



SUSTAINABILITY ADVISORY BREAKFAST

HR'S ROLE IN SUSTAINABLE BUSINESS: EVOLUTION OR REVOLUTION?

CRF's research breakfast on 11th July 2023 brought together senior practitioners in the field of HR and sustainability to discuss the latest trends in sustainability, where responsibility for organisational sustainability sits, and what role HR has to play. The discussion will help shape CRF's research **HR's Role in Sustainable Business: Evolution or Revolution?** which will be published in October 2023.

Gillian Pillans, CRF's Research Director, **Matthew Gitsham**, Professor of Sustainable Development and Director of the Ashridge Centre for Business and Sustainability, Hult International Business School, and **Nigel Guenole**, Senior Lecturer and Director of Research for the Institute of Management at Goldsmiths, chaired the discussion. This summary shares some of the key insights from the session.

HOW DOES YOUR ORGANISATION DEFINE SUSTAINABILITY?

Participants outlined the different lenses or approaches that their organisation takes to sustainability, acknowledging that these will be industry dependent (e.g. a manufacturing company will have different focus areas to a financial services firm):

- *An environmental lens*, such as focusing on a net zero strategy or target.
- *A DE&I lens*, linked to wider questions around the role of the organisation in society.
- *A personal sustainability lens*, linked to employee wellbeing. This involves supporting people to sustainably remain in the workforce and is particularly important in a context where people remain in the workforce for longer.
- *Talent sustainability*. From this perspective, organisations should focus on upskilling and reskilling, rather than repeatedly needing to source new talent, which is not a sustainable approach.

Respondents also highlighted that they may approach internal sustainability (focusing on the organisation itself, including its people processes) differently from external sustainability (the impact of the goods or services their business model provides). Several respondents shared that their external sustainability approaches are currently more mature and extensive than their internal approaches.

WHAT ARE THE REASONS DRIVING SUSTAINABILITY?

- Organisations need to meet certain legal and investor requirements relating to sustainability. However, participants shared a consensus that, within a European business context, sustainability is now seen less as a threat or compliance need, and more as something central to the business strategy.
- Sustainability is a key way to attract talent and build the employer brand. This is particularly important in the context of a tight labour market, where organisations are often competing for talent, and there are increasing employee expectations that organisations take a stand on issues such as sustainability.
- Sustainability can potentially make businesses more competitive, though participants discussed whether HR should drive sustainability to achieve a competitive advantage, or because it is a valued goal in itself.
- There may be a genuine interest or passion for sustainability from the owners, particularly in family-owned businesses.

FROM AN HR PERSPECTIVE, WHAT ARE THE BARRIERS TO SUSTAINABILITY?

- Sustainability is often still thought of in terms of standalone actions performed by specific departments, rather than something which everyone needs to consider and be responsible for. HR should learn from the progress of the DE&I agenda, which organisations now embed within all actions and policies, rather than view as a separate add on.
- There is still a limited understanding of the people related aspects of sustainability. Organisations still often think 'how do we train people in sustainability?' rather than 'how do we make a sustainable workforce?'
- Sustainability efforts and responsibilities are still mainly focused at the top level. For example, one participant shared that they have provided training related to sustainability for leadership, but not yet been able to do so for middle managers. Others shared that they have goals or incentives related to sustainability at the very top of the organisation, but they have not yet been cascaded down.
- Businesses often plan in 3-5 year cycles, yet it can be difficult to relate sustainability goals to this time frame (as impacts of sustainability interventions are usually either short term or very long term).
- Some US-owned businesses have faced push back from their head office, as the US does not have the same social consensus on the importance of sustainability.



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WHERE DOES RESPONSIBILITY FOR SUSTAINABILITY SIT? IS IT WITH HR?

- The majority of respondents shared that responsibility for sustainability does not only sit within HR and is often spread across the organisation in quite a disconnected way.
- Participants discussed the role of the Chief Sustainability Officer (CSO). On the one hand, having a CSO sends a signal that sustainability is an issue the organisation is serious about, and can help to coordinate different actions. On the other, it can cause barriers to embedding sustainability throughout the organisation, and lead people to believe that they do not need to consider sustainability as 'someone over there is doing it.' The most important aspect is that people are aware of where responsibility for sustainability sits.
 - » One CSO commented that their role has sat within various departments; HR, communications, marketing, risk and compliance, and health & safety.
- Responsibility for sustainability often sits at the top of the organisation, with a recent trend for Board Sustainability Committees which demonstrate ownership from the top. Many organisations are also grappling with how to cascade responsibility down and make sustainability something that everyone is involved in. In the words of one participant 'we all have Chief Financial Officers, but that doesn't mean that we don't also look after our own finances.'

WHAT AREAS OF HR CAN SUPPORT SUSTAINABILITY?

- *Reward and performance measurement*
 - » Responsibility for sustainability can be distributed down through the organisation through embedding sustainability into employees' goals. One organisation shared that all individual goals are linked back to the goals of their executive leaders.
 - » Several participants shared that they provide sustainable benefits to employees, such as electric vehicles or cycle to work schemes.
- *Training and Learning*
 - » Different functions will need different types of knowledge (e.g. insurance brokers who advise clients on sustainability will require specialist learning).
 - » Becoming sustainable is a culture change, and learning plays a large role in achieving cultural change in an organisation.

- » One respondent shared that they are focusing on upskilling their leaders, who have just completed a qualification at Said Business school.
- » Another organisation shared how they are upskilling their current workforce (e.g. free access to Coursera and free access to a sustainability masters in collaboration with Holt), as well as bringing in new talent focused on this area.
- *Culture change*
 - » Having champions networks of employees who are interested in sustainability can help to excite passion and build focus areas (though one participant noted high levels of burnout with their D&I champions).
 - » Communication with the workforce is also an important vehicle for culture change and has to be embedded throughout the organisation. It is more useful to frame sustainability responsibilities as 'this is what you need to do to perform well as your job,' rather than 'this is how you can be an ally.'
 - » The role of HR is to bring sustainability to life and make it part of the employer brand through engaging employees.
- *Talent management*
 - » HR should make sure the required skills and competencies to support sustainability are in the right place, including through succession management.
 - » Job descriptions should be clear regarding sustainability responsibilities.

FURTHER RESOURCES

CRF. 2022. **HR's Role in Sustainability.** *Briefing Paper.*
<https://www.crforum.co.uk/research-and-resources/briefing-paper-hrs-role-in-sustainability>

CRF. 2022. **HR's Role in Sustainability.** *Summary Notes.*
<https://www.crforum.co.uk/research-and-resources/summary-notes-hrs-role-in-sustainability>

These community events were prepared by Jo Nayler, Senior Research Executive at CRF