

ACTIVE EMPLOYMENT POLICY AND SUSTAINABLE HRM: CZECHIA

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Abstract

Active employment policy refers to measures and strategies governments implement to promote employment and reduce unemployment. Employment policy and sustainable human resource management (HRM) are related concepts that focus on creating an approach to employment practices within organizations. While employment policy pertains to the broader framework and guidelines set by governments to govern employment-related activities, sustainable HRM emphasizes the long-term perspective on the organization level and refers to the integration of sustainable HRM practices. The paper reviews active employment policy and sustainable HRM, drawing on selected indicators and a questionnaire survey in Czechia in 2022. The first part characterizes European active employment policy measures and unemployment in selected countries 2019-2022. The second part covers results from the survey on sustainable HRM in Czechia in 2022. Findings show that adopting sustainable HRM provides a sustainable culture to attract and retain skilled workers. Results encourage discussing about the benefits of life-long learning that supports workers' employability.

Key words: employment policy, sustainable HRM, HRM practices

JEL Code: J21, M12, M51

Introduction

Employment policy and sustainable human resource management (HRM) are interconnected concepts that focus on creating a balanced approach to employment practices within organizations. While employment policy pertains to the broader framework and guidelines set by governments to govern employment-related activities, sustainable HRM seeks to achieve positive economic, social, human, and environmental outcomes simultaneously in the short and long term (Kramar, 2022). These two concepts relate to each other on several levels. Employment policies set the guidelines and regulations that govern the relationship between employers and employees, so they encompass various aspects of HRM, such as recruitment, selection, compensation, benefits, working conditions, performance management, training and

development, and employee relations. They provide a framework to ensure fair and consistent treatment of employees and compliance with legal requirements. However, in the case of Central Eastern Europe, there need to be more studies that would compare the degree of flexibility and security in the labor markets (Nikulin & Gawrycka, 2021).

Sustainable HRM is an approach that integrates sustainability principles into HRM and is an emerging concept worldwide; researchers from European and Asian countries dominate this field (Faisal, 2023). It focuses on balancing HRM practices with their economic, social, and environmental dimensions to ensure the well-being of employees, the organization, and society. It stresses the insertion of sustainable practices within employment policies, such as:

- Diversity and inclusion ensuring equal opportunities for individuals.
- Work-life balance by providing flexible working arrangements, family-friendly policies, and employee well-being initiatives.
- Life-long learning and development.
- Health and safety to guarantee a safe working environment and occupational health.
- Ethical employment practices, e.g., fair remuneration, and labor rights.
- Employee engagement and participation through feedback systems, participatory decision-making processes, and employee involvement in sustainability initiatives.

The paper aims at the interconnection between employment policy and sustainable HRM in Czechia, drawing on selected statistical indicators and a questionnaire survey among Czech workers in 2022. The first part characterizes measures in active employment policy and trends in unemployment. The second part covers results from the survey on HRM practices in 2022 to show employees' perceptions of sustainable HRM.

The logical hypotheses built on employment policies and sustainable HRM are:

- Employers providing occupational health and safety guarantee a safe working environment, easing to minimize physical and mental work risks.
- Employers providing life-long learning and development support workers' employability.

The first hypothesis characterizes the most regulated area of the working conditions, and the second one signals skilled workers' attitudes to stay in the labor market.

1 Theoretical part

Active employment policy refers to a set of measures and strategies governments or organizations implement to promote employment and reduce unemployment rates. These policies aim to create a conducive environment for job creation, ensure a skilled workforce, and support individuals in finding and retaining employment. Their components and approaches may vary depending on the country and the prevailing economic conditions. The country specifics determine the effectiveness of these policies, i.e., the local labor market conditions, economic climate, and the alignment of policies with the needs of job seekers and employers.

The European employment strategy¹ covers employment policies as the following:

- Job creation initiatives. Governments may implement policies to stimulate economic growth and encourage businesses to create more job opportunities, e.g., to provide tax incentives, grants, or subsidies to businesses that expand their workforce or invest in new ventures. The illustration shows the implementation of circular economy principles in businesses in Flanders (Belgium), where startups' skills for circular business require the following: 1) a design to lower material use increases the need for transport and logistics skills, 2) digitalization increases the need for R&D and IT skills, and 3) the recuperation of waste requires technical knowledge (Borms et al., 2023).
- Labor market information and analysis. Governments collect and disseminate labor market information to help job seekers make informed decisions, e.g., providing data on job vacancies, in-demand skills, and wage trends.
- Skills development and training enhance the skills and employability of the workforce. Employability training improves the employer-employee relationship, and competitive intensity positively shapes this relationship. In this context, however, training for employability reduces the overall employee retention of the firm (Martini et al., 2023). Administrations often prioritize establishing vocational training programs and apprenticeships or funding individuals to acquire new skills relevant to the evolving job market. Schuring et al. (2019) show that in all European regions, educational inequalities exist in health-related exclusion from paid employment, i.e., low-educated workers become unemployed due to health problems more often than highly educated. So, policy measures are needed to reduce educational inequalities in exit from paid employment due to poor health.

¹ European employment strategy. In. Employment, Social Affairs & Inclusion. Retrieved from [<https://ec.europa.eu/social/main.jsp?catId=101&langId=en>].

- Active job search assistance. Employment agencies or job centers provide services to help job seekers find suitable employment. These services may include job matching, resume writing assistance, interview coaching, and career counseling.
- Unemployment benefits or social assistance programs during unemployment for individuals who are temporarily unemployed.
- Entrepreneurship and self-employment support. Governments may encourage entrepreneurship and self-employment as viable options for job creation, e.g., providing training, mentorship, access to capital, and simplifying regulatory processes for starting and running businesses.
- Targeted programs and incentives for specific groups vulnerable or disadvantaged in the labor market, such as youth, long-term unemployed individuals, persons with disabilities, or those facing discrimination. Rotar (2022) analyzes the effectiveness of active labor market policies in reducing youth unemployment for the EU-26 Member States and believes that active labor market policies do not support the reduction of youth unemployment. Assmann et al. (2021) argue that public employment services rarely build social resilience as they provide young people with a means to survive but rarely help build their capacity to overcome difficult situations. Based on research about the stories of young Germans and Norwegians, they emphasize providing tailor-made services that build on young people's motivation and ambition. In the EU, intergovernmental agreements primarily deal with the issue of being at risk of poverty or social exclusion. It is thereby a third-order priority, with economic integration first-order and employment policy second-order, and requests to act (Copeland, 2023).

Sustainable HRM integrates sustainable practices into managing human resources to promote long-term sustainability for organizations, employees, and society. It perceives as challenging the dominant models of strategic HRM (Poon & Law, 2022), and its practices may simultaneously achieve financial, social, and environmental goals. Therefore, they impede:

- Recruitment and selection to attract candidates who align with the organization's sustainability goals and values, e.g., candidates' environmental consciousness, ethical values, and commitment to social responsibility.
- Training and development to enhance knowledge and skills related to sustainability. For example, industrial companies in Poland have more of a short-sighted perspective when it comes to developing the potential of their engineers, which accompanies a visible lack

of employee participation in the process of making training-related decisions, and environmental training remains a neglected area of knowledge (Piwowski-Sulej, 2021).

- Employee engagement and well-being to recognize their importance in achieving sustainable outcomes, e.g., promoting work-life balance.
- Performance management to focus on incorporating sustainability-related goals and metrics into the performance management process. In the Chinese context, Lu et al. (2023) show that sustainable HRM practices positively affect employee resilience and lead to high work engagement among employees, i.e., they contribute to both employee well-being and performance.
- Diversity and inclusion accepting that diverse perspectives and experiences are crucial for addressing sustainability challenges effectively and promoting innovation.
- Corporate social responsibility (CSR) to align HRM practices with an organization's CSR initiatives, i.e., integrating sustainability goals into HRM policies.
- Succession planning and talent management to support the development and retention of employees with sustainability-related skills and competencies.
- Employee communication and stakeholder engagement to emphasize open communication about sustainability-related initiatives, e.g., providing regular updates, seeking feedback, and involving employees in decision-making processes.

By adopting sustainable HRM practices, organizations can cope with challenges, such as an aging workforce, unstable employment relationships, green supply chain management implementation, and Industry 4.0 (Murillo-Ramos et al., 2023). Employee happiness, expectation fulfillment, and behavior are highly dependent on the sustainable training practices offered to them (Gupta et al., 2023) as they support creating a culture of sustainability, attract, and retain socially and environmentally conscious employees, leading to the organization's reputation as a responsible corporate citizen.

2 Empirical part

2.1 Statistics

Total unemployment measured by % of the population in the labor force aged 20-64 is slightly decreasing in the EU and neighboring countries of Czechia in 2022 compared to 2019; Czechia and Germany display an opposite situation in the years mentioned above, as shown in Table 1. The unemployment rates are always worse for females than males during 2019 and 2022. The neighboring countries are selected for comparison as they function as a cross-border migration. The lowest rate traditionally exists in Czechia; however, here, unemployment rates

are always higher for females compared to the unemployment rate by sex in Germany and Austria, where the rate is higher for males than females, and in Poland, where it is almost gender equal.

Tab. 1: Unemployment in selected countries from 2019 to 2022, age group 20-64

	Unemployment rate, % of population in the labor force, age group 20-64											
	2019			2020			2021			2022		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
EU	6.7	6.4	7.0	7.1	6.8	7.4	6.9	6.6	7.2	6.0	5.6	6.3
Austria	4.7	4.9	4.4	5.9	6.0	5.7	6.0	6.0	5.9	4.5	4.8	4.2
Czechia	2.0	1.7	2.3	2.5	2.2	2.9	2.8	2.2	3.4	2.2	1.7	2.7
Germany	2.9	3.3	2.5	3.6 ^b	3.9 ^b	3.1 ^b	3.6	4.0	3.1	3.1	3.3	2.8
Poland	3.3	3.0	3.6	3.2	3.1	3.3	3.4	3.3	3.4	2.8	2.8	2.9
Slovakia	5.6	5.3	5.8	6.5	6.1	7.0	6.7	6.6	6.9	6.0	5.7	6.2

Source: Eurostat, Labour Force Survey. August 2023. (une-rt_a).

* b break in time series

2.2 Questionnaire survey

The analysis of sustainable HRM uses data collected by a questionnaire survey among Czech workers aged 18-65+ from January to September 2022. The questionnaire consists of seven parts and metrics identifying respondents' characteristics. The first part covers 26 questions identifying sustainable HRM, the second one includes three questions dealing with green HRM, the third one – three questions about job satisfaction, the fourth one - eight questions illustrating workplace well-being, the fifth one – six questions about organizational identification, the sixth one – three questions demonstrating work engagement and the seventh one has got 21 questions describing values, i.e., total 70 questions. Respondents were 205, of which 62 % were female. Survey participants worked in small-, medium, and large organizations where HRM practices are developed and implemented. Among the respondents, 37.6% worked in large companies (251– 1,000 employees), 42.4% worked in medium-size firms (51–250 employees), and 20% worked in small-size firms (10–49 employees). Most were university-educated, i.e., respondents with higher education 84.9% and secondary ones 15.1%. All respondents worked full-time and had been in their current position for at least six months; 80% of respondents worked with their employer for over ten years. A managerial position held 55.6% of respondents and non-managerial 44.4%.

Table 2 provides insight into how respondents perceive selected aspects of sustainable HRM regarding diversity policy, participative decision-making, and working conditions. In general, respondents mainly evaluate them positively. So, they value the promotion of diversity and ethics, participative leadership, and work-life balance positively to a medium or high degree. Most regard that employers provide occupational health and safety measures guaranteeing a safe working environment from a high degree to a very high degree. This HR practice is valued as the best among others that are critical for achieving sustainable HRM and corresponds with strict occupational safety and health administration. Nevertheless, they express less optimism about whether working at home is promoted and minimizes psychological and physical risks.

Tab. 2: Sustainable HRM practices

Questions	No		Yes, to a minimal degree		Yes, to a medium degree		Yes, to a high degree		Yes, to a very high degree		Total	
	A*	%	A*	%	A*	%	A*	%	A*	%	A*	%
We value diversity in employees.	10	4.9	28	13.7	71	34.6	78	38.0	18	8.8	205	100.0
We promote ethics and integrity.	7	3.4	8	3.9	63	30.7	80	39.0	47	22.9	205	99.9**
We encourage participative decision-making where everyone can share their knowledge, experience, and creativity.	11	5.4	39	19.0	56	27.3	73	35.6	26	12.7	205	100.0
We promote working at home.	31	15.1	45	22.0	48	23.4	43	21.0	38	18.5	205	100.0
We promote work-life balance.	12	5.9	32	15.6	66	32.2	63	30.7	32	15.6	205	100.0
We provide safe and healthy work environment conducive to the physical and moral wellbeing and growth of employees.	9	4.4	15	7.3	56	27.3	71	34.6	54	26.3	205	99.9**
We minimize psychological and physical work risks.	12	5.9	27	13.2	73	35.6	59	28.8	34	16.6	205	100.1*

Source: Author.

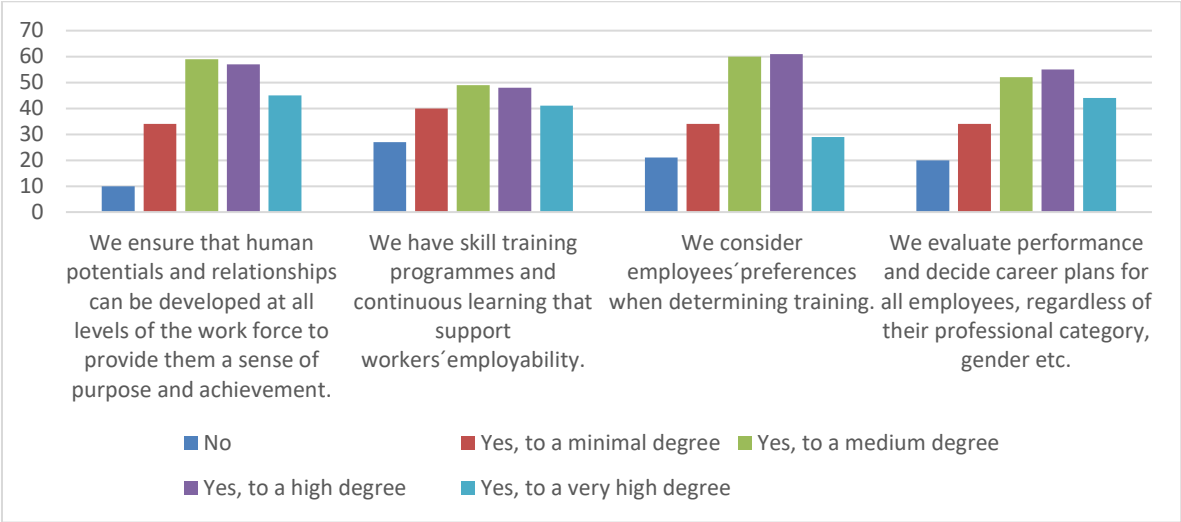
A* The number of respondents

** The difference to or above 100.0 is due to rounding.

Subsequently, Figure 1 displays respondents' views regarding training and development. They see from medium to high degree that employers consider their preferences when determining training and their human potential to acquire opportunities to develop at all organizational levels. Regarding the hypothesis that employers providing life-long learning and development support workers' employability, respondents hold less optimistic views about getting skill training programs that care about continuous learning for workers' employability. Compared with other aspects of training and development, they value the investment in skill

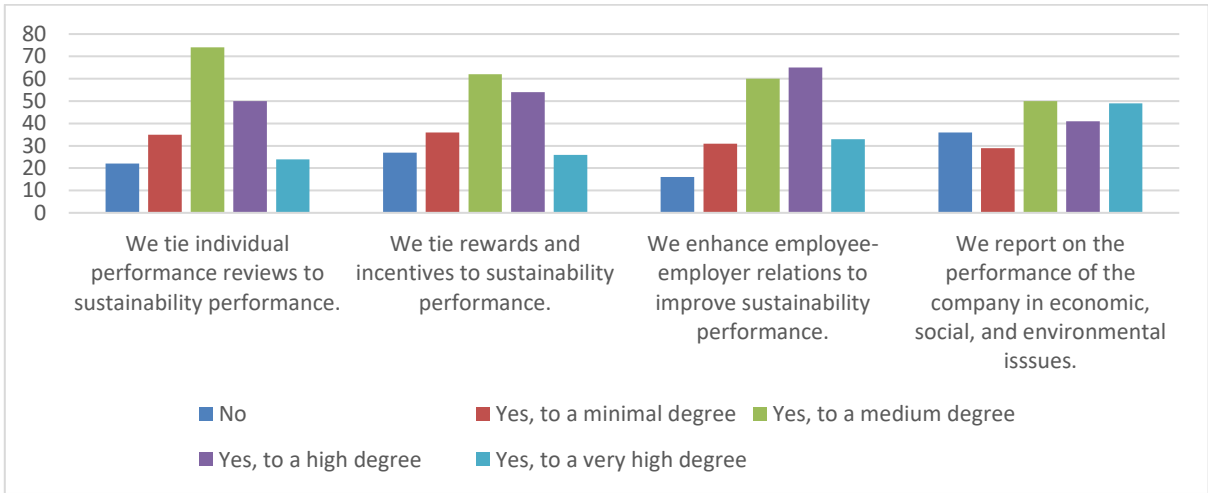
training as the worst. Figure 2 displays the stage in managing rewards and sustainable performance. Employers need help to improve labor relations towards a sustainable performance commitment. Nevertheless, respondents see that individual rewards are tied to sustainable performance, mainly to a medium degree. The worst evaluation is reporting of economic, social, and environmental issues with a higher nonexistence compared to other valued aspects of sustainable performance.

Fig. 1: Training and development



Source: Author.

Fig. 2: Sustainable performance



Source: Author.

Conclusion

Sustainable HRM intends to integrate practices used in managing human resources to achieve long-term economic, social, and environmental outcomes beneficial for organizations, employees, and society. A probe among highly skilled workers in Czechia on how they perceive sustainable HRM shows that they want to reskill their competencies and seek opportunities for life-long learning and career advancement. However, their expectations are only moderately fulfilled by employers regarding skill training programs that support workers' employability. The career development of skilled older workers remains on the edge of HRM practices. It encourages a discussion about the cost-benefits of life-long learning provided by employers to workers aged 50+. They often assume that it has no economic sense to invest in the human potential of this cohort; even skilled workers are in high demand and want to stay active in the labor market. It will need to change a prejudice about the worker's 50+ motivation that they predominantly are willing to stay employed due to wages and benefits. The challenge for redesigning HRM means non-financial reporting providing information about the employer in the labor market, the local community, and society. It will require an assessment of individual and organizational sustainable performance and tie individual incentives to sustainable outcomes. Both policies will influence the employer's reputation.

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