

The Role of Human Resources Function in Promoting Sustainability on Oil & Gas Industry

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Abstract

This article presents the level of awareness among Human Resources managers and professionals of an Austrian oil & gas company with regards to Green Human Resource Management (GHRM). This is an approach with focus on integrating environmental sustainability practices into various HR functions within an organization. In addition, it recognizes that HR plays a crucial role in promoting and supporting sustainability by aligning the related policies and practices when it comes to talent attraction and retention, diversity, equity and non-discrimination or training and organizational effectiveness.

To collect the data, a qualitative research methodology was used. We aimed to deep dive on how the Human Resources function integrates the environmental, social and economic sustainability principles into the practices, policies and strategies of the organization. Thus, such actions involve long-term impact HR decisions and actions on the environment, society and on the overall well-being of employees and stakeholders.

The theoretical framework of the article is based on how corporate sustainability is integrated as a component of the overall business and Human Resources strategy. Interviews in the area of Talent attraction & Retention (Recruitment), Diversity, equity and non-discrimination and Training & Organizational Effectiveness were conducted in order to deep dive on the synergies between sustainability and HR strategy approach.

The finding of the study confirms that there is a relationship between the presence of GHRM and corporate sustainability in the Austrian oil & gas company where the interviews were conducted. The HR managers and professionals are aware of Green Human Resources Management, however there is space for improvement in building the right business capabilities for a sustainable environment. In this respect, organizations should implement strategic human resources management policies based on Green Human Resources Management concept, with more focus on selecting, developing and retaining green employees. By integrating sustainability principles into HR principles, organizations can contribute to a more sustainable and responsible future while fostering a positive workplace culture that attracts, develops and maintains top talents.

Keywords

Green Human Resources Management, Corporate sustainability, Recruitment, Diversity, equity and non-discrimination, Training & Organizational Effectiveness

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Introduction

As environmental concerns continue to expand worldwide, accompanied by the implementation of international environmental standards, businesses are now required to adopt formal environmental strategies and programs (Daily & Huang, 2011). By using a staggered approach, organizations are becoming more aware of the significance of adopting environmentally friendly practices and implementing environmental management techniques. In an environment where the corporate world shifts towards globalization and a

modern capacity-based economy, there is a growing need to embrace sustainable business practices, including exploring the green economic aspects of the business.

Green human resource management (GHRM) has therefore been noted as a key business driver for growing organizations where the Human Resource division plays a vigorous role in implementation of green initiatives (Ahmad, 2015). According to Ahmad (2015), Green Human Resource Management involves the implementation of HRM policies and best practices aimed to promote better use of resources within the organization. By fostering environmentalism, this approach also enhances employee morale and satisfaction. As per Jabbour (2013), it is crucial for organizations to align their human resource practices with their green management priorities. Muster and Schrader (2011) define Green Human Resource Management (GHRM) as the process of utilizing employees to boost sustainable practices and enhance their awareness and commitment towards sustainability issues. GHRM incorporates specific policies and practices that align human resources with the economic, social, and environmental pillars of sustainability worldwide.

Shore et al. (2006) argued that Green Human Resource Management plays a critical role in enabling organizations worldwide to address environmental issues by acknowledging them. From a management perspective, they suggested that organizations should adopt policies, practices, and rules linked to environmental protection. According to Jabbour (2010), Green Human Resource Management involves two critical elements: environmentally friendly human resource practices and the preservation of knowledge capital. In addition, Green HR includes reducing the carbon footprint by minimizing paper printing and adopting video conferencing and online interviews.

The objective of HRM practices is to enhance the environmentally friendly human capital and culture of an organization by recruiting pro-environment employees, providing training on technology and innovation, and offering rewards and incentives to promote the success of environmental management.

1. Context

During the time there was a lack of attention dedicated to the optimization of human resource management practices and their effectiveness in environmental management (Dalaney & Huselid, 2006). The clustering of GHRM practices for environmental management, including recruitment and selection, performance management and appraisal, training and development, employment relations, and pay and reward, was not introduced until 2008 (Renwick et al., 2008). HR professionals are now assisting oil and gas companies in their efforts to adopt strategies for sustainable business practices.

2. Objective of the study

The study aims to investigate GHRM and corporate sustainability among oil and gas companies within an Austrian oil & gas company. Moreover, the study is set out to achieve the following specific objectives:

- Determine the level of awareness on sustainability within the Human Resources department of an Austrian oil & gas company
- Collect qualitative data by conducting interviews with the Human Resources Director, but also functional department managers, such as Recruitment, Training & Organizational Effectiveness and Diversity, Equity & Inclusion.

The data was obtained from 4 HR managers within the company and 10 HR professionals in the chosen study. The theory of green economy was baseline for the study. As part of the interview questionnaire, both managers and professionals were asked about specific HR measures and projects, dedicated to support business in corporate sustainability. The focus was put on how they measure success when it comes to sustainability, how they act (in terms of actions & programs) and which is their plan and outlook for the coming period. The qualitative research aims to conduct a deep dive on the human resources strategy of one of the biggest oil & gas companies of Europe and one of the biggest investors and contributors within Romania.

3. Theory of Green Economy

In 1989, the UK government introduced the term "green economy" to describe a society that integrates with the ecosystem and considers markets and economies as social systems that should adapt to social and environmental objectives. The concept encompasses various subjects, such as the complex relationship between humans and the environment. The term "green economy" describes a society that harmonizes with

the ecosystem and considers markets and economics as social systems that must align with social and environmental goals. This theory covers a broad range of topics, including the intricate interplay between humans and the environment.

Oil and gas companies are utilizing GHRM practices to achieve their goal of corporate sustainability. A green economy aims to mitigate environmental risks and ecological shortages, while also pursuing sustainable development that avoids causing harm to the environment.

4. Concept of Corporate Sustainability

According to Landrum and Edwards (2009), corporate sustainability refers to a company's ability to operate in a way that safeguards the long-term health and survival of the business and its economic, social, and environmental systems while serving the interests of all current and future stakeholders.

Roberts and Tribe (2008) explain that while green HRM practices support the foundation and identify actions, processes, and practices that can lead to corporate sustainability. In other words, sustainability is the result of behavior driven by the adoption of green HRM practices and actions.

Although green HRM practices establish a basis and identify actions, processes, and practices that can contribute to corporate sustainability, there is a distinction between the two. Corporate sustainability is a consequence of behavior that is motivated by the adoption of green HRM practices and actions.

Hitchcock and Willard (2009) and Elkington (2004) argue that businesses that solely focus on reducing their environmental impact are referred to as "green businesses," while sustainable businesses should focus on all three dimensions of sustainability, also known as the "triple bottom line." The interdependence of these realms must be understood. However, several authors have criticized the private industry's attempt, particularly in the manufacturing industry, to become "sustainable" while limiting their efforts to the environmental dimension only (Swarbrooke, 1999; Font & Harris, 2004; Roberts & Tribe, 2008).

Kernel (2005) proposes a four-step model for sustainable development in firms, where taking environmental initiatives can be the first step towards sustainability. The initial step is creating cleaner processes and improving environmental management practices. Subsequent steps challenge organizations to consider social and ethical aspects as well as integration into the community. Similarly, Dunphy, Griffiths, and Benn (2007) provide a sustainability phase model that outlines distinct steps organizations can take to achieve sustainability.

The last stage, referred to as the "sustaining corporation," involves the integration of sustainability principles into the core values of the organization. This includes a deep commitment to ensuring the ecological viability of the planet, promoting equitable social practices, and supporting human fulfillment. However, according to Dunphy et al. (2007), no organization has currently achieved this stage. Most businesses seem to be in the early phase and must continue to work towards incorporating the ecological, environmental, and socio-cultural aspects of sustainability.

The Human Resources department of the group where we conducted our study, launched the new strategy 2030 in 2022, which is in line with the global business strategy. It aims to facilitate the implementation of our Business Strategy and enable transformation within the organization. It established a basis for the creation and maintenance of a robust talent pool that will empower us to attain our objectives, comprising four key strategic pillars: "New Ways of Working," "Organizational Evolution," "Growing Talent," and "Employee Experience."

The organization initiated a collaborative and all-encompassing approach to revamp the values, guided by the philosophy of "fingerprints of the many," at the group level to promote inclusivity. All employees were integral to this endeavor, contributing in achieving the goal of "Re-inventing Essentials for Sustainable Living" while shaping a new working approach. A Change Agent Network comprising over 70 members globally, was formed, and human resources department conducted workshops on Values & Behaviors and AI (Artificial Intelligence) to facilitate a collective development of our novel values that will steer the future modes of operation.

5. Human Resource Management

A green company is one that provides environmentally sustainable products and services, employs renewable energy sources, utilizes resources efficiently, and reduces negative impacts on the environment through green practices. Green activities refer to actions taken by an organization to decrease its detrimental effects

on the environment and preserve natural resources. Meanwhile, the workforce plays a pivotal role in attaining organizational objectives through the development and implementation of business strategies.

To achieve green policies, an organization must ensure that it has skilled and talented individuals, as stated by Phillips (2011). Gerhart et al. (2010) suggest that the successful implementation of green strategies is contingent upon the extent to which employees within the organization are environmentally conscious.

Phillips (2011) states that for an organization to realize its green objectives, it must have a competent and proficient workforce. Additionally, Gerhart et al. (2010) propose that the effectiveness of green initiatives is reliant on the degree to which employees are environmentally aware.

Green management, which seeks to maintain a healthy environmental balance, includes green human resource management (GHRM). The objective of GHRM is to preserve the environment and promote sustainability, as outlined by Javed and Cheema (2017). Renwick et al. (2008) define GHRM as the development and in the implementation of a system that fosters environmental consciousness among employees and supports the attainment of environmental sustainability goals. GHRM involves the use of HRM practices to endorse environmentalism and sustainable utilization of organizational resources. Owino and Kwasira (2016) suggest that GHRM practices encompass job descriptions, recruitment and selection processes, training, performance management, and evaluation.

Abbaspour, Karbassi, and Khadivi (2006) define green HRM as a dynamic and continuous system of activities and processes that aims to foster alignment between the environmental values of staff and those of the organization. Molina-Azorin, Claver-Cortés, López-Gamero, and Tari (2009) note that organizations often consider green HRM as an ethical concern and a potential source of competitive advantage due to its ability to provide economic and strategic benefits, rather than just as a reactive strategy.

With the growing importance of environmental management worldwide, academics have increasingly focused on exploring the link between financial and social performance (Margolis, Elfenbein & Walsh, 2009). Researchers have argued that adopting environmental practices can have a positive impact on a company's competitive position (Giménez Leal, Casadesús Fa & Pasola, 2003), reduce negative environmental impact and encourage stakeholders to adopt environmentally friendly behaviors.

The approach adopted by the Austrian oil & gas company analyzed within this study, about People & Communities supports the following UN Sustainable Development Goals:

- Addressing communicable diseases such as COVID-19;
- Ensuring equal opportunities for both genders by enhancing skills and preventing discrimination;
- Implementing policies to eradicate discrimination against women;
- Encouraging diversification, technological advancement, and innovation while providing decent work and equal treatment to all employees;
- Eliminating any discriminatory policies or practices.
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6. Diversity, equity and non-discrimination & Corporate sustainability

When it comes to diversity, equity and nondiscrimination, the company places a strong emphasis on utilizing diversity as a means of generating business value, recognizing that diversity in terms of age, nationality, and gender can greatly enhance our problem-solving capabilities. The organization recognizes that Diversity, Equity, and Inclusion (DE&I) can have a positive impact on individuals and teams, leading to increased engagement, job satisfaction, and contributing to the long-term sustainability of the business.

An important objective of DE&I strategy is to enhance gender diversity at the management level, nurturing the development of future talent, and concurrently improving employee engagement and overall employee experience.

Hearing that Austrian oil & gas organizations, launched a DE&I vision with three pillars: diversity of thought and experience, equitable opportunity reflects an improvement when it comes to ensuring an inclusive and safe space.

The first pillar, diversity of experience, is essential to foster a culture of innovation and creativity. By embracing and leveraging differences in perspectives, backgrounds, and experiences, the organization can tap into a wealth of ideas and insights that might not otherwise be possible.

The second pillar, equitable opportunity, is critical to ensure that everyone within organization has an equal chance to succeed and contribute to its success. This means actively removing barriers to entry, promotion, and advancement that might prevent certain individuals or groups from reaching their full potential.

The third pillar, ensuring an inclusive and safe space, is crucial to building a culture of trust and respect within your organization. This means creating an environment where everyone feels comfortable bringing their full selves to work, without fear of discrimination or harassment.

Overall, by focusing on these three pillars, the organization can work towards creating a more diverse, equitable, and inclusive workplace, where everyone can thrive and contribute to its success. As part of its sustainability success measurements, the organization tracks the diversity of its employees in terms of age, nationality, gender, and management positions. Additionally, the organization also monitors parental leave for both men and women on an annual basis.

7. Talent Attraction and Retention & Corporate Sustainability

In order to attract environmentally conscious candidates, job advertisements should include environmental values, such as being part of a green team. Renwick et al. (2008) and Jackson et al. (2011) suggest that proactively branding the organization as a high-quality "green employer of choice" can facilitate the recruitment of environmentally aware talent. Many companies are recognizing that building a reputation as a green employer is an effective strategy for attracting and retaining talent (Phillips, 2011; Stringer, 2009). Research by Owino and Kwasira (2016) on the influence of green human resource management practices on environmental sustainability has concluded that hiring eco-conscious employees is a key factor in achieving an organization's sustainability goals.

In order to achieve their environmental goals, environmentally responsible employers can attract the talent necessary to implement corporate environmental management initiatives.

The Austrian oil & gas company which participated to our study is continuously devising strategies and programs with the objective of attracting and retaining talented professionals who are enthusiastic about contributing to the growth of the organization. By maintaining a high retention rate, they enhance employee morale, foster a positive work culture, increase productivity, and position the company as an employer of choice.

As part of the sustainability reported KPIs, they keep track of the number of newly hired employees and the employee turnover rate, categorized by age group and gender. Additionally, they monitor parental leave statistics and gauge the level of engagement among their team. Their emphasis lies on constructing long-term talent acquisition programs and drawing in fresh graduates to cultivate the upcoming generation of skilled professionals.

8. Training and Organizational Effectiveness & Corporate Sustainability

Renwick et al. (2008) proposed several green training and development practices, including teaching employees to perform environmental assessments of their workspace, utilizing job rotation to train future green managers, providing specific training on aspects of environmental management such as safety, energy efficiency, waste management, and recycling, developing personal green skills, and retraining staff who are losing their jobs in polluting industries (Jackson et al., 2011). These skills encompass reducing waste (North, 1997) and possessing expertise in environmental protection and environmental literacy. Environmental education, training, and development are crucial components of green HRM within an organization. Achieving the targeted environmental performance of a firm is challenging without proper education, training, and development.

A study conducted by Prasad (2013) found that a strong connection between training and development and environmental sustainability. The study concluded that when employees are well-educated about the company's green policies and procedures, including its vision and mission statements, it enhances sustainability-oriented benefits and facilitates company-wide initiatives such as reducing greenhouse gases and creating eco-friendly products.

Similarly, Daily et al. (2011) conducted studies on the integration of environmental sustainability skills in human capital training and development. This indicates that some organizations have recognized the significance of providing green education, training, and development in their workplace.

The Austrian oil & gas company promotes a culture of continuous learning, where employees are encouraged to enhance their knowledge, skills, and performance to meet the business objectives. The nature of our activities demands highly qualified employees who can adapt to the evolving technologies and changing market demands. The organization is committed to maintaining a skilled, highly qualified, and high-performing workforce.

As part of the training and organizational effectiveness KPIs, the organization tracks the number of training hours per employee, categorized by employee type and gender. Additionally, the organization monitors the number of employees who receive regular performance and career development reviews.

The organization adjusts its training curricula based on a needs assessment, which involves a combination of internal and external training programs. With the COVID-19 pandemic, traditional classroom training has been transformed, and there is now a greater emphasis on e-learning and digital content platforms. The organization encourages employees to select subjects that are better suited to their needs on these platforms.

The quality of all training programs is evaluated based on various criteria, such as content quality, instructor performance, ability to adapt to the audience, and achieved outcomes. After conducting an internal analysis and gathering feedback, improvements are considered and implemented to enhance the quality of the content and select the most appropriate topics for the upcoming training period.

Implementing innovative learning programs and supporting teams increase their technical competencies, develop their soft skills and enabling them to be a part of the organizational transformation and growth is key for developing a sustainable HR strategy.

Conclusions

Based on the findings of this research, there is a trend among HR managers in oil & gas industry to be aware of the importance of Green Human Resources Management. The HR strategy mirrors the business strategy for “reinventing essentials for a sustainable living” and develops tools which support business focus on corporate sustainability. However, during the interviews managers mentioned that their journey in green HR is still at the beginning. As a development and continuous improvement measure, HR department should aim to further built on implementing the new business strategy by supporting business to attract, retain and develop human resources in a sustainable way.

In addition, dedicated engagement surveys and pulse check surveys shall be conducted as an integrator for wellbeing, people development and leadership development. The main focus areas in terms of diversity shall focus on employee’s wellbeing, generations, disabilities and women. Dedicated events having as main theme corporate sustainability are a good enablement tool to increase employee’s commitment and interest on the topics and create a strong volunteer network.

In terms of training and organizational effectiveness, we recommend the integration of the corporate sustainability element within the company’s values, as part of living the new purpose – “Reinventing essentials for sustainable living”. A training catalogue, presented and marketed as a “Sustainability academy” would be a good enablement tool for upskilling the team and developing leadership.

Furthermore, organizations shall implement strategic human resources management policies based on Green Human Resources Management concept, with more focus on selecting, developing and retaining green employees.

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