# Chapter 8

# Sustainable Human Resources as the Future of HRM Systems in Family Firms

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# **ABSTRACT**

Issues associated with the fair distribution of resources for both current and future generations are gaining on more importance as a result of broad discussion worldwide relating to the ecological problems. One of the significant elements of these activities is embodied by family firms; hence, the aim of this chapter is an attempt to indicate what an important role in terms of building the future of family firms is played by the adoption of the principles of sustainable management with the participation of the employees and the owners on the basis of the appropriately designed functions of HRM. The chapter includes introductory elements to the significance and foundations of the concept of sustainable development in order for the subsequent sections to contain information on the subject of utilizing the concept of sustainable management in organizations and the departments of HR. The final section of the chapter constitutes indications referring to the creation of sustainable personnel in family firms as a challenge that is facing the departments of HR.

## INTRODUCTION

The word "sustainable" is increasingly integral to various areas of the activities of enterprises. Its beginnings that were associated with restricted access to natural resources and the prevalent ecological trend developed with the passing of time to the concept of sustainable development that functions in three dimensions as follows: economic, social and environmental aspects.

In the current market conditions, responsibility for all the composite elements of the concept are transferred to the area of activities of enterprises, which in turn, forces the organizations to take account of them in the processes of management. The obligation of their implementation first and foremost lies

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with the managerial staff, which in the case of family firms means the owners, while subsequently the departments of HR, and the consequence of their effectiveness is dependent on the personnel employed in the organization at hand. One of the main successes of the effective functioning of the assumptions of sustainable development is embodied by the departments of HR, while the key element of this area of management is indicated by the employees, managers and other managerial staff, while in the case of family firms this mainly relates to the owners. It is important that the people employed in the organization are guided by the principles of sustainable development and create sustainable personnel.

By means of listing the literature on the subject matter of family firms, while also literature associated with sustainable development and sustainable HRM, this paper is to appeal to the necessity of the conscious and gradual implementation of sustainable management in the sphere of HR in family firms.

## **BACKGROUND**

The first definition of sustainable development was presented in the report entitled "Our Common Future" (known as the Brundtland Report), according to which, sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs (WCED, 1987). Nevertheless, environmental problems were noticed prior to this – at the first International Conference on the Human Environment in Stockholm, Sweden in 1972, at which environmental issues were touched on. Its consequence was to create the United Nations Environmental Program (UNEP), whose task became activity on behalf of the environment mainly by means of information activity. This was to enable the improvement of the quality of life of communities without depriving the future generations.

Together with the passing of time, a change has occurred in the political debate referring to the notion of "sustainable". In Rio de Janeiro in 1992 during the Earth Summit, a move from the main emphasis on environmental issues in the direction of issues formulating the common focus on environmental, social and economic development, to be followed by further summits at Millennium in 2000 and the world summit in Johannesburg in 2002, at which the main emphasis was placed on reducing poverty worldwide. The processes aimed at protecting the environment in terms of serving the development of mankind was commenced, while simultaneously calling for the improvement of the well-being of the poorest at present and in the future (Bac, 2008). Since the UN World Summit on Sustainable Development in 2002 in Johannesburg, the following definition of sustainable development has been adopted: *a collective responsibility for the progress and strengthening of mutually dependent and mutually reinforcing pillars of sustainable development - economic development, social development and environmental protection - at local, national, regional and global level (UN, 2002).* 

The development of the concept naturally has its continuation and is played out with the significant participation of the European Union. Within the framework of the strategies conducted by the EU that are associated with the implementation of sustainable development in EU member states - "Europe 2020. Strategy for smart, sustainable and inclusive growth", apart from the aspects of environmental protection, issues associated with the social factor (human resources) became important, while also within their framework, among others, the rate of employment of people aged 20-64, or the restriction of people living in Europe below the level of poverty (COM, 2010).

One of the multitude of definitions indicates that sustainable development encompasses the models of economic and social development, which should simultaneously protect the environment and lead to

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