Advancing Sustainability: HR’s Role

A Research Report by the Society for Human Resource Management, BSR and Aurosoorya
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<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiatives and Practices</td>
<td>47</td>
</tr>
<tr>
<td>Sustainability Outreach Initiatives</td>
<td>48</td>
</tr>
<tr>
<td>Community Outreach</td>
<td>48</td>
</tr>
<tr>
<td>Socially Responsible Activities</td>
<td>49</td>
</tr>
<tr>
<td>Research Spotlight: The Impact of HR Practices on Organizational Social Performance</td>
<td>52</td>
</tr>
<tr>
<td>Environmentally Responsible Practices</td>
<td>54</td>
</tr>
<tr>
<td>Expert View: HR Ensuring Success in Environmental Sustainability</td>
<td>56</td>
</tr>
<tr>
<td>Research Spotlight: Green Workplace from the Perspective of Employees</td>
<td>57</td>
</tr>
<tr>
<td>Tracking and Measuring Sustainability Outcomes</td>
<td>60</td>
</tr>
<tr>
<td>Expert View: Sustainability ROI—Where to Start?</td>
<td>63</td>
</tr>
<tr>
<td>Barriers to Engaging in Sustainability</td>
<td>66</td>
</tr>
<tr>
<td>Case Studies</td>
<td>69</td>
</tr>
<tr>
<td>Embedding Sustainability into the Core Strategy at Alcatel-Lucent</td>
<td>70</td>
</tr>
<tr>
<td>A Global Strategy for Social Innovation at Hitachi</td>
<td>71</td>
</tr>
<tr>
<td>Engaging Employees in the Journey to Sustainability at Interface</td>
<td>73</td>
</tr>
<tr>
<td>Strengthening Dialogue with Communities at Nestlé Waters</td>
<td>74</td>
</tr>
<tr>
<td>Focusing, Refining, and Aligning CSR with a New Strategy at Pfizer</td>
<td>75</td>
</tr>
<tr>
<td>The HERproject: Companies Investing in Women Workers for Health and Business Returns</td>
<td>77</td>
</tr>
<tr>
<td>Spotlight on India: Conversations with Sustainability Experts from Sustainability’s New Hotspot</td>
<td>79</td>
</tr>
<tr>
<td>Conclusion</td>
<td>89</td>
</tr>
<tr>
<td>About the Research</td>
<td>91</td>
</tr>
<tr>
<td>Survey Demographics</td>
<td>92</td>
</tr>
<tr>
<td>Survey Methodology</td>
<td>93</td>
</tr>
<tr>
<td>Endnotes</td>
<td>95</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>96</td>
</tr>
<tr>
<td>Additional SHRM Resources</td>
<td>97</td>
</tr>
</tbody>
</table>
Beginning in February 2010, the Society for Human Resource Management (SHRM), in partnership with BSR and Aurosoorya, conducted a survey among HR professionals in the United States to gather information on what companies are doing to balance financial performance with contributions to the quality of life of their employees, the society at large and environmentally sensitive initiatives. This report presents the results from this quantitative survey, SHRM research resources and quantitative studies related to sustainability, as well as global perspectives on sustainability and qualitative case studies from Aurosoorya and BSR focusing on how sustainability efforts are being initiated and managed in organizations.

About SHRM

The Society for Human Resource Management (SHRM) is the world’s largest association devoted to human resource management. Representing more than 250,000 members in over 140 countries, the Society serves the needs of HR professionals and advances the interests of the HR profession. Founded in 1948, SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China and India. Visit SHRM at www.shrm.org.
About the Partners

BSR
A leader in corporate responsibility since 1992, Business for Social Responsibility (BSR) works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research and cross-sector collaboration. With offices in Asia, Europe and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit BSR at www.bsr.org for more information.

Aurosoorya
Aurosoorya assists people and organizations to link to patterns that matter. This is particularly relevant in times of accelerating change when existing paradigms are challenged and easily fall apart. Aurosoorya solutions synthesize hard, analytical, pragmatic and linear approaches with soft, intuitive, idealistic and system approaches. Aurosoorya’s fractal system analyses, modeling and approach are captured in its discipline of Fractal Systems Architecture™. Application of this discipline allows individuals, teams and organizations to make deeper change, one pattern at a time. Such repatterning results in greater freedom and in greater individual and collective power. Visit Aurosoorya at www.aurosoorya.com.
Sustainability: An Emerging Area of Interest

The concept of sustainability means many different things to different people. The reactions and judgments associated with the concept of sustainability range from the view that sustainability is simply a fad to the belief that preserving the environment and finding sustainable ways of living and doing business is the single most important issue facing the world today. No matter what your personal opinion might be, business leaders are realizing sustainable workplace and business practices can make their companies more competitive in the 21st century.

Issues related to sustainability have moved to the forefront of business, economic and political arenas globally and in the United States. For large multinational companies or small local businesses, the topic of sustainability has become important simply because the public’s perception of this issue has changed. Today, consumers are educating themselves on both green and social issues and are considering sustainability when selecting goods and services. For example, a recent survey conducted by Information Resources, Inc. revealed approximately 50% of U.S. consumers consider at least one sustainability factor in selecting consumer-packaged goods items and choosing where to shop for those products.

As companies realize the concept of sustainability is more than caring for the natural environment and going green, more and more will recognize the impact sustainability has on economic, social and cultural dimensions. Integrating these internal and external dimensions is not easy, but companies that have incorporated them into the fabric of their business are realizing the long-term benefits of sustainable business practices.

Doing so requires exceptional reach and vision needed to transform people and institutions. The human resource profession is uniquely positioned to be a catalyst in bringing about this profound change. This report baselines the role that human resources is currently perceived to play in the corporate sustainability realm.
Executive Summary

According to this survey, almost three-quarters of organizations reported engaging in sustainable workplace or business practices. Large- and medium-staff-sized organizations, publicly owned for-profit companies and firms with multinational operations were more likely to engage in sustainable business practices. Organizations were asked about the main driver for their investment in sustainability. The key drivers were: 1) contribution to society, 2) competitive financial advantage, 3) environmental considerations, 4) saving money on operational costs, and 5) health and safety considerations.

Additional Noteworthy Findings

- The top five positive outcomes from sustainability initiatives were: 1) improved employee morale, 2) more efficient business processes, 3) stronger public image, 4) increased employee loyalty, and 5) increased brand recognition.

- Although the majority of companies (68%) were engaged in some form of sustainable workplace practices, 28% of companies were not engaged in any type of sustainable initiatives. The top obstacles preventing organizations from implementing sustainable workplace or business practices were: 1) costs of launching, 2) difficulty measuring return on investment, 3) lack of support from organization’s leaders, 4) costs of maintaining practices, and 5) lack of internal capacity or knowledge.

- Companies that did not engage in sustainable business practices were asked about their intentions to launch any such practices in the future. Only 5% of organizations reported they had plans to launch sustainable workplace or business practices within the next 12 months.

How Can Organizations Leverage Sustainability?

For most organizations in today’s economy, there is a need to make difficult business decisions and justify expenditures. Even though determining the return on investment (ROI) for sustainability-related activities may be extremely difficult, there is no reason for organizations to ignore outcome-based measurement tools. Nearly four out of 10 businesses (39%) reported calculating an ROI for their sustainability efforts. Among organizations calculating an ROI, 47% calculated a positive return on their investment, 46% reported it was still too early to determine their ROI, 6% calculated a break-even point and, most noteworthy, no organizations calculated a negative ROI.

Sustainability is a continual practice that is more likely to be effective when integrated into the company’s strategic framework. More than one-half of organizations (52%) engaging in sustainable workplace or business practices
reported that they had a formal sustainability policy that includes sustainable workplace goals and polices directly tied to the company’s strategic planning process. Four out of 10 (39%) reported having an informal policy that has no accountability through the organization’s strategic planning process, but the organization strives to be environmentally and socially responsible. Only 9% of companies had no policy in place.

It may be more difficult for organizations to make major advancements into sustainability without support from executive-level employees. This survey revealed the senior management team and CEO/president were primarily responsible for creating the sustainability strategy, whereas the implementation of the strategy was the primary responsibility of the senior management team, HR department and CEO/president.

Even though it is important for executive-level employees to buy into sustainability, it is equally important for all levels of employees to value sustainability. This survey revealed that boards of directors, C-suite and executive-level employees were more likely to view sustainability as important than were manager-level and nonmanagerial employees.

Organizations can leverage sustainability to attract, retain and develop employees. Forty-nine percent of businesses engaging in sustainable workplace or business practices reported their involvement in sustainability was very important in creating a positive employer brand that attracts top talent. In addition, 40% reported the involvement in sustainability was very important in improving employee retention and 33% indicated the involvement in sustainability was very important in developing the organization’s leaders.

Volunteer community outreach initiatives related to sustainability are a great way for businesses to engage all levels of employees. The top five ways organizations involve or engage employees in these initiatives were: 1) recognizing employee participation in volunteer programs, 2) providing company-sponsored volunteer events after work hours, 3) encouraging senior management to participate in volunteer programs, 4) providing company-sponsored volunteer events during work hours, and 5) encouraging employees to spearhead volunteer programs.
The idea of sustainability developed from the concept of corporate accountability. The classic definition of sustainability comes from the United Nations at the first Rio Earth Summit:

“It is in the hands of humanity to make development sustainable, that is to say, seek to meet the needs and aspirations of the present without compromising the ability of future generations to meet their own.”

A more recent business-oriented definition comes from the Dow Jones Sustainability Index, which measures companies’ sustainability initiatives:

“Corporate sustainability is a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments. Corporate sustainability leaders achieve long-term shareholder value by gearing their strategies and management to harness the market’s potential for sustainability products and services while at the same time successfully reducing and avoiding sustainability costs and risks.”
Defining Sustainability

The word “sustainability” is difficult to define since sustainability is a dynamic and evolving concept. As a result, this concept can take on many different meanings and represents different things to different people. The definition also varies within different contexts and is sometimes confused with other concepts such as corporate social responsibility. For the purpose of this study, sustainability is defined as the commitment by organizations to balance financial performance with contributions to the quality of life of their employees, the society at large and environmentally sensitive initiatives. Companies were asked if their organization had an approach for defining this concept, and as shown in Figure 1, 68% of businesses said, “Yes.”

Several differences emerged by organizational demographics. Large- and medium-staff-sized organizations were more likely than small-staff-sized organizations to report they had an approach for defining sustainability, as were publicly owned for-profit companies compared with privately owned for-profit companies and government agencies, and firms with multinational operations compared with firms with single-country operations. These differences are presented in Table 1.
The Sustainability Maturity Curve

There are three phases in the Sustainability Maturity Curve: compliance, integration and transformation.ii

Phase 1: Compliance

Compliance has to do with meeting environmental and social codes of conduct and regulations and frequently represents mandatory action required by companies. Frequently, these regulations and codes of conduct have come into existence due to stakeholder activism and pressure and over time became law. Compliance is viewed by many corporations as a necessary cost of doing business and is relegated to an auditing function with no deemed positive impact on business or innovation. Compliance is an important first phase in any corporation’s journey toward dynamic business sustainability precisely because it introduces a corporation to the environmental and social aspects of sustainability.

Phase 2: Integration

As the name suggests, integration is the practice of integrating sustainability into the regular functioning of the business. In this practice, environmental, social and governance factors are woven into business operations. It has been found that operating with these factors in mind will allow a business to generate more profit. This is because more customers and stakeholders—from the public to the investment community—expect this behavior from businesses and therefore reward it. Consideration of these factors tends to minimize a variety of production and operating...
costs while also providing stimulus to redefining and creating new products. Hence, it is the business case of integration that is beginning to drive the viability of sustainability practices and melding them into existing business models. Integration is a vital phase in arriving at sustainability maturity. It often requires that such initiatives be on an equal footing with any other mainstream high-priority business imperative. Many corporations have run into formidable problems during this phase. A common example that corporations have struggled with is that of dealing with the perceived contrary drivers of managing supplier procurement costs and supplier compliance with social codes of conduct. HR can play a key part in the integration of sustainability into the corporation. It can ensure that sustainability is a key consideration at every point in the employee life-cycle, from hiring the next generation of sustainability-savvy leaders, to managing the development of sustainability leadership, to developing organizational sustainability capital through ongoing project efforts and opportunities, to maximizing corporate learning through the mining of sustainability efforts.

Phase 3: Transformation
Transformation relates to altering the primary reason for a corporation’s existence so that sustainability becomes a key part of this reason. This represents the final phase in the Sustainability Maturity Curve and requires that leadership actively awaken to the game-changing possibilities inherent in environmental and social considerations. Transformation is less common precisely for the reason that such an awakening amongst leadership is not a common event. As a result of fully comprehending the possibilities inherent in environmental and social factors, corporations can create new products and new markets and reap revenues an order of magnitude higher than what is possible with integration. Whereas in integration, environmental and social factors are embedded into existing business processes, with transformation, the business model and business processes have to be remade to address the game-changing possibility inherent in environmental and social considerations.

Where Are Companies in the Sustainability Maturity Curve?
Organizations engaged in sustainable workplace practices were asked to report which phase from the Sustainability Maturity Curve best described their level of maturity. Overall, 48% of companies were in the compliance phase, which is the first phase and often characterizes mandatory acts required by companies. Forty-five percent were integrating sustainability into the everyday operations of the business, and only 7% of companies reported being in the transformation phase—the final phase within the curve, where sustainability becomes a key part of reason for existing. These data are illustrated in Figure 2.
Multiple differences emerged in our evaluation of the relationship between each phase in the Sustainability Maturity Curve and organizational demographics. Small- and medium-staff-sized organizations, privately owned for-profits, nonprofits and government agencies, and companies with single-country operations were likely to be in the compliance phase. In contrast, large-staff-sized organizations, publicly owned for-profit companies and firms with multinational operations had a greater likelihood of being in the integration phase. There were no significant differences among those in the transformation phase. These data are shown in Table 2.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Organization Staff Size</th>
<th>Organization Sector</th>
<th>Operation Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>Small, medium &gt; large</td>
<td>Privately owned for-profit, nonprofit, government &gt; publicly owned for-profit</td>
<td>Single country &gt; multinational</td>
</tr>
<tr>
<td>Integration</td>
<td>Large &gt; small, medium</td>
<td>Publicly owned for-profit &gt; privately owned for-profit, nonprofit, government</td>
<td>Multinational &gt; single country</td>
</tr>
</tbody>
</table>

Note: Excludes organizations that did not have an approach for defining sustainability. Only significant differences are shown.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)

Who Is Engaging in Sustainable Workplace or Business Practices?

Sustainability is becoming an extremely popular topic in the business world. Regardless of company size or type of business, organizations are feeling the pressure from a range of stakeholders to engage in sustainability. Overall, 72% percent of organizations reported engaging in sustainable workplace or business practices. These results are depicted in Figure 3.
Multiple differences emerged by organizational demographics regarding those companies engaging in sustainable workplace or business practices. Large- and medium-staff-sized organizations, publicly owned for-profit companies and firms with multinational operations were more likely to engage in sustainable workplace or business practices. These results are displayed in Table 3.

<table>
<thead>
<tr>
<th>Organization Staff Size</th>
<th>Organization Sector</th>
<th>Operation Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large, medium &gt; small</td>
<td>Publicly owned for-profit &gt; privately owned for-profit</td>
<td>Multinational &gt; single country</td>
</tr>
</tbody>
</table>

Note: Excludes organizations that answered “not sure.” Only significant differences are shown.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)

Why Are Multinational Organizations More Advanced?

There are several reasons why multinational organizations such as Nike and Gap tend to be further along the Sustainability Maturity Curve as compared with other organizations.

First and foremost, multinationals are the organizations that have been bitten the hardest and lost the most in brand value when sustainability-related issues have surfaced. Levis, Gap and Nike each faced such challenges in the 1990s, took these to heart and have today emerged as leaders in the CSR field. This has accelerated a paradigm where they more rigorously see the relationship between not engaging in a sustainability initiative—be it environmental, social or governance-related—and potential loss to brand value and therefore profits to the company. Most multinationals therefore began to engage in sustainability initiatives as a preemptive measure in maintaining brand value.

In time, though, it was realized that the sustainability initiatives actually increased margins by both cutting costs and even increasing revenues. The business case for engaging
in sustainability initiatives therefore propelled forward-thinking businesses up the Sustainability Maturity Curve.

Further, engagement in sustainability initiatives also was recognized by independent investor communities as a proxy for good management. The rise in the number of sustainability-related indices, such as the Dow Jones Sustainability Index, the Calvert Social Index and the Domini 400 Social Index, and further the competitiveness and even superior performance of these indices relative to standard indices such as the S&P 500 are testament to this fact. Many companies were rewarded with additional investments and lower costs of capital for engaging in sustainability initiatives. This, too, caused forward-thinking businesses to move up the Sustainability Maturity Curve.

Finally, multinationals also have realized that attracting and retaining talent is often directly related to their portfolio of sustainability initiatives. Many also are recognizing that engagement in a portfolio of meaningful sustainability initiatives secures their social license to operate.
Spotlight on China

Responsibility and Practice in China: Chief Responsibility Officers, A Closer Look

Patrick Ran, GPHR, MBA, Ph.D., Chief Representative of SHRM Corporation Representative Office in Beijing, China, an affiliate of SHRM

CSR (corporate social responsibility) is becoming a vogue word in China. Since the late 1990s, the concept of CSR has attracted huge attention in China. An increasing number of enterprises in China have begun to attach importance to communication and coordination with their stakeholders as they make efforts to fulfill their social and environmental responsibilities in their business practice. Many critics, however, still view CSR in China as at a primitive stage of development, characterized by lack of integration of CSR with business strategy. Seeing CSR solely in terms of charitable giving or philanthropic efforts or leveraging it only as a means of public relations are barriers to a more strategic approach to corporate sustainability.

In November 2008, in order to gain an understanding of how CSR is carried out in Chinese enterprises, SHRM supported the China WTO Tribune (CWT) magazine and jointly staged a program called Chief Responsibility Officer (CRO) Meeting Room, a dialogue-style column in CWT. The initial findings of the program, from November 2008 to November 2009, are summarized below.

The term and role of a CRO is a relatively new concept to Chinese enterprises, indicating CSR’s strategic importance and the need for this position at the C-suite level. The CRO Meeting Room program intended to study the following topics related to CROs and/or the leaders of CSR in an enterprise:

- The competencies of CROs.
- Job responsibility of the CSR functional department.
- Planning and implementation of CSR initiatives.

Through both open questionnaires and in-depth structured interviews, 18 CROs from large enterprises in China responded to questions on these topics. Fifteen of the CROs were from multinational companies (MNCs), two from private enterprises and one from a state-owned enterprise (SOE). Five of the MNCs were headquartered in the United States, while the others had their head offices in Europe, Japan and Thailand.

The study found that 55% of the enterprises interviewed had established a CRO-like position within the past five years, and only three
of the MNCs had had a CRO in place for more than five years. These findings demonstrate the short history of CSR as a strategy in China.

The Competency of CROs

The study found that, in general, the CROs are high-caliber managers with a strong degree of enthusiasm about CSR. They not only have a vision for the organization’s development but also possess strong execution and communication capabilities to implement CSR initiatives. Based on the results of the study, a qualified CRO in China has the following characteristics:

- Professional competency—a strong belief in the principles of sustainable development.
- Managerial competency—the ability to integrate business strategy with CSR practice.
- Managerial experience—a solid foundation to partner with the frontline managers and rank-and-file staff members.

To be competent professionally, CROs must possess a strong belief in the principles of sustainable development. They must be well acquainted with their organization’s history, culture and the overall business and functional areas of all departments within the organization. CROs must also possess passion toward their work and enthusiasm about the CSR cause.

One of the most critical managerial competencies is the ability to integrate business strategy with CSR practice. A CRO must understand the business strategy and possess strong execution capabilities. Communication is equally important, as CROs should effectively communicate with all the stakeholders and create systems and opportunities for the stakeholders to interact with each other.

All the CROs interviewed have substantial managerial experience. Among them, 34% have worked in the current company for more than 15 years and 22% for five to 15 years. Before they became responsible for their organization’s CSR function, they were engaged in other related managerial work. Their rich managerial experiences in business provided them with a solid foundation to partner with the frontline managers and rank-and-file staff members.

Job Responsibility of the CSR Functional Department

In China, a CSR functional department is the area within the organization that plans, manages and executes CSR work in a company. The study revealed that only six out of 18 CROs have independent departments of CSR or sustainability, while in the remaining 12 companies, the CSR function is located within the corporate culture, general affairs, marketing or citizen and community development departments. One interesting finding is that the titles of the 18 people interviewed vary from head of business sustainability, to head of CSR, to director of public relations and social responsibility. However, none of the job titles were those that would be traditionally thought of as HR roles.
The study showed that although different industries emphasize different aspects of CSR, the job responsibilities of a CSR functional department primarily include:

1. Setting goals.
2. Communicating and coordinating with other departments.
3. Providing CSR training.
4. Promoting and executing corporate sustainable development programs.
5. External communications.
6. Coordinating with partners and institutions of environmental protection, education, charity and other organizations such as NGOs and CSR appraisal institutions.

Planning and Implementing CSR Initiatives

Traditional charitable and social welfare activities, such as donation of money and supplies or participation in Project Hope to help poor children in rural areas, are common CSR practices in China. Furthermore, this study found that a new trend is for enterprises to leverage their business competitive advantage to take even greater steps to meet the needs of Chinese society. This approach starts from the corporate value, considering what resources, knowledge and experience the organization can bring to the society at large. It takes into account the communities’ needs as well as the major challenges China, as a whole, is now facing.

Another finding is that many of the CSR programs of the 18 enterprises, especially those that have outreach programs to help poor communities and regions that have experienced the biggest impact from environmental damage or pollution, emphasize building up the capability of local communities for long-term results. This is in contrast to the common practice of simply donating money to people suffering from natural disasters or catastrophes. In addition, the enterprises encouraged all stakeholders—customers, suppliers or business partners in other industries—to participate in CSR programs and collaborate with them to the fullest extent.

The findings from the CRO Meeting Room program are extremely encouraging. They reflect, to a large extent, the typical functions of CSR departments, the competency of CROs and CSR in practice in China. Currently, the dialogue of the CRO Meeting Room is continuing as a SHRM-CWT joint program, with an objective to interview and study more local enterprises.
Motivations for Investing in Sustainability

Firms were asked to identify the main driver for their organization’s investment in sustainability. The key drivers were: 1) contribution to society, 2) competitive financial advantage, 3) environmental considerations, 4) saving money on operational costs, and 5) health and safety considerations (Figure 4). Less frequently cited drivers included employee activism (4%), market share improvement (4%), public/media relations strategy (4%), consumer activism/grassroots pressure (2%), local/federal regulations (4%), internal activism (1%), local/federal incentives (1%) and recent corporate scandals (1%).

“...practiced holistically, it has many advantages, such as cost reduction and reputation enhancement, and it also provides the organizations with leadership position in their field.”

Niranjan Khatri, General Manager, Welcomenviron Initiatives, ITC Welcomgroup

As indicated in the Sustainability Maturity Curve model, sustainability is more likely to be accepted and adopted by stakeholders when it is woven into the organization’s fabric. When asked about ways their organizations demonstrate their commitment to sustainability internally, 57% of respondents reported that sustainability is part of the organizational goals, 52% indicated that information about sustainability efforts is on their organization’s intranet and 51% include this information on their organization’s external website (Figure 5).
Figure 5 | Methods Organization Use to Demonstrate Commitment to Sustainability

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Sustainability is part of the organizational goals</td>
<td>57%</td>
</tr>
<tr>
<td>Information about sustainability efforts is included on the intranet</td>
<td>52%</td>
</tr>
<tr>
<td>Information about sustainability efforts is included on the website</td>
<td>51%</td>
</tr>
<tr>
<td>Sustainability commitment is included in the organization’s mission</td>
<td>35%</td>
</tr>
<tr>
<td>Sustainability efforts are covered in the organization’s annual report</td>
<td>31%</td>
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<tr>
<td>Sustainability is linked to individual performance goals</td>
<td>16%</td>
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<tr>
<td>The organization issues a report dedicated exclusively to sustainability</td>
<td>15%</td>
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<tr>
<td>Sustainability seminars/training is mandatory</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
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(n = 290)

Note: Percentages do not total 100% due to multiple response options. Excludes organizations not engaging in sustainable workplace or business practices.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)
HR can help implement 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.

The following are the key takeaways from the SHRM Special Expertise Panel Forum, which explored sustainability initiatives in corporate America.

Corporate social responsibility has evolved over the past five decades.

Sustainability is not philanthropy or volunteerism. It’s not about giving away resources and isn’t antithetical to profit goals. It is about corporate social responsibility, doing right by society.

The evolution of today’s concept of corporate social responsibility was a gradual process, highlighted by pivotal events:

- **The 1950s.** Companies worked solely in their own interest. The prevailing attitude was that companies’ pursuit of profits would benefit the broader economy, lifting all boats—and society would benefit. Companies needn’t do more than pursue their profit goals, but some also provided philanthropy.

- **The 1960s.** A “reality shift” took place in the 1960s as the Vietnam War and other influences caused Baby Boomers to question authority as few generations ever have. The actions and values of the “system,” comprising the U.S. government and capitalistic corporate America, were rejected. Certain pivotal events made impressions on the public psyche—among them a polluted river that caught fire and a widely reproduced photo of Earth taken from Apollo 11, highlighting that we’re all traveling together on a small planet in an immense universe. Pollution and overpopulation became issues of public concern.

- **The 1970s.** The developments of the 1960s laid the groundwork for 1970s environmental and consumer movements, spearheaded by *Silent Spring* author Rachel Carson and consumer advocate Ralph Nader. The list of things companies should do now reads: “Make money, provide philanthropy, protect the environment and safeguard one’s products.”

- **The subsequent decades.** A series of corporate calamities from 1978 to 2006 further expanded the CSR paradigm: Love Canal, the Tylenol product tampering scare, Union Carbide’s Bhopal accident, Chernobyl and other nuclear accidents, the Exxon
Valdez’s oil spill, Greenpeace’s victory over Shell regarding discarding old oil rigs, racism allegations against Texaco, Nike’s child labor scandal, Hewlett-Packard’s phone tapping, Enron and other fraud/corporate governance controversies, unsafe China-produced goods—the list goes on. It became apparent with each eye-opening event that consumers—indeed, the world at large—needed more protections against self-serving corporations.

Companies now are expected to be responsible for promoting diversity, protecting workers, preventing child labor, fostering public health, ensuring human rights, eradicating poverty, opposing corrupt government regimes, providing technology, policing supply chains, engaging stakeholders, measuring and reporting, and continuously improving in general.

In today’s Age of Accountability, companies are held responsible for being socially responsible.

Importantly, CSR is not only in society’s best interest but often in companies’ as well. That’s because we live in an age where companies can suffer immeasurable harm if they’re not socially responsible. It’s an “Age of Accountability,” where responsibility is no longer an option but a competitive necessity.

Some organizations have embraced the new accountability with gusto, setting the bar for competitors even higher. As a result, companies are now expected to provide services the government formerly provided. (It wasn’t the government that mobilized the first Katrina rescue efforts but Home Depot, GE and Wal-Mart.)

Sustainability “sweet spots” are transforming companies and entire industries.

Companies that recognize that high standards of accountability represent the new reality of doing business are finding ways to make sustainability work for them—not just keeping them in the game but boosting bottom lines as well.

Former Vice President Al Gore addressed a conference of advertising agencies regarding their role in fighting global warming—not the first industry one would think of when it comes to global warming. This highlights that no industry is untouched by sustainability-related concerns. And some industries are being totally transformed by sustainability initiatives.

Doing well by society often dovetails with a company’s own profit interests—especially in the current business climate, where social responsibility is rewarded by customers and investors alike. This can be seen as the Dow Jones Sustainability Index has consistently outperformed the general stock market in recent years.

When sustainability initiatives represent new profit opportunities, when society’s interests and a company’s interests overlap, that is the sustainability “sweet spot.” The search for sweet spots can spur innovation and transform entire industries.

Sweet spots can be new products or services, processes, markets, business models or methods of management and reporting. The sustainability goals they serve can take myriad forms as well: clean tech-
nologies, acquisitions of healthy product companies, reduced natural resource usage, etc. Some examples of sustainability sweet spots:

- DuPont has recast itself as a biology company versus a chemical company.
- Tyson has decided to produce chickens without using antibiotics, changing the image of who it is, what it does and how it does it.
- GE has launched “eco-magination,” making a major investment in clean technologies from which it expects big returns.
- PepsiCo improved its product portfolio’s health by buying Quaker Oats and Tropicana. Now its healthy product segment grows North American sales four times faster than its traditional businesses. Another sweet spot for PepsiCo is diversity, which it views as a business metric with measurable financial benefit.
- 3M has a PPP initiative— “Pollution Prevention Pays”—in which it replaced chlorinated solvents with water-based solvents and saved over $1 billion in a year.

There’s a sustainability sweet spot that might even transform HR.

HR “owns” about 20% of the Global Reporting Initiative’s (GRI) 100 or so indicators. These 20 indicators are either direct HR issues or issues with HR involvement, such as labor relations, human rights/child labor, diversity, health and safety, wellness, employee satisfaction, etc. When a company has a good sustainability record, people want to work there; sustainability measurably affects employee morale, recruitment/retention, productivity, loyalty and engagement.

Sustainability is on business leaders’ minds these days, but HR is not always at the table when these discussions are taking place. HR has several roles in corporations today, but spearheading sustainability is seldom one of them. Therein lies the sweet spot for HR—becoming a sustainability resource for corporate leaders. There are four general areas in which HR can help companies make innovative sustainability transitions:

- **Culture change.** Companies with long histories prior to the Age of Accountability often need help understanding and embracing the requirements of the new business world. Leadership may require enlightening; stakeholder engagement may need to be cultivated; staying as customer-responsive as the competition may be a challenge—HR can help with all such human-related objectives.

- **Corporate strategy.** Sometimes the strategic sweet spot lies directly in the lap of HR. Supermarket chain Wegman’s has made an HR-related sustainability sweet spot central to its business strategy. The company, which often tops business magazines’ lists of best places to work, spends substantially more than the industry average on labor, 15%-17% of revenues versus 12%. But with associates empowered to help customers, their “near-telepathic levels of customer service,” in the CEO’s words, result in sales per square foot at twice the industry average and lower turnover-related costs (6% versus 19%).

- **Organization effectiveness.** Companies often wonder how best to get organized around sustainability—whether to hire people from outside, create a department for it, etc. Moreover, GRI reporting requires a formal process. HR departments
know what sort of structures and processes work best for a particular organization and how to implement these changes.

- **Human capital development.** When a company transforms itself to capitalize on a sustainability sweet spot, the transformation often entails corporate mission reframing and employee retraining. Many companies are moving from delivering products and services to delivering knowledge, placing different demands on employees (e.g., a waste disposal company reframing itself as a provider of knowledge about and products for recycling/waste reduction). How companies see their mission, how employees see their jobs, and how the two align are right up HR's alley.
**Sustainability Strategy: The Role of Leadership and Organizational Culture**

Sustainability is a continual practice that is likely to succeed when it is incorporated into the company’s strategic framework. This incorporation is vital in ensuring that organizations are in the two highest phases in the Sustainability Maturity Curve model. As shown in Figure 6, 52% of organizations engaging in sustainable workplace or business practices reported they had a formal sustainability policy that included sustainable workplace goals and policies directly tied to the company’s strategic planning process. Incorporating these elements within the company’s strategic framework is an essential component for companies striving to move toward transformation, which is the highest level within the Sustainability Maturity Curve model. Thirty-nine percent of companies reported they had an informal policy that had no accountability through their strategic planning process, but they strived to be environmentally and socially responsible. Companies taking this steps are more aligned with integration, which is the second phase in the model. Only 9% of companies had no policy in place.

**Figure 6 | Type of Workplace Sustainability Policies**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No policy</td>
<td>9%</td>
</tr>
<tr>
<td>Informal policy</td>
<td>39%</td>
</tr>
<tr>
<td>Formal policy</td>
<td>52%</td>
</tr>
</tbody>
</table>

(n = 426)

Note: Excludes organizations that answered “not sure” and those not engaged in sustainable workplace or business practices.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)

Differences emerged according to various organizational demographics regarding the type of sustainability policies. These are detailed in Table 4. Formal policies directly tied to the company’s strategic planning process were more likely to be in place in publicly owned for-profit and multinational corporations. By contrast, firms with single-country operations were more likely to report having an informal sustainability policy.
Who is responsible for creating the sustainability strategy?
The formation of a sustainability strategy varies by type of organization. Further, since there is no one-size-fits-all model to create a strategy, careful consideration should be used in this course of action. A company supporting sustainability can transform an organizational culture that encourages employees to value and engage in sustainability-related activities. As shown in Table 5, the largest percentage (36%) indicated that the senior management team was primarily responsible for creating the sustainability strategy in their organization. This was followed by the CEO/president (22%). Other areas primarily responsible for creating the sustainability strategy were employee taskforce/committee (12%), board of directors (9%), dedicated sustainability department (8%), HR department (6%), public/media relations department (2%) and finance department (1%).

Implementation of a sustainability strategy can be a long process. To better understand which individual or group is most likely to lead the implementation efforts, the respondents were asked who is primarily responsible for implementing the strategy. The top five responses were: 1) senior management team, 2) HR department, 3) CEO/president, 4) employee taskforce/committee, and 5) dedicated sustainability department. These data are presented in Table 6.
<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management team</td>
<td>51%</td>
</tr>
<tr>
<td>HR department</td>
<td>25%</td>
</tr>
<tr>
<td>CEO/president</td>
<td>23%</td>
</tr>
<tr>
<td>Employee taskforce/committee</td>
<td>18%</td>
</tr>
<tr>
<td>Dedicated sustainability department</td>
<td>12%</td>
</tr>
<tr>
<td>Board of directors</td>
<td>8%</td>
</tr>
<tr>
<td>Finance department</td>
<td>7%</td>
</tr>
<tr>
<td>Public/media relations department</td>
<td>7%</td>
</tr>
<tr>
<td>All employees</td>
<td>4%</td>
</tr>
<tr>
<td>Outside consultant</td>
<td>*</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

\(n = 390\)
* Less than 1%

Note: Percentages do not total 100% due to multiple response options. Excludes organizations not engaging in sustainable workplace or business practices.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)
Expert View

Opening Up the Sustainability Conversation at GAP Inc.

Dan Henkle, SVP, Global Responsibility, GAP Inc.

GAP Inc., recently voted one of Time magazine’s top 25 Global Responsibility Players, has been a leader in many different areas of sustainability. It was one of the first global corporations to openly share supplier information, one of the first to create alignment between the Sourcing and Global Responsibility teams and one of the first to have the Human Resources and Global Responsibility functions work closely together. Dan Henkle, senior vice president of Global Responsibility, has been at GAP since 1992.

Background

I started with GAP in 1992 in the human resources area. In 2001 I transferred to the corporate responsibility area. At the time, GAP was facing intense criticism for working conditions in garment factories throughout the world. We needed to look at how we were thinking of things internally and whether we were aligned in decision-making. We also needed to think about whether we were connecting enough with the external community—in particular, the human rights community, amongst other stakeholders. In making the journey internally, we began looking at how we were communicating with suppliers. Was there one message from the Global Responsibility and Global Sourcing teams? If messages were not consistent, we would not get results we wanted. Since the Sourcing team is placing orders, suppliers will listen first and foremost to them. It was really important to collectively align with a single philosophy. We did a lot of work to come together, listen to one another and move forward together.

The Power of the Personal: Attitudes, Perceptions and Beliefs

People are fundamentally good and want to do the right thing. We went into the conversation with the assumption that the person we are talking with is a good human being and that we are both trying to work in a good and ethical way. This opened up the conversation. We framed the issue by reminding people of how we have worked together for a number of years trying to improve working conditions. We then asked the questions—what do you think is working well and where do you see barriers—really trying to open up the dialog. The point is, it was not just a team like mine coming and saying, here is a set of goals, this is what you must do. We were really listening to what they had to say and where they thought we were having misalignment and what we could do about it.

We had a similar experience as we started to engage externally with the human rights community and with the environmental com-
munity. Again, the key emphasis was, did we really understand what the criticism of the company was and where they were coming from, and were we open to a new way of doing the work that we were doing? We really did a listening tour—and not just listening, but truly understanding, with an open-mindedness, that perhaps something would need to change. So it was a similar journey internally and externally.

We spent a lot of time talking to colleagues in similar positions at other companies. One of the things I believe is that you have to have internal alignment before you can make progress externally. If you are talking out of both sides of your mouth internally, this is going to come out loud and clear when communicating externally. Where are you not aligned? Where are you sending different messages? How do you resolve these misalignments? How do you take that aligned message externally as you are talking to all your different partners outside the company?

One of the things I learned in coming into this kind of role was that in most challenges the business confronts, you create a solution to that challenge and then execute. And in many instances, you can say, we accomplished the goal and can check it off the list. When you are talking about social and environmental changes and progress, it is not so simple. We needed to make sure that we were not looking at how you make progress in the next week or month or quarter. We were really talking about how we will put things in place that will stand the test of time and ideally will be in full operation when one leaves the company, when one retires. In many respects, I needed to go through my own personal journey of getting from the immediate fix, to stepping back and with patience looking at the enormity and complexity of some of these social and environmental challenges, and then further understanding how to take that complex picture and break it into pieces of a puzzle. The next step was to prioritize building the puzzle so that it is digestible for people making it happen. This was a pretty big thing, and the first quote I used in our first social responsibility report was: “There are no simple answers to complex societal issues.” All of us, as human beings, like simple answers. We love it when we can get to the bottom of things very, very quickly, find a solution and be able to check something off the list. This is not what this work is about. It is truly about putting many, many issues together to try to create a better future.

Building A CSR Program: The Basic Five Components

We have a very comprehensive and sophisticated program in place. We have a team of over 120 people in 20 different countries throughout the world who are focused on improving working conditions in factories that we are placing business in. Over the years, as you are trying a number of different approaches in this work, you learn a lot along the way, and sometimes you try things that don’t work—so you learn from them and you retool your program.

We have been in this for 15 years, we have learned a lot along the way, and I think we have a program that is very successful. This is true of our environmental program as well. The basic five components of our journey have been:

- The importance of internal alignment and having the support of the leadership team and the board of directors. We have been very fortunate to have that.
• The importance of having a strategy when you are looking at this type of work. There are limitless opportunities for progress on the social and environmental fronts. You have to really understand what is the best use of resources as a company. I cannot emphasize enough the importance of strategy.

• The importance of really staying connected with the external community—the human rights and the environmental communities. They truly are the experts on the ground. They have a lot more information than we have, and we should be listening to guidance they are giving us on an ongoing basis.

• It is critically important for companies to share their learnings, and not in a public-relations kind of way but in a social reporting kind of way, so that you can say, “Here are some of the things we have challenges with, here is the progress we are making. But also here are the challenges that we continue to encounter.”

• And then, finally, it is critically important to be self-reflective and not ever believe that you have stumbled upon the formula for success. There is no such thing in this kind of work. There are things that can get you to a better place. But you have to constantly be evaluating if the way you are going about the work is exactly the way it needs to happen, given all of the different complexities you are encountering and the way the world is shifting on a day-in-day-out basis.

Values and Value Creation

Fundamentally, there has to be an overall cultural value around trying to do the right thing. I am the first one to say that almost every company is going to say that. But this cultural value has to be there. If you take it as something that must be there, then take a close look at our experience: when I started in this role in 2001, we were getting a lot of criticism. And when you are being criticized and there are campaigns against your company, you are in more of a reactive mode. You are basically defending and reacting. It is not an incredibly powerful place to be. If I look back a decade ago, I think we were in this mode of being defensive and being reactive. And what was incredibly clear was that we needed to move to a much more proactive place. If we could rechannel all that energy that was going into defending and reacting and so forth—channel that into proactive stuff—we could begin to actually improve working conditions. It would be less about defend and react and more about how you actually move things in the field. That was the journey we were on. We have gone from being defensive and reactive, as we became more open to what external community was saying and have become more aligned, to being much more proactive. And we have also gone into a place of saying that we will never have all the answers, and we have to continually be soul-searching to determine what the next five, 10, 15 years look like for the company.

Another framing of it is as a journey from risk mitigation to value creation—taking a challenge and turning it into an opportunity. If you think about it, even the frame of mind when you are looking at something as a risk or challenge, it is a negative framing of the issue. If looking at it as something that can add value to the corporation, it changes the dynamic and discussion—and that is what we have been trying to do in a much more significant way.

Source: Aurosoorya, transcribed podcast (2011)
HR’s Role
HR’s Role in Creating and Implementing an Effective Sustainability Strategy

The results from this survey revealed somewhat of a disconnect between HR’s involvement in creating and implementing the sustainability strategy in their organizations. While HR was much less likely to be involved in the creation of strategic sustainability programs (6%), it was more involved in the implementation of strategy (25%).

Sustainability is an issue that is good for business because it positively affects a company’s culture, employees, customers and brand proposition. It is a call to action for the HR profession to take a greater role in the strategic planning process and display leadership on this important topic. SHRM queried its Corporate Social Responsibility and Sustainability Special Expertise Panel about possible reasons for the disconnect between HR’s involvement in creation and implementation of sustainability programs. Panel members were also asked how HR can become more involved in creating sustainability strategies.

Nancy C. Nelson, SPHR, principal consultant of HRProse, LLC, says: “Although HR is more involved in sustainability efforts today than several years ago, I believe sustainability is still viewed and defined primarily as within the purview of public relations, investor relations, regulatory or environmental compliance functions. We have some distance to go before sustainability is truly integrated into the fabric of
the organization and is part and parcel of an organization’s identity, rather than a ‘check the box’ activity. Until this happens, HR and other functions will continue to focus on implementation of action items rather than strategy creation.”

Scott S. Criqu, HR manager of Trinity In-Home Care, says: “From my experience, the disconnect stems from HR’s inability to form strategic partnerships within their companies. HR departments and executives are seen by other top executives as a tool and not a resource for strategic planning. […] HR executives need to be community and business leaders and not just HR leaders, which means learning the language of business owners and what it means to be a leader.”

Gerlinde Herrmann, C.Dir., CPHR, GPHR, president, The Herrmann Group Limited, says: “Often, sustainability is not seen as HR’s responsibility. However, companies with this mindset are missing the boat. It is people that are the drivers of sustainability—both within the organization and in terms of how it interacts with the communities in which it operates. I also believe that HR, as the keeper of an organization’s values, needs to drive some of that to the management and executive team. There is much information available that shows the link between a triple bottom line approach and sustainability of an organization. I believe that HR needs to grab a hold of this and champion it. It is often not about investing a lot of money but rather changing how one looks at the business.”
This symposium brought together knowledgeable and passionate sustainability and HR management experts from around the world. The group examined the impact of sustainability on the business world in general and on the HR profession in particular. The participants also looked at the role of HR professionals in participating in or, in some cases, leading organizational sustainability efforts.

Key Discussion Themes

In the business community, sustainability lacks leadership. Many organizations are claiming that they are engaged in sustainability-focused activities. However, on the whole, participants felt that most profit-driven senior executives still see sustainability as a “nice to do” versus a “need to do.” Participants were in agreement that sustainability is not a one-time organizational initiative. It is a way of thinking, acting and operating, and it must permeate the fabric of an organization.

Sustainability is very much an HR issue, though it’s not necessary for HR to “own” sustainability. Sustainability is a people issue. It affects a company’s culture and behavior. It affects the messaging that companies use in recruiting, how companies engage and retain employees, how they train employees and how they interact with customers, as well as a company’s brand and value proposition. For these and other reasons, HR must be deeply involved in any organization’s sustainability activities. Many participants see the absence of leadership around sustainability as creating a void and believe that the HR profession should seize the opportunity to demonstrate leadership on this critical strategic interest. If sustainability is not on an organization’s agenda, HR must make the case to elevate sustainability as a priority. However, symposium participants didn’t find it essential that HR act as the organizational owner for sustainability on an ongoing basis. Regardless of whether HR is the owner, HR will help develop guidelines and set strategies, develop training programs, lead employee communications and be involved in establishing metrics for sustainability.

Many HR professionals are not yet ready to lead on sustainability. While sustainability is a natural fit for HR and presents an opportunity for HR professionals to demonstrate leadership, many in the profession are not yet ready to seize this mantle. They lack knowledge around sustainability, the ability to formulate a compelling business case, and tools and resources to change an organization’s culture.
How Is Sustainability Influencing the HR Profession?

Before looking at how sustainability affects HR, first look at sustainability’s impact on the business.

In general, how the business community is approaching sustainability can be seen in reviewing a company’s annual reports. The vast majority of an annual report is devoted to the company’s business results, with a separate mention of the firm’s sustainability initiatives. This shows that sustainability is not yet integrated into all business activities.

To become a business priority, there must be a business case for sustainability.

Several participants commented that senior business leaders view making a profit as their primary responsibility. Therefore, for sustainability to get on the corporate agenda and become a priority, there must be a compelling business case.

For sustainability to take hold in an organization, it must be “woven into the fabric.”

For organizations to truly become quality organizations, quality “had to be driven into the organization.” Quality wasn’t a stand-alone project or a department, it permeated the entire company. This could eventually also be the case with sustainability.

Because sustainability must be woven into an organization’s fabric, it is very much an HR issue.

Participants were in strong agreement that sustainability is fundamentally a people issue and, therefore, an HR issue. As a result, HR professionals must play a significant role in developing the business case for sustainability, creating the organizational culture and leading their organization’s sustainability efforts.

Sustainability will affect the HR profession in multiple ways.

Participants are already seeing sustainability affect the HR profession and envision multiple ways that sustainability will make an impact on HR going forward, as outlined below.

- **A changing employee contract.** People today care more about the planet and about corporate citizenship. They want their work to have purpose and meaning, and they want to work in organizations that are purpose-driven and value sustainability. This emphasis on meaning affects HR professionals in communicating this trend to management and in working to create an organizational culture that appeals to those who are seeking more meaning in their work.

- **Recruiting.** Sustainability will have a huge impact on recruiting. Younger employees are knowledgeable and passionate about sustainability and will be drawn to work for companies that are highly committed to sustainable workplace practices.

- **Brand.** Sustainability will affect companies’ brands, both externally and internally. How companies discuss sustainability in the course of their recruiting efforts will play a significant role in how these companies are perceived.
• **Engagement.** The company’s mission and values must be considered an important factor in attracting and retaining employees. And, it is important to give employees a way to act on their interests in promoting social and environmental responsibility.

• **How people work.** As organizations seek to reduce their carbon footprint, it will force HR professionals to completely rethink how work takes place.

• **Accountability and measurements.** HR professionals must be able to develop an internal business case for sustainability, incorporate sustainability into key performance indicators and create reporting mechanisms that hold the organization accountable.

• **Training/leadership development.** The HR profession will also be affected by having to incorporate sustainability in organizational training and leadership development curricula.

**How Might HR Influence Sustainability?**

There is much potential for HR to influence sustainability and, through it, corporate strategy.

Often within corporations there is no clear owner for sustainability. Participants agreed that HR can fill this void; sustainability presents a tremendous opportunity for the HR profession to demonstrate leadership on a critically important issue.

**Before the HR profession can really begin to influence sustainability, it needs to be equipped to lead.**

Many HR leaders do not have a good understanding of what sustainability is and they do not see the potential leadership role of HR in sustainability. This makes them ill-equipped to influence sustainability strategies in a positive way. Leading in the area of sustainability means that “HR needs to step up.”

HR can help define what sustainability means in their organizations.

While there was not agreement among participants regarding a consistent set of terminology for sustainability, participants commented that HR professionals can help define sustainability to fit in with their own organizational culture.

HR can demonstrate that sustainability is more than compliance.

True sustainability entails far more than simply complying with laws. Legal compliance is just the lowest common denominator.

By emphasizing the people dimensions of sustainability, HR can demonstrate that sustainability goes beyond the environment.

Participants observed that sustainability is not limited to being environmentally friendly; it includes subjects such as poverty, AIDS, water and other social issues.

Visit [www.shrm.org/trends](http://www.shrm.org/trends) to download the full report.
Employees’ View of Sustainability

Companies are unlikely to deliver the long-term sustainability benefits if employees are not engaged or do not recognize the advantages of their company’s initiatives. Programs that engage, inspire and connect employees are vital to organizations trying to tap into the full potential of their sustainability outcomes. Respondents were asked how sustainability is viewed by different employee groups within their organization. As shown in Figure 7, the board of directors and C-suite and executive-level employees were more likely to view sustainability as being very important compared with manager-level and nonmanagerial employees, who comprise the majority of the workforce in most organizations. These findings are consistent with research conducted in early 2010 that revealed an organization’s commitment to corporate social responsibility and to a ‘green workplace’ were rated by employees as two of the least important contributors to employee job satisfaction. However, there is some evidence that younger employees entering the workplace are more likely to value sustainability, boosting its importance in the years ahead.

Since manager-level and nonmanagerial employees are less likely than their higher-level counterparts to be engaged in planning and implementing the sustainability strategy at their companies, they may be less likely to be engaged or interested in such initiatives. The findings suggest that if all levels of employees are able to participate in these activities, then their view of sustainability may become more positive. HR will play a critical role in promoting this kind of broad employee involvement. For example, Scott S. Criqui from SHRM’s Corporate Social Responsibility and Sustainability Special Expertise Panel has organized an employee sustainability committee at Trinity In-Home Care. The committee helps engage all types of employees. It is open to all employees and is managed by the employees themselves.

“The good news for those involved in sustainability efforts is that so many employees expect their employers to take a leadership position in sustainable business practices. Sustainability, therefore, becomes a competitive advantage in the search for talent.”

Nancy C. Nelson, SPHR, SHRM’s Corporate Social Responsibility and Sustainability Special Expertise Panel Member
The original goal was for the committee and management team to work jointly on putting into practice “employee wants.” The employee committee continues to work on employee wants, but has evolved and is now working on efforts to mainstream the company’s budgeting practices and better serve its customers.

When the perception of the importance of sustainability was analyzed by organization staff size, employees from all levels in small- and medium-staff-sized organizations were more likely to view sustainability as “very important” than were their counterparts from large-staff-sized organizations. This is interesting since larger organizations are more likely to engage in sustainable workplace or business practices. Sustainability may present a substantial opportunity for small businesses to enhance how they connect with current and future employees. These results are displayed in Table 7.

### Table 7 | Importance of Sustainability as a Business Practice (by Organization Staff Size)

<table>
<thead>
<tr>
<th></th>
<th>Small, medium &gt; large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of directors</td>
<td></td>
</tr>
<tr>
<td>C-suite and executive-level employees</td>
<td></td>
</tr>
<tr>
<td>Manager-level employees</td>
<td></td>
</tr>
<tr>
<td>Nonmanagerial employees</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Figure represents “very important” responses. Excludes organizations not engaging in sustainable workplace or business practices. Only significant differences are shown.  
**Source:** Advancing Sustainability (SHRM, 2011)
Expert View

SAP and Sustainability: How Employees Can Serve as Change Agents for Sustainable Transformation

Nicolette van Exel, Director, Corporate Social Responsibility, SAP AG

Prior to joining SAP AG, Nicolette van Exel led and developed sustainability strategy and responsible supply chain management work with BSR’s network of retailers in the food, agriculture and consumer products industries. She also worked as a senior CSR manager at Intertek and a senior manager at Forrester Research in the United Kingdom. Nicolette is now director of Corporate Social Responsibility at SAP. Below is her overview of SAP’s internal sustainability efforts as viewed through the lens of the human dimension.

What Does Sustainability Mean at SAP?

Building on SAP’s 38-year heritage of providing solutions that help companies address business efficiency, SAP continued down this path by elevating sustainability into a strategic, long-term corporate initiative in 2009. We declared our commitment to enabling sustainable business, both for customers through our software—SAP as an enabler of sustainability—as well as internally as a sustainability practitioner—SAP as an exemplar of sustainability. Our goal was to focus on addressing economic, social and environmental impact opportunities that leverage the strengths of SAP. This strategic commitment was further demonstrated in March 2009 when the company announced a new cross-functional sustainability organization led by SAP’s first chief sustainability officer. The organization was created to drive and coordinate SAP’s internal and external social, economic and environmental sustainability efforts—from the creation of solutions that enable sustainable business processes for customers, to SAP’s own sustainability operations. The organization forms a matrix with SAP’s existing corporate functions and thus ensures consistent execution of all sustainability programs and efforts. As a practitioner of sustainability, SAP also lives up to its social responsibilities through IT-led innovation that can drive economic development and parity through resource-efficient growth.

What Does Sustainability Mean to the Almost 50,000 People Working at SAP?

This depends on many factors, including culture, origin and role within the company. If you ask SAP employees why sustainability matters, you will find people who want to give back to society through a donation of time or money. You will find people who want to do something against global warming. And, you will find people who are concerned about lead in their kids’ toys. All of this is what sustainability is about. We aim to align these interests
against the company goals. We define sustainability as follows:
Increase short- and long-term profitability by holistically managing
economic, social and environmental risks and opportunities.

**How Do Employees Drive Behavioral Change?**

For SAP to reach its long-term sustainability goals, we need to drive a
lasting cultural change that embraces all of our employees. As part of
a large-scale transformation and change management program, SAP
launched a global network of Sustainability Champions in 2008, consist-
ing of 125 champions worldwide. All major SAP locations in the USA, the
Asia Pacific region, Germany and Canada are represented within this
network. Part of their work time is reserved to dedicate purely to raising
sustainability awareness, mobilization and education. The network
touches the hearts and minds of people. At SAP, we are convinced that
behavioral change can only happen when people’s passion is channeled
toward positive change. Peter Graf, chief sustainability officer at SAP,
addressed employees recently to call them to action by launching the
“100,000 Steps to Sustainability” program. Through this effort, Sustain-
ability Champions develop great ideas for participation that are driven
throughout the organization every two weeks via our social networks
online. There are four core areas of focus: energy reduction, travel
(business and commuting), paper reduction and social sustainability
(micro credits, health and diversity). We drive ideas like “green your
PC” or “bike to work” or “participate in the regular volunteering days
conducted by SAP.” Each step signifies a behavioral change through
which employees change their perception, decision-making, attitude,
understanding and motivations toward a more sustainable SAP. We
can have an impressive impact if each of those 50,000 employees
takes only two steps: 100,000 positive behavioral changes a year.

“Sustainability Champions are an invaluable part of SAP's sustainability
strategy. They drive change through feedback to the sustainability
organization by executing programs worldwide and by giving their
expertise. Considerable credit goes to [their] efforts to drive cultural
and behavioral transformation that will make SAP a role model for
sustainability,” says Peter Graf, SAP chief sustainability officer.

**How Do We Achieve Transformation and Change?**

Everything starts with creating clarity and transparency around our core
focus topics. We tell stories about our experiences through our online
community, and we provide information on topics that employees
wish to engage in. Showing how people can create impact creates
awareness and shows the individual where he or she can personally
make a difference. Awareness favors engagement of individuals and
groups, be it by local initiatives, global campaigns or role modeling
and multiplication. Engagement affects behavioral change. And if the
change persists, the objective of sustainable change has been met.

This is a journey, and SAP, like many other companies, still has a
way to go. However, we learn through our experiences. Through
launching the Sustainability Champions program as well as
the 100,000 Steps to Sustainability, there are three lessons we
have learned in our journey so far that are worth sharing:
1) Change is about the individual’s journey: It cannot be instruct-
ed top down; each and every individual needs to be engaged
and mobilized.

2) One size does not fit all: Regions, countries, cultures and
mindsets differ, and there is no one global set of instructions
on what it takes to change. There are as many backgrounds,
knowledge levels, attitudes and intrinsic motivations toward
sustainability as there are ways to meet these aspects and deal
with them in the most human way. Every individual has his or
her own starting point and maturity level about sustainability.
We provide guidance as expansively as possible to meet the
various requirements.

3) Provide local answers to global issues: For this, we have built
dashboards on printing, commuting and energy consumption
that create transparency on the respective realities in the
regions and locations. The Champions are thus enabled to
analyze the local implications and identify local focus topics
and to direct local initiatives toward remediating these.

“We have a unique ability to create value that is durable and leads to a
sustainable society,” says Vishal Sikka, SAP’s chief technology officer,
as quoted in SAP World employee magazine in December 2009. “When
I think of the future of business, and of our role in helping shape this,
I invariably think of all the newcomers into this world: young people
entering the workforce with new experiences and new expectations,
new economies that change the rules of the game, and the under-
privileged societies that are finding their place in a world of trade
and prosperity. […] The piece of software you touch, that we deliver,
may just have helped change someone’s life. And that, my friends,
is our unique purpose and our unique privilege in our company.”

Source: Aurosoorya (2011)
Leveraging Sustainability to Manage Talent

Sustainability programs can provide a vehicle for increasing job satisfaction and engaging current and new employees. Companies such as Pfizer and Hitachi (see “Case Studies” section) are committed to aligning their sustainability and CSR strategies in ways to help deliver more effective recruitment strategies and outcomes, reduce employee turnover, improve morale and develop a leadership pipeline. Companies were asked to indicate the importance of their involvement in sustainability when it comes to attracting, retaining and developing employees. As shown in Figure 8, 49% of firms reported their involvement in sustainability was very important in creating a positive employer brand that attracts top talent, 40% reported it was very important in improving employee retention, and 33% indicated the involvement in sustainability was very important in developing the organization’s leaders.

Multiple differences emerged by organizational demographics regarding companies’ involvement in sustainability to manage select talent management activities. Overall, when analyzed by organization sector, publicly owned for-profit and nonprofit organizations were more likely than government organizations to create a positive employer brand that attracts top talent. Non-profit firms were also more likely than government organizations to use sustainability to improve employee retention. Compared with large-staff-sized organizations, medium-staff-sized companies reported a greater likelihood of developing the organization’s leaders through sustainability. These data appear in Table 8.
## Importance of Sustainability in Attracting, Retaining and Developing Employees (by Organizational Demographics)

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>Organization Size</th>
<th>Organization Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating a positive employer brand that attracts top talent</td>
<td>Medium &gt; large</td>
<td>Nonprofit &gt; government</td>
</tr>
<tr>
<td>Improving employee retention</td>
<td>Medium &gt; large</td>
<td>Nonprofit &gt; government</td>
</tr>
<tr>
<td>Developing the organization's leaders</td>
<td>Publicly owned for-profit, nonprofit &gt; government</td>
<td>Nonprofit &gt; government</td>
</tr>
</tbody>
</table>

Note: Figure represents “very important” responses. Excludes organizations that answered “not sure” and those not engage in sustainable workplace or business practices. Only significant differences are shown.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)
Research Spotlight: SHRM Poll

Green Jobs: Are They Here Yet?

For the purpose of this poll, green jobs were defined as jobs that involve:

• Reducing pollution or waste.
• Reducing energy use.
• Reducing use of limited natural resources.
• Protecting wildlife or ecosystems.
• Lowering carbon emissions and developing alternative energy.

These jobs primarily meet the need for more environmentally responsible production/work processes and/or the development of green goods and services. The sample for this survey comprised the following seven industries: services, government, manufacturing, transportation, technology, construction and utilities.

Key Findings

• 40% of organizations are focused on creating green jobs or adding green duties to existing jobs.

• Among the organizations focused on creating jobs or adding duties to existing jobs, 65% have increased their efforts to do so over the last 12 months. Compared with two years ago, 79% reported their focus on green job creation increased.

• When asked what has taken place during the past 12 months to meet the demands for "greener" ways of working, 81% of organizations reported new duties have been added to existing positions at their organization. Nearly one quarter (23%) reported creating completely new green positions or adding green duties within newly created jobs.

• The number of organizations able to create completely new green jobs is relatively low when compared with the number adding new duties to existing positions at their organization.

<table>
<thead>
<tr>
<th>Organizations Adding Green Duties to Existing Occupation Categories</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Office and administrative support occupations</td>
<td>80%</td>
</tr>
<tr>
<td>Transportation and material moving occupations</td>
<td>79%</td>
</tr>
<tr>
<td>Service occupations</td>
<td>76%</td>
</tr>
<tr>
<td>Construction trades and related workers</td>
<td>74%</td>
</tr>
<tr>
<td>Installation, maintenance and repair occupations</td>
<td>74%</td>
</tr>
<tr>
<td>Management, business and financial occupations</td>
<td>72%</td>
</tr>
<tr>
<td>Production occupations</td>
<td>72%</td>
</tr>
<tr>
<td>Sales and related occupations</td>
<td>68%</td>
</tr>
<tr>
<td>Professional and related occupations</td>
<td>68%</td>
</tr>
<tr>
<td>Farming, fishing and forestry occupations</td>
<td>67%</td>
</tr>
</tbody>
</table>

Note: “Not applicable” responses were excluded from this analysis. Percentages may not total 100% due to rounding.
Organizations Creating Completely New Green Positions

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and related occupations</td>
<td>14%</td>
</tr>
<tr>
<td>Management, business and financial occupations</td>
<td>13%</td>
</tr>
<tr>
<td>Professional and related occupations</td>
<td>13%</td>
</tr>
<tr>
<td>Farming, fishing and forestry occupations</td>
<td>11%</td>
</tr>
<tr>
<td>Production occupations</td>
<td>10%</td>
</tr>
</tbody>
</table>

Note: “Not applicable” responses were excluded from this analysis. Percentages may not total 100% due to rounding.

To prepare their workforce, 67% organizations are or will provide on-the-job training, while 31% are paying for employees to take skills courses and 28% are paying for employees to obtain related certificates or licenses.

SHRM Poll: Methodology

The poll sample consisted of 1,705 randomly selected HR professionals from SHRM’s membership from the following industries: services, government, manufacturing, transportation, technology, construction and utilities. The online survey was accessible for a period of 12 days in June 2010. A response rate of 13% was achieved. 

Expert View

Changing the Culture at the Stanford University Medical Center

Todd Prigge, Director of Training, OD and Talent Management, Stanford University Medical Center

The Stanford University Medical Center (SUMC) Organizational Development department is a key function that is responsible for shifting the culture at SUMC. Todd Prigge, director of Training, OD and Talent Management, has been leading the program to shift the nature of decision-making, team interaction and individual development. The scope of the program is vast and will influence all aspects of hospital operations. Environmental, social and governance issues, key aspects of CSR, will be intimately affected as a result of leadership development.

I have always felt that what happens at the top of an organization creates what happens at the middle of the organization and at the frontlines of an organization. I have begun to implement a program to change small patterns at the individual levels, which I believe will have huge impacts on all aspects of hospital operation.

Change programs are often initiated at the policy level. Such top-down orchestration is important, but it does not always work. To make change sustainable, regardless of the type of change, it would be most effective to supplement top-down change with actual shifts in attitudes, behaviors and even perceptions. This is what I am focusing on at SUMC.

To make it happen, we have initiated a series of organizational interventions and courses that focus on shifting individual point of view from the physical to the vital and mental. Such interventions and courses focus on team-building, conducting crucial conversations, conflict resolution and coaching, among others. These are critical in shifting individual behavior. The ‘physical’ refers to old, established ways of doing things that have often outlived their utility but continue to be followed because of force of habit. The ‘vital’ refers to a lot of experiment, often led by feeling and emotion, and is critical as an organization tries to break away from established ways of doing things. The ‘mental’ refers to well-thought-out and holistic ideas that, in fact, must become the engine for decision-making, as opposed to habit or emotion. To build sustainable organizations, it is essential that employees begin to operate at the mental level. But equally, the well-thought-out ideas have to be supported by the vital—the emotion and feeling—and the physical—the past capital and infrastructure that are the result of the organization’s historical success.

Stanford University Medical Center can exercise a lot of influence in creating a more socially and environmentally responsible health care arena. In many cases, hospitals’ approach to social responsibility is to provide indigent care to those who do not have insurance or those in need. The cost of doing so is significant; however, there is much...
more that can be done. Being at the center of an extensive network of supplier companies that touch a lot of industries—pharmaceuticals, hi-tech, medical equipment, to mention a few—SUMC can alter its buying patterns to encourage suppliers, and their suppliers, to actively manage their environmental and social footprints.

In reality though, this is a non-trivial change, and it requires an OD intervention to make it happen. Typically, a policy can be written, but that is only an interim measure. What needs to happen is that vital or emotional thinking needs to be supplanted by thinking and decision-making that is truly more holistic. Decisions need to be driven by a sense of value and the right thing to be done in the larger scheme of things. This means that the ‘vital’ way has to yield to the ‘mental’ way. This shift from the physical to the vital and eventually to the mental is critical in establishing self-progressing sustainability in organizations. Sustainability by edict or by writing codes of conduct may be the first step, but it can never be the last. For organizations to become truly sustainable, the sustainable way of thinking has to be embedded into their way of thinking. Clearly, this requires a lot of effort and is not a short-term solution. However, it is the solution that is needed, and OD can play a key part in making this happen.

HR/OD has been on the fringes of the sustainability movement for too long. Yet, it holds a critical part in the running of organizations and is actively connected with all parts of an organization. True sustainability requires interlinking of many different parts of an organization. Procurement, manufacturing/operations, marketing, policy, to mention a few functions, have to be singing off the same page when it comes to creating and supporting sustainable products and services. This is where HR can play a key role—in helping organizations break silos, see the big picture and remember that when making decisions. But as I said, this cannot happen through edict. Employees have to really feel and know the difference. When opposition arises, employees have to know that they can call in reason, even idealism, and not just succumb to the bias or anger of a decision-maker, even if that person is their boss. The creation of this kind of culture that facilitates this kind of shift in decision-making is what OD can and must do. It is what we are doing here at SUMC.

Source: Aurosoorya, transcribed podcast (2011)
Effective recruitment is crucial to the development of a cohesive workforce and a successful organization. It directly affects the quality of a potential applicant pool. With the explosive growth of Internet users in recent years, websites have become a preferred recruiting method. They provide a way for organizations to reach mass quantities of potential applicants with a relatively small investment in terms of both time and money.

This article, written by researchers Behrend, Baker and Thompson, appeared in the *Journal of Business Psychology*. The article examined the effects of including a pro-environmental message on a corporate website on applicants’ perceptions of a fictitious organization. In this case, the term “pro-environmental message” refers to a construct called corporate social performance—essentially, the commitment to various stakeholders, including the greater community. Participants in the study were shown a corporate website that either did or did not include a pro-environmental message. Individuals who were shown the website with the message saw the company as more prestigious and were more likely to pursue a job with that company.

Organizations that emphasize their commitment to the greater community will draw more applicants, providing the company with a much larger applicant pool and allowing it to be more selective.

Source: *I/O at Work: Bringing the Science Behind HR to You* (www.iowork.com)
Initiatives and Practices
Community Outreach

Organizations were asked how they engage employees in volunteer community outreach initiatives related to sustainability. The top five responses were: 1) recognize employee participation in volunteer programs, 2) provide company-sponsored volunteer events after work hours, 3) encourage senior management to participate in volunteer programs, 4) provide company-sponsored volunteer events during work hours, and 5) encourage employees to spearhead volunteer programs. These results are displayed in Figure 9. Less frequently reported methods of engaging employees in community outreach initiatives included allowing employees to take a leave of absence to work for a volunteer organization or help in relief efforts (33%), soliciting employee input when selecting or revising volunteer programs (31%), reflecting volunteer participation in performance reviews (16%), and providing paid leave for employees who participate in volunteer events (not company-sponsored) after work hours on their own time (11%).

Community outreach programs that engage employees can create passionate support for the organization’s sustainability efforts and translate sustainability-related values into action. Scott S. Criqui from SHRM’s Corporate Social Responsibility and Sustainability Special Expertise Panel says, “One of the fundamental keys to employee engagement is actually listening to the workforce. It is one thing for an executive to say, ‘We are listening’ to our workforce, but quite another thing to actively carry
out what the employee wants, HR can help engage employees in sustainable workplace or business practices by implementing a process to facilitate capturing those ‘wants’ and determining how to allow employees to participate in executing that process.”

**Figure 9 | Top 5 Methods of Involving or Engaging Employees**

<table>
<thead>
<tr>
<th>Method</th>
<th>Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognize employee participation in volunteer programs</td>
<td>67%</td>
</tr>
<tr>
<td>Provide company-sponsored volunteer events after work hours (e.g., on weekends)</td>
<td>48%</td>
</tr>
<tr>
<td>Encourage senior-management to participate in volunteer programs</td>
<td>46%</td>
</tr>
<tr>
<td>Provide company-sponsored volunteer events during work hours</td>
<td>45%</td>
</tr>
<tr>
<td>Encourage employees to spearhead volunteer programs</td>
<td>44%</td>
</tr>
</tbody>
</table>

*(n = 330)*

**Note:** Excludes organizations not engaging in sustainable workplace or business practices.

**Source:** Advancing Sustainability: HR’s Role (SHRM, 2011)

**Socially Responsible Activities**

Today many companies are aware that socially responsible activities can improve their image among a wide range of stakeholders, including employees, customers, investors and local communities. Socially responsible practices can include a broad range of activities that can result in a more favorable image for a company while positively affecting its competitiveness and bottom line. Companies were asked in which socially responsible activities they participated. The top five reported practices were 1) donating/collecting money for local charities, 2) donating/collecting money for natural disasters, 3) supporting the community through company-sponsored volunteer projects, 4) considering the overall social impact of business decisions, and 5) partnering with environmentally friendly suppliers/companies. These results are displayed in Figure 10.

Other less frequently cited activities included monitoring the impact of business on the environment (46%), partnering with women- or minority-owned suppliers/companies (35%), cause marketing/branding (29%), monitoring global fair labor standards/practices (17%) and tracking sources of global raw materials/suppliers (11%).
Organizational demographics factored heavily into companies’ likelihood of participation in activities related to sustainability. Large-staff-sized organizations, publicly owned for-profits and multinational firms were more likely to participate in many of these activities. These results are displayed in Table 9.
Table 9 | Participation in Socially Responsible Activities Related to Sustainability (by Organizational Demographics)

<table>
<thead>
<tr>
<th>Activities</th>
<th>Organization Staff Size</th>
<th>Organization Sector</th>
<th>Operation Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donate/collect money for local charities</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Donate/collect money for natural disasters</td>
<td>Large &gt; medium, small Medium &gt; small</td>
<td>Publicly owned for-profit &gt; government</td>
<td>Multinational &gt; single country</td>
</tr>
<tr>
<td>Support the community through company-sponsored volunteer projects</td>
<td>Large, &gt; small</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Consider the overall social impact of business decisions</td>
<td>Large, medium &gt; small</td>
<td>Nonprofit, government &gt; privately owned for-profit</td>
<td>—</td>
</tr>
<tr>
<td>Partner with environmentally friendly suppliers/companies</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Monitor the impact of business on the environment</td>
<td>Large &gt; small</td>
<td>Publicly owned for-profit &gt; nonprofit</td>
<td>Multinational &gt; single country</td>
</tr>
<tr>
<td>Partner with women- or minority-owned suppliers/companies</td>
<td>Large &gt; small</td>
<td>—</td>
<td>Multinational &gt; single country</td>
</tr>
<tr>
<td>Cause marketing/branding</td>
<td>—</td>
<td>Publicly owned for-profit &gt; government</td>
<td>Multinational &gt; single country</td>
</tr>
<tr>
<td>Monitor global fair labor standards/practices</td>
<td>—</td>
<td>—</td>
<td>Multinational &gt; single country</td>
</tr>
<tr>
<td>Track sources of global raw materials/suppliers</td>
<td>—</td>
<td>Publicly owned for-profit &gt; nonprofit, government</td>
<td>Multinational &gt; single country</td>
</tr>
</tbody>
</table>

Note: Excludes organizations not engaging in sustainable workplace or business practices. Only significant differences are shown.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)
Many large firms are responding to increased legal, social and environmental pressures by measuring and reporting their performance in terms of not only financial but also social performance.

In the environmental arena, for example, astronomical growth in legislation related to environmental issues, increases in waste disposal costs, decreased availability of raw materials and shifts in customer preferences have dramatically increased interest in, and pressure for, environmentally conscious business. Further, there is evidence that increasing corporate social performance can lead to improved financial performance, increased operational efficiency, reduced costs and fewer legal conflicts.

A key concern for corporations has been how to improve social performance without compromising efforts needed to remain competitive in the global marketplace, with its constant pressure to produce more efficiently, with superior quality and lower costs.

This study examined the relationship between effective HR practices and social performance to understand if practices that are good for business are also good for social performance.

**Study Methods**

Using corporate social performance measurements of the firm Kinder, Lydenberg and Domini, the researchers examined the relationships between human resource practices and social performance (e.g., community involvement, environmental impact) in a sample of 171 corporations. In doing so, they controlled for other variables that might be related to corporate social performance, such as firm size, total sales and industry.

**Key Findings and Implications for Practice**

Good human resource practices are a positive driver of social performance. In other words, the same HR practices that help the corporation’s financial performance also help bolster social performance.

Other predictors of corporate social performance were found:

- Corporations that have greater research and development and advertising intensity are more likely to have high social performance.
- Larger corporations, in terms of number of employees, perform more poorly on social performance measures.
• Human resource management has the largest effect on corporate social performance.

The findings suggest:

• Managers concerned with corporate social performance need to consider a broad range of proactive human resource strategies.

• Having a strong human resource management program is enough to bolster a firm’s social performance, even if the HR program does not specifically address environmental and social issues.

**SHRM Foundation Grant**

This research was funded by a grand from the SHRM Foundation. The SHRM Foundation is a 501(c)(3) nonprofit organizational affiliate of the Society for Human Resource Management (SHRM). Founded in 1966, the SHRM Foundation maximizes the impact of the HR profession on organizational decision-making and performance by promoting innovation, education, research and the use of research-based knowledge. The SHRM Foundation is governed by a volunteer board of directors comprising distinguished HR academic and practice leaders. Contributions to the SHRM Foundation are tax-deductible. Online at [www.shrm.org/foundation](http://www.shrm.org/foundation).
Environmentally Responsible Practices

There is growing recognition that going green is not just good for the environment, but also can help the bottom line and be used as a means to engage employees. Respondents were asked to report the environmentally responsible activities that support their organization’s sustainable workplace practices. The top 10 practices identified were: 1) offering recycling program for office products (86%), 2) using virtual tools to conduct meetings (81%), 3) donating/discounting used office furniture (71%), 4) using energy-efficient lighting systems and equipment (69%), 5) partnering with environmentally friendly suppliers/companies (61%), 6) buying or leasing refurbished goods (59%), 7) encouraging employees to power down computers after few minutes of inactivity (58%), 8) installing automatic shut off for equipment (58%), 9) using supplies and materials more efficiently (55%), and 10) minimizing water consumption by using water-conserving plumbing fixtures (53%). These and other less frequently cited environmentally responsible practices are displayed in Table 10.

Nancy C. Nelson, SPHR, member of SHRM’s Corporate Social Responsibility and Sustainability Special Expertise Panel, observes: “Green practices have become mainstream and almost universal. The tools and resources are well-established, with many best practices to draw upon. However, if an organization’s efforts are viewed as ‘greenwashing,’ primarily as a PR effort, or a practice that doesn’t fit the culture, employees won’t be engaged. I believe that to truly engage all levels of employees, you need to provide plenty of examples of how what we do on a daily basis helps us meet the triple bottom line: people, profits and the environment/community.”
### Table 10 | Environmentally Responsible Practices

<table>
<thead>
<tr>
<th>Practice</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering recycling program for office products</td>
<td>86%</td>
</tr>
<tr>
<td>Using virtual tools to conduct meetings</td>
<td>81%</td>
</tr>
<tr>
<td>Donating/discounting used office furniture</td>
<td>71%</td>
</tr>
<tr>
<td>Using energy-efficient lighting systems and equipment</td>
<td>69%</td>
</tr>
<tr>
<td>Partnering with environmentally friendly suppliers/companies</td>
<td>61%</td>
</tr>
<tr>
<td>Buying or leasing refurbished goods</td>
<td>59%</td>
</tr>
<tr>
<td>Encouraging employees to power down computers after few minutes of inactivity</td>
<td>58%</td>
</tr>
<tr>
<td>Installing automatic shutoff for equipment</td>
<td>58%</td>
</tr>
<tr>
<td>Using supplies and materials more efficiently</td>
<td>55%</td>
</tr>
<tr>
<td>Minimizing water consumption by using water-conserving plumbing fixtures</td>
<td>53%</td>
</tr>
<tr>
<td>Encouraging/promoting/providing car pooling for employees</td>
<td>49%</td>
</tr>
<tr>
<td>Minimizing pollution</td>
<td>46%</td>
</tr>
<tr>
<td>Promoting walking, biking, taking public transit instead of driving a vehicle</td>
<td>45%</td>
</tr>
<tr>
<td>Salvaging or reusing construction materials</td>
<td>39%</td>
</tr>
<tr>
<td>Selected a location with public transit access</td>
<td>32%</td>
</tr>
<tr>
<td>Offering employees telecommuting to reduce environmental impact of commuting</td>
<td>36%</td>
</tr>
<tr>
<td>Offering incentives to employees to use mass transit</td>
<td>29%</td>
</tr>
<tr>
<td>Using recycled materials in the construction or remodeling of your building</td>
<td>26%</td>
</tr>
<tr>
<td>Buying hybrid vehicles for your fleets</td>
<td>15%</td>
</tr>
<tr>
<td>Buying alternative energy</td>
<td>11%</td>
</tr>
<tr>
<td>Installing solar panels on roof</td>
<td>9%</td>
</tr>
<tr>
<td>Buying carbon offsets</td>
<td>7%</td>
</tr>
<tr>
<td>Creating a community garden where employees can grow their own produce</td>
<td>4%</td>
</tr>
<tr>
<td>Offering incentives to employees for the purchase of hybrid vehicles</td>
<td>4%</td>
</tr>
<tr>
<td>Using a green or living roof</td>
<td>4%</td>
</tr>
</tbody>
</table>

*(n = 364–395)*

Note: Percentages do not total 100% due to multiple response options. Excludes organizations not engaging in sustainable workplace or business practices.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)
Gerlinde Herrmann is the founder and president of The Herrmann Group Limited, which provides human capital management solutions through executive search, psychometrics, interim human resources and talent retention programs. She works as a consultant to The Home Depot Canada, which supports a wide range of environmental programs that demonstrate HR’s key role in ensuring success in environmental sustainability. Some of these programs are highlighted below.

**Team Depot:** Each year, The Home Depot’s associates provide more than 65,000 hours of volunteer time to community projects across Canada. Many of these hours are spent on environmental initiatives such as sustainable, affordable housing in partnership with Habitat for Humanity or on environmental stewardship projects.

**Green Teams:** Led by an employee green captain, the green teams are the resident experts on the Eco Options products and environmental issues. They facilitate events and promotions, promote knowledge to store employees, promote environmental publications, and ensure waste diversion and recycling programs are well executed.

**Eco Options Training:** The Learning team has developed and executed an in-depth training program designed to educate associates on the Eco Options suite of products, so they can, in turn, educate consumers about sustainable choices for their homes.

**Teleworking:** Earlier this year, the HR team rolled out a teleworking pilot program, allowing associates who are able to do so to work at off-site locations, including their homes. As an environmentally conscious company, The Home Depot understands the growing concerns of traffic congestion and air quality, and the positive effects teleworking can have on the environment.

In all of these examples, HR team has either directly developed and administered the initiative or fostered and supported it through other HR practices.
Research Spotlight: SHRM Poll

Green Workplace from the Perspective of Employees

In this poll, a green workplace was defined as a workplace that is environmentally sensitive, resource-efficient and socially responsible.

Key Findings

• Almost two-thirds of employees whose organization participated in environmentally friendly practices reported that they are likely to stay with their current organization because of its environmentally responsible program.

• Nearly three-quarters of employees from organizations without an environmentally responsible program reported it was important (responded “very important” or “somewhat important”) for their organization to begin doing so.

The impact of daily activities on the environment and the desire to go green has expanded from just individuals to organizations. More organizations are volunteering to operate in a more environmentally responsible way. Local municipalities are encouraging businesses to become greener by offering incentives. In the near future, “being green” could become the norm.

Environmentally Responsible Practices

Employees were asked which environmentally responsible practices they thought were most important for organizations to carry out. The top reported practices were 1) donating/discounting used office furniture/supplies to employees or local charity, 2) promoting walking, biking and taking public transit, 3) using energy-efficient lighting systems and equipment, 4) encouraging employees to be more environmentally friendly in their work, and 5) encouraging/promoting/providing carpooling for employees.

Effective environmentally responsible programs may persuade certain employees to stay with an organization. Employees were asked to rate the likelihood that they would stay with their current organization because of its environmentally responsible program. Overall, 61% of employees whose organization participated in environmentally friendly practices responded that they are “very likely” or “likely” to stay with their current organization.

When employees whose organizations did not have environmentally responsible programs were asked how important it was for their organization to begin to do so, nearly three quarters (73%) of employees felt that it was “very important” or “somewhat important.” Gerlinde Herrmann, C. Dir., CHRP, GPHR, member of SHRM’s Corporate Social Responsibility and Sustainability Special Expertise Panel and president of The Herrmann Group, says: “Green/CSR initiatives are a selling
feature for many members of the younger generations. However, these potential employees check the background of organizations and talk with employees or past employees to find out for themselves whether the green/CSR messaging deliver on its promise.” She warns, “It is better to have genuine green/CSR initiatives that are grassroots and inexpensive than to have a massive promo campaign involving significant funding—it’s the realness that is the selling feature.”

### Top 10 Environmentally Responsible Practices According to Employees

<table>
<thead>
<tr>
<th>Practice</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donating/discounting used office furniture/supplies to employees or local charity (e.g., set up a reuse area where employees can take unneeded supplies/materials rather than throwing them away and encourage staff to “shop” there)</td>
<td>53%</td>
</tr>
<tr>
<td>Promoting walking, biking and taking public transit</td>
<td>49%</td>
</tr>
<tr>
<td>Using energy-efficient lighting systems and equipment (e.g., occupancy sensors, ENERGY STAR® equipment, changing from desktops to laptops)</td>
<td>43%</td>
</tr>
<tr>
<td>Offering a recycling program for office products (e.g., paper, Styrofoam, plastic, glass, cans)</td>
<td>39%</td>
</tr>
<tr>
<td>Encouraging employees to work more environmentally friendly (e.g., by making double-sided photocopies, powering down computers after few minutes of inactivity, using energy-efficient bulbs for desk lamps, ensuring blinds are lowered in the summer to conserve energy)</td>
<td>36%</td>
</tr>
<tr>
<td>Encouraging/promoting/providing carpooling for employees</td>
<td>36%</td>
</tr>
<tr>
<td>Using recycled materials in the construction or remodeling of the building</td>
<td>25%</td>
</tr>
<tr>
<td>Offering recycling program for selected personal products (e.g., cell phones)</td>
<td>22%</td>
</tr>
<tr>
<td>Minimizing water consumption by using water-conserving plumbing fixtures (e.g., faucet aerators, low-flow toilets)</td>
<td>21%</td>
</tr>
<tr>
<td>Installing automatic shutoff for equipment</td>
<td>20%</td>
</tr>
</tbody>
</table>

(n = 483)

Note: Percentages do not total 100% due to multiple response options. Employees were asked to select their top five choices.

Source: SHRM 2007 Green Workplace Survey Brief

### Importance of Environmentally Responsible Organization

<table>
<thead>
<tr>
<th>Importance Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very unimportant</td>
<td>8%</td>
</tr>
<tr>
<td>Somewhat unimportant</td>
<td>18%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>50%</td>
</tr>
<tr>
<td>Very important</td>
<td>23%</td>
</tr>
</tbody>
</table>

(n = 331)

Note: Employees whose organization did participate in environmentally friendly practices were excluded. Percentages do not total 100% due to rounding.

Source: SHRM 2007 Green Workplace Survey Brief
SHRM Poll: Methodology

The poll sample consisted of 504 employees randomly selected by an outside survey research organization’s web-enabled employee panel. The employee panel is based on a random sample of the entire U.S. telephone population. A response rate of 57% was achieved. All respondents were employed either full time or part time.¹

![Likelihood of Staying at Current Organization as a Result of the Organization’s Environmentally Responsible Program](image)

Note: Employees whose organization did not participate in environmentally friendly practices were excluded. Percentages do not total 100% due to rounding.

Source: SHRM 2007 Green Workplace Survey Brief
**Tracking and Measuring Sustainability Outcomes**

Organizations should establish some performance metrics to measure the effectiveness of their sustainability initiatives. Determining a return on investment (ROI) from these initiatives is not easy, but it is not impossible to achieve. As illustrated in Figure 11, 39% of businesses reported calculating an ROI for their sustainability efforts.

Differences emerged according to various organizational demographics regarding the organizations’ practice of calculating an ROI. Larger-sized organizations, multinational companies, publicly owned for-profit organizations, and those in the transformation and compliance phase in the Sustainability Maturity Curve were significantly more likely to calculate a return on investment. These findings are presented in Table 11.

<table>
<thead>
<tr>
<th>Organization Staff Size</th>
<th>Organization Sector</th>
<th>Operation Locations</th>
<th>Phase in the Sustainability Maturity Curve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large &gt; small</td>
<td>Publicly owned for-profit &gt; privately owned for-profit, government</td>
<td>Multinational &gt; single country</td>
<td>Transformation, compliance &gt; integration</td>
</tr>
</tbody>
</table>

Note: Excludes organizations who answered “not sure” and those not engaging in sustainable workplace or business practices. Only significant differences are shown.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)

**The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines**

Many organizations use external guidelines to help manage their sustainability reporting and determine where more efforts to promote sustainability should be made within their company. The Global Reporting Initiative (GRI) framework is the world’s most widely used sustainability reporting framework. Many of the items in the framework directly involve human resource management and the treatment of employees. The GRI was developed through a consensus-seeking process with participants drawn globally from business, civil society, labor and professional institutions. This initiative sets out principles and indicators that organizations can use to measure and report their economic, environmental and social performance.

The framework is built around the Sustainability Reporting Guidelines. Other components of the framework include unique indicators for industry sectors and unique country-level information. The third version of the Guidelines (the G3 Guidelines) was published in 2006 and is free to the public.

For more information go to [www.globalreporting.org](http://www.globalreporting.org).
Among organizations calculating an ROI, 47% calculated a positive return on investment, 46% reported it was still too early to determine the ROI, 6% calculated a break-even point, and no organizations reported calculating a negative ROI. These results are illustrated in Figure 12.

Respondents were asked to identify the positive outcomes of their organizations’ sustainability initiatives. The most frequently reported outcomes were: 1) improved employee morale, 2) more efficient business processes, 3) stronger public image, 4) increased employee loyalty, 5) increased brand recognition, 6) increased consumer/customer confidence, 7) increased employee retention, 8) position as an employer of choice, 9) positive financial bottom line, and 10) increased workforce productivity (Figure 13). Less frequently cited outcomes were increased recruitment of top employees (17%) and improved product portfolio (13%).
Figure 13 | Positive Outcomes of Sustainability Initiatives

- Improved employee morale: 55%
- More efficient business processes: 43%
- Stronger public image: 43%
- Increased employee loyalty: 38%
- Increased brand recognition: 34%
- Increased consumer/customer confidence: 34%
- Increased employee retention: 33%
- Position as an employer of choice: 27%
- Positive financial bottom line: 25%
- Increased workforce productivity: 21%
- Increased recruitment of top employees: 17%
- Improved product portfolio: 13%
- Other: 2%

(n = 343)

Note: Percentages do not total 100% due to multiple response options. Excludes organizations not engaging in sustainable workplace or business practices.

Source: Advancing Sustainability: HR’s Role (SHRM, 2011)
Expert View

Sustainability ROI—Where to Start

Jack Phillips, Ph.D., Chairman, ROI Institute, and Patti P. Phillips, Ph.D., CEO, ROI Institute, authors of The Green Scorecard: Measuring the Return on Investment in Sustainability Initiatives

The professionals who work in the sustainability movement have struggled to show the value of their efforts, and while there have been some studies completed, there is no systematic, standardized process. But showing a strong return on investment for sustainability initiatives and practices is actually not that difficult.

The ROI methodology—five levels of evaluation, six types of data, a step-by-step process and very conservative standards—brings a standardized, CEO- and CFO-friendly process that is conservative, credible, systematic and feasible in any type of setting. We have examined many cases already in this field and found that most green projects deliver a very positive ROI. Unfortunately, they are not implemented and monitored properly. If they are not monitored or measured, it is difficult to make adjustments or improvements. This situation is a huge opportunity for HR, and our methodology provides a mechanism for quick feedback, review and adjustments as the project is implemented.

Key HR-Related Areas with a Strong ROI from Sustainability Initiatives

We’ve discovered a few surprises in the major areas of ROI that involve both HR and the way work is done by employees. Perhaps the most significant is the impact of telecommuting programs as they represent a huge payoff for the organization as well as for the environment. Alternative work schedules come in many forms. If an employee telecommutes, the ROI can be extremely high based on savings on real estate costs (less office space), retention (and attraction), productivity and health care costs. These alone are huge savings for the organization in addition to the impact on job satisfaction, employee engagement and the environment. The environmental movement is pushing this concept because it drastically reduces carbon emissions, eases congestion in cities and helps reduce U.S. reliance on foreign oil. But aside from these factors, telecommuting has a very positive ROI approaching 500%–1,000% or more for an organization, public or private. If an organization can have work performed at home, HR should be pursuing this in a very rigorous way. Yes, there are a few barriers, but they can be overcome.

Second, virtual meetings, which are replacing the classic business travel model that is so expensive and so harmful to the environment, are another area that has returns for sustainability. A switch to virtual meetings can represent a very large ROI, but with a major caveat: the success of the meeting must be at the same level or better than the face-to-face meeting. In many cases they are, but it will take creative design, implementation and use of the best technology to make it work.
A third area of significant ROI we’ve seen in the organizations we have worked with is the attraction and retention factor related to green and sustainability efforts. More employees are attracted to (and will stay with) organizations with a good track record in this area. When companies can show that they have a good reputation in being environmentally responsible, this influences retention. The payoff can be much larger than expected. This will be an area that will be much more important in the future as the economy continues to improve and jobs are plentiful.

The Importance of HR’s Involvement

A successful sustainability project is caused by changes in the behavior of people. Employees, members, customers and citizens have to change their habits, ways, processes, approach and procedures, and this comes from a change in their thinking. The ROI methodology addresses measures along a “chain of impact” that must occur: 1) people must react to sustainability efforts positively (they see them as needed, necessary, important and relevant) 2) they must learn what to do (understanding their role and actions they must take), and 3) they must operate differently, take action (application). This drives an impact. From the impact comes the monetary value, which is compared to the cost of the initiative to generate ROI. This creates five levels of evaluation:

1. Reaction.
2. Learning.
3. Application.
4. Impact.
5. ROI.

Projects typically break down in the early stages of the process. Employees (and others) do not see the need for the project, and it fails (level 1, reaction). They do not know what they need to do to be successful, and it fails (level 2, learning). They do not do what they should do to make it successful, and it fails (level 3, application). This is where HR comes in. HR is in tune with employees and the communication that goes to them. The function in the organization driving the sustainability projects needs help from HR, or needs to be led by HR, to ensure that employees react properly, learn what must be done, change habits, take action and change their behavior. When all of these factors are addressed, the project will be successful. HR’s role is extremely critical.

Demystifying the ROI Process

Unfortunately, when people think of ROI, they think of statistical models, complicated processes and financial analysis instead of simple business evaluation. Yes, it involves an ROI calculation, but it also involves step-by-step sequential processes with a structured discipline to make it work. In reality, it is not complex and confusing, but there is that perception. Consequently, HR leaders can help demystify ROI as they bring this concept into their own organization for HR projects and explain ROI in specific case studies. In the future, we will see more pressure to explain the concept of ROI to all employees. Many new projects and processes should have a positive ROI for employees, investors, the environment and customers. The only way to know this is to measure success, calculate ROI and communicate the results. Consequently, education is needed, illustrations will help, and examples are important.
Unfortunately, HR comes in later in the process instead of earlier. HR should be initiating some of these projects, or at the very least, HR must connect with the sustainability team in the organization to suggest HR projects that can make a difference. One of the most important programs that HR can be involved in is implementing alternative work systems. These types of programs can have a tremendous impact on the environment. They may not be on the radar of the sustainability leaders, but they can certainly make a difference.

Briefing the sustainability team on the ROI methodology is important. This briefing clearly shows that the time to plan for measuring success at the impact and ROI level is at the beginning of the sustainability program. If the program is already developed and implemented, it could be too late to collect the data needed for impact and ROI. It will take some effort from HR to be proactive and reach out to, and work with, their organization’s sustainability team. But when they see the value of including HR, they will make HR an important part of the process going forward.
Barriers to Engaging in Sustainability

Organizations that do not engage in sustainable workplace or business practices were asked about the obstacles preventing them from implementing a plan. The top five obstacles reported were: 1) costs of launching, 2) difficulty in measuring the return on investment, 3) lack of support from organization’s leaders, 4) costs of maintaining, and 5) lack of internal capacity or knowledge. These results are displayed in Figure 14. Other less frequently reported obstacles included: sustainably practices detract from primary business goals (21%), such practices are not yet mainstream, so there is no business advantage (18%), lack of interest among employees (14%), lack of shareholder support (5%), lack of interest among customers (4%) and lack of technological support (4%).

Sustainability is an issue that affects organizations in many ways. It has an impact on an organization’s culture, priorities and framework in which decisions are made. By ignoring sustainability, companies are missing an opportunity to broaden their scope of influence and may be damaging their brand equity. Companies that indicated they did not engage in sustainability were asked if they had plans to launch any workplace or business practices within the next 12 months. As displayed in Figure 15, the vast majority of companies reported they were not sure or had no plans to move into this area. Only 5% of firms reported they had plans to launch sustainability initiatives within the next year.
Figure 15 | Plans to Launch Sustainable Workplace or Business Practices Within the Next 12 Months

- Yes: 52%
- No: 43%
- Not sure: 5%

(n = 300)

Note: Excludes organizations engaging in sustainable workplace or business practices.
Source: Advancing Sustainability: HR’s Role (SHRM, 2011)
Case Studies
Embedding Sustainability into the Core Strategy at Alcatel-Lucent

Information and communications technology (ICT) plays a critical role in enabling the transition to a low-carbon economy. Increasingly, investors, consumers and nongovernmental organizations (NGOs) expect ICT companies to step up to this challenge. Alcatel-Lucent, a world leader in high-tech equipment for telecommunications networks, wanted to not just meet these expectations, but also embed a strategy to anticipate future sustainability requirements.

Alcatel-Lucent’s newly appointed CEO, Ben Verwaayen, called for bold sustainability objectives that would be integrated into the company’s long-term business strategy. Verwaayen wanted to enable and inspire employees to lead, test the limits of what is physically and financially possible for the business, and define new concepts for growth and value creation.

Alcatel-Lucent started by developing the CSR Council, an advisory body to focus the company’s sustainability strategy, develop initiatives and deploy them to the company’s more than 77,000 employees in 130 countries worldwide.

The CSR Council was composed of C-level executives from each of Alcatel-Lucent’s four business units as well as external sustainability experts. Aligning its focus with the company’s most material sustainability issues, such as climate change and the role of ICT as an enabler for other companies to reduce their
carbon emissions, the council sets CSR priorities and goals, reviews progress and provides perspective on potential risks and opportunities related to emerging social and environmental issues. Its governance is based on a review and analysis of other similar efforts. Its purpose is to shape strategic priorities based on research and analysis of a range of market trends and the role of innovation in sustainability within the sector.

Not long after the formation of the CSR Council, the strategy began yielding results. Alcatel-Lucent has committed to reducing its carbon footprint by 50% of 2008 levels by 2020. The human resource function is critical in the implementation and execution phase of this strategic goal because to achieve this commitment, the company is taking measures that involve the entire workforce. The full range of its activities—from facility operations and logistics to information technology and business travel—are being reviewed and often modified to create new approaches to working and people management that are both effective and sustainable.

Source: BSR (2011)

A Global Strategy for Social Innovation at Hitachi

Hitachi—with more than 30,000 employees across 900 business units—set a goal for its centennial year in 2010: to become a global leader in CSR.

In 2006, Japan-based Hitachi Ltd. committed to a new corporate strategy to stabilize business performance and create a foundation for long-term growth. The nearly 100-year-old company had grown to serve diverse sectors, including power systems, appliances, transportation systems, advanced materials, construction equipment, data centers and much more. Hitachi wanted to ensure that the new strategy would align its business around the common theme of “social innovation” and provide a platform for innovation-focused decision-making and sustained growth. The aim was to create a common platform for social innovation, consolidate the business for long-term success, and leverage Hitachi’s products and services that are well-positioned to solve some of the world’s most pressing sustainability and CSR challenges.

Hitachi’s global strategy is to increase revenues outside of Japan, creating a truly global organization, and to align innovation with society’s current and future needs. To do this, Hitachi needed a strategy that included a diverse set of perspectives on sustainability and CSR.

Led by the CSR Promotion Committee, which consists of executives from HR and 11 other core functions and reports directly to the president of the company, executives across the organization, external stakeholders and issue experts
were engaged in the process to sharpen the company’s focus on a key set of priorities in CSR and social innovation.

Cross-functional CSR Promotion Teams were created to develop programs and practices in high-priority areas. As part of this process, the Employee Relations & HR team played a key role in the following initiatives:

- Implementation of CSR e-learning courses in the Americas, China and other Asian countries.
- Launch of global diversity development and work/life balance initiatives—reporting directly to the CEO—designed to “nurture human resources that can meet the requirements of the new age and to create a better work environment.”
- Development of workplace practices and policies, ranging from labor safety and business ethics to discrimination prevention.

Three key steps were taken to move the organization through the process:

- **Assessment:** Given the large breadth of Hitachi’s businesses (and corresponding effects), the principle of materiality was used to highlight and prioritize issues that presented the most significant risks for the business, both at the corporate level and at the business-unit level, across all geographies. This allowed Hitachi to be strategic about addressing significant stakeholder concerns while staying focused on major business opportunities.

- **Internal engagement:** Assessment at the business-unit level allowed for enriching dialogues among senior executives on the issues that were most relevant to their areas of business. These conversations helped better define CSR for Hitachi and highlighted opportunities to focus its products and services more directly on critical social and environmental needs.

- **External engagement:** Hitachi also held two stakeholder engagement events in North America and Europe, so that the company’s executives could hear directly from opinion leaders about their expectations of Hitachi to address significant CSR trends.

By moving through these steps, Hitachi was able to develop a more robust and transparent sustainability and CSR strategy, and it now has a platform for making decisions about its portfolio of businesses—a platform that takes into account social innovation. HR, led by a vice president and executive officer for human capital, plays an important continuing role by helping to create what the company calls a “Work-Friendly Corporate Culture,” with programs and practices guided by three priorities:
1. **Openness** to encourage frank communication and to provide employees with opportunities to express their full potential, supported by a robust 360-degree feedback program.

2. **Challenge** to aspire to high goals and personal transformation, supported by global manager training, a reward system for employee inventions, and other employee capacity-building efforts.

3. **Diversity** to respect individuality, including promotion of leadership opportunities for women, and community-level training related to achieving work/life balance.

The organization as a whole is now better engaged and aligned with a common purpose. Related to this work, Hitachi had several other accomplishments in 2009: it strengthened its positions in five social innovation businesses, it was selected for the Dow Jones Sustainability World Indexes, it signed the United Nations Global Compact, and it integrated global stakeholder engagement into its ongoing CSR-planning processes. Hitachi leaders continue to work on refining the corporate strategy through engaging with stakeholders and positioning the company as a leader in addressing social and environmental challenges.

*Source: BSR (2011)*

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**Engaging Employees in the Journey to Sustainability at Interface**

Interface is the worldwide leader in design, production and sales of environmentally responsible modular carpet for the commercial, institutional and residential markets, and a leading designer and manufacturer of commercial broadloom carpet. Led by visionary founder and chairman Ray Anderson, Interface’s dedication to sustainability has evolved into the company’s bold Mission Zero™ commitment—a promise to eliminate any negative impact Interface has on the environment by 2020.

People have always been at the center of Interface’s approach to sustainability. The company intentionally fosters a culture that integrates sustainability principles and invests in educating and engaging employees around sustainability. Positive returns from these investments include not only increased productivity, higher retention rates and a safer and healthier work environment, but also a “thoughtful and innovative culture” that sustains competitive advantage.

Specific employee programs include the following:

**Sustainable Growth of Associates**: Interface provides associates with a variety of programs to help them understand and fulfill their role in Interface’s Mission Zero. The programs are designed to educate associates about sustainability and provide an opportunity for them to take action to reduce either the company’s or their personal impact.
QUEST: Quality Using Employee Suggestions and Teamwork (QUEST) is Interface’s associate engagement program around waste reduction. Cross-functional teams at all business units make their own suggestions for addressing waste issues. QUEST has been a huge success for Interface, resulting in $372 million in cumulative avoided waste cost since the program’s inception.

Cool Programs: Interface has introduced programs that educate associates about their carbon footprint and provide opportunities for associates to offset their impact on climate change.

- **Cool Co2mmute**: Associate-inspired program that partners Interface with associates to target and reduce the greenhouse gas emissions from their daily commutes. Associates calculate and offset their own carbon emissions from commuting. Interface pays half the cost of the offset purchases, making the net average cost to associates $12 each year to be “cool” drivers.

- **Cool Fuel**: Interface’s Cool Fuel™ program calculates and offsets the carbon emissions from company cars. Since its inception in 2002, the program has offset more than 11,500 tons of CO2, the equivalent of avoiding emissions from one million gallons of gasoline.

Source: BSR (2011)

**Strengthening Dialogue with Communities at Nestlé Waters**

As the largest producer of bottled spring water in the United States, Nestlé Waters North America faces a unique set of challenges related to managing a natural resource perceived by many as a public good.

Nestlé Waters North America (NWNA) has faced criticism at its spring water sites in North America from community members who have two primary concerns: They want to ensure that NWNA’s water withdrawal does not have negative ecological effects, and they want the opportunity to participate in decisions about their water resources. NWNA therefore wanted to develop a water-siting and community-commitment framework in order to proactively manage site impacts, incorporate increased local input into the process, and increase the transparency of these efforts.

To address this challenge, the company created a phased approach of assessment, design, alignment and piloting the framework. Its goal was to design a companywide framework for siting and community involvement that addressed NWNA business objectives, included full participation by the community and government agencies, addressed the concerns of these two groups, and was designed with the input of national stakeholders. NWNA conducted interviews with company officials, national experts and community members at several of its
U.S. sites in the Pacific Northwest and Maine to collect candid feedback—positive and negative—about the company’s existing approach to community engagement and water stewardship.

This was followed by a two-day design workshop, during which NWNA staff and experts in community engagement, conservation and watershed management developed a siting and community engagement framework based on past experiences and current and future expectations of key stakeholders and local communities. NWNA has begun to take several important steps toward the development and implementation of the new siting framework. The company hopes that these steps will lead to a more consistent and successful approach to engaging with communities and will build NWNA’s capacity to serve as a valued member of the communities in which it operates.

NWNA’s challenges point to more fundamental questions: What expectations must a company meet as a responsible steward of water? If water is a human right, who has rights to access it, and how should access be regulated? How should NWNA evolve its approach to community involvement in light of these questions? The answers to these questions will determine where NWNA will be focusing its sustainability efforts in the years ahead.

Source: BSR (2011)

Focusing, Refining and Aligning
CSR with a New Strategy at Pfizer

Pfizer—the world’s largest biopharmaceutical company—incorporates its CSR approach in its mission of “working together for a healthier world.” In late 2008, Pfizer began a process to refine its CSR strategy to better support the company’s evolving business priorities and organizational changes. This presented a new opportunity to involve senior leaders and functions from across the company in guiding the company’s approach to CSR. The company also wanted to leverage its strong environmental, health and safety (EHS) programs to build a leading environmental sustainability initiative that would connect to and support its other CSR strategies.

A commitment to the development and implementation of these new strategies at Pfizer has resulted in significant advances in the following key areas:

Creating a more coordinated and effective approach to CSR management

A key element of Pfizer’s new strategy and approach to CSR relates to governance and integration—from the boardroom to everyday workplace practices. The charter of Pfizer’s Board of Directors’ Corporate Governance Committee now requires directors “to maintain an informed status on company issues related to corporate social responsibility and the company’s
participation and visibility as a global corporate citizen, and to monitor emerging issues potentially affecting the reputation of the pharmaceutical industry and the company.”

While most of Pfizer’s corporate responsibility efforts are managed within individual business units, they are coordinated globally by the Corporate Responsibility team, part of Worldwide Communications. The team is led by a vice president of corporate responsibility, who is a member of executive leadership and reports directly to the CEO. The team is responsible for setting the strategic direction for corporate responsibility at Pfizer and supporting integration of corporate responsibility throughout the company.

Another key feature of the new Pfizer approach is a Global Corporate Responsibility Colleague Network, which brings together Pfizer employees who have CSR-related responsibilities in an effort to localize the global CSR strategy and engage colleagues in all Pfizer geographies and business units in corporate responsibility. This network helps implement global strategies, including HR and people management issues, at the local level and identify and share information about emerging issues and best practices with the Corporate Responsibility team and peers around the world.

**Developing an environmental sustainability road map**

Another key priority for Pfizer was to develop a more strategic approach to environmental initiatives that will result in greater business and societal value. This effort began with an assessment and benchmarking of Pfizer’s current practices, followed by a materiality analysis and a workshop with senior business leaders to identify the environmental issues for which Pfizer could have the biggest impact. This allows Pfizer to focus its environmental sustainability strategy on three key issues—climate, product stewardship and water—where the company can have the biggest potential effects, maximizing benefits to the environment and the company’s bottom line.

Based on these inputs, Pfizer designed an environmental sustainability road map that aims to achieve cost efficiencies, product and brand differentiation and, most importantly, progress on some of the world’s most pressing environmental challenges and their impact on global health.

**Putting people at the center**

“Colleagues and Community” is one of eight strategic focus areas for CSR at Pfizer, thereby shining a bright light on several aspects of good human resource management.

Providing a safe and healthy work environment is a key area of focus, and Pfizer implemented a companywide set of policies, standards and programs, combined with site-level management systems and initiatives, to support this objective.
The company has also undertaken a number of initiatives to improve employee engagement, recognizing that engaged employees are not only better for the business but also derive more satisfaction from their work. This, in turn, relates closely to initiatives that support the communities in which Pfizer operates—initiatives such as disaster response, promotion of education and health and employee volunteerism.

Finally, Pfizer also has committed to be a leader in the diversity and inclusion space. The company developed an integrated diversity and inclusion (D&I) strategy that encompasses colleagues, customers, suppliers and the communities where Pfizer people work and live. The overarching D&I strategy—which is driven through each of Pfizer’s business units and is the responsibility of each senior business leader—includes a global women’s strategy, a multicultural strategy and a strategy to build upon colleague resource groups, such as the Latino Network in the United States. The company also named a chief diversity officer and placed her on Pfizer’s senior management team.

Source: BSR (2011)

### The HERproject: Companies Investing in Women Workers for Health and Business Returns

The global economy has brought millions of women between the ages of 16 and 25 into employment in export factories all across the developing world. Because many of these women are migrants working long hours, they are often isolated from traditional support networks that can help them with challenges such as working conditions, proper compensation, and access to education, health care and other social services. At the same time, there is a great opportunity to leverage their presence in global supply chains to improve the welfare of these women, many of whom are entering the formal economy for the first time.

Drawing on nearly two decades of supply chain expertise, BSR created HERproject, a factory-based program that links BSR member companies, their suppliers and local NGOs in emerging economies to raise female workers’ awareness of general and reproductive health and to improve their access to basic health services.

In 2009, BSR expanded the initiative to include projects in China, Egypt, India, Mexico, Pakistan and Vietnam, working with eight multinational companies and eight local NGOs. Through the project, local NGOs trained women in 30 factories to become peer educators on issues including nutrition, personal hygiene, reproductive health, family planning and sexually transmitted diseases. This approach allows peer educators to share information not just through formal trainings and new-worker orientations, but also during lunch and commute times.
In addition to the peer education, BSR launched efforts to improve factory-based clinics and create links between the factories and local hospitals or women’s clinics. So far, the network has connected 12 clinics with local hospitals in China, India, Pakistan and Vietnam.

To date, HERproject has benefited approximately 50,000 women globally. The two main areas of impact are:

**Improved health awareness:** Following trainings in factories in Vietnam, 97% percent of women said they knew how to use condoms to prevent sexually transmitted infections, compared with 59% percent before the trainings. In Pakistan, safe pre- and postnatal care knowledge increased: The number of women who knew to get tetanus toxoid immunization during pregnancy increased from 30% to 83%, and the number of women who learned the importance of post-natal checkups increased from 50% to 92%. In Mexico, one factory saw a 38% increase in the number of respondents who had heard, seen or read about diabetes prevention.

**Increased worker productivity:** In Pakistan, women who improved their menstrual hygiene as a result of factory trainings reported a 25% reduction in poor concentration at work, 28% lower absenteeism and 33% less difficulty in meeting production targets. Initial return-on-investment (ROI) analysis confirmed that women in the factory worked an average of two-and-a-half more hours per month during the project period, representing additional 615 days of work per year.


Source: BSR (2011)
Spotlight on India

Conversations with Sustainability Experts from Sustainability’s New Hotspot

CSR has a long history in India in the sense that Indian culture has always advocated that business should balance profit with respect for people, culture and communities. However, modern CSR theory, the incorporation of CSR strategy into business operations, is a relatively new concept for India. Even so, modern CSR in India is evolving. There are several factors that are responsible for this, not the least of which are India’s rapid economic growth, the changing on-the-ground mix of Indian versus global corporations and the complexity of existing social and environmental problems. While India has been governed by explicit citizen-leader contracts for much of its history, the enormity of the changes experienced in the last few decades, and especially in the last few years, will more than likely alter the notion of this contract. Although it is tempting to think that CSR will morph to align with the western model of CSR, in an environment where technology adoption and entrepreneurial instinct hold equal weight to centuries-old cultural and spiritual values, it is not unlikely that unexpected outcomes will result. Key questions as one considers CSR in India include:

• Will CSR continue along its current path of community development driven by philanthropy?
• Will it adopt the Western model of CSR?
• Will CSR be applied as a business opportunity to address local sustainability challenges?
• Will some other unthought-of CSR notion tapping into the prevalent spiritual-cultural influence come into being?

The following interviews begin to shed some light on the nature of this evolution.

Beroz Gazdar, Vice President—Infrastructure Development Sector, Mahindra & Mahindra Limited

Mumbai, India

Mahindra & Mahindra Limited is a US$7.1 billion Indian multinational company. It employs more than 100,000 people across the globe and enjoys a leadership position in utility vehicles, tractors and information technology, with a significant and growing presence in financial services, tourism, infrastructure development, trade and logistics. Mahindra is among the top 10 Indian companies on “Global 200: The World’s Best Corporate Reputations” list.

Q. Are strategic sustainability programs a relatively new concept in Indian companies, or have they been in existence
for some time now? How entrenched are Indian companies, in general, and your company, specifically, in strategic sustainability programs?

A. Responsible corporations in India have been looking at CSR programs, corporate governance and energy efficiency in their businesses for a long time because of their belief in their individual ethos/core values. Thus, many of these organizations have been sustainable in a ‘strategic’ context for some time now. For example, ITC has had a structured program for over a decade now to shift from its core business of tobacco to a multibusiness company. It made this move after realizing the effect of its product on society. Today, in addition to consciously reducing the share of its business from cigarettes, ITC has structured programs to be carbon neutral, water positive, etc. At Mahindra, we have been working on fuel efficiency and alternative energy as a part of our product responsibility strategy for some time, and today we have two zero-emission electric vehicles (E-Alfa & Bijlee), a Hybrid Scorpio, CNG Vehicles on four platforms (Tourister, Champion, FJ Minibus and Maxi-Truck), zero-emission hydrogen vehicles (Hy-Alfa), and we launched India’s first bio-diesel tractor in 2007. The company’s new plant at Chakan, near Pune, in Western India is a showcase of application of sustainable practices from the ground breaking to the final setup. A total of 140 different small and large initiatives were undertaken, which would reduce CO2 emissions and power and fuel consumption substantially.

Q. What has propelled the concept of sustainability to the forefront of Indian companies? What challenges or obstacles have you encountered along that way, and what are the lessons learned from your sustainability efforts?

A. Sustainable practices are now seen as a non-negotiable business compulsion. Also, Indian companies have realized that if they have to be truly global or have global aspirations, they have to strategize in a manner that would help them succeed in a carbon-constrained economy. For example, EU countries have very stringent norms for use of hazardous substances in manufacturing of all products and, in the case of vehicles, for fuel efficiency. Unless Indian companies comply with these, the EU market would not be an option. There is also the risk of getting delisted form supplier list. So the only way Indian companies can mitigate these risks and, on the other hand, seize new opportunities would be by putting sustainable practices high on the agenda.

Our biggest challenge was awareness about the “what, why and how” of creating a sustainable enterprise among all our stakeholders, both internal and external. Taking a leap of faith into untested territories, such as migrating to renewable energy and the cost implications for changing technologies, has been another challenge.

The lessons learned have been:

• Importance of proper awareness, which has geared us up to be future-ready.

• Reduction in ‘assumptions’ and reliance on ‘data.’

• Development of trends in consumption of natural resources.

• Target-setting for consumption of energy, water, etc.
Results from a recent SHRM survey on sustainable business practices in the United States revealed that HR was much less likely to be involved in the creation of strategic sustainability programs (6% of companies), but it was more involved in the implementation of strategy (25% of companies). Do you see such a disconnect in Indian companies? How can HR become more involved in creating sustainability strategies instead of only implementing them?

Our impression is that such a disconnect would exist in Indian companies as well. In terms of Mahindra, we have involved HR in our sustainability program. HR professionals can become active participants in the process by first enhancing their own awareness about sustainability just as they would need to understand the business of the company. It’s also crucial for HR to integrate sustainability in the employees’ DNA. This can be accomplished within the recruitment process, new-hire orientation programs and the performance management process.

How can HR help engage all levels of employees within an organization in sustainable workplace or business practices?

This can be done in four ways:

1. New-hire orientation programs.
2. Encouraging events focused on sustainability.
3. Celebrating events like the Earth Day, Environmental Day, etc.
4. Knowledge enhancement by integrating sustainability-related programs in the training calendar at all levels.

Can you give an example of sustainability initiatives that demonstrate HR’s key role in ensuring the success of strategic sustainability?

All new employees at Mahindra go through a specific sustainability induction program. A film on sustainability is shown at MMDC (our training Centre at Nasik) before every training session, regardless of the subject or level of employees in the training. We also include sustainability in the performance management system.

Balakrishnan Kalyanaraman, Country Representative—India, U.S. Trade and Development Agency

New Delhi, India

The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle-income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. Since 1981, USTDA has provided more than $30 million in funding for cooperation projects with both public- and private-sector sponsors in India.
Q. Are strategic sustainability programs a relatively new concept in Indian companies, or have they been in existence for some time now? How entrenched are Indian companies, in general, and your company, specifically, in strategic sustainability programs?

A. Sustainability programs have been in existence in India for some time now. For example, the first time a company was certified to Environment Management Systems (EMS ISO 14001) standard was in 1996, when the standard itself was in draft stage! In fact, the first ever certification in India was against both this draft standard as well as the BS 7750 British Standard. Many leading corporations in India have had sustainability ingrained in their ethos from the time of the company’s inception itself, with the Tata Group as a leading example. The entire premise of Tata operations is to give back to society, and the company understands that if there is no society, there is no market! It is widely known that India is an energy-deficit country, and for almost all companies that are dependent on the use of energy, being energy-efficient is a key factor for their business continuity. However, it should be noted that sustainability as a concept has become an important ingredient in India’s business entities’ strategic vision/plan only from the early 2000s.

Q. What has propelled the concept of sustainability to the forefront of Indian companies? What challenges or obstacles have you encountered along that way, and what are the lessons learned from your sustainability efforts?

A. As mentioned above, India has been a resource-deficient country and will continue to be so for quite some time. Moreover, the opening up of the global markets has led to competitive international markets; thus, delivering quality products at affordable costs has become an imperative. Cost reduction at all levels of a product manufacturing or the service delivery cycle, therefore, becomes important. One of the key challenges or obstacles is finding the right champions in an organization’s setup to ensure that corporate sustainability goals (which go beyond mere cost-cutting or resource conservation measures) are met. An important need is to ingrain sustainability in the corporate ethos, and a lesson learned is to include such training or concepts at the new-employee induction level.

Q. Results from a recent SHRM survey on sustainable business practices in the United States revealed that HR was much less likely to be involved in the creation of strategic sustainability programs (6% of companies), but it was more involved in the implementation of strategy (25% of companies). Do you see such a disconnect in Indian companies? How can HR become more involved in creating sustainability strategies instead of only implementing them?

A. There is indeed a similar disconnect in India, and maybe the numbers are even lower when it comes to implementation of strategy. However, this disconnect is slowly being bridged as more and more companies are understanding the important role that HR can play not only in the creation of sustainability programs but also in their implementation. HR is probably the only department that has a complete knowledge of the organizational talent pool and can help develop sustainability programs.
that make full use of the strengths of the organization (and an organization’s strength is its employees) and develop appropriate programs that can address weaknesses and overcome them.

**Q.** How can HR help engage all levels of employees within an organization in sustainable workplace or business practices?

**A.** As said earlier, HR is the department that has (or is expected to have) a complete picture of an organization’s talent pool. HR is therefore uniquely positioned to play a key role in not only developing work teams but also designing and implementing appropriate training programs that ingrain corporate sustainability within the workforce. Importantly, HR can be the first filter (and, in fact, is) when a new employee is being inducted to ensure that the applicant/aspirant is either mentally attuned to the organizational ethos or will be amenable to change.

**Q.** Can you give an example of sustainability initiatives that demonstrate HR’s key role in ensuring the success of strategic sustainability?

**A.** Many organizations have launched programs such as the Global Reporting Initiative (GRI), where HR is closely involved. EMS ISO 14001 programs are also based on a team approach, and the HR departments of such organizations have been involved in building these teams. Business groups such as the Tata’s and ITC have sustainability as a key ingredient of their new-employee induction program, and they actually are taking the concept even father—not only to their vendors but also to their customers and the society at large. Organizations such as 3M believe in and have successfully created small teams (they call them skunk teams) to seek out new ideas and innovations that help improve business as well as product/technology efficiencies. The famous Post-It as well as Scotch tape ideas came out of such teams, and, of course, HR was closely involved in designing the appropriate incentives! Over a period of time, HR has become more and more important as a key member of senior management teams (most Indian organizations have a board-level position for HR), responsible for not only implementing strategy but also developing strategic long-term vision.

**DMR Panda, Senior Faculty, Power Management Institute, NTPC Limited**

**Noida, India**

The Power Management Institute is the apex-level training and learning centre for NTPC Limited, India’s largest power company. The company is also involved in hydro, wind, solar and nuclear power generation and distribution, as well as power trading and consulting.

**Q.** Are strategic sustainability programs a relatively new concept in Indian companies, or have they been in existence for some time now? How entrenched are Indian companies, in general, and your company, specifically, in strategic sustainability programs?
It is not a new concept anymore. Employees (doorman to chairman) are reading about sustainability in the print media, they see it on TV and observe it at various places. The difference is that in real terms it has been in the mind only, and for most companies real application has not been taken place. Most companies, even the big ones, have few training programs on sustainability. NTPC Limited, my company, is doing much better than most. The various power stations of NTPC, individually and within the company as a whole, are applying for the sustainability award instituted by very respected bodies in India, namely, the Confederation of Indian Industry. And in the process of doing so, we spot many opportunities for improvement in sustainability efforts. As the adage goes, once you try to do more, you see more yet to be done.

Q. What has propelled the concept of sustainability to the forefront of Indian companies? What challenges or obstacles have you encountered along that way, and what are the lessons learned from your sustainability efforts?

A. In some cases, it appears to do more with building brand awareness in the minds of broader society, the opinion makers and industry leaders rather than actual improvement at the workplace. Very little is being done by Indian companies to actually improve the products and services, the manner in which they are offered and disposed of. Many respected companies are claiming to be on the forefront, but when you see their workplace and practices, there is a huge gap. So one of the challenges is that it seems to be more lip service to a great concept than actual action.

Q. Results from a recent SHRM survey on sustainable business practices in the United States revealed that HR was much less likely to be involved in the creation of strategic sustainability programs (6% of companies), but it was more involved in the implementation of strategy (25% of companies). Do you see such a disconnect in Indian companies? How can HR become more involved in creating sustainability strategies instead of only implementing them?

A. HR can become more involved in creating strategies through:
1. Educating employees at nonmanagement levels.
2. Educating employees at senior management levels.
3. Building competencies to deal with strategy-making, implementation and feedback.
4. Making sustainability part of the company’s core values.
5. Developing appropriate metrics for knowing contributions of the strategic business units, individual departments and, if possible, at the individual level.
6. Empowering employees at all levels to engage in sustainability efforts.
7. Improving productivity of man, machines and the surroundings (planet/earth/environment) in real terms.
8. Reducing the number of employees leaving the organization.

Q. How can HR help engage all levels of employees within an organization in sustainable workplace or business practices?

A. To engage employees, HR should focus on:
1. Creating awareness.
2. Empowerment.
3. Building measures that can close the gap between what is being claimed and what is actually carried out.
4. Impress upon senior management that employees can quickly spot any gaps between implementation and talk.
5. Develop a very powerful mission and objectives tied to sustainability.

Q. Can you give an example of sustainability initiatives that demonstrate HR's key role in ensuring the success of strategic sustainability?

A. Several things come to mind:
   1. Proper recruitment and employee engagement.
   2. Enhancement of productivity at man/machine level.
   3. Awareness-level enhancement through formal training and learning opportunities.
   4. Playing a key role in pushing the agenda for participation in external award programs, such as sustainability awards.
   5. Making sustainability part of the organization’s core values, mission statement and objectives.

Veena Padmanabhan, General Manager, Wipro Limited

Bangalore, India

Wipro Technologies, a division of Wipro Limited, is among the largest global IT services, business process outsourcing and product engineering companies. In addition to the IT business, Wipro has leadership position in niche market segments of consumer products and lighting solutions.

Q. Are strategic sustainability programs a relatively new concept in Indian companies, or have they been in existence for some time now? How entrenched are Indian companies, in general, and your company, specifically, in strategic sustainability programs?

A. Strategic sustainability programs have been in existence for the last few years in India. We do see different Indian companies across the industry segments reporting GRI-based reports on sustainability. There appears to be a great awareness in recent times. In Wipro, we have chosen to pursue Wipro’s Good Citizenship view, which is Business with Integrity, Ecological Sustainability and Social & Community initiatives. We launched ‘eco eye,’ which strives to weave ecologically sustainable practices into every dimension of Wipro’s business and also help society become ecologically sustainable. We have also been reporting our sustainability initiatives under the GRI framework and independently verified.
Q. What has propelled the concept of sustainability to the forefront of Indian companies? What challenges or obstacles have you encountered along that way, and what are the lessons learned from your sustainability efforts?

A. For Wipro, it has been the quest for a truly sustainable organization that is based on the triple bottom line of ecological, social and economic well-being. An organization built on the foundation of trust-based stakeholder relationship can lead us to sustainability. And this belief needs to pervade across the organization. Along with the internal focus to make Wipro more ecologically sustainable, we are also looking to see how we can help our customers in their journey toward sustainability through green products and services, which include sustainability consulting and energy-efficient lighting/solutions.

Over the last few years of our sustainability program, we have realized the magnitude and complexity of the sustainability efforts in order to make a real impact. We have taken this time to reset our goals and revisit our approach, which, according to our experience, is based on the triple bottom line (people, planet, profit). The primary challenges will be to balance the needs of different stakeholders, to minimize our environmental impact and to contribute to social equity and empowerment without compromising on our ability to deliver business growth and returns to investors.

Q. Results from a recent SHRM survey on sustainable business practices in the United States revealed that HR was much less likely to be involved in the creation of strategic sustainability programs (6% of companies), but it was more involved in the implementation of strategy (25% of companies). Do you see such a disconnect in Indian companies? How can HR become more involved in creating sustainability strategies instead of only implementing them?

A. In Wipro, we have the Corporate Executive Council (CEC) involved in the governance of our sustainability initiative. The executive vice president of HR is part of the CEC. The sustainability program is spread across all levels of our organization—from the board of directors to voluntary employee chapters. Each level has a different grade and scope of responsibility. HR is one of the key functions in this team.

Q. How can HR help engage all levels of employees within an organization in sustainable workplace or business practices? Please describe examples of sustainability initiatives that demonstrate HR’s key role in ensuring the success of strategic sustainability.

A. Increasingly, employees like to be part of an organization that has goals beyond the norm—a more sustainable and equitable company that cares for stakeholders beyond the usual and creates a greater engagement with the employees. HR can create a meaningful impact in creating platforms for employees to get involved—from awareness-building, to behavior change at work/personal life, to even suggesting new lines of business for Wipro. HR can help create the right environment as well as find a way to recognize these initiatives. We consciously created eco chapters, which are voluntary teams of employees who work in different locations and focus on specific themes. We have had initiatives such as...
Walk the Talk by some chapter members, bringing awareness to the larger employee base, and a car pooling initiative at a different location. We also have sustainability orientation for all new hires as part of the new-employee induction (i.e., orientation), and for the HR team as part of Head Start, which is an HR Capability Initiative. We also included sustainability aspects in our Employee Perception Survey to understand how employees feel about them.
An assortment of factors shape how organizations are looking at sustainability and the impact sustainability has on them. This report surveyed organizations to determine the impact sustainability has on areas of the business and examined companies—from Stanford University Medical Center to Pfizer—that use the potential of sustainability. How organizations think about what sustainability means for them will vary based on many factors. Multinational organizations will think of sustainability in global terms, while smaller organizations can make sustainability a priority with their efforts and activities focused locally. Understanding the factors that make sustainability work is the key to any company engaged in sustainability-focused activities.

This research finds that the human resource function is one of the key groups responsible for implementing a sustainability strategy in organizations. This is not surprising since sustainability is a people issue that is important in shaping the organization’s behavior and culture. It is for these and other reasons that the HR profession is and will continue to be an important component in the emergence and evolution of sustainability.
About the Research
### Survey Demographics

#### Organization Staff Size

<table>
<thead>
<tr>
<th>Staff Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small (1–99 employees)</td>
<td>34%</td>
</tr>
<tr>
<td>Medium (100–499 employees)</td>
<td>38%</td>
</tr>
<tr>
<td>Large (500 and more employees)</td>
<td>28%</td>
</tr>
</tbody>
</table>

(n = 675)

#### Organization Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>16%</td>
</tr>
<tr>
<td>Health care, social assistance (e.g., in-home care, nursing homes, EAP providers, hospices, etc.)</td>
<td>12%</td>
</tr>
<tr>
<td>Services—professional, scientific, technical, legal, engineering</td>
<td>10%</td>
</tr>
<tr>
<td>Other services</td>
<td>7%</td>
</tr>
<tr>
<td>Financial services (e.g., banking)</td>
<td>6%</td>
</tr>
<tr>
<td>Consulting</td>
<td>5%</td>
</tr>
<tr>
<td>Educational services/education</td>
<td>5%</td>
</tr>
<tr>
<td>Retail/wholesale trade</td>
<td>5%</td>
</tr>
<tr>
<td>Government/public administration—federal, state/local, tribal</td>
<td>4%</td>
</tr>
<tr>
<td>Insurance</td>
<td>4%</td>
</tr>
<tr>
<td>Construction, mining, oil and gas</td>
<td>3%</td>
</tr>
<tr>
<td>High-tech</td>
<td>3%</td>
</tr>
<tr>
<td>Transportation, warehousing (e.g., distribution)</td>
<td>3%</td>
</tr>
<tr>
<td>Publishing, broadcasting, other media</td>
<td>2%</td>
</tr>
<tr>
<td>Real estate, rental, leasing</td>
<td>2%</td>
</tr>
<tr>
<td>Services—accommodation, food and drinking places</td>
<td>2%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>2%</td>
</tr>
<tr>
<td>Arts, entertainment, recreation</td>
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</tr>
<tr>
<td>Association—professional/trade</td>
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</tr>
<tr>
<td>Biotech</td>
<td>1%</td>
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<tr>
<td>Pharmaceutical</td>
<td>1%</td>
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<tr>
<td>Other</td>
<td>2%</td>
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</table>

(n = 691)

#### Organization Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Privately owned for-profit organization</td>
<td>53%</td>
</tr>
<tr>
<td>Nonprofit organization</td>
<td>21%</td>
</tr>
<tr>
<td>Publicly owned for-profit organization</td>
<td>20%</td>
</tr>
<tr>
<td>Government agency</td>
<td>6%</td>
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(n = 691)

#### Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)</td>
<td>37%</td>
</tr>
<tr>
<td>South (Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)</td>
<td>24%</td>
</tr>
<tr>
<td>West (Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Montana, Oregon, Utah, Washington, Wyoming)</td>
<td>23%</td>
</tr>
<tr>
<td>Northeast (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)</td>
<td>16%</td>
</tr>
</tbody>
</table>

(n = 678)

#### Multinational Operations

<table>
<thead>
<tr>
<th>Operations</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. based operations</td>
<td>69%</td>
</tr>
<tr>
<td>Multinational operations</td>
<td>31%</td>
</tr>
</tbody>
</table>

(n = 688)
Methodology

The Advancing Sustainability Survey was conducted among HR professionals employed by organizations operating in the United States. A sample of HR professionals was randomly selected from SHRM’s membership database, which included approximately 250,000 individual members at the time the survey was conducted. Only members who had not participated in a SHRM survey or poll in the last six months were included in the sampling frame. Members who were students, consultants, academics, located internationally or had no e-mail address on file were excluded from the sampling frame. In March 2010, an e-mail that included a hyperlink to the survey was sent to 5,000 randomly selected SHRM members. Of these, 4,550 e-mails were successfully delivered to respondents, and 728 HR professionals responded, yielding a response rate of 16%. The survey was accessible for a period of eight weeks, and six e-mail reminders were sent to nonrespondents in an effort to increase response rates. The sample of HR professionals was generally representative of the SHRM membership population.

Notations

Analysis: Analyses by organization staff size, organization sector and multinational operation status are presented and discussed, when applicable. In some cases, the data are not depicted in corresponding tables/figures even though the results are statistically significant.

- **Organization staff size categories:** small (1 to 99 employees), medium (100 to 499 employees) and large (500 or more employees). The analysis by staff size refers to the number of full-time employees at the HR professional’s work location only.

- **Organization sector:** publicly owned for-profit organization, privately owned for-profit organization, nonprofit organization, government sector and other categories. Results are not presented for other employment sectors due to the small number of organizations in this category.

- **Multinational operation status:** U.S.-based operations only and multinational.

Differences: Conventional statistical methods were used to determine if observed differences were statistically significant (i.e., there is a small likelihood that the differences occurred by chance). Therefore, in most cases, only results that were significant are included, unless otherwise noted. It is also important to note that in some cases, data may be discussed in the text of this report but not presented in an accompanying figure or table.

Tables: Unless otherwise noted in a specific table, the following are applicable to data depicted in tables throughout this report:
• Percentages for a question or a response option may not total 100% due to rounding.

• The sample size is based on the actual number of respondents by organizational demographic who answered the question using the response options provided.

Figures: Unless otherwise noted in a specific figure, percentages for a question may not total 100% due to rounding.

Generalization of results: As with any research, readers should exercise caution when generalizing results and take individual circumstances and experiences into consideration when making decisions based on these data. While SHRM is confident in its research, it is prudent to understand that the results presented in this research report are only truly representative of the sample of HR professionals responding to the survey.

Number of respondents: The number of respondents (indicated by “n” in figures and tables) varies from table to table and figure to figure because some respondents did not answer all of the questions. Individuals may not have responded to a question on the survey because the question or some of its parts were not applicable or because the requested data were unavailable. This also accounts for the varying number of responses within each table or figure.

Confidence level and margin of error: A confidence level and margin of error give readers some measure of how much they can rely on survey responses to represent all SHRM members. Given the level of response to the survey, SHRM Research is 95% confident that responses given by responding U.S.-based HR professionals can be applied to all SHRM members in the United States, in general, with a margin of error of approximately 3%. For example, 68% of the responding HR professionals reported that their organizations had an approach for defining sustainability. With a 3% margin of error, the reader can be 95% certain that between 65% and 71% of SHRM members in the United States would state that their organizations had an approach for defining sustainability. It is important to know that as the sample size decreases, the margin of error increases.
Endnotes


iii. Ibid.


x. The survey instrument is available upon request by contacting the SHRM Survey Program at surveys@shrm.org or by phone at 703-535-6301.
Acknowledgments

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The HERproject

Hitachi

Interface

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Nirajan Khatri, general manager, Welcomenvron Initiatives, ITC Welcomgroup

Nestlé Waters

Veena Padmanabhan, general manager, Wipro Limited

DMR Panda, senior faculty, Power Management Institute, NTPC Limited

Jack Phillips, Ph.D., chairman, ROI Institute

Patti P. Phillips, Ph.D., CEO, ROI Institute

Pfizer

Todd Prigge, director of training, OD and talent management, Stanford University Medical Center (SUMC)

Patrick Ran, GPHR, Ph.D., chief representative of SHRM Corporation Representative Office in Beijing, China

Andrew W. Savitz, creative business leader, advisor, speaker and author

SHRM CSR and Sustainability Special Expertise Panel Contributors

Scott S. Criqui
Gerlinde Herrmann, C.Dir., CPHR, GPHR
Nancy C. Nelson, SPHR
Additional SHRM Resources

SHRM Resources Related to Sustainability

Green Jobs—Are They Here Yet? SHRM Poll

Workplace Visions: Can Sustainability Initiatives Survive in a Tough Economy?

Green Initiatives During Financially Challenging Times: SHRM Poll

Green Workplace Survey Brief

SHRM Executive Roundtable on Sustainability and Human Resource Management Strategy

To access these publications, please visit www.shrm.org.

SHRM Research Products

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