Futuristic HRM and the Implications of Integration with Industry 5.0 for Sustainable Business

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Abstract

The concept of non-replicable managerial processes enables acknowledging the subjectivity of HRM as one aspect to enhance organizational performance. The current study explores various elements that could support long-term success. In particular, the study finds two critical factors for strengthening an organization’s performance as a human-centric organization and an organizational culture determined by knowledge management. Beyond the rationalistic view of human resources as mechanistic raw materials, the reflections presented here provide the first applicable knowledge about the factors to act and reflect on sustaining business. This study investigates how an organization’s participation in diversity, inclusion, and people empowerment policies affects organizational performance to facilitate businesses’ evolution into the Industry 5.0 paradigm. A conceptual model is put forth to explain effective organizational performance by integrating H.R. management and Knowledge Management has driven corporate culture. The study then elaborates on human resources, knowledge management, and organizational performance as the crucial components to navigating the cultural transformation in the Industry 5.0 scenario. Therefore, organizations should adopt a corporate culture emphasizing sustainability to gain a competitive advantage. Limitations of the study may be interpreted as potential avenues for future research agendas.

Keywords: Human Resource Management, Knowledge Management, Industry 5.0, Sustainability

Introduction

Society in the knowledge economy has caused a disruptive change in work progressions and organizations' productivity (Castelfranchi, 2017). The COVID-19 epidemic has also highlighted some industries' vulnerabilities, emphasizing how urgently businesses and society need to become more robust. Several studies have focused on possible ways to understand and guide on-going evolution in this context (Barile et al., 2018; Del Giudice & Straub, 2011; Carayannis et al., 2017).

Research and innovation are crucial variables accelerating the shift to a human-centric and resilient European industry in this setting, according to the intellectual and organizational debate concerning Industry 5.0 (European Commission, 2021). Resilience has become a key determinant for predicting, adapting, and sustaining desired development trajectories during profound social change and economic uncertainty. However, resilience studies also observed that many institutions are reluctant to move to Industry 5.0, suggesting that existing limitations must be identified, understood, and overcome (Ardito et al., 2018; Carayannis et al., 2021).

A key finding from the management and organizational literature is significant differences in how companies integrate sustainability. Some companies only care superficially about sustainability, according to PricewaterhouseCoopers (2018). Organizations should prioritize sustainability by proactively ensuring those sustainability initiatives are at the business plan's core (Islam et al., 2019). Numerous studies support the fact that a sustainably centred organizational culture is a requisite to adopt sustainability principles for its successful implementation at the corporate level. (Linnenluecke and Griffiths, 2010). A company's
commitment to sustainability is essential for successful sustainability practices, but it must also be aligned with its culture, mission, and strategy (Islam et al., 2019). Conversely, there are gaps in how organizations manage people-centric resources, and organizational culture that is knowledge management driven might result in improved performance. With this in mind, this research examines regardless organizations using improved Diversity, Social Inclusion, and people empowerment policies to achieve enhanced business productivity. The impact of interactions between knowledge management and human resource management needs to be investigated to address these phenomena.

The research examines human resources, knowledge management, and organizational performance following this conceptual flow as the three crucial components to navigating the societal transformation in the Industry 5.0 paradigm and discusses the theoretical and practical aspects. Further, the conclusion and the future research agenda are presented.

**Theoretical Foundation and Conceptual Framework**

**The Relationship between corporate culture and performance enhancement**

Industry 5.0, which starts with the structure, organization, management, knowledge-based, philosophic, and cultural reform of industrial production processes, is the answer to the issues of the new/human-centred industrial paradigm (Carayannis et al., 2020). Several industries are experimenting with artificial intelligence as a means of optimization. “Industry 5.0” is often used as a collective term for various developments related to automation, big data, digitization, and algorithm design. According to Nahavandi (2019), The Fifth Industrial Revolution brings people and machines together, uses human intelligence and creativity more, and increases organizational productivity by integrating intelligent systems and workflows. Though automation is the core issue in Industry 4.0, Industry 5.0 will be a collaboration between humans and advanced robotics. The author also emphasized that “people must be set free in the workplace to work their genius, but they must also have a rich curriculum of meaning and purpose.” Unlike Industry 4.0, the crucial objective of Industry 5.0 is for humans and intelligent systems to work together, combining processes with intellectual capabilities to exploit their intellectual powers. Like Industry 4.0, the main principle behind 5.0 is that organizations need to integrate technology, humans, and Knowledge in a new way to automate work and make people more productive. He explained that in addition to manufacturing, China's 5.0 economy is also working towards developing industries that enhance people's ability to work together.

One recent issue is the relationship between sustainability practices, organizational culture, and effectiveness. Many firms have recently addressed sustainability challenges by adapting their processes, products, and policies to stakeholders' demands (Crane, 2020). However, frequently, these modifications are merely surface-level. Companies should establish an organizational culture emphasizing sustainability to address this need for consistency. Many academics have noted that as organizational culture drives organizational transformation initiatives, cultural engagement with sustainability is crucial for enhancing economic competitiveness and fostering long-term sustainability (Linnenluecke & Griffiths, 2020).

One of the most frequently addressed subjects in managerial literature is organizational productivity and sustainability (Okoshi et al., 2019; Porter, 2019; Schramm-Klein & Morschett, 2016; Tumelero et al., 2019) and the crucial role that knowledge plays in assuring that businesses perform well across a multitude of economic and cultural contexts has been frequently emphasized (Buenechea-Elberdin et al., 2018; Caputo & Evangelista, 2019; Kianto et al., 2018; Papa et al., 2018). Managerial academics have placed a greater emphasis on the influence of culture on performance and creativity in the age of globalization and technological inventiveness. In order to satisfy the demands of investors, staff, and consumers, businesses functioning in competitive markets are constantly under pressure to assess and enhance their performance. Organizational culture analysis should be used to study performance since businesses react to changing conditions depending on their existing culture (Colyer, 2020; Kim & Chang, 2019; Rasheed et al., 2017).
Organizational subculture can seem in quite a few approaches. Among the numerous present definitions, Schein (1992, p. 17) stated that company subculture exists while humans with different "ideals and shared 'approaches of seeing things' arrange their sports in this kind of manner that their interdependence creates new meanings, new assumptions, and expectations." The idea of subculture implies each continuity, described as "a sample of shared fundamental assumptions that a set discovered because it solved its troubles of outside model and inner integration, that has labroid nicely sufficient to be taken into consideration legitimate and, thus, to study to new contributors as the right manner to perceive, assume, and experience with the one's troubles." Schneider et al. (2013) diagnosed three varieties of organizational cultures: (1) the problem-fixing subculture wherein the contributors attempt to remedy every day's troubles; (2) the controlling subculture wherein the agency seeks to persuade how different humans assume and act towards accomplishing its goal; and (3) the handling subculture wherein the agency seeks to persuade how different humans assume and act towards accomplishing precise goals. Indeed, an organizational subculture has at once impacted an agency's overall performance and product quality (Ortega-Parra & Angel Sastre-Castillo, 2013).

In this context, a performance-oriented culture is one in which the entire organization is motivated by the organization's desire for success. According to Caputo and Evangelista (2018, 2019), when H.R. sees itself as a part of a common entity and freely shares its ideas and knowledge, it creates an organizational performance-oriented culture. Recent research (Caputo & Evangelista, 2019; Enwereuzor, 2021; Goswami & Agrawal, 2020; Nguyen et al., 2021) suggests the standard. It shows that methods define common culture and relates to organizational strategy and planning. The consequences of corporate culture and achievement-oriented culture can be observed when a company selects its employees based on the type of culture they expect from them (achievement-oriented class or compliance-oriented culture).

**Human-Centred Organizational Culture**

The Industry 5.0 framework supports a vision in which corporations place human resources and employees' well-being at the centre of company operations to provide sustainable results and more competitive firms (E.U., 2021). Human resources (H.R.) and employee welfare have long been studied as potential predictors of corporate performance (Guest, 2017; Mohanty, 2018; Van De Voorde et al., 2012). In this aspect, studies have discovered that a common goal, interactions, and a congenial workplace and engagement (El-Farr & Hosseingholizadeh, 2019; Mohanty, 2018) are all elements facilitating processes for knowledge dissemination and increasing organizational effectiveness (Enwereuzor, 2021; Goswami & Agrawal, 2020; Nguyen et al., 2021).

Barrena-Martinez et al. (2017) defined the SRHRM following the Industry 5.0 framework as the incorporation of CSR into the HRM function to energize and thrill employees via social rewards that go beyond the stringently economic and legal, concentrating on the well-being of employees and their families. According to the literature, businesses using sustainable human resource management better meet employee expectations. This skill becomes a key driver of increased motivation, which improves organizational performance (Barrena-Martínez et al., 2017; Enwereuzor, 2021; Goswami & Agrawal, 2020; Shen & Zhang, 2019). In line with this idea, Gangi et al. (2021) discovered that excellent organizational conditions encourage the exchange of environmental knowledge and performance.

According to Van De Voorde et al. (2012), H.R.’s well-being has three aspects: connections, health, and happiness. The World Health Organization estimates that health issues like depression and anxiety cost the global economy $1 trillion annually in lost productivity. According to a 2020 survey by the Society for Human Resource Management of 1,099 American workers, 22–35% of respondents reported feeling depressed and mentally stressed by remote work, and 2 out of 5 workers said it was challenging to balance their work and personal lives (i.e., being constantly online and available). In this context, a human-centric culture should consider the appropriate equilibrium between work autonomy and human integrity, even in a digital realm. The STREBLO implementation moves in this approach. It was created to assist H.R. in monitoring and
better managing work stress and job responsibilities with funding from the E.U. project preventing stress in the construction sector. Employees in remote work environments often feel disconnected from their peers, leaving them feeling isolated and overwhelmed (Riva et al., 2021).

According to Alcazar et al. (2013) and Banerjee (2013), these conditions show that a human-centred resource management approach should encompass a comprehensive understanding of human capital. Talmage and Knopf (2017) emphasize Diversity, Inclusion, and Empowerment as foundational elements for a substantial percentage of community well-being in this direction. According to Jackson et al. (2017) and Kochan et al. (2018), diversity is a specific organizational resource encompassing various variations in behaviours, views, emotions, perspectives, and orientations, across individuals and groups. Inclusion outlines the steps an organization must take using Diversity as a resource to enable the community to improve its well-being. Inclusion includes elements like organizational fairness and justice, organizational voices and involvement, in addition to creating a professional and encouraging environment, organizational climate, requirements specification, and psychosomatic sustenance (Talmage & Knopf, 2017). Diversity and Inclusion are hence intertwined. An encompassing sociocultural consequence is produced by combining various resources and inclusiveness procedures, boosting productivity and a sense of belonging at work (Enwereuzor, 2021; Talmage & Knopf, 2017);). Accenture (2020) asserts that organizations with a human-centred strategy may grow adaptable and resilient in challenging and unexpected social and economic settings. Organizations can uncover H.R.'s motivations and behaviours to improve organizational performance with a relational approach. According to this viewpoint, businesses' adoption of diversity and inclusion policies can improve H.R.'s well-being and support the development of a particular organizational culture, ultimately resulting in improved productivity.

An organizational culture focused on knowledge management.

The value of information pooling as a behavioural instrument to strengthen firms' resilience to the current economic and social complexities brought on by the pandemic worldwide condition was recently highlighted by Deloitte (2021). An average of 50% of the employees Deloitte (2021) spoke with identified knowledge sharing as a critical factor in organizational performance. Knowledge management-focused organizations foster a more welcoming and reliable environment for sharing knowledge assets among employees. Motivation and sharing incentives are pretty crucial for efficient and successful knowledge-sharing procedures. However, 37% of the H.R. professionals surveyed believe that the need for the right incentives is in the way of productive information sharing. Therefore, using technology as a sole instrument to support a knowledge management-driven culture is insufficient. As Hwang (2017) noted, "A well-developed knowledge management system can indeed be focused on maintaining profitability unless people in organizations exhibit the ability to learn automatically and to apply Knowledge constructively. Perspectives and learning aids are both involved in managing Knowledge. Hence, more research is required to investigate whether businesses might effectively implement a knowledge management culture to increase employee participation. According to research, knowledge-sharing is best cultivated in an organization by encouraging and supporting the creation of a comfortable environment, as in Deloitte (2021). "One aspect of 'knowledge sharing' is within and across organizations."

This is an essential aspect of knowledge sharing, including knowledge creation, sharing, and internalization, and data is consistent with the majority of studies emphasizing the close relationship between Human Resources and Knowledge Management and illustrates that engaging in Knowledge for Knowledge is a means of creating empowerment that has significant implications for individual and organizational values. Therefore, Knowledge is critical to overall productivity and sustainable development (El-Farr & Hosseingholizadeh, 2019).

In these conceptual areas, a culture-based perspective rethinks H.R. approaches and overcomes reductionist and resource-based views to define knowledge-sharing processes within organizations as competitive and sustainable. We need to understand the role that ensures
it is a critical development driver. Human Resources is the crucial driver for knowledge development, dissemination, and application as a "strategic human asset" (Ananthram et al., 2013). According to this viewpoint, the efficiency of Knowledge Management is reliant on H.R. management systems and is greatly influenced by the synchronization of corporate culture, strategy, people, information, and Knowledge (Gope et al., 2018; Svetlik & Stavrou-Costea, 2019).

According to the Knowledge Management paradigm (Abdi et al., 2018; Dal Mas et al., 2018), The goal of a culture-based approach is to develop a shared path for achieving shared objectives by identifying the strategies in which H.R. communicates Knowledge and continuously modifying their actions and mental models. As a result, knowledge Management is both a precursor and a consequence of organizational culture as it helps to define how Knowledge is addressed and approached within the company and how organizational culture can develop over time due to H.R. relationships and interconnections. (Janz and Prasarnphanich, 2019; Oltra, 2018).

The proposed framework for recommended reflections has been depicted in Figure 1 below, which summarizes all of the assertions mentioned above.

Figure 1 Conceptual Framework

![Conceptual Framework](image_url)

Source: Compiled by Authors

**Practical implications**

Human-centred and sustainable innovation is a subtle topic in Industry 5.0. Several studies emphasize that human involvement is needed to meet modern-day challenges such as customization, personalization, and technology upgrading. The evaluation of a digital economy and the new technological advancement underlying Industry 5.0 call up for further studies, HRM models, and new adaption of business strategies. H.R.'s well-being is the centre of the Industry 5.0 vision. If industrial workers collaborate with intelligent machines, the tools must not (explicitly or implicitly) compromise the integrity of workers, regardless of race, gender, or age. For this rationale, more attempts should be needed to create an organizational culture focused on enhancing H.R. and Value.

According to our considerations, a specific research area that needs further investigation is the management of workers, cultural diversity policies, and social inclusion policies to boost organizational performance. Organizations must increase their engagement and effectiveness with gender and workplace culture to establish a human-centred culture and improve performance. Organizations should view diversity policies of individuals and teams and their culture as a resource to nurture to increase organizational resilience. Diversity, Empowerment, and Inclusion Policies are impactful H.R. tools that increase employee satisfaction. This commitment to people as a differentiator and the organization's inclusive mindset helps build a more
resilient organization. Organizations should view their individual and team cultural diversity policies as resources they nurture to increase organizational resilience. To establish a knowledge-driven culture, organizations must find new ways and unique training to empower employees to build trust through mentoring and coaching, engagement, and higher levels of self-efficacy in acquiring and sharing knowledge, experience, and methods that should be created to improve performance.

**Conclusion and further research directions**

Organizational culture is crucial to mobilizing, allocating, and using human and non-human resources to achieve organizational goals through values, HRM, and Knowledge management systems. H.R. has long been considered a general part of a complex organizational structure. However, the emergence of Industry 5.0 brings H.R. and technology integration into knowledge management processes; organizations must adapt to the new culture and organizational behaviours to compete and survive in the competitive era. Organizational culture must be viewed as a resource of organizational resilience rather than just an obstacle. Culture is the social system of norms, values, myths, symbols, and general beliefs that give an organization coherence. The present study found that a human-centric and Knowledge management-driven organization is critical in improving organizational performance. As a more strategic and assertive role, H.R. is supported by adding performance management and performance evaluation to gain a competitive advantage.

This present study has some restraints that should be considered for future research. First, additional analysis can look at different Diversity, Inclusion, and Empowerment policies to establish which practices are more constructive in creating a performance-driven culture. Second, further research can be extended to analyze the role of culture. Finally, differentiating industries according to their sensitivity to sustainability issues could lead to further extension. Therefore, future research could examine whether Diversity, Inclusion, and Empowerment can build a knowledge-sharing culture and organizational performance.

**References**


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