



INNOVATION IN HUMAN RESOURCE MANAGEMENT: A SUSTAINABLE APPROACH FOR MICRO, SMALL, AND MEDIUM ENTERPRISES

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Abstract

This study analyzes the role of Human Resource Management (HRM) in supporting sustainability within Micro, Small, and Medium Enterprises (MSMEs). Through a comprehensive literature review of publications from 2020-2024, the research explores sustainable HRM practices including training, green leadership, and performance management systems. Utilizing Publish or Perish and VOSviewer software, the study identifies key themes and conceptual relationships in the literature. Findings reveal that sustainable HRM practices significantly contribute to human resource optimization and business sustainability. VOSviewer mapping uncovered relationships between HRM innovation, sustainable development, and MSME sustainability. The research highlights the importance of job training and visionary HRM approaches in supporting sustainable transformation. This study provides critical insights into the strategic role of HRM in achieving organizational sustainability.

Keywords: Human Resource Management, Sustainability, MSMEs, Innovation, Training

INTRODUCTION

In the contemporary era, the concept of sustainability has become a central focus in global business practices, driving organizations to integrate environmental, social, and economic considerations into their operational strategies (Allen et al., 2023; Edwards, 2021). Micro, Small, and Medium Enterprises (MSMEs) face unique challenges in adopting sustainable practices, given the resource constraints and competitive pressures they encounter (Dasanayaka et al., 2022; Malik et al., 2020).

Human Resource Management (HRM) emerges as a key instrument in transforming organizations' sustainable approaches. Recent studies demonstrate that HRM practices are no longer merely administrative functions but have become strategic platforms for driving innovation and organizational resilience (Podgorodnichenko et al., 2020; Ren & Jackson, 2020). Particularly in the MSME context, human resource optimization becomes a critical factor in achieving long-term business sustainability.

Several cutting-edge studies underscore the importance of comprehensive approaches in sustainable HRM. Amrutha & Geetha (2020) emphasize that integrating sustainability principles into human resource management can significantly enhance organizational performance. Furthermore, Stahl et al. (2020) identify that multistakeholder approaches in HRM can strengthen organizational commitment to sustainable development.

Nevertheless, there exists a significant research gap in understanding how MSMEs can effectively implement sustainable HRM practices. Jamal et al. (2021) note that the majority of previous research tends to focus on large organizations, overlooking the unique dynamics of MSMEs. This condition necessitates in-depth investigation into HRM adaptation strategies suitable for the MSME context. This research aims to: (1) Identify sustainable HRM practices most relevant to MSMEs. (2) Analyze HRM's contribution to driving organizational sustainability, (3) Explore strategic innovations in human resource development

The significance of this research lies in its contribution to bridging the literature gap and providing a practical framework for MSMEs to optimize human resource potential within sustainable contexts. Using a comprehensive literature review approach, this study is expected to provide transformative insights in developing responsive and visionary HRM. Research Problem: How can Human Resource Management practices support the sustainability and resilience of MSMEs in dynamic business environments?

LITERATURE REVIEW

Research on sustainable Human Resource Management (HRM) has experienced significant development in the last decade. Kramar (2022) identifies six fundamental characteristics of sustainable HRM, indicating a paradigm shift from traditional approaches toward more comprehensive strategies. Podgorodnichenko et al. (2020) confirm that sustainable HRM is a complex construct integrating social, environmental, and economic dimensions in human resource management practices.

Stahl et al. (2020) propose that multidimensional approaches in HRM have the potential to accelerate organizational contributions to sustainable development. Ren & Jackson (2020) observe that HRM plays a strategic role in creating organizational ecosystems that are innovative and responsive to sustainability challenges.

Sustainable HRM Practices

Recent literature highlights several key sustainable practices. Usman et al. (2023) reveal strong correlations between green training and proactive environmental behaviors beyond the workplace, while Yafi et al. (2021) emphasize the role of competency and motivation in sustainable training. In terms of leadership, Al-Swidi et al. (2021) demonstrate the positive impact of green leadership on organizational behavior, and Çop et al. (2021) highlight how transformational leadership strengthens

green team resilience. Regarding sustainable performance management, Mio et al. (2022) propose a balanced scorecard that integrates sustainability indicators, supported by Tsai et al. (2020), who stress comprehensive performance assessments with sustainability metrics.

Human Resource Optimization

The concept of human resource optimization in sustainable contexts has attracted researcher attention. Malik et al. (2020) demonstrate the potential of green intellectual capital in optimizing sustainable HRM practices. Lu et al. (2023) highlight the importance of collective values in accelerating human resource development.

Sustainability Dynamics in MSMEs

Jamal et al. (2021) identify unique complexities faced by MSMEs in adopting sustainable practices. Nisar et al. (2021) find that implementing green HRM practices has the potential to drive innovation and environmental performance at small and medium-scale enterprises.

Implementation Challenges

Despite positive potential, there are several structural challenges. Mohiuddin et al. (2022) identify difficulties in implementing sustainable HRM practices, particularly in organizations with resource constraints. Munawar et al. (2022) offer optimistic perspectives through innovative strategies for mitigating implementation barriers.

Theoretical Framework

This research adopts an integrative theoretical framework: (1) Innovation Diffusion Theory (Rogers), (2) Sustainable Livelihoods Approach, (3) Organizational Transformation Theory.

Research Gap Identification

Literature analysis reveals significant gaps: (1) Minimal research specific to MSME contexts, (2) Limited empirical studies on sustainable HRM implementation, (3) Lack of strategic exploration of human resource optimization within sustainability frameworks. This research attempts to fill these gaps through comprehensive analysis of HRM transformation potential in supporting MSME sustainability.

METHOD

This research adopts a comprehensive literature review approach with qualitative methods to explore and synthesize empirical knowledge about sustainable Human Resource Management (HRM) in the context of Micro, Small, and Medium Enterprises (MSMEs). The research methodology is designed to provide systematic and in-depth analysis of current scientific literature.

Research Design

The research employs systematic review methods referring to rigorous research protocols. Following recommendations by Meng et al. (2024), this approach enables comprehensive synthesis of existing research evidence, identifying patterns, gaps, and theoretical insights in the sustainable HRM domain.

Data Sources

Data collection was conducted through exploration of leading academic databases: Google Scholar; Scopus; Web of Science; Specific journal databases in management and sustainability fields. Literature inclusion criteria include: Publications between 2020-2024; Articles published in peer-reviewed journals; Focus on sustainable HRM in MSME contexts; English-language articles. Exclusion criteria: Publications before 2020; Non-academic articles; Studies without direct relevance to sustainable HRM.

Search Strategy

Literature search was conducted using the following keyword combinations: "Sustainable Human Resource Management"; "MSME Sustainability"; "Green HRM"; "Human Resource Optimization"; "Sustainable Training Practices".

Data Analysis

This research applies bibliometric analysis techniques utilizing software: (1) Publish or Perish (PoP), (2) VOSviewer. Shi et al. (2024) emphasize the effectiveness of bibliometric approaches in exploring intellectual structures and knowledge patterns in specific research fields. Data analysis was conducted through stages of data extraction. Key information extracted includes: Sustainable HRM practices; Research methodology; Main findings; Conclusions and implications.

Subsequently, thematic analysis adopting Bukar et al. (2023) approach, this research uses systematic coding to identify key themes, patterns, and conceptual relationships in literature. Knowledge network mapping VOSviewer is used to visualize conceptual relationships and citation patterns in analyzed literature.

Validity and Reliability

To ensure research quality, several strategies were applied: Rigorous search protocols; Clear inclusion and exclusion criteria; Independent review processes; Comprehensive documentation of each analysis stage.

Research Limitations

This research acknowledges several limitations: Focus on English-language publications; Potential publication bias; Limited generalization due to literature review nature.

Ethical Implications

The research fully complies with academic research ethical standards, emphasizing transparency, objectivity, and scientific integrity.

Analysis Framework

Data analysis was conducted through interpretive approaches, focusing on: (1) Identification of sustainable HRM practices, (2) Exploration of human resource optimization strategies, (3) Analysis of HRM contributions to MSME sustainability.

RESULTS AND DISCUSSION

Comprehensive analysis of sustainable Human Resource Management (HRM) literature reveals the complexity of organizational dynamics in sustainable development contexts. Knowledge network visualization through VOSviewer provides deep perspectives on conceptual relationships underlying innovative HRM practices.

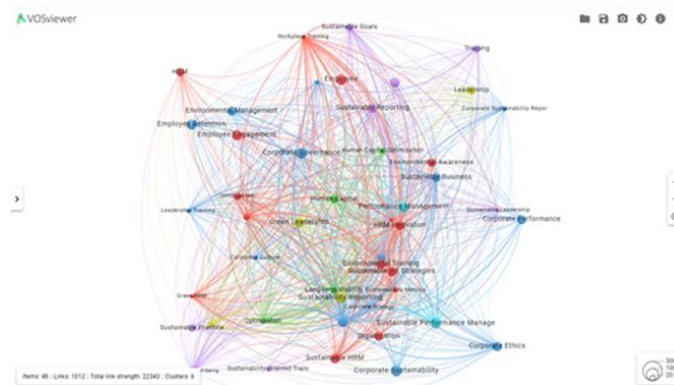


Figure 1: VOSviewer Mapping Results

Source: VOSviewer Analysis Results (2024)

The conceptual mapping generated explores the intellectual structure of the research domain, revealing interconnected thematic clusters. Red color clusters indicate focus on conventional HRM procedures, while blue clusters emphasize organizational ethics and governance dimensions. The central position of constructs such as "Sustainable HR Strategy" and "Corporate Sustainability" affirms their significance in contemporary academic discourse. In-depth investigation of inter-concept relationships reveals several critical findings. First, there is substantial correlation between HRM innovation and sustainable development (Figure 2).

Research findings confirm that human capital optimization and green leadership constitute critical strategies in accelerating sustainable practices. The MSME context requires adaptive approaches responsive to their unique organizational characteristics. Podgorodnichenko et al. (2020) and Stahl et al. (2020) support arguments about the importance of comprehensive integration in human resource management.

Theoretical implications of the research include enrichment of sustainable HRM conceptual frameworks, with VOSviewer analysis revealing complex relationships between research concepts. Practically, findings offer strategic guidance for organizations in developing innovative and sustainable human resource management practices.

Despite significant contributions, this research limits findings generalization due to focus on English-language publications. Future research is recommended to explore specific MSME contexts, conduct empirical studies, and investigate driving factors for sustainable practice adoption. The final conclusion affirms that organizational transformation toward sustainability requires integrative, innovative, and responsive approaches in human resource management, with adaptation and environmental awareness as fundamental prerequisites for contemporary organizations.

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