



Discussions About the Impact of Strategic Human Resource Management and Leadership on Sustainable Enterprise Development and Future Prospect

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Abstract. With the rapid development of technology and globalization, we are currently entering into the post-industrial era. Unlike in the industrial age, the replacing pace of enterprises is astonishingly fast in the post-industrial age. Failing to catch up with the rate of change, countless companies are being eliminated from the market. It usually takes less than a few months for these companies to go through the unexpected blow, from the peak price of their market value in the stockmarket to bankruptcy. On the other hand, if companies are capable of demonstrating their outstanding value and innovation, they can easily increase their market values in the short term. To achieve such a situation, both employers and employees are facing challenges: employers have to improve skills and innovative logic to ensure that their companies is catching up with the latest trend, and employees need hard-working to keep their company from going bankrupt so that they can have a job for living. Thus, how to maintain the short-term success and the long-term sustainability is one of the most important task for companies in the current era of change and possibility.

Keywords: SHRM · HRM · Sustainability · Leadership · Creativity

1 Introduction

The twenty-first century is an era flourished with economic and technological development. Countless new companies are emerging in the market to make their contributions, leading to an unexpected rapid rate of replacement. Thus, the sustainability turns out to one of the most significant values in evaluating a business. Providing a brief definition of the concept, this paper discusses the relationship between the strategic human resource management (SHRM) and business sustainability. It analyzes the controverted impact of the SHRM on business, focusing particularly on the importance of leadership. Given the fact that we are contemporarily living in a post-industrial era, each country is searching for innovative companies with potential to better off the economic level and technological development, so the future vision of sustainable business is also discussed. The study

finds that despite causing a handful negative impacts, such as the unemployment of some traditional industries and instability, innovative enterprises provide both financial and social benefits to the international community, most of which are beneficial. It further discusses the extensive literature, looking for relatively precise definitions and answers to relevant unsolved issues.

2 The Impact of SHRM on Sustainable Enterprise Development

2.1 The Definition of SHRM

There is an ongoing debate over defining the semantic meaning of the strategic human for a long time. Similar to human resource management (HRM) and Culture Creative Industry (CCI), the SHRM is defined on the basis of its properties. These characteristics include assumptions, theoretical frameworks, stakeholder interests, the time frame, and the national and industry contexts in which the concepts are considered [1]. HRM is a broad term that refers to the activities associated with the arrangement of workers whose ability is specialized in different fields within the enterprise. SHRM belongs to one of the management approaches of HRM, with a more specific and targeting approach. It encompasses those HR strategies that are designed to improve organizational performance and measures the impact of these strategies on the organization [2]. One of the most popular definitions of SHRM to date is the planning and implementation of human resource activities and the deployment to achieve organizational goals [3]. In the SHRM narrative, HRM activities need to be integrated with the strategic objectives of the organization and the context of the organizational environment. It also argues that effective HRM activities improve the efficiency of enterprise [4]. In addition, SHRM is a variable factor that can sway the meaning of HRM. This is saying that it provides the theoretical framework of informational development, the suggestion for specific contribution of organizational performance, and the specific HR practices that make a strategic contribution, and finally bundles these theories through the high-performance work systems (HPWS) [5–8]. Despite the continuous variation of the definition, SHRM is focusing on the central concern of the contribution of HRM to organisational performance and the relationship between HR policies and organizational financial outcomes [9, 10].

2.2 The Concept of Sustainable Development of Enterprises

In business operation, leaders should not only consider strategic management, but also consider the sustainable development of the enterprise which has a broad definition. The UN Brundtland Commission drives the discussion on the definition of sustainability, with a broad view of the global, long-term development which takes into account of a variety of stakeholders. It evaluates sustainable development three perspectives: economic, social and environmental [11]. Corporate sustainability, as defined by the Brundtland Commission, addresses global environmental and social challenges, aiming to provide a common framework that enables businesses to grow and allows for the development of solutions to the crisis [12]. A company's sustainability performance is evaluated based on what resources it uses, what products and services it provides, and what the environmental, economic, and social impacts is caused by its emissions. In fact, the overall

impact on society is largely depends on the perceptions of external stakeholders and sociocultural and economic context. Therefore, a company who incorporates a sustainable development strategy into its medium and long-term goals takes environmental, social, and economic issues into the company's consideration. Then, how to balance the needs of internal and external stakeholders is an important task for decision makers, due to the significance of a balanced outcome.

2.3 Impact Generated by SHRM

The factors that affect the sustainability are divided into internal and external groups. External factors are directly resulted from the environmental, political, and economic context. Whereas internal factors are directly resulted from the management style of the company. Playing a key role in the sustainable development of a company, SHRM is undoubtedly an effective and precise method of HR management. Specifically, leaders in an enterprise need to use the SHRM approach to manage people in order to improve the efficiency of the company. Instead of focusing on complicated theories how to operate a large-scale enterprise, an insightful company will pay its attention on how to motivate each employee to maximize their productivities and the ability of cooperation. According to the available literature, SHRM approaches fall into the commitment approach and the control approach [13]. The commitment approach is aiming to improve business performance by improving the productivity of employees in respect of their knowledge and abilities. On the one hand, the control approach is concerned with improving the efficiency of employees through their compliance with company rules and regulations. Despite the terminology of this concept may exists some bias, research has found that a commitment-based approach is positively associating with the human resource management and business performance, leading to a rising attention. Meanwhile, HRM strategies that are oriented towards unconditioned obedience may lead to a negative relationship with business performance. Furthermore, there is a global need to influence business development at different levels through more management approaches beside the already existed commitment-based management strategies which is popular in the US cotermporally. To support this idea, a study in China shows that a comprehensive management system which consists of both commitment and control practices results in more positive impact than a high commitment HRM system on firm performance [14].

3 The Influence of Leadership on Corporate Sustainability

3.1 The Definition of Leadership

Over the last few decades, the concept of leadership has been continuously defined, and Stogsdill [15] states that there are probably more different definitions of leadership than the number of people who want to define the concept. It is estimated that since the end of the 20th century there have been at least over 700 publications on the definition of leadership [16]. This number continues to rise, which means that there has not been a state of consensus on the concept of leadership until now. According to Bass [17], finding a unified definition of leadership is more difficult than we expected because definitions

of leadership provided by different studies are varying based on researchers' interests and the given context.

Furthermore, leadership is closely tied to ethics. Since ethical leaders proactively provide the best environment for their employees by building and integrating culture and trust, ethical standards of leaders become more significant. A business typically experiences low turnover, increased productivity, and increased employee loyalty. In contrast, unethical leadership can lead to employee dissatisfaction, affecting organizational productivity [18]. When running a business, an ethical climate is critical to boost employee morale. In addition, it is extremely significant to maintain a good public image for customers and stakeholders, because the prevailing of unethical leadership not only damages the corporate culture, but also makes it difficult to obtain information from the government due to the loss of reputational authorities, regulators and communities attract funding [19].

For leaders, they need to facilitate and elicit the beliefs of their followers through their personal skills in thinking and communication, including critical thinking skills, insight, intuition, persuasive rhetoric, active listening, and positive discourse. Thus, leaders influence followers through insightful understanding and shared discernment to speculate the future state of the organization. They make followers to think that it is worth for personal investment, and corporate resources to achieve what they see as the desired state. To achieve the collective success, leaders apply professional skills to manage the followers and maximize their financial benefits which leads to better collective outcome, in terms of both personal development and emotional and physical rehabilitation of the followers.

3.2 The Various Style of Leadership

Different leaders have various leadership styles, leading to different relationship toward ethical decision-making. A noteworthy fact is that when facing the same unexpected situations, every leader has his own solution based on his previous experience [20]. Authoritarian leaders are usually considered to be very strict during decision-making, whose determination is hardly influenced by other's suggestion. As they make their decisions fully based on personal insight, the whole business will suffer if they make an unethical decision instead of an ethical one [21]. At the same time, if the leader set a clear ethical standard, they will be very strict to ensure that everyone is following his code of ethical norm, so severe measures are taken against those who do not deal with ethical behavior. In contrast to the authoritarian leadership style, democratic leaders usually participate in the decision-making process with others. They always make decisions after exchanging ideas with their subordinates. Since everyone can provide his own idea in making the decision, employees will share more diverse and necessary information about ethical misconduct that occurs on the fundamental level, decreasing the possibility that any unnoticeable unethical activities carried out by their colleagues are ignored. With the opinions gathered from different perspectives, democratic leaders can shed light on the way how the business operates and allocates resources following the code of ethical conduct [22]. Influenced by the rapidly evolving social turbulent and competitive business environment, companies are forced to constantly develop and renew their capabilities to achieve sustainable performance. Leadership strategy is therefore an

organizational capability that enables companies to fully optimize their key resources, in achieving sustainable performance. The business environment will become increasingly complex due to unstable consumer preferences and competition in different fields, including the marketplace, the globalization, and the increasing sophistication of technology. Therefore, companies should be flexible in accommodating their leadership style to successfully navigate the complicated business environment [23].

3.3 The Importance of Leadership on Sustainable Enterprise

Moreover, leadership brings significant impact on the innovation of business, especially for the most closely related aspect, transformational leadership. It is defined as the ability to shift followers' attention from immediate self-interest to long-term rewards through personal charisma, logical persuasion and targeting suggestion, motivating followers to achieve a better outcome [24]. The transformational leadership is positively related to innovation because it incentivizes and encourages followers to challenges the current situations and achieve a high goal [25]. On the contrary, there is another type of leadership called transactional leadership, curtailing corporate innovation. Transactional leaders establish a relationship with their followers based on value exchanges, setting specific goals in an achievement-rewarding system with rare intervention [24]. Discouraging experimentation and innovation, transactional leaders advocate the opposite of creativity.

4 The Future Prospect of Sustainable Organization

4.1 The Definition of CCI

Considering the development of international community in the long run, innovative industries will finally dominate the future market. Along with the globalization and the rapid growth of technology, we are living in a post-industrial era where traditional industries are becoming saturated, resulting into an unprecedentedly social attention on innovative industries. It includes a wide range of business, such as the cultural creative industries (CCI) which is the relatively familiar field that provides the market with a wider range of possibilities. Focusing on the creativity, skills, and talents of individuals, the CCI make wealth and potentials of employment through creating and apply the intellectual property [26]. The UK DCMS states that the CCI contains 13 categories, including architecture, computer games, design, crafts, fashion, music, film and video, performing arts, advertising, TV and radio, publishing and visual art [26]. Nevertheless, it fails to fully cover all aspects belonging to the CCI, because its scope keeps enlarging due to the definition of the industry [27]. Specifically, John Howkins [28] suggests the field of science and technology research should be included into the CCI, because both science and technology research are undoubtedly innovative, which derives intellectual property rights. At the same time, according to Bakhshi's [29] employment statistics for the creative industries, we witness a significant contribution of the CCI to the society in the post-industrial era, providing various jobs that promotes the overall employment. The statistics show that in addition to the 600,900 jobs with innovative nature in non-CCI industries, the CCI provided 476,800 innovative jobs to the market [29]. This survey

result indicates that creativity-oriented jobs exist not limited to the CCI but also in the non-CCI industries. Moreover, from the data between 2004 and 2010, there is a 9% growth of the number of creatively oriented jobs, comparing with a 1.1% growth of the number of non-creative jobs [29]. Under the current situation, the CCI significantly increases the need of the labor market, resulting into increases in both government revenue and the economic growth of a country.

5 The Creative Economy

Robert C. Robinson states that we are currently living in a post-industrial era, a brand-new industrial stage on the evolution of human society, going through an essential transition from an economic system based on manufacture to an economic system based on service [30]. This is saying that the diversity of economic components increases for the post-industrial era. In other words, despite the wealth brought by the traditional agricultural manufacturing, the innovative industries will become an integral part that contributes to the economy, with its potential to become a more significant and fundamental part for the future economy. Furthermore, as a joint product of the CCI and the post-industrial era, the Internet plays an indispensable role in promoting the global economy in the generation that flourished by globalization and fast-paced information. According to Hesmondhalgh [31], the innovation of the internet lays the foundation for the development of culture and communication. Replacing the inherent paradigm of business, it brings financial benefits, flourishes nations, and empowers the underprivileged. An ideal environment where everyone has an equal chance to win is created by the internet, so innovation turns out to be an important determinant of one's income under the same condition. More and more people are addicting to social media and streaming platforms on the internet, such as Netflix, YouTube and Tik Tok. The definition of streaming by the BBC is a platform for enjoying entertainments, such as music and video, in real time over the Internet without downloading it to watch and listen later. Everyone with an electronic equipment can upload their work to this platform, through either for of pictures and videos or legal goods for sale. Vloggers and influencer will receive financial reward from the internet if their postings are attractive enough, depending on other variables. Data collected from the U.S. Video on Demand (SVoD) market shows that this form of revenue has reached to \$15.9 billion in 2019, which is ten times more than in 2011 [32]. Moreover, ways to gain economic revenue through streaming is not limited to financial reward obtained from such platforms. Users have easy access to a wide range of information, including news, travel tips, food, health, fashion, entertainment, and others. Businessmen realize the significant benefits of streaming, so they post their businesses on these platforms, advertising their products. Celebrities are also aware of these benefits, as they periodically update new pictures on streaming to increase exposure and participate into latest discussions. The impact of streaming on music is particularly enormous, because it breaks the inherent commercial model of music that instead of downloading or buying physical albums, audiences can find songs on these platforms whenever they want to listen. Based on global statistics of music industry, the total annual revenue is 15.6 billion in 2009, of which streaming is accounted for less than 1%, approximately 400 million. However, the total revenue rises to 20.4 billion in 2019, of which streaming is accounted for more

than 50%, approximately 11.4 billion [33]. There are also some official accounts on the platforms that national leaders and workers from government departments publish new announcement and regulations. In this case, streaming, in the first place, provide people with the latest news and updates. Overall, despite the limitation of these figures in illustrating the impact of streaming, they show a growing trend of the innovation industry among all categories. Seen as one of the most significant components of the economies of post-industrialized countries, the value and potentials of the innovative industries cannot be underestimated.

6 Conclusion

To sum up, SHRM has an important impact on the sustainable development of enterprises. Although SHRM, as one branch of the broad scope of HRM, is incapable of guaranteeing a beneficial impact on enterprise, it plays an indispensable role in promoting sustainable development of enterprises, especially for the improvement of business performance. In addition, leadership is also significant in accelerating the development of enterprises, with various portion of ethical concern in decision-making process. Different leaders possess completely different leadership styles to manage their employees, determine the developmental trend and the sustainability of an enterprise. of the company. The last but not the least factor in sustainable development is corporate innovation. Given the fact that human society is changing in an accelerated and unexpected rate, understanding the cause of change and accommodating to the new conditions will be key values in determining whether a company can success in the long run. Innovative enterprises will attract a rising social attention from the international community in the future, because it not only provides social benefits through creating numerous jobs in the labor market, but also generates opulent financial benefits to promote the global economy.

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