

## CHALLENGES AND OPPORTUNITIES IN IMPLEMENTING SUSTAINABLE HRM IN DEVELOPING COUNTRIES

Ashari Ariandi Nasution<sup>1</sup>, Akhmad Soleh Rowandi Siregar<sup>2</sup>, Zulmi Syahputra<sup>3</sup>, Hairul Hanafi Purba<sup>4</sup>, Rizki Adha<sup>5</sup>,  
Malik Syahputra Purba<sup>6</sup>, Rakesh Sitepu<sup>7</sup>, Anggia Sari Lubis<sup>8</sup>  
<sup>1,2,3,4,5,6,7,8</sup>Master of Management Postgraduate School,  
Universitas Muslim Nusantara Al-Washliyah  
Email: [anggiasarilubis@umnaw.ac.id](mailto:anggiasarilubis@umnaw.ac.id)

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### Abstract

Sustainable Human Resource Management (Sustainable HRM) has gained increasing attention as organizations seek to balance economic performance, social responsibility, and environmental sustainability. In developing countries, the implementation of Sustainable HRM presents unique challenges and opportunities due to economic constraints, institutional limitations, cultural diversity, and varying levels of technological readiness. This paper aims to examine the key challenges faced by organizations in adopting Sustainable HRM practices in developing countries, including limited resources, lack of awareness, weak regulatory frameworks, and resistance to change. At the same time, it explores emerging opportunities such as digital transformation, growing stakeholder pressure for sustainability, and the potential of human capital development to support long-term organizational and societal goals. By reviewing relevant literature and contextual factors, this study highlights the strategic role of HRM in promoting sustainable development. The findings are expected to contribute to a deeper understanding of how organizations in developing countries can leverage Sustainable HRM as a driver of competitive advantage and sustainable growth.

**Keywords:** *Sustainable HRM; Human Resource Management; Sustainability; Developing Countries; Organizational Performance; Digital Transformation*

### A. Introduction

In recent years, sustainability has become a central concern for organizations across the globe as they face increasing pressure to address economic, social, and environmental challenges. Organizations are no longer expected to focus solely on financial performance but are also required to contribute to long-term societal well-being and environmental protection. In this context, Human Resource Management (HRM) plays a critical role in integrating sustainability principles into organizational strategies and daily practices. This has led to the emergence of Sustainable Human Resource Management (Sustainable HRM), which emphasizes the alignment of HR policies and practices with the goals of sustainable development.

Sustainable HRM extends beyond traditional HR functions by promoting practices that support employee well-being, ethical behavior, social equity, and environmental responsibility, while simultaneously ensuring organizational competitiveness and long-term performance. Through recruitment, training, performance management, and employee engagement, HRM can influence organizational culture and encourage sustainable behaviors among employees. As a result, Sustainable HRM is increasingly viewed as a strategic tool for achieving sustainable organizational outcomes. While the concept of Sustainable HRM has been widely discussed and implemented in developed countries, its application in developing countries remains relatively limited and complex. Developing countries often face distinct contextual challenges, such as economic instability, limited financial and technological resources, weak institutional and regulatory frameworks, and lower levels of awareness regarding sustainability issues. Cultural factors and resistance to organizational change further complicate the adoption of sustainable HR practices. These conditions make the implementation of Sustainable HRM more challenging compared to developed economies.

Despite these challenges, developing countries also present significant opportunities for the implementation of Sustainable HRM. Rapid economic growth, a young and expanding workforce, increasing adoption of digital

technologies, and growing stakeholder expectations for corporate social responsibility create favorable conditions for embedding sustainability into HRM practices. Moreover, Sustainable HRM has the potential to enhance human capital development, improve employee commitment, and support broader national and global sustainability agendas, including the Sustainable Development Goals (SDGs). Given the growing importance of sustainability and the unique context of developing countries, there is a need for a deeper understanding of how Sustainable HRM can be effectively implemented in these settings. Therefore, the purpose of this paper is to examine the key challenges and opportunities associated with implementing Sustainable HRM in developing countries. Specifically, this paper aims to (1) identify the main barriers that hinder the adoption of Sustainable HRM practices, and (2) explore the potential opportunities that can support organizations in leveraging Sustainable HRM to achieve sustainable organizational and societal outcomes. By providing a comprehensive review of relevant literature and contextual factors, this study seeks to contribute to the ongoing discussion on Sustainable HRM and offer insights for academics, practitioners, and policymakers.

## B. Literature Review

### 1. Concept of Sustainable Human Resource Management

Sustainable Human Resource Management (Sustainable HRM) has emerged as an extension of traditional HRM in response to increasing concerns about sustainability and long-term organizational performance. Unlike conventional HRM, which primarily emphasizes efficiency and short-term financial outcomes, Sustainable HRM focuses on balancing economic performance with social responsibility and environmental protection (Ehnert, 2009). This approach highlights the importance of managing human resources in a way that ensures organizational success while preserving human and social capital for future generations. Ehnert et al. (2016) define Sustainable HRM as a set of HR strategies and practices aimed at achieving long-term organizational goals by fostering employee well-being, ethical behavior, and responsible resource utilization. Sustainable HRM integrates sustainability principles into core HR functions such as recruitment, training and development, performance management, compensation, and employee relations. Through these practices, organizations can encourage sustainable behaviors and create a culture that supports sustainable development (Kramar, 2014).

### 2. Dimensions of Sustainable HRM

The literature widely adopts the triple bottom line framework to explain the dimensions of Sustainable HRM, encompassing economic, social, and environmental sustainability (Elkington, 1997). The economic dimension focuses on enhancing organizational competitiveness through effective talent management, continuous learning, and long-term workforce planning. By investing in employee development, organizations can improve productivity and innovation, which are essential for sustainable performance (Kramar, 2014). The social dimension emphasizes employee well-being, equity, diversity, health and safety, and work-life balance. Sustainable HRM seeks to promote decent work conditions and social justice within organizations, thereby strengthening employee engagement and organizational commitment (Pfeffer, 2010). Meanwhile, the environmental dimension highlights HRM's role in encouraging environmentally responsible behaviors through green recruitment, training, and performance management systems (Renwick, Redman, & Maguire, 2013). These three dimensions collectively illustrate how HRM can act as a strategic driver of sustainability.

### 3. Challenges in Implementing Sustainable HRM in Developing Countries

Implementing Sustainable HRM in developing countries presents numerous challenges rooted in economic, institutional, and cultural contexts. One of the most significant barriers is limited financial and technological resources, which restrict organizations' ability to invest in long-term HR development and sustainability initiatives (Jamali & Karam, 2018). Many organizations in developing economies prioritize short-term cost efficiency and survival, reducing their commitment to sustainable HR practices. Weak institutional frameworks and ineffective enforcement of labor and environmental regulations further hinder the adoption of Sustainable HRM (Jackson, Schuler, & Jiang, 2014). In addition, limited awareness and understanding of sustainability concepts among managers and employees often result in resistance to change. Cultural factors, such as hierarchical leadership styles and low employee participation in decision-making, also pose obstacles to implementing participative and sustainability-oriented HR practices (Budhwar & Debrah, 2009).

### 4. Opportunities for Sustainable HRM in Developing Countries

Despite these challenges, the literature identifies several opportunities for implementing Sustainable HRM in developing countries. Rapid economic growth and a large, young workforce provide favorable conditions for embedding sustainability principles into HR systems at an early stage (Jamali & Karam, 2018). Human capital development is

particularly critical in these contexts, as Sustainable HRM can enhance skills, employability, and long-term organizational resilience. Digital transformation also offers significant opportunities for Sustainable HRM. The adoption of digital HR technologies, such as e-recruitment, online training, and HR analytics, can improve efficiency while reducing environmental impact (Bondarouk & Brewster, 2016). Moreover, increasing pressure from global stakeholders, including international organizations, investors, and consumers, has encouraged organizations in developing countries to align their HR practices with sustainability standards and the Sustainable Development Goals (SDGs) (United Nations, 2015).

## 2.5 Research Gap

Although prior studies have contributed to the understanding of Sustainable HRM, most empirical research has focused on developed countries. There remains a lack of comprehensive studies examining both the challenges and opportunities of Sustainable HRM implementation in developing countries (Ehnert et al., 2016). This gap highlights the need for further research that considers contextual factors and provides insights into how Sustainable HRM can be effectively adapted to support sustainable organizational and societal outcomes in developing economies.

## C. Methodology

### 1. Research Design

This study adopts a qualitative research design based on a systematic literature review approach. A qualitative method is considered appropriate because the objective of this paper is to explore and synthesize existing knowledge regarding the challenges and opportunities of implementing Sustainable Human Resource Management (Sustainable HRM) in developing countries. Rather than testing hypotheses, this study aims to develop a comprehensive understanding of concepts, patterns, and contextual factors discussed in prior research. A literature-based approach allows the study to critically analyze existing theoretical and empirical studies and to identify key themes relevant to Sustainable HRM within the context of developing economies. This method is widely used in sustainability and HRM research to build conceptual insights and identify research gaps.

### 2. Data Sources and Literature Selection

The data for this study were collected from secondary sources, primarily academic journal articles, books, and reports published by reputable international organizations. Relevant literature was sourced from well-known academic databases such as Scopus, Web of Science, Google Scholar, and ScienceDirect. Additional references were obtained from reports published by organizations such as the United Nations and the International Labour Organization (ILO) to provide contextual insights related to sustainability and developing countries. The literature selection process followed specific inclusion criteria. First, the selected studies had to focus on Sustainable HRM, strategic HRM, green HRM, or sustainability-related HR practices. Second, the literature needed to discuss issues relevant to developing countries or provide insights applicable to emerging economies. Third, priority was given to peer-reviewed publications written in English and published within the last two decades to ensure relevance and academic rigor. Studies that did not directly address HRM or sustainability issues were excluded from the analysis.

### 3. Data Analysis Technique

The selected literature was analyzed using thematic analysis. This technique involves identifying, organizing, and interpreting recurring themes and patterns within the reviewed studies. Initially, the literature was carefully read and coded to capture key ideas related to Sustainable HRM. These codes were then grouped into broader themes, such as conceptual foundations of Sustainable HRM, economic, social, and environmental dimensions, implementation challenges, and emerging opportunities in developing countries. Through this process, the study was able to compare and contrast findings across different contexts and identify common challenges, such as resource limitations and institutional constraints, as well as opportunities, including digital transformation and human capital development. The thematic analysis enabled a structured synthesis of existing knowledge and supported the development of meaningful insights aligned with the research objectives.

### 4. Validity and Reliability

To enhance the validity and reliability of the findings, this study relied on credible and peer-reviewed sources. Using multiple databases and a diverse range of references helped reduce potential bias and ensured a comprehensive coverage of the topic. Furthermore, the use of clear inclusion and exclusion criteria contributed to the transparency and

consistency of the literature selection process. Although this study does not involve primary data collection, the systematic review and careful interpretation of existing studies strengthen the trustworthiness of the analysis. The findings were also cross-checked across multiple sources to ensure consistency and robustness.

## **D. Results and Discussion**

### **1. Key Challenges in Implementing Sustainable HRM in Developing Countries**

The findings from the literature review indicate that organizations in developing countries face multiple and interconnected challenges in implementing Sustainable Human Resource Management. One of the most dominant challenges is limited financial and organizational resources. Many organizations operate under cost pressures and prioritize short-term economic survival, which limits investment in long-term sustainable HR practices such as employee development, well-being programs, and environmental initiatives (Ehnert, 2009; Jamali & Karam, 2018). Another significant challenge relates to weak institutional and regulatory frameworks. In many developing countries, labor regulations and environmental standards are either insufficient or poorly enforced, reducing organizational incentives to adopt Sustainable HRM practices (Jackson et al., 2014). As a result, sustainability initiatives are often viewed as optional rather than strategic necessities. This finding supports earlier studies suggesting that strong institutional support is critical for embedding sustainability into HRM systems. In addition, low awareness and limited understanding of sustainability concepts among managers and employees pose substantial barriers. Several studies highlight that sustainability is often perceived as an abstract or externally imposed concept rather than an integral part of HR strategy (Kramar, 2014). Cultural factors, including hierarchical leadership styles and resistance to change, further complicate the implementation of participative and employee-centered HR practices that are essential for Sustainable HRM (Budhwar & Debrah, 2009). These challenges collectively demonstrate that the adoption of Sustainable HRM in developing countries requires more than technical adjustments; it demands broader organizational and cultural transformation.

### **2. Opportunities for Sustainable HRM Implementation**

Despite the identified challenges, the results also reveal significant opportunities for implementing Sustainable HRM in developing countries. One key opportunity lies in human capital development. Developing countries often have a large and growing workforce, and Sustainable HRM can play a crucial role in enhancing employee skills, employability, and long-term productivity (Pfeffer, 2010). By investing in training, learning, and employee well-being, organizations can build a more resilient and committed workforce that supports sustainable growth. Digital transformation emerges as another important opportunity. The increasing adoption of digital HR technologies enables organizations to implement more efficient, transparent, and environmentally friendly HR practices, such as e-recruitment, online learning, and digital performance management systems (Bondarouk & Brewster, 2016). These technologies not only reduce administrative costs but also support sustainability by minimizing paper use and improving access to HR services. Furthermore, growing pressure from global stakeholders—including international organizations, investors, customers, and governments—encourages organizations in developing countries to adopt sustainability-oriented practices. Aligning Sustainable HRM with global frameworks such as the Sustainable Development Goals (SDGs) enhances organizational legitimacy and competitiveness in international markets (United Nations, 2015). This finding suggests that external pressures can act as catalysts for internal organizational change toward sustainability.

## **3. Discussion**

The results highlight that Sustainable HRM plays a strategic role in bridging organizational performance and sustainable development in developing countries. While challenges such as resource limitations and institutional weaknesses remain significant, the literature suggests that these barriers can be mitigated through strategic HR planning and leadership commitment (Ehnert et al., 2016). Sustainable HRM enables organizations to shift from a short-term, efficiency-driven approach to a long-term, value-creation perspective. The discussion also reinforces the relevance of the triple bottom line framework in understanding Sustainable HRM implementation. Economic sustainability is supported through improved productivity and talent retention, social sustainability through employee well-being and decent work practices, and environmental sustainability through the promotion of green behaviors at work (Renwick et al., 2013). In developing countries, integrating these dimensions requires contextual adaptation rather than direct imitation of practices from developed economies. Overall, the findings suggest that Sustainable HRM should be viewed not merely as a set of HR practices but as a strategic and contextualized approach that aligns organizational goals with broader societal and environmental objectives. This study contributes to the literature by providing a balanced perspective on both the constraints and the potential of Sustainable HRM in developing countries.

## 4. Conclusion and Implication

### 1. Conclusion

This paper aimed to examine the challenges and opportunities associated with the implementation of Sustainable Human Resource Management (Sustainable HRM) in developing countries. Based on a comprehensive review of the existing literature, the study highlights that while Sustainable HRM has the potential to support long-term organizational performance and sustainable development, its implementation in developing countries remains complex and context-dependent. The findings indicate that organizations in developing countries face significant challenges, including limited financial and technological resources, weak institutional and regulatory frameworks, low awareness of sustainability concepts, and cultural resistance to change. These barriers often lead organizations to prioritize short-term economic objectives over long-term sustainability goals. However, the results also demonstrate that developing countries possess considerable opportunities for implementing Sustainable HRM. Human capital development, digital transformation, and increasing pressure from global stakeholders create favorable conditions for embedding sustainability principles into HRM practices. Overall, this study concludes that Sustainable HRM can serve as a strategic mechanism for aligning organizational objectives with broader economic, social, and environmental goals in developing countries. Successful implementation requires a long-term perspective, strong leadership commitment, and the adaptation of Sustainable HRM practices to local socio-economic and institutional contexts rather than the direct replication of models from developed countries.

### 2. Theoretical Implications

From a theoretical perspective, this study contributes to the growing body of literature on Sustainable HRM by providing a comprehensive synthesis of challenges and opportunities within the context of developing countries. By integrating the triple bottom line framework with a developing-country perspective, the study extends existing Sustainable HRM theories that have largely been developed in the context of advanced economies. The findings emphasize the importance of contextualizing Sustainable HRM theories to account for institutional, cultural, and economic differences. Furthermore, this paper highlights the strategic role of HRM as a driver of sustainability rather than a purely administrative function. It reinforces the view that Sustainable HRM should be understood as a dynamic and integrative approach that links human capital management with sustainable development outcomes at both organizational and societal levels.

### 3. Practical Implications

The findings of this study offer several practical implications for managers, HR professionals, and policymakers in developing countries. For organizational leaders and HR practitioners, the results suggest the need to integrate sustainability into core HR strategies, including recruitment, training, performance management, and employee engagement. Investing in employee development and well-being can enhance workforce resilience and support long-term organizational sustainability. For policymakers, the study underscores the importance of strengthening institutional and regulatory frameworks that encourage organizations to adopt Sustainable HRM practices. Clear labor standards, environmental regulations, and incentives for sustainable business practices can play a critical role in supporting organizational efforts. Additionally, partnerships with educational institutions and international organizations can help improve awareness and capacity building related to Sustainable HRM.

## 4. Limitations and Future Research Directions

Despite its contributions, this study has certain limitations. As a literature-based review, the findings are derived from secondary sources and do not include empirical data from specific organizational contexts. Future research could address this limitation by conducting empirical studies using quantitative, qualitative, or mixed-method approaches to examine Sustainable HRM practices in specific developing countries or industries. Future studies may also explore the role of leadership, organizational culture, and digital technologies in facilitating Sustainable HRM implementation. Comparative studies between developing and developed countries would further enhance understanding of contextual differences and best practices. Such research would provide deeper insights into how Sustainable HRM can effectively contribute to sustainable development in diverse organizational settings.

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