The Role of HR in Achieving a Sustainability Culture

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Abstract
An organization’s Human Resource function can be instrumental in facilitating a comprehensive approach for creating a culture of sustainability and environmental stewardship. As such, it is recommended that an organization’s Sustainability Coordinator work more closely with the organization’s Human Resource executive. This idea might be considered a new area of focus for the practical implementation of sustainable development in a company. The strategy involves making significant changes to the organization’s systems for: recruiting applicants, selecting new employees, conducting new employee orientation, conducting performance evaluations, determining employee compensation, creating a succession planning process, providing employees with training and development, and mentoring employees and managers. It also involves creating a win-win-win collaboration among multiple stakeholders who are in conflict with each other. Numerous examples are provided demonstrating how a focus on each of the HR systems has helped organizations to create a sustainability culture.

Keywords: Sustainability, Human Resources, Triple Bottom Line, Environmental Stewardship

A Common Scenario
John Smith, the company’s new Sustainability Coordinator, was sitting at his desk. The frustrations have been mounting over the past year, since he was appointed to his new role. Senior management thought they should have a Sustainability Coordinator because many of their competitors had one. John seemed to be the logical choice, since he had been the Environmental, Safety, and Health Manager for several years. He was excited to be selected, because he deeply believes that companies, including his, need to do a much better job of protecting the environment and conserving natural resources. However, he has not been getting much cooperation from the executives, the other managers, or the employees. Many people talk about “greening” the company, but it’s just talk. The R & D Department has not focused enough on developing “green” products. Everywhere he goes, he sees employees wasting precious resources. He wishes he had someone to help him to change the atmosphere in the company. He wishes more people would put sustainability on their front burner. If only he could change the attitudes and the behavior of the executives, managers, and employees.

1. Introduction
In 1987, the Brundtland Commission, chaired by Norwegian Prime Minister Brundtland, defined sustainable development as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Companies are increasingly hiring (or appointing from within) a Sustainability Coordinator. It is this individual’s goal to increase the focus on sustainability among the organization’s executives, managers, and employees. (Here, sustainability refers to focusing on meeting the needs of both the employees and the community, in order to better protect the environment.) In many organizations, the Sustainability Coordinator has a strong background in technical, environmental, safety, and/or scientific areas (Woodward, 2008). This person might not possess the behavioral competencies to change the employees’ and managers’ attitudes and behavior to focus more on sustainability. Many Sustainability Coordinators have expressed a deep sense of frustration that their organization has not progressed far enough, fast enough (Walker, 2008). One individual who could become a very helpful partner to the Sustainability Coordinator is the organization’s Human Resource executive. The way that this is often achieved is by including the HR executive on the organization’s cross-functional Sustainability Council. This idea might be considered a new area of focus for the practical implementation of sustainable development in a company. The Sustainability Council could focus on both social programs (i.e. programs for both the employees and the community), and environmental initiatives.

The Triple Bottom Line is frequently summed up by the 3 P’s: People, Planet, and Profits (Bolch, 2008; T+D cover and Lafl, Feb. 2009). The idea is that if the management of a company hires capable people and then treats them well, then those employees will be more inclined to take better care of the planet (while taking excellent care of the customers!), and if they plan this well, it should lead to higher profits. As such, the concept of sustainability used herein incorporates both social and environmental initiatives leading to financial development (e.g. Jalil, 2010). There is a growing body of evidence that suggests that if management wants the employees to make a significant discretionary effort to help protect the environment, then management should put their employees first and create a “people first” employer-of-choice culture (e.g. Srofe, Liebowitz, & Sivasubramaniam, 2010). The employees’ organizational citizenship behavior will more likely be forthcoming when they truly feel supported by management and the business owners. When employees do not feel supported...
by their management, they will generally do barely enough to get by. Research increasingly suggests that a supportive senior management leads to greater employee engagement, while an unsupportive management leads to employee disengagement (Ketter, 2008). It is recommended that management make a proactive effort to show their support for their employees, in order for those employees to be motivated and engaged enough to voluntarily take the extra steps to recycle their items, to suggest ways that the company can conserve resources, and to brainstorm new product ideas that protect the environment. Valero Energy’s web-site, for example, states that “Our employees are our No. 1 asset.”(Note 1) Shell’s web-site lists Honesty, Integrity, and Respect for People as their core values.(Note 2) Many companies that are creating a sustainability focus are realizing that they will be more successful if they first demonstrate the philosophy that their employees are an essential source of competitive advantage. As suggested by Laurence Fink, “many organizations are now realizing that their intangible people assets may provide one of the last sources of strategic competitive advantage” (2006, p. 71). In fact, O’Toole and Lawler (2008) assert that companies are shortchanging their shareholders by not differentiating themselves from their competitors by creating an employee-oriented, high involvement work environment.

2. Senior Management Support

If senior management has not yet decided that the benefits of sustainability are worth pursuing, then the HR executive and the Sustainability Coordinator can provide them with information demonstrating the benefits of a sustainability strategy. Senior management and the company owners need to see evidence that a sustainability culture will lead to lower costs and higher sales. Once management has chosen sustainability to be an area of focus or a core value, then the Human Resource professionals (with advice from the Sustainability Coordinator) can modify the many HR systems to create the new environmentally-oriented organizational culture. According to Adine Mees and Jamie Bunham at the Canadian Business for Social Responsibility, “CSR minus HR is just PR!”(Note 4) As such, the first step in creating a sustainability culture is for the Sustainability Coordinator and the HR executive to obtain senior management support.

3. Human Resource Systems

3.1 Recruiting

Employees need to be able to trust management that the company will first seek to recruit internally before looking externally. It is not unusual to have a situation in which a seasoned employee believes he/she is ready to be promoted, and then the company brings in someone from the outside to fill that position, which is then disheartening for the seasoned employee. Management would need to have career plans for their people, much as a chess player envisions several chess moves into the future. There needs to be enough time to train and develop current employees for them to transition into their new roles, be they lateral transfers or vertical promotions.
Only when there are no internal people near ready to move into a new role should the organization look to recruit externally to find those with the desired skill set.

The HR staff can explain in their external recruiting messages that they are looking for people with strong teamwork and collaboration skills (Goleman, 2010; Johansson, 2006), as these skills are needed to brainstorm product and service ideas in the “sustainability sweet spot” of doing good and doing well (Savitz, 2006). Recruiters can also explain that they are looking for applicants who care about protecting the environment. There is growing indication that the younger generations of employees (Generation X and Generation Y) increasingly prefer to work for a company that includes a focus on the environment among its core values (SHRM, 2008). Net Impact, an international professional organization of students and professionals focused on improving the world, recently conducted two surveys. (Note 5) The first was a survey of over 2,000 MBA students (May 2007); the second was a survey of over 2,400 undergraduate students (September 2007). Among the students surveyed, 79% of the MBA’s and 77% of the undergraduates said they are interested in obtaining employment at socially responsible companies.

Companies can recruit at those universities that offer an MBA concentration in Sustainability. (Note 6) Companies can showcase their environmental programs and policies at job fairs, for example, from offering employees paid days off to volunteer in the community, to organizing company teams focused on recycling, to constructing buildings using more “green” technology. (Note 7) Software maker, Hyperion, implemented a hybrid incentive program for employees. The company provides each employee who purchases a hybrid car that gets over 45 miles per gallon with a $5,000 bonus. Their CEO said that the hybrid incentive program has helped the company to recruit and retain the best employees. (Note 8) Also, companies should proactively recruit a more diverse workforce, as it is widely agreed that employee diversity leads to greater innovation and creativity.

3.2 Employee Selection

The HR staff also can screen applicants more carefully for their people skills to identify those with strong teamwork skills and collaboration skills, those with a desire to protect our natural resources and decrease pollution, and those who are adaptable to change, who are inclined to take risks and experiment to find creative solutions to complex problems. Behavioral interviewing questions (Note 9) should be developed to assess the applicant’s values and people skills. Management should refrain from hiring applicants who possess only strong technical skills, while lacking the important people skills. At Aveda, a cosmetics company, applicants are informed about the company’s environmental mission and how it permeates their business strategy. This way, the candidates can determine if their values will fit the company’s values (Jarventaus, 2007).

3.3 New Employee Orientation

During the onboarding process, new employees should be informed of the company’s core values and environmental programs. The best time to make an impression on employees is at the beginning when they are first hired. New employees can be taken on tours to see the company’s nearby environmental projects. That would certainly foster a sense of pride in their new employer. Clif Bar, for example, incorporates an explanation of the company’s many environmental projects in their orientation program (Fox, 2008). At Toyota Motor Sales USA, new employee orientation includes presentations on the company’s environmental programs (Jarventaus, 2007). Management should also explain to the new employees how the company’s core values are incorporated into the performance appraisal and compensation systems. For example, the Port of Houston’s Environmental Affairs Department created an Environmental Compliance Policy that is the foundation of the port’s commitment to pollution prevention, environmental compliance and continual improvement. The policy is communicated to all employees during their new employee orientation. (Note 10)

3.4 Training & Development

The HR Department can offer leadership development workshops to help managers develop their “front wheel” soft, people skills, or behavioral competencies, in teamwork, diversity, managing change, and collaboration. As Savitz suggests, company negotiators can learn that instead of viewing complaints from various stakeholder groups as threats, they should view those complaints as “gifts” which, if addressed, can enable the company to become much more profitable. Similarly, instead of just thinking, “How can we minimize this problem?” company negotiators should be thinking, “How can we gain by addressing this problem?” That would be the way to identify the sustainability sweet spot.

More and more people are passionate about environmental stewardship, and appreciate the opportunity to obtain training in this area. Employees should have access to workshops and conferences on “back wheel” technical, ecologically-friendly (eco-friendly) topics, such as recycling, green building materials, energy conservation, and waste reduction. For example, Esty and Winston noted in their book, Green to Gold, that, at Rio Tinto Alcan, all employees and all of the top 800 managers, including the CEO, take a four-day training program on environmental, health and safety issues. Andrew Hoffman, in his book, Competitive Environmental Strategy, recommends that managers be taught how to prepare a Return on Investment cost-benefit analysis of an environmental initiative. An ROI analysis of dollars saved by the initiative, as compared to the dollars spent to implement the initiative, would be more likely to garner the attention of senior management. In addition, the
Managers and company officers have annual goals to increase the number of ingredients on a four-point scale, based on how they impact the environment. The ratings are compiled into a database called the GreenlistTM. (Note 12) As part of its Greenworks sustainability program, Mohawk Industries, the carpeting and flooring manufacturer, tests its employees to ensure they have learned the waste-reduction techniques presented in their training programs (Weinstein, 2008).

DHL Express Europe recently launched a new product called GoGreen. After a package is delivered, their software can calculate the environmental impact of shipping it. Then, the customer can offset the carbon emissions by paying a fee to help fund environmental projects. In order for their sales people to be able to market this new service, the employees were provided with training at their GoGreen Academy (Jarventaus, 2007).

### 3.5 Performance Management

Managers need to get into the habit of talking with each of their employees about their performance all throughout the year, not just at annual appraisal rating time. Informal feedback from the manager throughout the year can help the employee to continuously grow, change, and improve.

The HR staff should modify the performance appraisal rating system to include dimensions for rating people on the following behavioral and technical competencies: Teamwork, Collaboration, Diversity, Innovation, and Environmental Stewardship. Such competencies would reinforce the company’s core values. For example, PPG has a comprehensive model of competencies that they call Success Factors (e.g. Promote Teamwork, Resolve Conflict, Drive Change). Employees are rated on the Success Factors, then they have opportunities to strengthen various factors via training and development programs.(Note 11) Relatively few companies include Environmental Stewardship as a dimension on their performance appraisal rating forms. This could be a real opportunity for management to use the performance appraisal system to reinforce the desired culture.

Another area to address involves goal setting. Identifying a specific, challenging goal is the first step to achieving it. For example, Procter and Gamble has set goals to reduce their energy usage, water usage, and waste by 20% between 2007 and 2012 (Tripoli, 2010). According to a report by the World Business Council for Sustainable Development, entitled “Human Resources and Sustainable Development,” the SC Johnson Wax company rates thousands of ingredients that go into the making of their products (e.g. Windex®), on a four-point scale, based on how they impact the environment. The ratings are compiled into a database called the GreenlistTM. (Note 12) Managers and company officers have annual goals to increase the number of ingredients that are environmentally preferred. Managers who achieve their GreenlistTM goals are awarded with bonuses.(Note 13)

### 3.6 Compensation – Reward and Recognition Programs

Senior management should be encouraged to publicize the employees’ successful sustainability initiatives (Bhattacharya, Sen, & Korschun, 2008). As suggested by Ashok Gupta, companies need to design energy efficient products and processes, and devise incentives to accelerate their acceptance (2008, p. 4). At IT services company, Logica, management is careful not to issue edicts on how staff had better behave. Rather, the focus is on creating an environment in which the employees will want to act in an environmentally-friendly way (Faragher, 2008). Esty and Winston offered the examples of 3M’s Most Hazardous Waste Prevented Award Program, and FedExKinko’s Environmental Branch of the Year Award Program.

Employee compensation programs can be modified to give bonuses based in part on the employee’s appraisal ratings on the behavioral and technical competencies mentioned above. In addition, employees could be awarded bonuses for their outstanding work on special projects. For example, a manager in the city of Detroit’s Department of Environmental Affairs received the President’s Sustainability Award for his work in coordinating the Illegal Dumping Task Force in Detroit.(Note 14) In terms of railroads, Union Pacific possibly has the greenest locomotive fleet in North America. In their Fuel Masters Program, each locomotive engineer’s fuel consumption performance is compared to that of fellow engineers. Each month, those in the top 20% are awarded $100 bonuses. As a result, Union Pacific saved more than 20 million gallons of diesel fuel in 2007.(Note 15) The HR Department could also devise new reward programs for teams that develop the most innovative ideas for new products, services, or processes that reduce energy usage or protect our natural resources. Clif Bar recently created an employee incentive system to promote environmentally responsible behavior. Employees are awarded points each time they walk, bike, carpool to work, or take public transportation. Points can be redeemed for on-site massages, company merchandise, or gift cards (Fox, 2008).

Intel, ranked number 4 on Newsweek’s list of The Greenest Big Companies in America, recently implemented a new compensation program in which every employee’s annual bonus depends, in part, on how well the company does in meeting sustainability goals (McGinn, 2009).

### 3.7 Empowerment

The HR staff can emphasize to management the need to create a participative work environment in which employees can disagree with management and offer different ideas to address important issues. Often, the best
ideas come from the employees who work in that particular area (Casler, Gundlach, Persons, and Zivnuska, 2010). Management can host town hall meetings in which employees are encouraged to suggest new ideas for more energy efficient products and services.

It is frequently appropriate for management to determine goals for employees or for business units (e.g. reduce hazardous wastes by 10%). But, frequently, the employees are in the best position to determine how to achieve that goal. When employees are told exactly how they must perform their tasks, they often feel like robots, lacking any autonomy. On the other hand, when they have the freedom to determine the methods for achieving their goals, many employees would feel a heightened sense of the meaningfulness of their work.

Many organizations are learning that providing employees with opportunities to participate in volunteer projects for the community can build the employees’ connection to their organization. Such volunteer projects enhance the employees’ pride in improving the community, teamwork in working with their coworkers, and pride in their employer. For example, Timberland promotes a policy called Path of Service, which gives employees 40 hours of paid time off each year to work on service projects in their respective communities. (Note 16)

3.8 Job Security

The HR staff should impress upon management the need to provide employees with job security if at all possible. Employees are not likely to offer their creative ideas if they do not trust management. If they believe that they will be laid off as a result of their own efficiency-improving suggestion, then they will not offer any such suggestions. Many of the best companies to work for have a policy of avoiding layoffs if possible (Levering & Moskowitz, 2002).

3.9 Succession Planning

The HR staff can formalize the succession planning system, making note that to be considered for promotion into management, candidates must possess (or develop) teamwork, collaboration, empowerment, delegation, diversity, innovation, and environmental stewardship competencies. Managerial candidates would need to be assessed on these behavioral and technical competencies. This could be done by using upward feedback surveys, 360-degree surveys (Note 17), personality tests, and/or assessment centers(Note 18). People should not be promoted prematurely into leadership roles without these critical competencies.

As an alternative, individuals, who possess strong, valuable scientific and technical skills, but lack strong people skills, should have access to promotional opportunities via a dual career ladder(Note 19). Such an alternate career path could provide scientists with the status and income of a managerial executive, without the responsibility for managing other people.

3.10 Mentoring

Before a person retires, it is important for the outgoing individual to work with the incoming individual for a period of time(Note 20). In too many organizations, the incoming individual doesn’t begin the job until months after the outgoing individual has quit or retired. It would be very advantageous if there was a smoother passing of the baton. If at all possible, the new incoming person should be able to work with the senior, outgoing person for closer to one year. The outgoing individual possesses so much valuable knowledge; it is a shame when that person leaves without passing all that knowledge on to the new person.

The mentoring program should be formalized (Warner, 2002) to help the mentees, or protégés, develop their teamwork, collaboration, innovation, empowerment, delegation, diversity, and environmental stewardship competencies. Formal mentoring programs have been successful in developing up-and-comers faster and more effectively, especially those mentees from under-represented demographic groups. Actually, there are also benefits to be gained by the mentors, who learn new perspectives (often regarding new technology) from their mentees.

3.11 Innovation

The HR staff can also recommend to management that they create various policies to enable employees to develop their innovative creative ideas. A culture needs to be created in which employees are comfortable taking risks and experimenting. This might involve redesigning the physical layout of the buildings to provide more spaces for impromptu group meetings. It could involve creating small budgets to support sustainability projects that employees are working on. It might be encouraging the formation of cross-functional sustainability task forces. Such task forces could meet monthly face-to-face, or they could meet virtually. Employees should be encouraged to include external stakeholder group representatives on their task forces. Google, following in the footsteps of 3M and Genentech (Frauenhyeim, 2006; Mediratta, 2007), has a 20 percent policy, allowing their engineers to spend up to about 20-percent of their time working on pet projects, so that they are free to work on what they are really passionate about.

3.12 Collaboration

The HR staff can help ensure that employees and managers possess strong collaboration and negotiation skills, by either screening applicants for those skills, or by providing training on the topic. Procter & Gamble’s web-site states that innovation is P&G’s lifeblood. One of their programs promoting innovation is called Connect +
Develop, to encourage employees to connect with people outside the company to brainstorm new product ideas. Their recently retired CEO, A.G. Lafley, stated, We want P&G to be known as the company that collaborates — inside and out — better than any other company in the world. Their new CEO, Bob McDonald says that Connect + Develop is at the heart of how P&G innovates(Note 21). According to Frank Johansson, author of The Medici Effect, diversity plus collaboration leads to innovation.

In The Triple Bottom Line, Andrew Savitz describes the case of Bangor Hydro, a public utility in Maine, which had been battling with many stakeholder groups for decades about what to do with the Penobscot River, the largest river system in the state. The utility relied on their 100 dams to generate hydro-electric power. The logging companies relied on the river to transport logs. The environmental groups were trying to protect the wildlife that lived along, and in, the river. The outdoorsmen groups were trying to maintain the river for fishing and kayaking. The Penobscot Indian Nation was trying to protect their ancestral, sacred homeland. The local businesses were trying to protect the river to promote the tourism industry. And, the government agencies were trying to minimize the drain on their funds and time by having to deal with all these contentious conflicts. A middle manager at Bangor Hydro, Scott Hall, worked tirelessly for years to help these many stakeholders come to a win-win-win agreement that would be beneficial to all these parties.

Here is how the situation developed. In 1999, Bangor Hydro sold many of its assets to PPL (Pennsylvania Power & Light). The new management (located in Pennsylvania) did not have the traditional adversarial management philosophy that the former management had. In fact, they supported this middle manager’s efforts to utilize a collaborative approach, and gave him a fair amount of autonomy to solve the conflicts. He “brought everybody into the tent” and held meetings with all the stakeholder groups hoping they could come to a consensus on a new, creative solution. At one point, it was suggested that PPL needed to demolish two of their dams, which would, in fact, alleviate many of the problems raised by the stakeholders. But, Scott Hall declared, If you want us to demolish those dams, you’re going to have to find a way to pay for that! (Remember, collaborating is not accommodating. Collaboration involves assertively seeking what your party wants, but in a creative way that will allow the other parties to simultaneously obtain what they want.) At that point, many of the other stakeholders at the meeting asked, Are you saying that if we can raise the money to demolish those dams, you’ll actually demolish them? And, Scott Hall said, Sure! That was the monumental breakthrough they needed to solve their multi-party conflict. It just required a collaborative mind-set.

4. Conclusion

The recommendations in this article might be considered a new area of focus for the practical implementation of sustainable development in a company. Obviously, there are a plethora of roadblocks that could stall an organization’s sustainability effort (Daw and Gray, 2005). The lack of top management support, insufficient resources, an inability to obtain buy-in from employees, and insufficient collaboration among departments can all lead to failure, temporarily. However, perseverance can ultimately lead to success. It truly requires a comprehensive approach to managing change. Following the guidelines offered in this article can frequently move the organization along the path to sustainability.

When companies are able to reduce their costs and increase their sales via their sustainability initiatives, the surrounding communities benefit. Not only are there decreases in water and air pollution, but when the companies are financially healthier, there is less of a need for layoffs and unemployment compensation, the local tax base is greater, people have more spending money, and that supports increases in regional commercial development.

To the extent that general managers, Sustainability Coordinators, and Human Resource executives can take a comprehensive, Strategic HR approach by incorporating many of the components described above, their organization can achieve a sustainability culture, leading to sustainable financial success for the organization, and for the surrounding community.

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Notes
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