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Human Resource- Driving Force of Sustainable Business Practices

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Abstract:

Considering the complexities in the business environment, changing public perception, globally accepted practices and the most important, for long run stability; implementing sustainable business is a journey for every organization today; big or small. Human resource plays a critical role in setting up such business by implementing sustainable business practices. Our study highlights the growing recognition of Human Resource as being the most important asset for the company that will continue to be the key driver in developing sustainability component in the business practices. We reached to the conclusion that Human Resource plays an indispensable role in promoting a corporate culture that is receptive to sustainable business practices leading to economic, social and environmental sustainability. As part of our study, we gave some recommendations that will not only enable the Human Resource to embed the organizational culture within sustainable business strategies but it can also learn to shape the organizational system in such a way that its impact on employees, society and other stakeholders align with the sustainability vision of the company. So, Human Resource function is one of the key players responsible for implementing a sustainable strategy in organizations.

Keywords: Human Resource, Sustainable Business Practices, Human Resource Management

1. Introduction

Sustainability has become a critical issue for the business today. In essence, sustainability is concerned with meeting the needs of society today without compromising the ability of future generations to meet their own needs.

So, business strategies from sustainability perspective are designed in such a way that these not only ensures the company of meeting its short term obligations but to sustain over the long run as well. Sustainability from business point of view not only focuses on financial profits but also consider social, environmental and economic impacts while making business decisions and here Human Resource (HR) has a key role to play. Alongside, the main objectives of an organization of growth and profit, organizations should be held accountable for their impacts on society and environment when making business decisions.

There are various stakeholder groups that are driving the need for such practices like Non-governmental organizations, regulators, law makers, society, investors and by and large the customers. There are various roles that HR has to perform in sustainability but the most important one is embedding sustainability into the organization's culture in order to align the leadership and employees efforts with the company's long term vision of sustainable business because there are cases where often organization fails to achieve this objective due to lack of support from leaders, limited involvement of employees and poor systems. So, HR should also work at developing sustainable systems and processes.

The impact of the HR's role assumes that the organization has in place strategic leadership that has defined the sustainability business strategy and distilled it into an action plan for the workplace.

Sustainability practice pervades at every aspect of doing business and needs to be embedded across organization. Sustainability approach affects corporate practices, requires greater involvement, demand business transparency as is manifested in the growing number of organizations issuing annual sustainability reports.

HR plays a key role in developing talent that can deal with both present and future sustainability challenges facing organizations and adopt a holistic and integrated approach to meeting the same. HR acts as a source of competitive advantage that can be leveraged by creating sustainability linked performance targets, undertaking training, education, value based recruitment etc. They can play a major role in engaging the employees by tapping into and channelling their efforts for sustainability.

Many companies' today have resorted to report on sustainability initiatives taken by them in order to promote investors confidence, trust and employee loyalty. HR plays an active role in formalizing the informal learning and knowledge sharing in order to create an organization that is responsive to the factors internal and external to the organization. It is moreover able to attract and retain the right set of talent and align them with the sustainability agenda of the company.

There are various benefits of sustainability for business like building brand reputation, improving investor confidence, better financial performance, becoming more attractive to talent, attract environmentally conscious customers, increase in revenue, managing costs and last but not the least complying with the regulatory and legal requirements.

HR should always be in a proactive mode so that it proves its best in driving its initiatives towards developing the sustainable business practices. HR executives have to be courageous leaders in order to promote what we call sustainable business. It need to make sure that the company knows and understands the value that the sustainability drive is going to deliver. In order for the HR's sustainable business strategies to fit within the internal and external environment of business, it is imperative to have deeper grasp of organization's core business model and taking the fuller perspective of the whole business. Also, through training and development of people, HR can educate the people about sustainable business. HR's role in implementing sustainable business practices takes into account not only the social, economic and environmental considerations simultaneously catering to the needs of various stakeholders but also give equal precedence to the needs of present as well as future generations.

Hence, placing sustainability on the first place of developing a business strategy is central to the view of enduring path to sustainable business and HR has a lot to do with this as it has the potential to be transformational for the company and in its role, it is critical to people to make it happen.

2. Literature Review

World Business Council for Sustainable Development (2005) commented although the term "Sustainability" means different things to different people, in essence it is concerned with "meeting the needs of people today without compromising the ability of future generations to meet their own needs" [1]. Symposium on Sustainability (2001) argues from a business perspective, sustainability has been defined as a "company's ability to achieve its business goals and increase long term shareholder value by integrating economic, environmental and social opportunities into its business strategies" [2]. Aggerholm, H.K. et al (2011) analysed that corporations engage in continuous dialogues with their employees and co-create organizational brands. The aforementioned process brings several advantages. It develops a long lasting employee-employer relationship, creates a strong employer brand, foster sustainable organizational development and supports corporate branding for external shareholders [3]. Pfeffer, J. (2010) Environmental Sustainability is often emphasized over Social Sustainability. Pfeffer's article calls attention to this neglected aspect of sustainable Human Resource Management (HRM) and argues that job design, working hours, layoff policies and health insurance coverage all affect employee well being [4]. Savitz, A.W. et al (2006) commented HR can help innovative sustainability initiatives in four general areas: culture change, corporate strategy, organization effectiveness and human capital development. In turn, sustainability holds a sweet spot of its own for HR- opening boardroom doors [5]. Niranjana Khatri, General Manager, Welcomenvion Initiatives, ITC Welcomegroup, opined, "When sustainability is practiced holistically, it has many advantages, such as cost reduction and reputation enhancement, and it also provides the organizations with leadership positions in their field". Butler, Ferris and Napier (1991) commented by considering the environmental analysis (including industrial and economic factors) and an internal analysis (including strengths and weaknesses of the firm and HR), the company is able to formulate an overall strategy, with a major contribution from HRM. Jackson, S.E. et al (2011) argued over the last decade, there has been a growing interest in the link between Environmental Management and HRM. Their article shows how different HRM functions can contribute toward greater environmental sustainability of corporations and examines links between strategic HRM and environmental management [6]. Harmon, J. et al (2010) conducted a survey of 322 HR managers and non-HR respondents in 2009 based on which they examined the human leaders' role in supporting corporate sustainability strategy. The study showed that some business leaders at least recognize that the HR function should be in charge of effectively executing sustainability strategy [7]. Fairfield, K. et al (2011) concluded HRM's deep understanding of sustainable business issues is the foremost enabler of sustainable HRM strategy and is demanded by business leaders and required to guarantee a successful HRM contribution to business sustainability [8]. As noted by Susan Meisinger, President and CEO of the Society for HRM, the global trend towards assessing the social and environmental impact of business decisions will result in more organizations incorporating corporate social responsibility practices in their business strategies. Redington (2005) through documented case studies analysed that HR practices such as competency development can help embed corporate social responsibility in an organization, not to mention benefit the bottom line. Bob Willard, retired Canadian telecommunications executive and well known corporate social responsibility author has predicted that companies can expect a 2% increase in employees productivity from an improved work environment as a result of corporate social responsibility. The research by Conference Board reveals that 50% of global managers report their companies do, or plan to include corporate social responsibility as a performance evaluation strategy. Pucik (2005) analysed strategic imperatives relating to sustainability are moving up the agenda of business leaders and boards of thousands of companies, but these issues generally seem to remain off the radar screen and at the fringes of awareness for most of the HR field. Hitchcock, D. & Willard, M. (2006) took the view that "Sustainability is at its core an issue requiring organizational change and cultural change". Areas in which they saw HR professionals as potentially making a strong contribution were in organization development especially for their facilitation and conflict management skills, change management, culture change and alignment of HR and other systems and processes [9]. Losey, M. et al (2005) saw many opportunities in the realm of sustainability for HR to bring important operational competencies and exert strategic leadership [10].

3. Objectives of the study

- To study the key drivers of investing in sustainability in the business practices.
- To study the critical role HR plays in advancing sustainability.

- To study the obstacles faced by HR with regard to sustainability initiatives.
- To study the tools that HR uses in embedding sustainability in business practices.
- To act as a guide for the HR function to support sustainable business.
- To offer suggestions and aid HRM practitioners for achieving success in sustainability driven organizations.

4. Methodology

The study is based on secondary sources of data that has been obtained from various published sources, websites, books, articles, journals and company(s) database.

5. Key drivers to invest in sustainable business practices

- Environmental considerations
- Economic considerations
- Social considerations
- Health and safety considerations
- Cost considerations
- Competitive advantage

6. Key roles played by HR to promote sustainable business practices

- Enabler: Enable sustainable business practices to be present at all the levels of organization thus enabling customer satisfaction and business growth.
- Change Agent: Developing a sustainability centric mindset in employees through effective change management. Hence, developing employees to enhance their skills for the future. Also, providing unlimited leadership development opportunities for high potential employees centred on the core of sustainability.
- Creator: Establish sustainable systems and processes along with appropriate governance mechanisms to ensure adequate representation of critical functions. HR endeavours in creating a culture that encourages the employees to value and engage in sustainability related activities. Creating forums for information flow to bring different leaders on a single platform and engage them on sustainability agenda.
- Facilitator: Facilitate the development of sustainable vision and mission incorporating the sustainability agenda in core values, organizations can still respond better to changes in external environment. Even if the strategies change, organization remains committed towards environment, society, internal and external stakeholders.
- Manager: Manage the organization's expectations on improving employee engagement and motivation as also simultaneously managing the individual employees' career expectations. HR function helps in bringing clarity around these individual career goals and developing appropriate career management frameworks to achieve these goals.
- Business partner: To understand how business impacts sustainability and help create an agenda.
- Functional Expert: Understanding the most suitable organizational structure to drive sustainability initiatives. The key to recruiting and staffing that make up talent management is providing right people with right mental aptitude. Thus, contributing to talent management.
- Antenna: To look out for new developments in an environment- external or internal on constant basis.
- Collaborator: HR provides assistance in blending individual and team incentives for improved sustainability and thus works towards bringing collaboration between the two.

7. Challenges faced by HR in implementing sustainable business practices

HR faces the challenge of how to use their knowledge and business skills to bring critical knowledge regarding sustainability to the attention of senior management as such senior level hardly sees any link between efforts put for the social and economic betterment with the sustainable activities. Basically, the senior management is concerned about meeting the quantitative targets thus keeping sustainability a secondary activity because if they are not able to meet their targets on time, they might fear the risk of losing a job. What is important for them is meeting the deadlines in the wake of improving the bottom line of the company and thus ignoring the sustainability aspect.

HR generally faces the problem of how they should actually integrate the sustainability agenda into programmes of recruitment and staff development. Proper planning is to be done which calls for support from various levels in an organization and getting this unanimous support is a difficult task for HR.

Limited understanding and involvement of sustainability across levels in an organization results in dilution of objective of sustainability business practices. Moreover, many HR leaders do not even have a good understanding of what sustainability is which makes them ill-equipped to set up sustainability strategies.

Sustainability being a long term phenomena reaping long term benefits, organizations generally overlook such thing as the HR feel that sustainability drive lower financial benefits than other business benefits.

There is a generally disconnect between creation and implementation of sustainability strategy because even today it is viewed as within the purview of public relations, investor relations, regulatory and environmental compliance. So there is still some distance to move, before sustainability is truly integrated into the fabric of organization making it a mandatory activity.

8. Methods/Tools used by HR to demonstrate commitment to sustainability

Offering volunteer community outreach initiatives related to sustainability to engage each and every employee in this practice and make it a part of employment value proposition. This will in turn bring opportunities for the region.

Reporting on sustainability initiatives in the company's annual report/separate report to show their commitment towards this area as a long term goal.

Conducting seminars/training(s) on inculcating sustainability values in the system of organization.

Information related to sustainability to be reported on the website of the organization and even company's intranet so that the employees are always in conformity with the rules and regulations relating to the same.

Making sustainability a part of organization's goal to make it an everyday affair of the employees to engage in such initiatives while performing their tasks.

Assessing how workforce diversity contributes to performance like initiatives for advancement of women, providing both men and women with a support for career, family etc.

Recruiting and retaining the talent that responds to the challenges ahead and with strong awareness of social and environmental issues.

HR to align the employee incentives, targets etc. with the wider objective of sustainable business initiative in the company. Also, building awareness about the company's sustainable development success. Incorporating the concept of sustainable business in performance evaluation, remuneration etc.

Collaborating with the Non-Governmental Organizations and local communities' thus inspiring people to learn and identifying sustainable development competencies

Developing the change agents like developing those structures, systems, ways of thinking that supports organization's sustainability initiative and aligning with the company/s strategy and culture.

Identifying emerging societal trends as well as recruiting environmental specialists to support environmental strategy development.

Conducting online tests for the employees so that they are always in conjunction with the sustainability agenda.

Aligning their leadership with the sustainability initiatives since leaders are the role models for other employees thus setting the examples. Always getting connected with the external community like human rights and environmental communities.

Offering paid time off for volunteering in non profit organizations as well as supervisory and organizational support.

9. Conclusion

Sustainability has become a critical issue of the business organizations today. HR plays a key role in creating and implementing sustainable strategies for their organizations.

Sustainable business practices improves the bottom line of the company and thus HR managers leverage their efforts in creating an environment where the talent of the company is retained to work in harmony with the sustainable business strategies.

There are several key drivers of investing in sustainability which HR professionals consider in order to promote a sustainable organization.

Companies are now mindful of their economic, environmental and social impact. Sustainability is an issue, which is good for business, and positively impacts the employees and other stakeholders in the form of increased bottom line, improved employees morale, strong public image, increased brand recognition, positive return on investment etc. Furthermore, it is employees that drive the sustainability agenda and implement sustainability plans at the ground level. So HR professionals play a strategic role in devising sustainable practices. Such practices help the company survive and thrive.

HR appeared to be in the role of strategic influence with their company's top leadership and they play a proactive role in driving initiatives related to sustainability. It has the potential to transform the company's model.

HR has made significant contributions to sustainability by educating its people about sustainable development; getting employees involved in the journey to sustainability; involvement on the ethics and compliance oversight committees, training programs etc.

Utilizing the HR skills in organizational process, change management and culture stewardship, HRM can help create and implement sustainable business strategy throughout the organization.

HR knows what sort of structures will suit best for the organization and how to implement the same.

The topic of sustainability has become important simply because consumers today are educated enough on both green and social issues and consider sustainability when selecting goods and services.

So, business leaders are realizing the need for sustainable workplace and thus sustainable business practices can only make their companies more competitive in the long run in this era of competitiveness.

This is the need of the hour since we live in an era where company can suffer innumerable losses if they do not commit to sustainability.

10. Recommendations

Exceptional reach and vision of HR professionals to transform companies' workplace for the society's good.

Developing competencies, collaborative strategies and organizational capabilities that are required to support organization's sustainability journeys.

Deeply held corporate values consistent with sustainability; top management's visible support for sustainability and its placement as central to overall corporate strategy are required for implementation of sustainable business practices.

All HR leaders should take a call on the sustainability and encouraging all employees to do so as well.

HR should endeavor on developing more sustainable business models.

HR should try to assess more accurately the social and environmental risks and opportunities when making business decisions.

HR must try to learn to shape the organizational system as well so that its impact on employees, communities and other stakeholders align with the sustainability vision of the company.

A deeper connection to issues of diversity and inclusion and organizational climate conditions that support improved performance.

A keener understanding of global and local sustainability issues that affect business performance.

A process for using stakeholder feedback and external awareness for identifying aspects of HRM policies and practices that have broader societal impact

Conducting brainstorming sessions/suggestion boxes to contribute new ideas.

Developing social networks for internal communication only.

HR to examine specific issues related to its industry/sector to establish the optimum sustainability strategy.

Creating agile organizations that are sustainable and respond better to changes made in external and internal environment.

Last but not the least; HR itself must have a true understanding of sustainable principles in business.

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