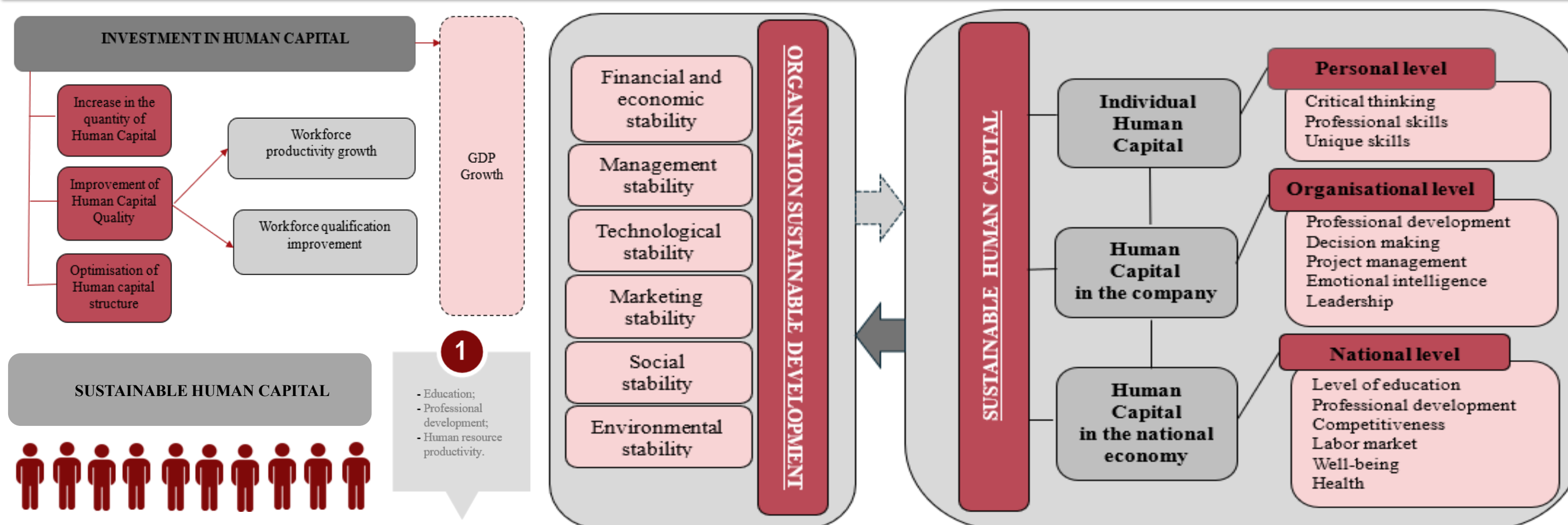


THE IMPACT OF SUSTAINABLE HUMAN CAPITAL MANAGEMENT ON ORGANISATIONAL SUSTAINABILITY

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INTRODUCTION

This article analyses the results of a study on the impact of sustainable human capital management on organisational sustainability, with a focus on employee development, well-being and innovation.. The study used a mixed research method, combining a quantitative survey with the participation of employees from manufacturing companies in different sectors and focus group discussions with human resource managers. Sustainability indicators including employee retention, productivity and social responsibility engagement were analysed using regression analysis. The results show a positive correlation between sustainable human capital management practices and organisational sustainability. Organisations that prioritise continuous learning, fair work pay, and employee well-being demonstrate higher long-term development and sustainability. Organisations that invest in human capital over the long-term gain advantages in terms of employee engagement, innovation and business sustainability.



RESEARCH

This research analyses data from one stage of the study, which analyses quantitative survey data from employees of manufacturing companies in various industries. During the research phase, a quantitative employee survey was conducted in various Latvian manufacturing companies, analysing the relationship between human capital management practices and sustainability indicators. The criteria for selecting companies were based on NACE 2 data, which shows the sectors with the highest number of employees. Based on the statistics 877,400 people, or 64.0% of the population aged 15–74, were employed in Latvia in 2024. According to data from the Central Statistical Bureau, in 2024, the largest number of employees in Latvia will be in the following sectors: 1) Manufacturing industry 14.5%; 2) Wholesale and retail trade 13.2%; 3) Education 11,1%; 4) Health and social care 10,3%; Transport and storage 7,7%. In the next selection stage, all companies were identified in accordance with the procedure established by the Ministry of Economics in Latvia, based on their planning region affiliation. In the third selection criterion, companies in each region were divided into groups - small, medium and large, where the selection criterion was the number of people employed by the company. Number of employees: small companies (fewer than 50 employees), medium-sized companies with 51-250 employees, large companies more than 250 employees. Based on these criteria, 15 companies of different sizes in the manufacturing sector with an appropriate number of employees were selected.

Table 1. Correlation matrix between human capital development in a company and the company's sustainability indicators. (created by authors)

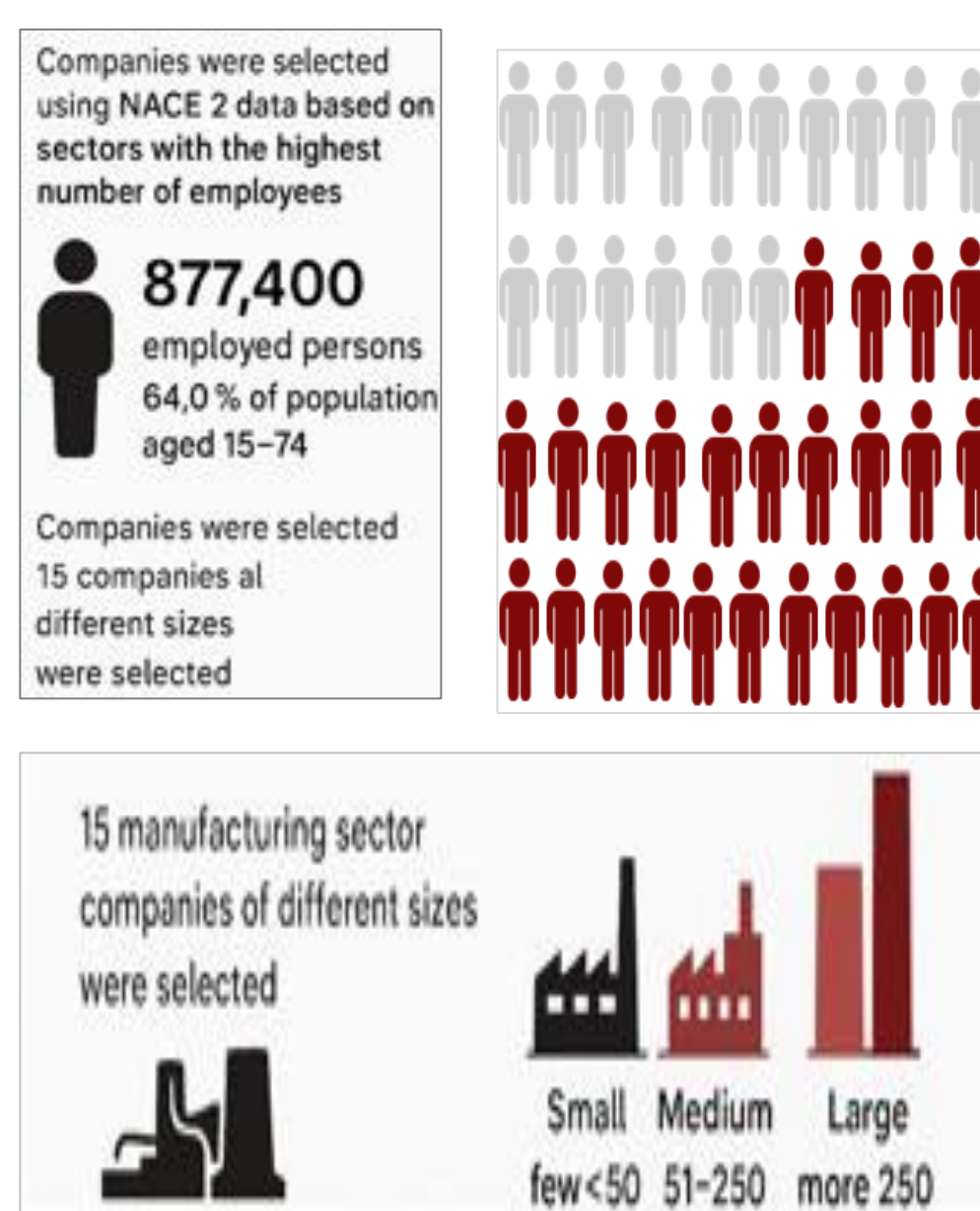
	Professional development opportunities	Remuneration support	Innovation support	Well-being measures	Employee retention	Productivity	Employee engagement
Professional development opportunities	1,00	0,03	-0,14	0,13	-0,02	-0,02	0,06
Remuneration support	0,03	1,00	-0,04	-0,07	-0,08	0,08	-0,03
Innovation support	-0,14	-0,04	1,00	0,00	0,02	-0,01	0,04
Well-being measures	0,13	-0,07	0,00	1,00	-0,07	-0,03	-0,09
Employee retention	-0,02	-0,08	0,02	-0,07	1,00	-0,02	-0,14
Productivity	-0,02	0,08	-0,01	-0,03	-0,02	1,00	0,05
Employee engagement	0,06	-0,03	0,04	-0,09	-0,14	0,05	1,00

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RESULTS

The study involved a quantitative survey aimed at identifying correlations between human capital management practices and sustainability indicators. The study used a structured questionnaire with Likert scale questions to measure employee professional development opportunities, perception of fair remuneration, support for and involvement in innovation, well-being measures, employee retention, productivity and involvement as sustainability indicators. This approach allows for a comparison between the views of company management and the experiences of employees, as well as an investigation of the causal relationships between the data obtained. The research results indicate that human capital management practices are not consistently linked to sustainability indicators. The low positive correlation between professional development and employee well-being ($r=0.13$), as well as the negligible correlation with engagement ($r=0.06$), indicate partial effectiveness. Remuneration fairness showed a negative correlation with retention ($r=-0.08$), revealing a significant weakness in employee motivation mechanisms. The data results indicate the need to develop a holistic human capital development system that integrates aspects of education, motivation, and social well-being. The key sustainability drivers were active management and inclusive culture, while main challenges included resistance to change and limited resources.



CONCLUSION

Sustainable development in business nowadays is understood not only as the implementation of environmental and social requirements, but also as a company's strategic ability to adapt, create sustainable value and ensure its long-term viability in a changing economic environment. The research confirms that employee professional development, fair remuneration, support for innovation, and well-being measures are closely linked to an organization's sustainability indicators. Research data shows that employee engagement and retention levels correlate with the extent to which an organization integrates sustainability principles into its human resources strategy. The potential for sustainable development arises precisely when human capital management is combined with the targeted creation of value in economic, social and organizational terms. In the context of sustainable development, human capital is viewed not only as a factor of productivity, but also as a strategic prerequisite for the viability of an organization and the overall well-being of society.