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ROLE OF HUMAN RESOURCES FOR SME SUSTAINABILITY: WHAT THE LITERATURE SAYS AND WHAT WE CAN EXPECT FOR THE FUTURE

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THE IMPORTANCE OF SUSTAINABILITY PRACTICES IN SMES

There is vast literature on sustainability practices in large and consolidated companies (Henry, Bauwens, Hekkert, & Kirchherr, 2020). However, studies on this issue focused on small and medium-sized enterprises are scarce (SMEs), even though these companies are economically relevant. In the European Union, for example, SMEs are 99.8% of companies, represent 66.6% of jobs (Comissão Europeia, 2019), and are responsible for 64% of industrial pollution in the region (Constantinos et al., 2010), which shows the importance of sustainability practices among these organizations. According to York and Venkataraman (2010), entrepreneurs can play a role in solving environmental problems by creating environmentally sustainable products, services, and new companies or models that do what established firms are not doing and are not able to do. When considering moving toward a circular economy, it is crucial that SMEs – which comprise 90% of all businesses worldwide (Organização para a Cooperação e Desenvolvimento Econômico [OECD], 2019) – enter a transition to circular business models. The adoption of such models may offer advantages such as niche opportunities (reaching customers likely to buy sustainable products and services), prestige, cost reduction, profitability, protection and recovery of the local environment, and the business' sustainability (Ormazabal, Prieto-sandoval, Jaca, & Santos, 2016).

However, the structure of SMEs poses huge barriers to the implementation of sustainability practices. Among these barriers are the lack of interest from suppliers, lack of demand and capital, the increase in costs, the absence of government support, scarcity of technical know-how, lack of information, and the challenges of changing the company's environmental culture (Rizos et al., 2016). A vital aspect to overcome such challenges is counting on well-prepared human resources, which is something equally challenging in the case of SMEs.

Thus, the evidence that prepared personnel is crucial for the transition to circular sustainability highlights the challenge of adopting green human resources management.

The role of green human resources management

Sustainability practices imply that people think green and outside the box, especially when working in SMEs. In a world increasingly aware of environmental sustainability issues, the daily role of each employee is essential, particularly in companies primarily based on circular entrepreneurs. Human resources management (HRM) is vital to help people think differently since companies play a central role in promoting their sense of green responsibility and initiative. Thus, organizations must be prepared to fulfill this role by adopting green human resources management (GHRM). The GHRM consists of implementing sustainable policies and practices to raise awareness of the negative impact of pollution and energy consumption on the environment and, consequently, on our lifestyle.

This “green” concept stimulates the transformation of the companies and their employees’ mindset, fostering an internal culture based on more efficient practices regarding the use of resources, sensitivity to the environment, and social responsibility.

In this sense, GHRM practices help increase employee performance and commitment to improving environmental efficiency, involving changes of the organization’s culture, structure, strategies, and policies toward green management (Mandip, 2012). The transition to this management requires a circular entrepreneurial culture supported by the involvement and rooting of all employees – circular intrapreneurship. In other words, changing behavior is crucial to achieving sustainability for SMEs, so these companies mark their difference from others. In this way, they may leave behind the market’s “Pandora’s box” full of environmentally unaware and harmful businesses and offer society a model where the organization’s human resources face their work and role with a missionary attitude, abandoning individual goals to pursue collective objectives – collective entrepreneurship.

Although an emerging topic, there are only a few studies examining the impact of GHRM on the sustainability of SMEs.

THE PAST AND PRESENT OF KNOWLEDGE ON SUSTAINABILITY IN SMES

Thematic analysis on SMEs and their sustainability practices has focused on four areas of research: (1) instruments to implement sustainability; (2) the reasons for implementing these instruments in SMEs; (3) barriers to implementing sustainability practices in SMEs; and (4) facilitating factors for the implementation of these practices (Johnson & Schaltegger, 2016).

Boiral, Baron, and Gunnlaugson (2014) highlight that “post-conventional” leaders are essential to SMEs’ environmental commitment. When committed, these organizations pressure suppliers

and other stakeholders to take the same path. Thus, the entrepreneurial orientation toward sustainability positively influences network practices, whether in the context of emerging or planned strategies. Among these strategies, human resources stand out, as they influence SMEs toward sustainability. Zhang (2008) considered that one of the crucial factors leading SMEs to adopt environmental practices is the involvement of all employees. Masurel (2007) also mentioned that working conditions are the most important motivation for SMEs to invest in ecological measures.

On the other hand, organizational culture must support knowledge management and be guided by the owners’ and managers’ personal and ethical values and moral and social responsibilities. These values drive environmental responsibility in SMEs. According to Font, Garay, and Jones (2016), the habit and lifestyles of SMEs’ owners/managers affect sustainability activities in the organizations. SME managers’ lifestyle and attitude showing commitment to a pro-environmental agenda are essential for the organization’s good performance in the area (Koe, Omar, & Sa’ari, 2015).

The “commitment of top management” is the most critical driver for the successful implementation of ecological practices. The top managers’ social responsibility and ethical concerns may lead to environmental practices (Thanki & Thakkar, 2018).

This line of thinking is directed toward green/circular leadership focused on sustainability to promote the full adherence of human resources to these practices. In this scenario, circular entrepreneurship or the process of exploring opportunities in the circular economy domain (Zucchela & Urban, 2019) represents the transition to a circular economy (Heshmati, 2017). In this context, future studies are urgently needed to help managers and entrepreneurs to understand better the value created and distributed during the transformation process occurring in the circular economy, in line with the optimized alignment of scarce resources and management capabilities for this economy, as well as elements of the context and their influence on circular business models.

This means that managers/owners/leaders must think outside the box today and in the future, as human resources are the base of the pyramid to achieve environmental sustainability. However, the economic and social dimensions must also think differently, given that it is necessary to have a holistic view of these three pillars within the scope of the circular economy.

In retrospect, the theoretical development of the circular economy concept was initiated by Boulding (1966), who introduced the concept of the cyclical system, in which finite land resources were recycled and their value optimized. Continuing the general premise of this system, Pearce and Turner (1989) addressed the concept of a circular economy, arguing that the environment provides amenities and systems to support life, deposit waste, and offer a resource base for the economy. Systems theory also suggests that the characteristics of the parts are understood as a dynamic whole, and it is important that there is connectivity between them. The integration of these two concepts suggests that connectivity is crucial for the circular economy to take advantage of exogenous and endogenous synergies, the collaborative process between all parties, and finally, networking, for individual and collective benefits, to contribute to environmental quality and economic prosperity. In these circumstances, the introduction of the concept of green human capital and the like in SMEs meets this circularity, which is important for their success and positive performance and generates inimitable competitive advantages. This economy

proposes recycling waste and its reuse, as substitutes for natural resources to improve future needs and make sustainability more likely (Sauvé, Bernard, & Sloan, 2016). Thus, the practical application of this theory allows for industry by-products to become primary raw materials for others, sharing resources, and consequently, there is an optimization of resources and their value (Smol, Kulczycka, & Avdiushchenko, 2017). Therefore, the model advocated by this theory promotes resource resilience to ensure healthy competition and maximum efficiency in using available resources (Geng & Doberstein, 2008). If we associate intangible resources with the resilience of tangible resources, such as human resources, knowledge, and talent, it is possible to promote the double optimization of resources leveraged by the green management and leadership of human resources, which provides the reach of emerging sustainability.

THE FUTURE ROLE OF SMES IN SUSTAINABILITY: FINDING THE LIGHT AT THE END OF THE TUNNEL

People are the key actors in implementing sustainable practices, an issue even more significant when talking about SMEs. Thus, future investigations should perceive the role of the organization's managers/owners/entrepreneurs in conducting this process, so there are both theoretical and practical consequences.

Consequences for future research

Given the substantial deficiencies in the implementation of sustainability practices, it is worth asking whether the literature on sustainability management has not been too idealistic (Dentchev, 2009) to the detriment of the instrumental part. Thus, future studies could adopt other theoretical frameworks in addition to stakeholder theories, such as network theory, social capital theory, absorptive capacity theory, and dynamic capabilities theory. These approaches allow circular entrepreneurship, circular intrapreneurship, and GHRM to be understood in-depth and show the essential drivers necessary for these practices to be successfully implemented in SMEs. Additionally, this understanding will be synergistic to motivate employees to adopt an ecological attitude.

In these circumstances, the future of research involves studying the so-called SMEs that adhered to the green management and leadership of human resources, supported by circular entrepreneurship and intrapreneurship, but mainly by developing circular business models that include this new green vision for human resources.

Consequences for management

In this context, the development of a sustainability strategy can be a necessary first step toward its implementation in the management of SMEs. These strategies generally reveal the leaders' commitment to addressing sustainability issues – circular leaders – that can be incorporated

into the company's core business. These leaders must seek to involve employees in their projects and challenges and consider them part of a team where the leader stands as a member, side by side, assuming the responsibilities and addressing the problems together, generating missionary human capital. This involvement, sharing of responsibilities, and knowledge among all SME employees is an undeniable driver for these small companies to increase their contribution to sustainability. This means that the future of SMEs involves the inclusion of GHRM to reduce the ecological footprint.

On the other hand, due to the scarcity of resources in SMEs, the implementation of sustainability requires networking, where cooperation with other companies and/or institutions is an appropriate mechanism. In this sense, it is necessary to understand the processes of inter-organizational relationships involving SMEs to achieve sustainability, paying special attention to the emergence of the circular economy.

Cooperation and networking between SMEs and stakeholders is an effective way to support environmental innovation. Cooperation with other companies in the same geographic area can help achieve competitive advantages and transfer knowledge and skills of human resources from partner companies/institutions. Collins, Lawrence, Pavlovich, and Ryan (2007) compare the adoption of sustainability practices between members and non-members of a sustainable business network, in which networking involving the sharing of human resources was a means to raise awareness of all members of sustainability issues and practices in SMEs. Furthermore, membership in a network appears to be more positively related to stronger adoption of sustainability practices for SMEs than for large companies, suggesting that membership in a network may have a stronger impact on organizational learning in the case of SMEs.

Here, too, theories of motivation, careers, conflicts associated with human resources must play a leading role in the green leadership of this type of resources because a motivated and appreciated employee will commit to the company and do everything to contribute to its success. Of course, this represents an arduous and complex challenge for SMEs, given their scarce human resources. However, it is known that a highly motivated individual involved in their company's projects, who feels part of the team and not a mere collaborator, increases productivity and knowledge exponentially. It is still important that human resources are offered continuous training, as the maintenance of sustainability increasingly requires new knowledge, which must be shared and disseminated in the business fabric.

From the above, it can be seen that human resources play a fundamental role in business development and that sustainability has finally entered the strategies of companies that want to grow and remain competitive in the long term. In this sense, the GMHR is responsible for creating a culture of sustainability within companies, promoting actions that reduce environmental impacts, and contributing to a more sustainable society. Now the question arises of how these resources are essential contributors to the desired sustainability, also considering the circular economy that reduces the ecological footprint, which, in turn, is a consequence of actions people take in the organizations. In other words, the management of SMEs must be urgently characterized by a sustainable and green organizational culture, in which human resources adopt best ecological practices, inside and outside the companies.

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AUTHOR'S CONTRIBUTION

Mário José Baptista Franco e Maria Margarida Mendes Rodrigues worked on the conceptualization theoretical review, writing and final revision of the manuscript.