportunities. Specifically, an organisation's mission should be to ensure that its workforce is healthy and well educated, and to foster the competencies necessary to create productive employees and proactive citizens who contribute positively to society.

Achieving the SDGs requires a strategic process that involves various actors, the public and private sectors, governments, multinational companies, non-governmental and philanthropic organisations, as well as individuals. Collaborations and interactions between these agents represent another step towards the construction of harmonious societies.

Organisations are increasingly aware of the importance of taking care of their workers' integral well-being and improving their quality of life. In this respect, HR managers play a pivotal role. The factors of talent, loyalty, business commitment, leadership type, organisational communication, and workforce motivation are all becoming essential for sustainability. They require a high level of response to finally achieve the sustainable management of workers. First, these aspects highlight the importance of external pressures – largely fostered by the SDGs – on the development of sustainable employment relationship models. In this respect, measures must be designed aimed at the responsible management of employees both at a macro level and a more micro level. Second, the work highlights that externally-triggered initiatives are insufficient: top-level commitment is necessary to implement a sustainable HR management that implements sustainable employment relationships.

State schools are responsible for public education. The authors wish to point out that in order to improve management quality, it is also imperative to include not only the general idea of sustainability but also sustainable management into the university curriculum. Knowledge of modern management methods, including sustainable HR development, will contribute to the greater awareness of future managers. Furthermore, universities should offer postgraduate studies that keep up to date with changes and focus on the development of future competencies.

5.2. Limitations of the study

There are, however, certain limitations to consider. First, these pressures, and thus their effects on decision-making, can change. Furthermore, it would be interesting to identify the most powerful pressures, and whether they are coercive, mimetic, or normative. Lastly, the design of this study did not allow us to measure the HRM practices in which ERs materialise.

In summary, finding the “correct” degree of adaptation to institutional pressures can be a source of organisational success, even if the organisation operates in a highly institutionalised context (Oliver, 1997). This does not necessarily mean that organisations view the institutional environment as restrictive. Organisations can raise additional interest by incorporating sustainability into their business management and, in this case, into their HR management. Employment Relationships are determined in terms of conformity with the environment and a company's freedom to commit to sustainability. Both forces become aligned by means of the HRM's contribution to the definition of the company's general strategy.

Acknowledgements

This work has been co-financed by Proyecto de Investigación de Excelencia, del Plan Andaluz de Investigación, Grant/Award Number: ProyExcel_01003; Consejería de Transformación Económica, Industria, Conocimiento y Universidades, Junta de Andalucía and by the Department of Economy, Knowledge, Business, and University of the Regional Government of Andalusia. Grant/Award Number: FEDER-UPO–1262853.

APPENDIX I. Items, factor loadings, R², and CFA statistics for all the study variables

Items	Factor Loadings	R ²	CFA statistics
Institutional pressures for Sustainability All sustainability issues are mandated by lawLaws and rules about sustainability are strictly enforcedThere are laws to protect sustainable development			
1 Companies know a great deal about sustainability	Removed	—	Satorra- Bentler $\chi^2 = 29.94$ $p = .070$ RMSEA = 0.059 CFI = 0.97 GFI = 0.93 $\alpha = 0.83$
There is a lot of talk about sustainability going on in the mediaThere is a very strong message in companies that you cannot stay in business nowadays if you do not adopt work-life benefits	.926	.857	
1 Companies care a great deal about sustainability	.501	.251	
Ensuring sustainability is a moral obligationCompanies are expected to promote sustainabilitySource: adapted from Kostova and Roth (2002)	.570	.325	
	Removed	—	
	.853	.727	
	.930	.865	
	.544	.296	
	.781	.610	
Employment Relationships			
Employers expected contribution items:			
Factor one: Professional managerial duties	.843	.711	Satorra- Bentler $\chi^2 = 211.54$ (f.d. 183) $p = .072$ RMSEA = 0.60 CFI = 0.98 GFI = 0.90 $\alpha = 0.95$
Continuously improve work procedures and methods	.852	.726	
Adopt new ideas and methods at work	.815	.665	
Try one's best to help subordinates solve work-related problems	.826	.681	
Provide subordinates with opportunities to use their abilities	.814	.663	
Diligently facilitate cooperation and teamwork amongst department employees	Removed	—	
Treat every subordinate fairly	Removed	—	
Coach subordinates to improve knowledge and work-related skills	.724	.523	
Have good communication with superiors and subordinates	.859	.738	
Show initiative when taking on new or challenging assignments	.831	.690	
Continuously improve one's management knowledge and skills	.724	.524	
Factor two: Personal work ethics	.865	.749	
Work hard without complaining	.721	.520	
Contribute selflessly to the company's future development	.760	.578	
Work seriously making few mistakes	Removed	—	
Conscientiously complete extra assignments at a moment's notice	Removed	—	
Obey and implement decisions made by the company without conditions	.827	.684	
Employers provided inducement items:			
Factor one: Developmental rewards	.817	.668	
Treat each manager fairly	.905	.818	
Create opportunities for managers to show their talents	.879	.773	
Consider their suggestions and comments seriously	.748	.559	
Carefully consider the career development of managers	.792	.627	
Empower them fully within their sphere of responsibilities	.766	.586	
Encourage them to participate actively in decisions at the company level	Removed	—	
Value their feedback on the decisions related to the entire company	.684	.467	
Care about their general satisfaction at work	.681	.431	
Respect their human dignity	.764	.583	
Train them on knowledge and skills for future jobs and career development	Removed	—	
Factor two: Materialistic rewards	Removed	—	
Provide competitive bonuses			
Provide competitive salaries			
Offer good health care and medical insurance			
Provide generous housing subsidies			
Source: from Wang et al. (2003:535)			

APPENDIX II. Composite Reliability (CR), Average Variance Extracted (AVE) and squared correlations between variables

CR	.700	.681	.590	.943	.865	.944	.679
AVE	.554	.526	.805	.609	.617	.598	.515
Professional Duties	.219	.281	.367	—	—	—	—
Personal work ethics	.032	.059	.090	.412	—	—	—
Developmental Rewards	.091	.085	.145	.407	.443	—	—
Material rewards	.020	.099	.071	.144	.153	.191	—

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