

Integrating HR Functions for Sustainability

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ABSTRACT

Sustainability has become a business imperative and many organizations are making significant investments in this space. A sustainable business stands an excellent chance of being more successful tomorrow than it is today, and remaining successful, not just for months or even years, but for decades or generations. HR has an important role in the increase of the return from the initiatives. The role of HR in an ever changing scenario has become more crucial and challenging. The greatest challenge for HR professionals is to ensure the involvement of people to establish a sustainability culture. The objectives of this paper are to unfold the best practices in HR for sustainability and to develop a model emphasizing on integrating the HR functions for sustainability. The paper shares the areas of initiatives that can be taken by corporate to establish a sustainability culture.

Keywords: *Sustainability, HR functions, Best practices, Corporate social responsibility, model.*

INTRODUCTION

Successful organizations proactively and systematically take action to ensure that they have a right blend of human resource capability with human resource practices for sustainability. Sustainability is a powerful and defining idea. A sustainable organization is one that creates profit for its shareholders while protecting the environment and improving the lives of those with whom it interacts. It operates so that its business interests and the interests of the environment and society intersect. A sustainable business stands an excellent chance of being more successful tomorrow than it is today, and remaining successful, not just for months or even

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years, but for decades or generations.

Savitz and Weber (2006) have explained sustainability as a unified way of addressing a wide array of business concerns about the natural environment, workers right, consumer protection and corporate governance as well as the impact of the business behavior on broader social issues such as hunger, poverty, education, health care , human rights and the relationship of all these to profit.

Sustainable Development includes various views. A broad view emphasizes on social, environmental and economic outcomes. The long-term perspective concerns the interests and rights of future generations as well as of people today. The inclusive approach to action recognizes the need for all people to be involved in the decisions that affect their lives.

A sustainable business stands an excellent chance of being more successful tomorrow than it is today, and remaining successful, not just for months or even years, but for decades or generations. Any initiative in the organization is required to be accepted and implemented by people. A sustainable business stands an excellent chance of being more successful tomorrow than it is today, and remaining successful, not just for months or even years, but for decades or generations.

The objectives of the paper are:

- a. To unfold the best practices in HR for sustainability
- b. To develop a model emphasizing the role of HR for sustainability
- c. To identify the scope of the integrating the HR functions for sustainability

LITERATURE REVIEW

The concept of having a concern for Social, Economical and Environmental aspect while doing business is referred as Triple Bottom Line concept which is popularly termed as the 3 P's: People, Planet, and Profits (Bolch, 2008 and Laff, Feb. 2009). The concept focuses on people first which means the organization hires competent people and then concentrates on employee well-being. With implementation of people based approach, the employees will be more satisfied and in response will take good care of the customers and act as a responsible citizens. This results to increased organizational profits and greater concern towards planet.

Ashley and Carney, (1999) developed the 'Sustainable livelihood framework' which has focus on four capital assets - financial, human, social and physical. Batchelor and Norrish, (2002) emphasized on need

for balance between each of these capital assets for enabling sustainability in the organization. Dunphy (2003) has coined the term ‘Corporate human sustainability’ being the first element of corporate sustainability. Corporate human sustainability is the contribution of the corporation to developing the capabilities of the workforce members, creating a just, equitable and healthy workforce and contributing to the welfare of the external community, particularly those community members who have some stake in the future organizations.

The literature linking sustainability and HRM is widely dispersed across disciplines, diverse in its interpretation of sustainability, and barely related with mainstream HRM literature. Sustainability is related to HRM through the traditional HR models for service delivery, client satisfaction, and HR policies and practices, such as child labour, worker representation, health and safety (Boudreau, 2003). The shortsightedness of traditional HR practices is that it fails to integrate HR practices to the overall business. It also overlooks the contribution of HR to the financial success of an organization and undermines the role HR needs to play in organizational sustainability.

Sustainability can be achieved through effective planning and proper implementation of plan. Ulrich, Brockbank, and Johnson (2009) highlights the importance of HR systems alignment with the other operations of the organization to achieve its strategy. (Sroufe, Liebowitz, & Sivasubramaniam, (2010) elaborates the importance of ‘people first’ employer-of-choice culture to encourage the employee involvement for increased effort in protecting environment. The research by Tapia, Correa, & -Sanchez, (2008) concludes that a comprehensive approach to HR practices leads to more successful environmental initiatives in companies.

The culture of sustainability and environmental stewardship can be created in organizations by building a strong Human Resource function. ‘Advancing Sustainability: HR’s Role’ is the title of a new report just published by the Society for Human Resources Management (SHRM), the world’s largest association devoted to human resources management, representing more than 250,000 members in over 140 countries, together with Business for Social Responsibility (BSR) and Aurosoorya. The study indicates the following five positive outcomes from sustainability initiatives:

- Improved employee morale
- More efficient business processes
- Stronger public image
- Increased employee loyalty

- Increased brand recognition.

Wirtenberg, Hermon, Fairfield, (2007) have identified seven distinguishing qualities that are critical to understanding and evaluating sustainability journey of nine most sustainable companies which are as Alcoa, Bank of America, BASF, Coca Cola company, East man Kodak, Intel, Novartis AG, Toyal Philips and Unilever. The seven parameters are:

- Deeply ingrained values
- Strategic positioning
- Top management support
- System alignment (structures, processes around sustainability)
- Matrices
- Holistic integration (cross function)
- Stakeholder engagement

HR plays a critical role in business enterprises sustainability by building and sustaining competitive advantage. The Human Resource Planning Society defines five key knowledge areas for HR practitioners: HR strategy and planning, leadership development, talent management, organizational effectiveness, and building a strategic HR function (Vosburgh, 2006). The need for effective HR functions and focus on the integral role of HR professionals has become essential in establishing sustainable organizations. Huang (2000) has elaborated that HR function is an area that influences employee attrition behavior, job satisfaction level, organizational commitment and performance and these factors lead to sustainability of the organizations in the long run.

CHALLENGES AND THE ROLE OF HR IN ENCOURAGING A SUSTAINABILITY CULTURE

Today HR professionals are facing numerous challenges in ensuring a sustainable culture. The challenges are varying from hiring to retiring of employees. The crucial challenge which acts a barrier to sustainability is to have people who will work together to ensure sustainability by bringing out better products and deploy better processes in the workplace.

Sustainability is all about defining the goals and focusing on meeting the objectives of business by fulfilling the expectations of both the employees and the community, in order to protect the environment. HR managers often struggle to introduce sustainable development within their organizations as actionable and tangible sustainability involves top management commitment and institutionalization by employees.

Liebowitz, (2010) has mentioned that in order to ensure sustainability as a primary agenda, companies are hiring or appointing from within a Sustainability Coordinator. It is the role of Sustainability Coordinator is to increase the focus on sustainability among the organization's executives, managers, and employees.

Creating a sustainable business requires awareness among all employees about their role and contribution to the sustainability agenda. Employees are the link to the internal and external stakeholders. It is essential that each and every member of the organizations understands and embraces the principles of sustainability and implements it in their day to day interaction with various stakeholders. This approach will help the organization to create an embedded sustainability culture.

Establishing a sustainability culture in a product based business the value chain needs high focus. Choudhury, (2004) express that the product based business the value chain may have the following links:

- Creative ideas
- Constructive criticism
- Concept development
- Testing / feedback
- Finished product
- Managing / Marketing
- Sales
- Support / Service
- Managing systems / processes
- Leadership

PRINCIPLES FOR SUSTAINABILITY

Sustainable corporations have to following sustainability principles. They have to satisfy not only share holders but also all the stake holders. So stakeholder satisfaction makes the projects problem-free and following the principles of sustainability will make the projects sustainable.

International Institute of Environment and Development identified goals for each of the three pillars. For ecology the goals are bio-diversity, resilience and productivity; for economics, the goals are increased production, reducing poverty and improving equity; whereas for society the goals are cultural diversity, social justice, gender equality and participation. Unless these goals are realized, the impact of corporate social responsibility (CSR) cannot be felt. Corporate Environmental

Table 1. The Power of Integrating by Designing and Assembling HR Functions in Driving Sustainability

<i>Initiatives of Top Management</i>	<i>Recruitment and Selection</i>	<i>Training and Development</i>	<i>Employee benefits and Compensation</i>	<i>Employee Relations and Communications</i>
Incorporating sustainability vision and mission statement	Hiring people with concern for society and environment	New Employee Orientation with sustainability perspective	Recognitions and rewards	Work - life balance
Value based management	People - Culture Fit	Learning and Development	Job Security	Health and Safety
People's first policy	People - Job Fit	Professional Development	Performance based compensation	Collaboration and team work
Change orientated, flexible culture	Diversity recruitment	Online training	Retirement planning and pensions	Employee communication
Employee engagement	Online recruitment	Wellness program	HR Information system	Progressive Disciplinary action
Organizational Citizenship Behavior	Team hiring	Career Management prospects	Sustainability competencies incorporated throughout the PMS	Participation and Empowerment
Fostering Innovation	Build sustainability criteria in behaviorally based interview guides	Developing sustainability behavioral competencies	Setting sustainability goals and objectives for employees and linking it to development and career plans	Workforce engagement
Ethics and Governance	Talent acquisition	Counseling and mentoring	Skill based compensation	Progressive Trade Union
Corporate Social Responsibility	Second life recruiting	Succession planning	Competency based compensation	Code of good conduct
Leadership development	Equal employment opportunity challenges	Cross culture Training	Technology in compensation and reward management	Welfare policy

Responsibility requires corporations to observe the principles of Sustainability. Sustainability principles are:

- Principle of Precaution
- Inter Generational Equity
- Intra Generational Equity
- Carrying Capacity
- Ecological Footprint
- Environmental Space

Three step for implementing sustainable HR solutions

Evaluate: Research plans for sustainability and correlating it to your organization's Vision, Mission, and Values.

Eliminate: Deploying business process re-engineering steps to reduce organization's footprint. Use metrics to track ROI.

Illuminate: Initiating green messaging for the employment brand to attract, retain and repel the right candidates for better cultural fit. Build authentic and congruent employment branding message to leverage these practices.

HR Model for Assembling HR Functions for Sustainability

Dunphy, (2003) have explained that sustainability results from activities that

- Enhance the planets ability to maintain and renew the viability of the bio-sphere and protect all living species.
- Enhance society's ability to maintain itself and to solve its major problems
- Maintain a decent level of welfare for present and future generations of humanity
- Extend the socially useful life of organizations so that they can contribute resources needed to achieve the aforementioned.

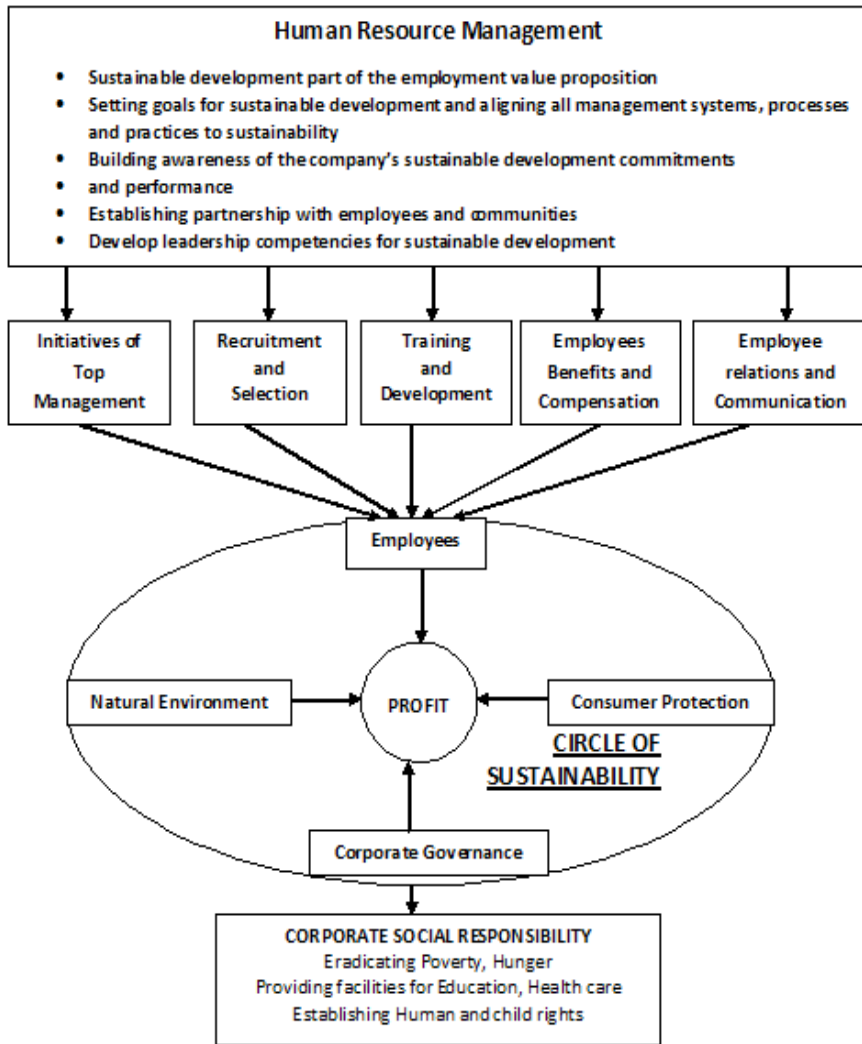
Based on the definitions of Boudreau, (2003) and Dunphy (2003) a model has been prepared explaining the framework for HR ensuring the circle of sustainability Employees, Consumer protection, natural environment and corporate governance.

THE CSR AND SUSTAINABILITY LINKAGE:

Sustainability as a concept talks about doing good in present for better future. CSR on the other hand is an attempt by organisations to return

back to the society in order to mitigate the risk by organisations to society and to get a social license to operate. Hence it is very important to know the CSR and sustainability practices of organisations and their linkage to organisational strategy.

Figure 1: HR Model for Assembling HR functions for sustainability



There are various indexes available like Dow Jones Sustainability Index, Global Reporting Initiative, SRI indexes which track the financial performance of the leading sustainability-driven companies. Dow Jones Sustainability Index measures 18 key sustainability performance areas in terms of their maturity level as indicated Table 2. Knowing the

maturity level of an organisation in terms of its strategy towards CSR and sustainability is important as it is reflection of its future performance.

Table 2. Capability levels and Capability focus on CSR

<i>Capability level</i>	<i>Capability focus</i>
1 Defined	Corporate Responsibility and Sustainability policies, strategies and practices defined; responsibilities established; reporting and communications defined.
2 Managed	Resource plan available; training programme in place; CRS methodologies followed; CRS support systems in place.
3 Integrated	CRS integration architecture; process and system integration; services integration.
4 Controlled	Policies compliance; reporting verified and recommendations actioned and managed; knowledge management supported adaptation.
5 Optimized	Sustainability performance optimized; CRS related investment returns optimized.

Source: Available online: www.csrquest.net/default.aspx?articleID=12095&heading [Accessed on 16th June, 2012].

HR PRACTICES LEADING TO SUSTAINABILITY

HR officials play a vital role in supporting sustainability. It is the role of HR to facilitate and ensure that the organization's business strategy is based on a sustainable approach to managing its employees. The people related practices which requires sustainable approach includes employee well-being, health and safety, work-life balance, diversity management, gender equality, talent management, fair rewards, employee development, positive internal communications, open dialogue and employee involvement in the community.

Some organizations are establishing the Sustainability Council which focuses on both social programs for the employees and the community along with environmental initiatives. Companies are visiting for campus placements those universities that offer an MBA concentration in Sustainability. An internal recruitment is preferable for sustainability manager as he is aware of the organizational culture and can link sustainability agenda to the organizational culture. While recruiting external talents, the key skills to be preferred are strong teamwork and collaboration skills (Goleman, 2010; Johansson, 2006). These skills are

important for brainstorming greener and sustainable products and services for doing good and doing well (Savitz, 2006). SHRM, (2008) report highlights that the Gen next professionals prefer to work for organizations which are responsible towards society and environment.

An organizations overall strategy as well as its culture, systems and structure must encourage individuals to hone their unique skills in areas that engage their passions and ignite their highest level of thought and imagination. Along with explicitly aligning its strategies with sustainable goals, the organizations must immediately take specific, practical steps to enable, incentivize and support the people that already exist and to reach out the next generation of employees. No longer is sustainability a social imperative that is a province of few 'Do- Gooders'. It is becoming business as usual and necessary if a company is to secure, keep and grow the most effective, productive and proficient employees.

The nature of organizational performance is changing and to improve performance, we must first establish what kinds of performance will matter as this century unfolds. Ulrich (1997) expressed that HR managers should participate in strategic decision-making alongside other senior managers in the organization. This would provide greater opportunity to align HR goals, strategies, philosophies and practices with corporate objectives and the implementation of business strategies. The involvement of HR managers would be to become members of senior or top management in the organization (Budhwar, 2000; Teo, 2000). Will Day, Chairman, Sustainable Development Commission (2010) has expressed the importance of organization's leadership and commitment towards sustainability efforts of the organization and has highlighted the role of each employee from top to bottom in achieving sustainability agenda.

Sustainable development provides a fresh, invigorating, perspective of the world, which can foster innovative approaches to a variety of business problems. Training in social and environmental dilemmas builds skills which are relevant in many situations – from leadership and team-working, to negotiating and problem-solving.

The core initiatives associated with highly successful sustainability strategies are:

- Role of HR leaders in enabling their organizations to effectively implement sustainability strategies.
- Identifying HR practices which are most critical to supporting successful sustainability strategies

- Linking sustainability-enhancing HRM practices to market and financial success.
- Benchmarking the company sustainability strategies and HR practices with other best-in-class companies.

Some HR initiatives of various reputed organizations contributing to sustainability are:

- Building a value defined and driven culture
- Building a Change orientated, flexible culture
- Establishing transparent and effective communication system
- Ensuring plans, policies, guidelines are available to all staff
- Positive encouragement/support for Innovation and continuous quality improvement
- Establishing Performance based recognition and reward systems
- Engagement with work groups and union representatives
- Management of major change procedures
- Monitoring staff satisfaction
- Encouraging leadership and competencies

It is imperative to realize that there is only one planet Earth and nurturing a symbiotic relationship with nature will ensure long-term sustainability leading to enhanced customer value. Today, the 'sustainability' of business in the global market is the main driver for Indian companies to go for integrating the 'green agenda' into their business objectives. The fact that earth's resources are scarce and are not going to last forever has been recognized and environmental issues are being integrated in the firm's corporate culture.

According to the American Marketing Association 'green' is presumed to be environmentally safe. It refers to adoption of holistic business practices wherein the production, process, marketing as well as consumption is done in a manner that is less detrimental to the environment. Today, 'Green' is used most often to refer to new technology and products that improve the sustainability of the natural environment (Simula, Lehtimaki & Salo 2009).

Kofi Annan the Secretary-General emphasizes on the responsibility of businesses and individuals to address environmental challenges; undertake initiatives to promote greater environmental responsibility; protect human rights; and encourage the development and transfer of environmentally-sustainable technologies. The companies are also required to have environmental policies that are not just focusing on good publicity; but which are able to respond to the moral imperative to address both climate

change and resource depletion.

COMPANY PRACTICES

Daimler

The interactive sustainability report, (2011) highlights that Daimler's global human resources strategy is aligned to the corporate goals and the principles of sustainability. The framework is developed on 5 pillars: profitability, a competitive workforce, future-oriented managerial expertise, a high level of attractiveness as an employer, and a professional organization that focuses on principles of sustainability. Daimler's strategy includes business unit-specific sustainability targets, Implementation of which is ascertained by cascading the strategic targets through the annual goal agreement process. Daimler uses a controlling tool 'Global Human Resources Scorecard' which measures HR processes success and its linkage to sustainability.

Unilever

Stubbings, (2001) expresses that when Unilever announced its Sustainable Living Plan last year, a comprehensive strategy to decouple growth from environmental impact, they embarked on one of the most ambitious transformational change programmes imaginable. No corner of the business can remain unaffected if they are to deliver their 50 commitments across environmental harm reduction, social impact, and improving health and well-being. Every employee will need to think and act differently.

Vodafone

The Vodafone sustainability report (2010) explains the success of Vodafone social enterprise mobile payments system in Africa, Vodafone have been engaging staff, suppliers, local communities and customers around the world to explore how they can collaboratively develop solutions to local societal problems. They are becoming a more inclusive, engaging and inspiring business that increasingly values the 'triple bottom line' in their culture. Without doubt, increasing environmental and social sensitivity can profoundly affect organizational culture. And truly embedding sustainability has to, because of the mindset and behavioral change required. Cultures that promote external focus, experimentation, values-led innovation and cross-functional collaboration will win out as

competition for resources continues to heat up. How the people strategy and HR's role supports or inhibits that cultural change is a key strategic question that will increasingly be asked at C-Suite level.

CONCLUSION

Corporate sustainability is one vital aspect of the creation of sustainable world. For establishing sustainability as a part of organization, HR can focus on various activities such as:

- Managing stakeholders.
- Developing a social and ecological contract with the stakeholders and their future generations
- Establishing a system in place to ensure compliance to regulatory requirements covering health and safety, product safety and environmental safety
- Aiming to have maximization of profit but going beyond financial returns to add value through active collaborative relationships with a range of community groups.
- Building a culture of efficiency, effectiveness and caring and involve themselves in the development, renewal and regeneration of natural world.

Businesses are expected to find ways to be part of the solution to the world's environmental and social problems. The best companies are finding ways to turn this responsibility into opportunity. It is believed that when business and societal interests overlap, 'EVERYONE WINS'.

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