



**SABPP™**  
SA BOARD FOR  
PEOPLE PRACTICES  
*Setting HR standards*

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# FACT SHEET



**HR in Business  
Sustainability**

## INTRODUCTION

The concept of sustainability and sustainable business practices emerged from pressure that was brought to bear on listed companies to report not only on their financial performance but also on their practices as corporate citizens. The result was what became known as triple bottom line reporting in which organisations were expected to report on their performance in terms of “People, Profits and Planet”.

*“The phrase “the triple bottom line” was first coined in 1994 by John Elkington, the founder of a British consultancy called Sustainability. His argument was that companies should be preparing three different (and quite separate) bottom lines. One is the traditional measure of corporate profit—the “bottom line” of the profit and loss account. The second is the bottom line of a company’s “people account”—a measure in some shape or form of how socially responsible an organisation has been throughout its operations. The third is the bottom line of the company’s “planet” account—a measure of how environmentally responsible it has been. The triple bottom line (TBL) thus consists of three Ps: profit, people and planet. It aims to measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a TBL is taking account of the full cost involved in doing business.”*

<http://www.economist.com/node/14301663>

This approach was narrowed in its scope and resulted in many companies reporting on environmental and social projects. While these undoubtedly contributed to the beneficiaries of such projects they were often philanthropic in nature and produced many photoshoots for reporting without sustainable impact. Within organisations such activities were vested in CSI (Corporate Social Responsibility) managers who operated at the periphery of the organisation.

Since the financial crisis in 2008<sup>1</sup> and a number of unethical practices by companies, the concept of sustainability and sustainable business practices have expanded considerably from the triple bottom line approach, although this method of reporting is still prevalent in many listed companies. The concept of “People, Profits and Planet” has a direct connection to HR and how it utilises skills (people) to drive profit. The inclusion of “people” reporting becomes a key pillar within the triple bottom line approach and its overview of reporting business results.

The triple bottom line reporting is sustainability within the business world and “it shows how and why business success goes hand in hand with social and environmental achievement.”<sup>2</sup> A business that is “sustainable” must be able to measure, document and report ROI on all three bottom lines positively. Businesses need to reflect their sustainable corporation by creating profit

for its “stakeholders while protecting the environment and improving the lives of those with whom it interacts.”<sup>3</sup> The triple bottom line approach is very inclusive and it projects sustainability by measuring the impact of the business activities on the world including an increase in shareholder value, social, human and environmental capital. An example of the triple bottom measurement is tabled below:

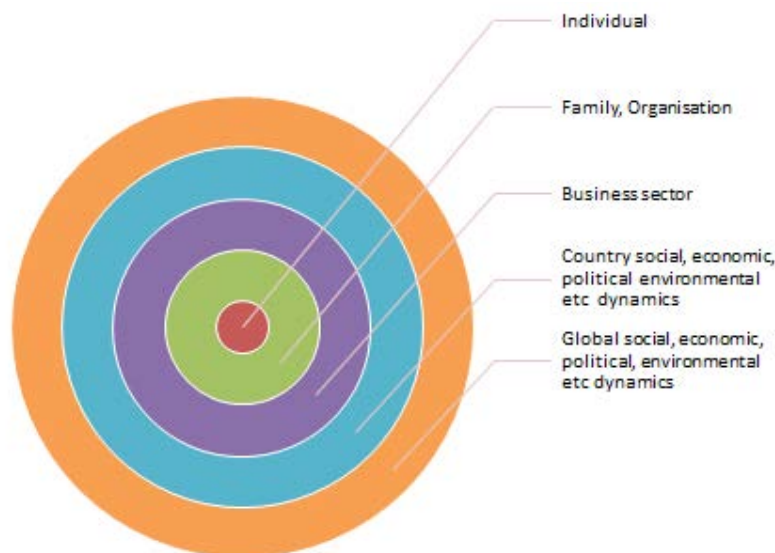
Typical measures	Economic	Environmental	Social
	Sales, Profit, ROI	Air quality	Labour practices
	Taxes paid	Water quality	Community impacts
	Monetary flows	Energy usage	Human rights
	Jobs created	Waste product	Product responsibility
<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	

Table 1: The Triple Bottom Line: A.W. Savitz with K. Weber

## WHAT IS SUSTAINABILITY?

Sustainability derives from a systemic approach to thinking. In terms of systems thinking, systems at various levels interact, and changes in one system or subsystem affects other systems or sub systems, often in ways that cannot be predicted and in which the consequences are only felt over time. Cause and effect relationships are not always apparent.

The levels of systems can be illustrated as follows:



1 <http://www.tbl.com.pk/tag/financial-crisis/>  
 2 The Triple Bottom Line A.W. Savitz with K. Weber  
 3 The Triple Bottom Line A.W. Savitz with K. Weber

### **Model by Leadership SA**

An analogy to systems thinking is that of an eco-system in which the parts are mutually interdependent and changes in one part affect the others. Hence, for example, the social conditions in a country may affect the stability of the country and this in turn will impact business. Similarly, changes in one sector may impact organisations in many sectors. It is common knowledge that climate change (resulting from industrialisation) is causing changes to weather globally with significant consequences. The only way for business to remain sustainable is to intervene, collaboratively, at higher levels in the system where this is possible.

This impact of change bears the responsibility of the organisation to react. How the organisation reacts imparts the ability for it to sustain itself within the sector. Change components and management of skills directly influences HR's ability to respond, as the people management portfolio influences the organisations response to the change via the readiness of its resources. Bringing to light that sustainability has three principles that can advance the management of the business by assisting you to "protect it, run it and grow it."<sup>4</sup>

Therefore, triple bottom line relies on HR to align its strategy accordingly, and adapt to change considering all stakeholders. HR must ensure a productive strategy for the use of human capital which includes time, energy and talent. Human capital normally fares as the most expensive and valuable capital within business and it must be optimised appropriately.

In order for this to happen, the actual definition of sustainability is vital. There are a number of definitions of sustainability that relate to business in the direct sense. The UN Global Compact refers to:

*"Corporate sustainability is defined as a company's delivery of long term value in financial, social, environmental and ethical terms".*

UN Global Compact Office (2010) Corporate Sustainability Blueprint

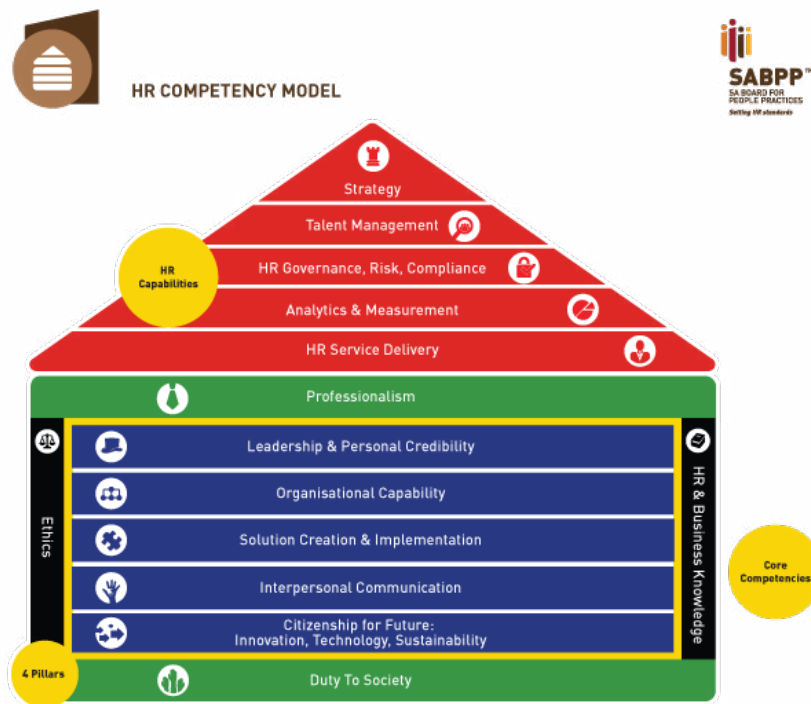
The King Report on corporate Governance for SA 2009 defines it as:

*Sustainability of a company means conducting operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. It means having regard to the impact that the business operations have on the life of the community in which it operates. Sustainability includes environmental, social and governance issues.*

King Report 2009

The SABPP incorporates sustainability within its core competency of “Citizenship for the Future” explaining it within the definition:

*The ability to drive innovation, optimise technology and contribute to sustainability of organisations.*



By literally unpacking the SABPP HR Management Systems Standards, the relationship between HR and business sustainability becomes more visible. Business models created by the organisations leadership are interrelated with the Strategic HRM which clearly requires the talent to drive the business model. In the value chain of the system it is imperative that good people practices enable a business’ viability to:

- Innovate for example by “turning green” and implementing green strategies; or imbedding sustainability within the HR policies and processes that will transform the business thinking and culture. It is clear that, to survive and prosper in the long term, organisations have to consider environmental issues which may affect their products, technologies, markets, suppliers and employees. These environmental issues will, in turn, necessitate changes in people practices if these are to be key drivers for sustainability. Behaviours in the organisation will have to be aligned to support a corporate sustainability strategy and hence, sustainable performance.

The SA Board for People Practices, in collaboration with Belia Nel of ImproviD Performance Consulting (Pty) Ltd, conducted a survey of HR professionals during the last quarter of 2012 to find out what current practice is in the HR profession regarding “green” practices and what opinions are regarding future practice.

As described in the report “The United Nations Brundtland Report (1987) defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. In South Africa, the National Framework on Sustainable Development (NFSD) suggests that a systems approach to sustainability is one where the economic system, the socio-political system and the ecosystem are embedded within each other, and then integrated through the governance system that holds all the other systems together in a legitimate regulatory framework. Sustainability implies the continuous and mutually compatible integration of these systems over time. Sustainable development means making sure that these systems remain mutually compatible as the key development challenges are met through specific actions and interventions to eradicate poverty and severe inequalities.”<sup>5</sup>

It is significant to note that the green economy idea does not replace the goal of achieving sustainable development but is, rather, a vehicle for achieving sustainable development. The national strategy for sustainable development identified five strategic priorities, of which green economy and climate change are two.

- Create competitive advantage through products, services and people. General Electric (GE) imparts 8 key lessons<sup>6</sup> that HR leaders can use to improve their role and value by achieving sustainability.

LESSONS	LESSON EXPLAINED
HR can advance sustainability by embedding it into the Workforce Life Cycle	By understanding the business vision HR embedded sustainability into their core processes of the workforce life cycle like recruitment; training, evaluation, promotion and career development.
Sustainability can help HR improve Work life for employees	Here the HR products like benefits, good labour practice diversity, competitive pay; incorporates sustainability to deliver happy, healthy, productive workforce.
Sustainability can enhance the employer brand and attract top talent	Sustainability initiatives assist in positioning the company in the war for talent. It supports the “planet” part of the triple bottom line and attracts the best talent globally.
Sustainability can help an organisation strengthen crucial capacities	“In the age of sustainability, adaptability, innovation, agility and speed of response are all increasingly important capacities .” <sup>7</sup>

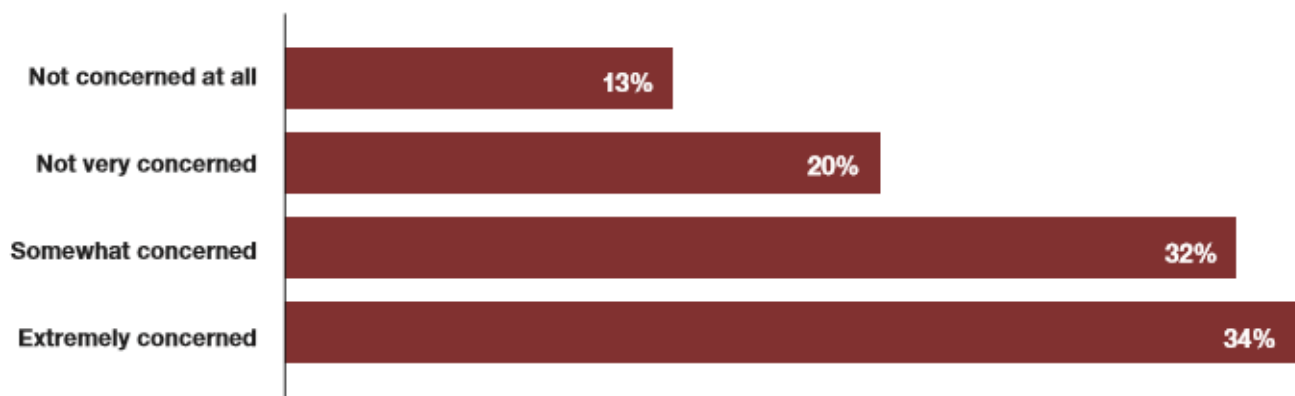
<sup>5</sup> GREENING ORGANISATIONS – THE CONTRIBUTION OF HR TO WALKING THE TALK ON GREEN ISSUES, 2012 SABPP

<sup>6</sup> Talent Transformation and the Triple Bottom Line A.W. Savitz with K. Weber

Sustainability can enable necessary culture change	By using sustainability to strengthen the best aspects of the existing corporate culture.
HR can lead change efforts around sustainability	The several forms of change identified with sustainability includes culture change, capacity development, organisational change and strategic change. All can be facilitated and lead by HR with new talent acquisition, strong communication, coalition building, and established change management tools.
HR can leverage sustainability to promote employee engagement	HR can lead the business in employee engagement platforms that improve productivity, creativity and a profitable workforce. HR can nurture the link between sustainability and business results.
Sustainability can strengthen HR's role in the company	Sustainability highlights HR's role in driving personal, capacity building, organisational and culture change management and employee engagement.

Table 2: GE's 8 lessons for HR: Talent Transformation and the Triple Bottom Line A.W. Savitz with K. Weber

- Drive the usage of time by adapting to technology and creating systems that enhance customer satisfaction. The PWC's 19th Annual Global CEO Survey Report 2016 displayed a high percentage of concern CEO's had on the speed of technological change. This in itself advocates that technology is now becoming more prominent as a business driver.



PWC's 19th Annual Global CEO Survey Report 2016

- Deliver on the triple bottom by investing in people, growing profit and planet presence. This includes analysing data that can support the triple bottom line. In the ILO Global Employment Trends Model 2006, the total unemployment and unemployment rates in Africa, 1996-2006 assisted governments to ensure that investing companies recruit, upskill and develop locals and reduce the unemployment rate. By doing this it will also impact the poverty, crime and standards of education levels.

Region	1996	2004	2005	2006	1996	2004	2005	2006
	Total unemployment ('000s)				Total unemployment rate (%)			
Africa	28,760	32,679	34,273	35,037	10.0	10.3	10.2	10.3
North Africa	6,951	7,597	7,946	7,879	13.9	12.7	12.6	12.6
Sub-Saharan Africa	21,809	25,083	26,326	27,158	9.2	9.7	9.7	9.8
	Female unemployment ('000s)				Female unemployment rate (%)			
Africa	11,586	13,277	13,765	14,190	10.1	10.6	10.5	10.6
North Africa	2,297	2,517	2,701	2,743	19.1	18.6	18.6	18.5
Sub-Saharan Africa	9,289	10,759	11,065	11,447	9.0	9.5	9.5	9.6
	Male unemployment ('000s)				Male unemployment rate (%)			
Africa	17,174	19,403	20,507	20,848	10.0	10.1	10.0	10.0
North Africa	4,654	5,079	5,246	5,136	12.2	10.7	10.6	10.6
Sub-Saharan Africa	12,520	14,323	15,261	15,712	9.3	9.9	9.8	9.9

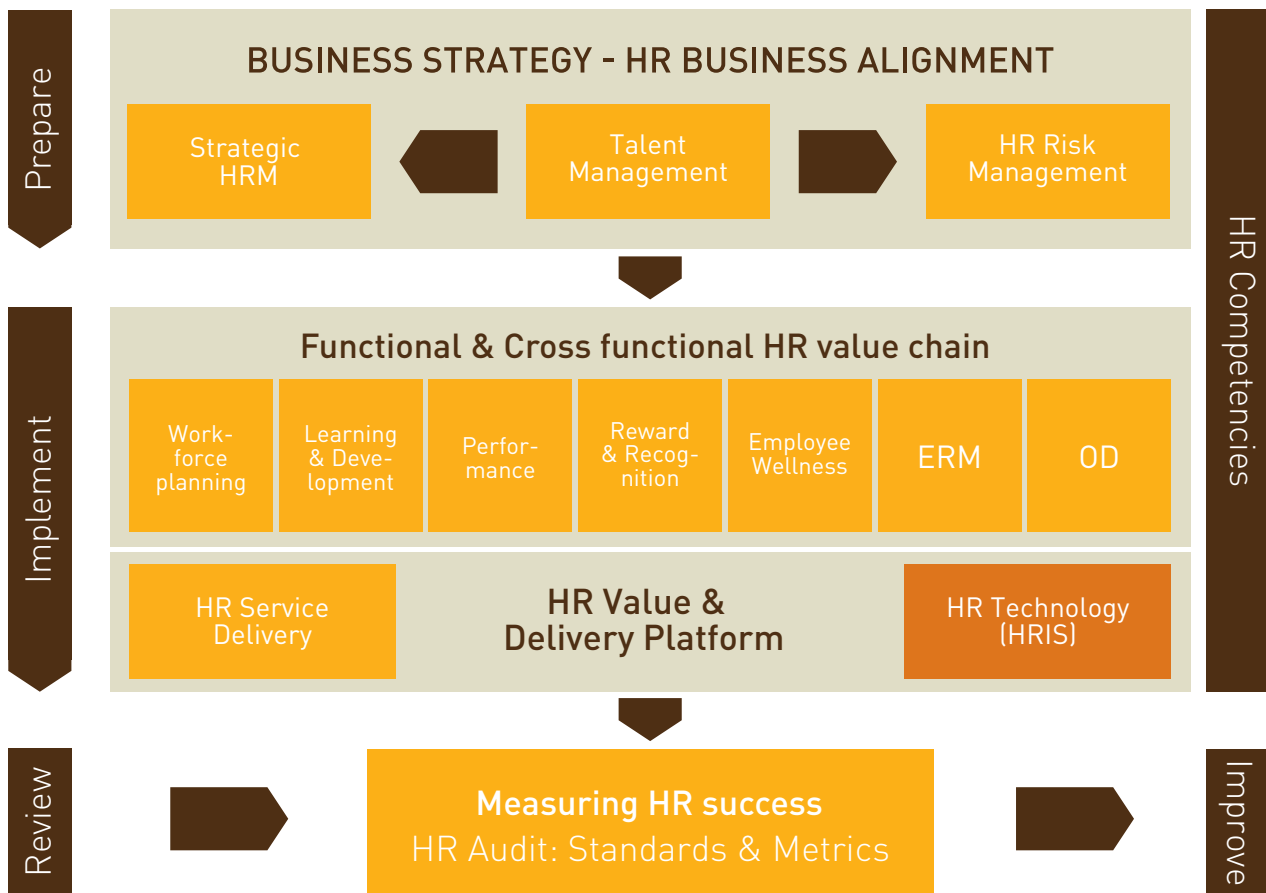
Source: ILO, Global Employment Trends Model 2006, Employment Trends Team.



## HR MANAGEMENT SYSTEM STANDARDS



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*“Business Models need to be more ‘OPEN’. Attracting top class talent to work for large organisations will increasingly become a challenge. Enabled by technology and by increased access to capital, any young talented individual can set up a shop anywhere in the world and can create a breakthrough business model that can disrupt large corporations. Not only are large corporations loosing top talent, but they also run the risk of getting disrupted by the start-ups launched by this talent.”*

<https://www.weforum.org/agenda/2015/06/3-shifts-caused-by-the-new-wave-of-entrepreneurs/>

Professor Michael Porter of Harvard Business School published an article<sup>8</sup> in the Harvard Business Review in which he discussed the concept of “shared value” as the basis of a new, sustainable kind of capitalism. He argues that “shared value involves creating economic value in a way that also creates value for society by addressing its needs and challenges”<sup>9</sup>. Increasingly, progressive organisations are adopting business models in which sustainability is central to their strategy rather than on the periphery. They have realised that mutual benefit adds value to both the financial performance of the business as well as to society in its broadest sense.

Another thread in the discussions on sustainability involves a multi – stakeholder perspective rather than an approach focused on shareholders, customers and employees only. Such an approach is informed by the view that organisations have multiple stakeholders, sometimes with competing interests, and that organisations need to forge, and in fact lead, constructive, mutually beneficial and collaborative relations with such stakeholders, even when they are not obviously in the centre of the radar screen.

A related issue is the examination of the sustainable practices throughout the supply chain(s) that the company is part of. Many companies realise significant savings to all parts of the chain by optimising supply chains thereby enabling it to add huge social value to existing and potential suppliers and other stakeholders.

All of the above, and in particular numerous unethical practices of global and local businesses (eg banks), have contributed to the start of a conversation on the role of business in society which is resulting in new ways of looking at strategy and organisational behaviour. The points mentioned has a profound effect on how strategy is conducted and how business opportunities and risks are managed in a connected and disruptive world.

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<sup>8</sup> <https://hbr.org/2011/01/the-big-idea-creating-shared-value>

<sup>9</sup> <https://hbr.org/2011/01/the-big-idea-creating-shared-value>

## KEY ISSUES:

There are a number of key issues that progressive organisations include in their sustainability agendas. Leaders responsible for sustainable strategy formulation ask questions such as the following:

### Environment:

- What is the measured impact that my business has on the environment and how can this be reduced?
- What is the measured impact of our products and services on the environment and how can it be optimal?
- What is the measured impact of the entire value chain on the environment and how can it be reduced?
- What is the actual carbon footprint of the company, its products and services and the entire supply chain?
- How will global warming and subsequent extreme weather patterns impact the business and what steps need to be taken to mitigate risks at all stages of the supply chain?
- How can the company's products and services add value to customers and the environment as a whole

### Society:

- What are the key social issues associated with the global, national and local social environment?
- How do these social issues affect our employees, customers and local communities?
- What is the situation in respect of the following key issues (list not exhaustive):
  1. Inequality
  2. Poverty
  3. Education
  4. Health care
  5. Joblessness
  6. Youth issues
  7. Migration
  8. Human rights
  9. Corruption



*“What is the purpose of business? Some will immediately say: to make money for shareholders. “No,” says Prof Oliver Williams, “the purpose of business is to create sustainable value for stakeholders.” Whereas many may think that this is simply the deviant opinion of a small minority, Prof Williams quoted examples of leading global companies, and CEOs, in support thereof. They increasingly subscribe to and advance this view on business around the world. Is the role of business in society then changing? We have reason to believe it does.”*

Dr Arnold Smit

<http://www.usb.ac.za/thoughtprint/Documents/A%20timely%20conversation%20Business%E2%80%99%20changing%20role%20in%20society.pdf>

#### **Governance & Corporate Behaviour:**

- Do the governance structures of the company meet global best practices?
- Is there sufficient oversight of key functions such as auditing and remuneration?
- Are reasonable and globally accepted financial and remuneration practices adhered to?
- Is governance of the company transparent in its communications strategy and compliant with global best practice?
- Do business practices meet the highest standards of ethical behaviour and are all staff aware of the policies on such practices and behaviour?
- Do company products meet the highest standards of quality and provision of product information?
- Has the company undertaken a stakeholder analysis and are stakeholder expectations understood?
- Is the behaviour of other members of the value chain monitored and required standards enforced?

#### **Strategy & Organisational Practices:**

- Is sustainability a central factor in its strategy?
- Do the organisational purpose, vision and mission of the organisation reflect social value?
- Are the organisation’s values defined to reflect the highest levels of ethical behaviour and contribution to social value?
- Are the values effectively communicated and subscribed to by staff?
- Is there a strong organisational culture that reflects the values and guides expected behaviour of staff?
- Are effective processes for change management & transformation applied?
- Does the organisation have a social media policy and is application monitored and enforced?
- Does the company publically comment on socio- political issues that are contrary to its values and take a stand on key sectoral or national issues?

- Is there effective leadership and are succession plans in place for key positions?
- Are there effective policies on the environment, social responsibility and governance and are they enforced?
- The above is a sample of the kinds of questions that organisations should be asking themselves regarding their sustainability policies and practices. The list is by no means exhaustive.

## POSITIONING SUSTAINABILITY:

Sustainability is not a function in its own right. Rather, it is reflected in a variety of contexts and behaviours that companies manage. It is a thread that is woven into the fabric of the organisation. The following are some of the key areas in which sustainability should add value:

- **Reputation:** the reputation of a company should add value to product and service brands by providing a backdrop for trust building amongst all stakeholders. Reputation can be likened to a bank account which is the repository of trust in the company by stakeholders. When it is in credit, stakeholders such as consumers, shareholders and employees are likely to “forgive” aberrations in terms of service or business practice. More importantly, they are likely to demonstrate their trust in the organisation through their supportive behaviour which has direct financial consequences. When the “trust account” is empty key stakeholders are “unforgiving” and this also will be reflected in their behaviour and lack of organisational support at many levels. Companies that build their reputation through sustainable business practices and through adding value to stakeholders realise benefits from employee engagement, customer spend and loyalty, share price, financing and supply chain efficiencies amongst other things. Employee association to brand and values align to the attraction and retention strategies of the company. Employees become loyal and proud to be associated to a company with a good market reputation and brand.
- **Risk:** sustainability is frequently a factor in risk analysis as social, environmental, governance and regulatory factors often pose a potential risk to organisations. Certainly these risks, along with other factors, need to be identified and evaluated and mitigating actions planned. Once a company positions their sustainability agenda as a support for these issues, it needs to be aligned to the culture of the organisation. This becomes the embedded with the triple bottom line reporting and driving sustainability behaviours and mind-sets.
- **Strategy:** As indicated it is important that a company’s strategy is formulated in a way that positions sustainable business practices and behaviour as central to the strategy and not an “add on” function on the periphery of the business. The assumptions underpinning strategy formulation should include that of shared value and a stakeholder model rather than a narrow shareholder based mental model.
- **Scorecards and metrics:** Like any other strategy in an organisation, operationalisation of sustainability requires that scorecards and other forms of business metrics include sustainability factors, and that goals and objectives are set with sustainable practice as an important criterion. Many organisations use the balanced scorecard; there is a strong argument for adding a 5th dimension to such a scorecard which covers factors relevant to sustainability. It is only through measuring and creating consequences for performance that sustainability practices will be operationalised in an organisation.

- **Leadership:** as with any strategy it is essential that leaders at all levels in an organisation are aware of the commitment to sustainable practices and that leaders are vocal in advocating sustainable behaviour. For this to occur sustainability needs to be an integral component of leadership development programmes and the evaluation of leadership potential and effectiveness.
- **Product Development:** organisations that are committed to sustainability practices ensure that their products and services reflect their strategy. It is at this level that consumers make a choice about the trustworthiness of companies and their willingness to deliver on the principles they espouse. On the more positive side organisations can create huge competitive advantage by proactively designing products and services that are leaders in sustainable living practices.
- **Corporate social investment (CSI):** while CSI is but one factor in strategic sustainability, it is an important one. As indicated previously it is essential that CSI initiatives are systemic and themselves sustainable. Simply providing financial support to a worthy cause is not sufficient to bring about sustainable change. Rather, a systemic approach to CSI is required in which systemic change is facilitated. Furthermore, greater leverage and therefore more sustainable initiatives may be achieved through collaboration with other stakeholders. Many large companies create very well-funded trusts and other structures to fund projects and initiatives but each one works to its own agenda, often in similar areas, without a common framework or any other form of collaboration.

The SABPP has recently launched their HR Citizen Committee that creates meaningful high impact opportunities for HR Professionals to become active citizens in their own profession and society more generally. It also provides them with opportunities to develop their leadership skills by participating in HR and community projects impacting directly on society. Thus, HR Citizen empowers HR professionals to apply the two competencies of Duty to Society and Citizenship for the future as embodied in the South African HR Competency Model.

*[A] citizen: is a native or naturalized member of a state or nation, who owes allegiance to its government and is entitled to its protection.*

*Citizenship: is the state of being vested with the rights, privileges and duties of a citizen. Or, it is the character of an individual viewed as a member of society; and the behavior in terms of the duties, obligations and functions of a citizen. So says the modern authority of Dictionary.com*

[www.BusinessDictionary.com](http://www.BusinessDictionary.com)

The committee is uniquely positioned to understand the HR needs of our society, and should therefore be able to play a constructive role in directing the development of talent entering the pool today, as well as in future. The committee's role is a potentially transformative one, which helps society in some measurable way from where it is, in the direction that we believe it should be headed.

*“How will South Africa judge the character of those citizens of South Africa that ply their trade in the (developing) profession of Human Resources? How do the role players in the field of Human Resources [hereinafter, the HR Fraternity] behave in terms of their duties, obligations and functions of a citizen of the South African nation?”*

*We aim to influence the future answers to such questions by strategically planning, influencing and directing the activities of HR professionals, starting with the membership base of the SABPP. The HR Citizenship committee recognises that action is needed to improve the state of our society; and that we have a vital and potentially pivotal role to play in sparking and kindling such action. We aim to focus on the unique set of resources and skills that are available to, and contained within, the HR fraternity, and to leverage those resources and skills to constructive action, which will result in measurable improvement in our society, (and specifically in the area of human resources).”*

Sivaan Marie, SABPP HR Citizen Committee Chairperson



- Architecture, Plant & Equipment: these talk largely to the organisations environmental footprint. Not only does attention to these factors reduce the environmental impact but improvements have tangible financial benefits through cost saving.
- HR again is one of the main drivers in the sustainability strategy as it can manage certain barriers to sustainability. The table below positions HR to as strategic leader in levitating the sustainability strategy. It displays the positive impact that HR can derive from sustainability initiatives.<sup>10</sup>

**Drivers for investment in sustainability**

**HR Delivery and positive impacts from sustainability initiatives**

Contribution to society.

Improved employee morale.

Competitive financial advantage.

More efficient business processes.

Environmental considerations.

Stronger public image. Employer brand and best company to work for initiatives.

Saving money on operational costs.

Increased employee loyalty.

Health and safety considerations.

Increased brand recognition.

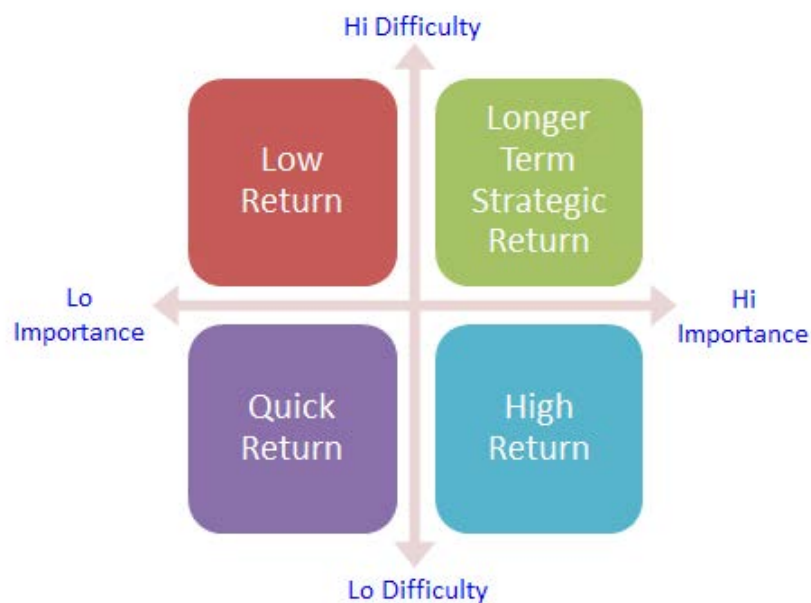
<sup>10</sup> <https://www.shrm.org/ResourcesAndTools/hr-topics/behavioral-competencies/ethical-practice/Pages/SustainabilityStrategy.aspx-cal-practice/Pages/SustainabilityStrategy.aspx>

## IMPLEMENTING A SUSTAINABILITY STRATEGY:

Unlike many organisational strategies, sustainability is in many ways intangible (based on values) and it is a thread that is woven throughout the fabric of the organisation rather than a standalone initiative. Hence the determination of a sustainability strategy and its implementation is a journey without end. It starts with where the organisation is at the start and proceeds as an emergent process in which increased understanding and learning about the concept develops as a result of numerous conversations and actions throughout the journey.

The following is a process that organisations can consider when adopting a strategy based on the principles of shared value and sustainability. It is a process that an HR Executive or CEO can apply to achieve their vision.

- Create awareness of the subject. This is an educational process that can result from a formal programme or discussions at Exco level at strategy meetings or on an ongoing basis. Make it a standing agenda point in these meetings.
- Establish a steering committee to provide governance to the process. Such a committee should be at Board or Exco level with “champions” from other levels participating where necessary.
- Develop a framework. A framework, which can evolve as the process progresses, will assist the organisation to “scope” the nature of sustainability and form the basis for assessing current practice and measurement metrics.
- Understand the current or “as is” state of sustainability practices in the organisation along with a SWOT or similar analysis. Each Department may be required to self-evaluate or Exco and other senior leaders are given specific factors to evaluate.
- Consolidate the findings into a framework such as the following:



- Set short, medium and long term priorities with processes to be followed, metrics to be achieved, accountability, resources and time frames
- Incorporate the above into the business strategy and operational plans with line accountability throughout the organisation
- Communicate the strategy and plans to all relevant stakeholders
- Formulate appropriate change management processes to engage with all stakeholders and facilitate behaviour change where required
- Review progress with line managers required to report on achievements for areas of responsibility
- Build in rewards and sanctions for achievements at all levels. Ideally this should be an initiative that creates excitement and a unifying culture.

Whilst it must be clear that this is a large scale organisational development intervention, it is useful to have an independent facilitator to ensure objectivity and feed new information into the organisation. However, for such an initiative to be successful, the CEO must play a strong leadership role and be the “face” of the process.

*“It doesn’t make sense to want to try and keep all of the gains for yourself. You have a much more viable business system when you have partners along the value chain who have a vested interest in the long-term survival of your business because they derive a living from your business system. That is the ultimate formula for sustainability on the continent.”*

Bill Egbe, President, The Coca-Cola Company South Africa





## THE ROLE OF HR IN SUSTAINABILITY

Whilst ideally such a process should be driven by the CEO, an influential HR Executive may well take the initiative to place the subject onto the strategic agenda if it is not there already. Building an awareness and understanding of the importance of a sustainable strategy at Exco and Board level would be a significant contribution that an HR Executive can make. As the journey proceeds all HR professionals need to ensure that their processes and practices model the principles of sustainable business. This includes the entire HR value chain from employer branding, through the selection processes, remuneration and benefits practices, training and development, and performance management as well as OD and transformational projects.

The key role of HR professionals is to facilitate processes as would be the case in any organisational development and large systems change management initiative. This means that HR needs to have a sound understanding of the subject matter of sustainability as well as facilitation skills and OD processes. In this role they need to understand how the strategy is embedded into the culture and processes throughout the organisation. The triple bottom line cannot be lost in translation when reporting on overall business performance.

There are few guidelines that HR practitioners can follow to implement/support sustainability, and it is listed below:

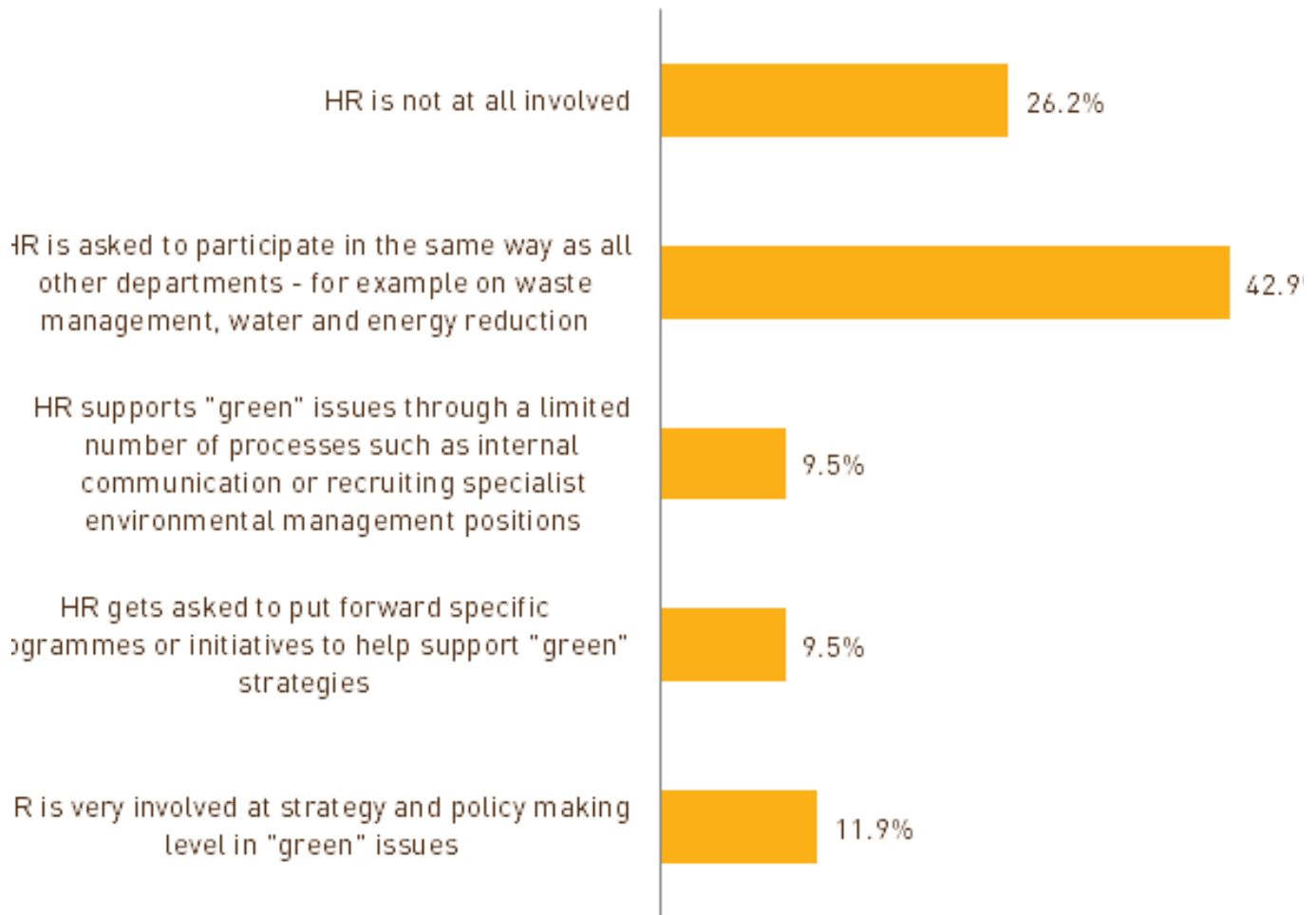
- **“Going Green”**: HR professionals and the HR function tend not to be strategically or operationally involved in environmental sustainability, although HR professionals can easily identify many areas in which they can help to create and enable appropriate strategies, policies and programmes. The range of practices which the HR function uses to drive people management in the organisation can be utilised also to encourage environmental sustainability. Attitudes of future leaders indicate clearly that this will be a key focus area in the future. Taking the concept of environmental sustainability one step further, the proposition is examined that current people practices can themselves sometimes be wasteful of human potential.

The focus of leaders and human resource managers should be to maintain and improve performance of people as well as adding value to the quality of work-life and environmental management practices. According to the research, it would seem that the HR function is generally not considered to play a strategic role in environmental governance and practice, with 26.2% of organisations not involving HR at all and 42.9% involving HR in the same way as all other departments.

HR is only involved in strategy and policy making where the organisation has a sophisticated understanding of sustainability (options 1 and 2 on the organisation standpoint question), but even in these organisations, the most common situation is that HR plays no special role, or plays a support role in a limited, functional way.

## THE ROLE OF HR IN SUSTAINABILITY

### environmental governance and practice?



- “Green Skills”:** “In recent research we propose a two-step strategy to identify skills that are used more intensively in green jobs relative to non-green ones (Vona et al 2015). The main data source is the ‘Green Economy’ program developed by the Occupational Information Network (O\*NET) under the auspices of the US Department of Labour, which contains occupation-specific information on work tasks, education and experience requirements as well as characteristics of the work context. First, we compute a measure of skill Greenness as the ratio between the number of green specific tasks and the total number of specific tasks performed by an occupation. This allows us to rank green jobs based on how much time is devoted to a particular class of tasks that are related, more or less directly, to environmental sustainability. Interestingly, green occupations are most concentrated either among high-skilled professional profiles, such as managers and engineers, and low-skilled manufacturing and production occupations, such as construction workers or maintenance and repair workers.”<sup>11</sup> Examples of green occupation by level of ‘Greenness’ can be seen on the table<sup>12</sup> on the next page:

	<b>Greenness=1</b>	<b>Greenness btw 0.5 and 0.3</b>	<b>Greenness&lt;0.3</b>
<b>Green enhanced occupations</b>	Environm. Engineers, Environm. Science Technicians, Hazardous Material Removers	Aerospace Engineers Atmospheric Scientists, Automotive Technicians, Roofers	Construction Workers, Maintenance & Repair Workers, Inspectors, Marketing Managers
<b>New and emerging green occupations</b>	Wind Energy Engineers, Fuel Cell Technicians, Recycling Coordinators	Biochemical Engineers, Supply Chain Managers, Precision Agriculture Technicians	Traditional Engineering Occupations, Transportation Planners, Compliance Managers

*Note:* Green occupations in O\*NET include (1) those that are expected to undergo significant changes in task content (Green enhanced) and (2) entirely new ones (New and emerging) (Dierdoff et al 2009).

In the article by Belia Nel, *Is Green the New Approach for a Sustainable HR Strategy*<sup>13</sup>, a positive result tips towards the answer “YES”. It further positions sustainability as beneficial to HR’s role and its “carbon footprint” impact within the organisation. Six indicators for green practice within the HR strategy is shared when deciding on a “green approach and green people practices”<sup>14</sup> (see below).

**Indicators:**

1. The business philosophy and values of HR;
2. The performance culture and employee engagement mindset;
3. The performance consequence and feedback interdependencies;
4. The third wave of leadership practices and its effect on people;
5. The talent and knowledge management mindset;
6. The learning and development approach to a new world of work philosophy.

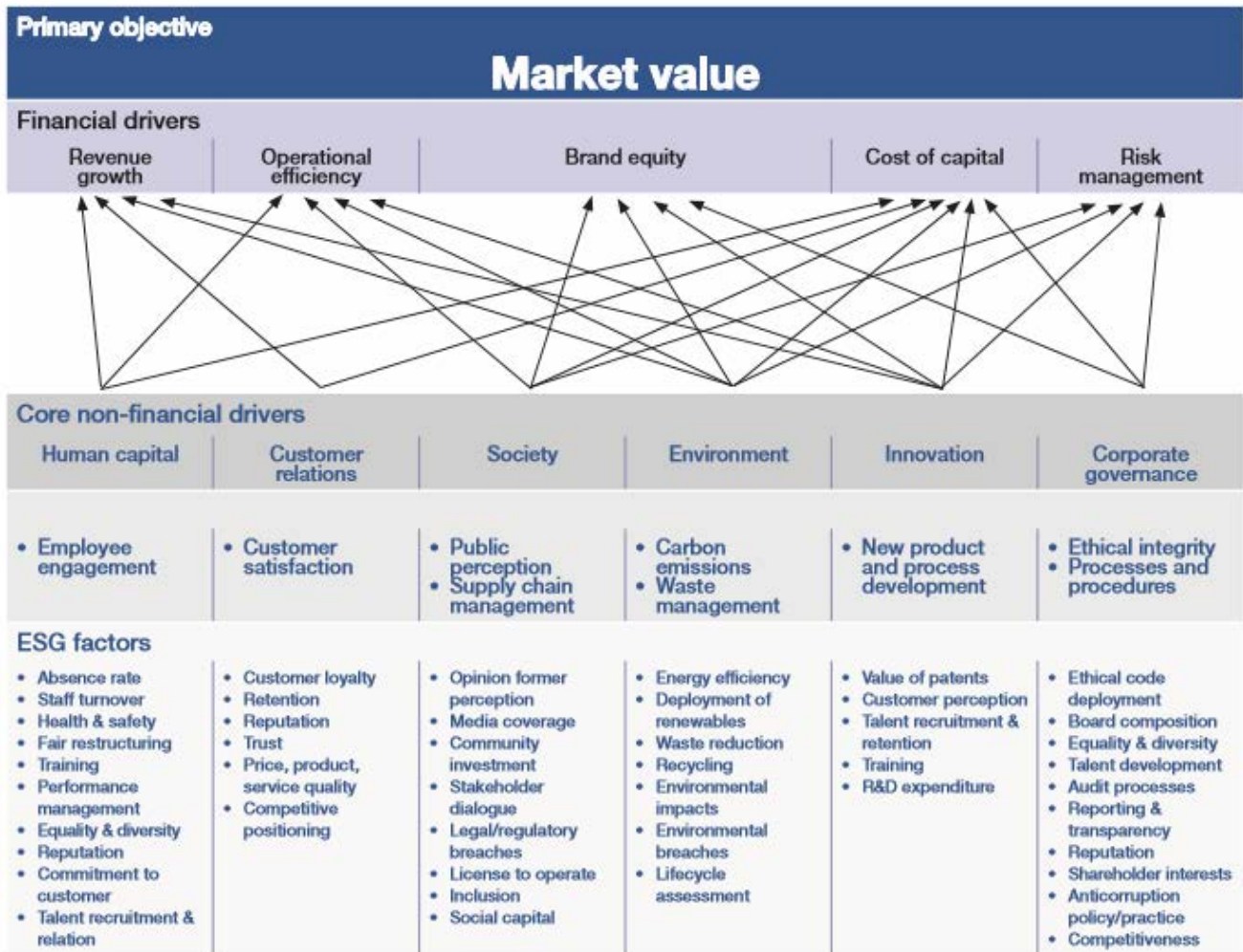
Belia Nel, *Is Green the New Approach for a Sustainable HR Strategy*

<sup>11</sup> <https://www.weforum.org/agenda/2015/05/what-skills-are-needed-to-support-sustainable-industry/>

<sup>12</sup> <https://www.weforum.org/agenda/2015/05/what-skills-are-needed-to-support-sustainable-industry/>

<sup>13</sup> Proven: Beyond the Process, Volume 4, Issue 4, October 2011

<sup>14</sup> Proven: Beyond the Process, Volume 4, Issue 4, October 2011



Source: EABIS, September 2009

- “Market value”:** From the above model the sustainability focus is on market value, which then creates an inclusive approach of stakeholders that drive the output and delivery. HR overall will have to manage the performance and support the leadership in reporting on overall company performance by ensuring organisational capabilities are identified, retained and/or developed. The idea to capitalise on capabilities are tied into the idea of “competitive advantage” and the deliverance of value which can be measured through “People, Profits and Planet”. Any company drives their business to achieve profitability, sustainability; growth and market leader presence, yet now sustainability incorporates a wider vision of “value” to both consumer and employee. Capitalising on the organisational capabilities and the role it plays in driving business performance tends to be a competitive and sustainable strategy inclusively, however employees want to be part of “bigger picture value proposition”. They want to utilise their capabilities and create positive impact on society itself.

Companies that understand their current capabilities, the capabilities they require and for the purpose they require them for, are successful in their industry, but by including the sustainability vision and values within this boosts their success factor. The deduction is simply that sustainability is a critical component in the success formula. The link between sustainability

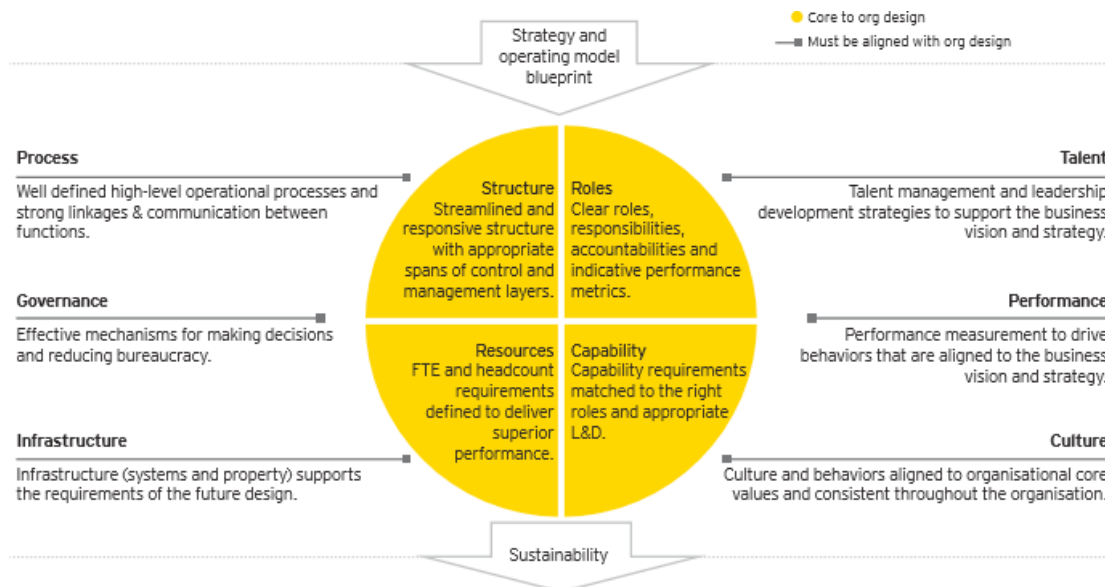
and building organisational capabilities is reflected by Leanne Gill and Brian Delhave below.

- Increasing competitive advantage through basing strategy on an understanding of the strengths and weaknesses of the workforce (Barney 1991; Grant 1991).
- Establishing the Human Resources Development function as a strategic partner. In this way OC acts as a linchpin between strategy and human resources (HR), therefore HR becomes a proactive source of competitive advantage, rather than reactive in focusing on performance gaps (Ulrick and Lake 1991; Luoma 2000).
- Driving organisational outcomes, such as stakeholder satisfaction and customer satisfaction (Ulrick and Lake 1991; Yeung and Berman 1997).
- Improving person-organisation fit from selection processes, more favourable employee attitudes, and reinforcement of appropriate organisational design (Bowen, Ledfor et al. 1991).
- Communicating valued behaviours, raising competency levels and reinforcing positive values (Finegold, Lawler III et al. 1998).

*Source: Building Organisational Capability: Your Future, Your Business  
By: Leanne Gill & Brian Delhave*

- **“Create a transformational organisational structure”:** HR should proactively facilitate the creation of a transformational structure that can adapt to the changing business environment that interrelates with “People, Profits and Planet”. Since HR is the expert in understanding what is the requirements of an efficient structure is, they can assist the process by:
  - Understanding the business strategy;
  - Mapping out the job roles, functions, skills and competencies required;
  - Identifying the appropriate model for organisational design and implementation;
  - Looks out for new developments in the business environment;
  - Develop programmes that manage change;
  - Selection of appropriate talent to input structural design.

The EY Organisation Design Model is a good example organisational structure that supports sustainability. The model also includes the governance structures that work across the business and functions. HR professionals can utilise this model when implementing their sustainability strategies or agendas. The role of HR driving the business sustainability is fully incorporated within the model and it clearly maps out the areas of HR that need to be focused on



EY Organisation Design Model

**“Move from Traditional HR to Sustainable HR”:** The traditional functional description of HR is not applicable when it comes to sustainable HR. The shift in practice and thinking by HR practitioners who are planning a sustainability strategy has to be very informed by trends and projections of the changing dynamics of HR. According to the World Economic Forum’s article on the Fourth Industrial Revolution<sup>15</sup> (below):

*“The impact on people: The Fourth Industrial Revolution, finally, will change not only what we do but also who we are. It will affect our identity and all the issues associated with it: our sense of privacy, our notions of ownership, our consumption patterns, the time we devote to work and leisure, and how we develop our careers, cultivate our skills, meet people, and nurture relationships. It is already changing our health and leading to a “quantified” self, and sooner than we think it may lead to human augmentation. The list is endless because it is bound only by our imagination.*

*I am a great enthusiast and early adopter of technology, but sometimes I wonder whether the inexorable integration of technology in our lives could diminish some of our quintessential human capacities, such as compassion and cooperation. Our relationship with our smartphones is a case in point. Constant connection may deprive us of one of life’s most important assets: the time to pause, reflect, and engage in meaningful conversation.*

*One of the greatest individual challenges posed by new information technologies is privacy. We instinctively understand why it is so essential, yet the tracking and sharing of information about us is a crucial part of the new connectivity. Debates about fundamental issues such as the impact on our inner lives of the loss of control over our data will only intensify in the years ahead. Similarly, the revolutions occurring in biotechnology and AI, which are redefining what it means to be human by pushing back the current thresholds of life span, health, cognition, and capabilities, will compel us to redefine our moral and ethical boundaries.”*

15 <https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/>

Andrew Savitz and Karl Weber expands on this shift from traditional HR to sustainable HR by incorporating it within the workforce life cycle. Five broad stages looked directly into:

- Employee selection;
- Career development;
- Rewards and retention;
- Performance management and success planning;
- Separation.

A few examples of this move is illustrated in the table below to give some direction to HR professionals on the shift from traditional HR to sustainability HR:

<b>Stage in cycle</b>	<b>HR process</b>	<b>Traditional Approach</b>	<b>Sustainable approach</b>
Employee selection	Employer branding Targeting & recruiting	Offering competitive salaries, benefits and challenging work. Creating job descriptions, recruitment value chain.	Includes sustainability related values as a key element in the employer brand and employee value proposition. Recruitment includes sustainability skills and knowledge with a value and belief match between employer and employee.
Career Development	Onboarding Training	Provides precise information about the company eg background or history. Needs assessment and provision of educational programmes.	Includes company's strategy and viewpoint on sustainability, it's programmes, employee roles and partnerships. Includes training related to sustainability.
Rewards and Recognition	Compensation & incentives Retention	Rewarded for achievement based on performance appraisals. Implements policies, procedures and practices to meet the needs of employees.	Sustainability performance measures included in performance appraisals. Motivation and reward is essential for top talent to be recognised for their environmental and social performance as well.

## THE ROLE OF HR IN SUSTAINABILITY

“Survival means the state or fact of continuing to live or exist especially in spite of difficult conditions.”<sup>17</sup> Every business would create sustainability in order to guarantee their survival. Sustainability is an evolving concept that incorporates a thinking that provokes a behaviour for companies to not only focus on profit, but to acknowledge business’ accountability to the diversity of their people and stakeholders. It’s a broad view of accountability and many companies have adopted the approach to impact their growth and profit with a triple bottom line thinking. Woolworths, Nestle, Discovery, Engen, Coca-Cola, Honda, Star Bucks are just a few companies with planet presence that have adopted a sustainability approach to driving business.



Picture: [WWF-Woolworths Partnership Review - WWF South Africa](#)

“The World Wide Fund for Nature South Africa (WWF-SA) and Woolworths have announced a second five-year partnership, following the success of the first three-year sustainable business partnership.”

<http://www.bizcommunity.com/Article/196/457/149186.html>

“Sustainability reporting combines economic performance with social responsibility and environmental care. It aims to help businesses set goals. It also measures performance and manages change towards sustainability.”<sup>18</sup> It requires a positioned HR function to embed it within its culture, processes, policies and mindset. HR has to position the employer brand to display accountability for the social and environmental arena the business functions within. It must radiate the caring factor because employees need to align their values to that of the company they work for.

<sup>17</sup> <http://www.learnersdictionary.com>

<sup>18</sup> <http://www.bizcommunity.com/Article/196/356/144175.html>



Employees who are part of a company that is responsible for their bottom line as well as the society and environment, will also grow their loyalty and promote the employer brand. Sustainability is about survival, but it produces more benefit for all stakeholders by ensuring that businesses:<sup>19</sup>

- Perfecting business processes;
- Perfecting people management processes;
- Creating more value (focus) than just a product;
- Moving products and adding services;
- Merging private profit and public good thereby rethinking their ideas around sustainability;
- Partnering their business vision with the intention to assist in solving global problems, hence moving away from the self-interest of company profit only, but “using the one aspect of sustainability mind-set to see opportunities hidden in problems.”<sup>20</sup>

*“Every profession bears the responsibility to understand the circumstances that enable its existence.*

Author: Robert Gutman

Sustainability and HR is a beneficial partnership that can create great impact on the triple bottom line. With HR aligning and driving its people practices in line with the sustainability strategy, people remain motivated, inspired and part of company that is part of creating a better society, country and planet. The future of sustainability is very firmly placed within the hands of the HR function, and steering its “people” ahead is an exciting path to lead.

This Fact Sheet was written by Lathasha Subban Head: Knowledge and Innovation of the SABPP with contributing author Terry Meyer.

Terry is an Executive Leadership and Strategy Consultant as well as an academic, author and keynote speaker.

His areas of expertise include strategy, organisational design, leadership and skills development, Executive effectiveness, succession & development and the reinvention of HR.

He considers sustainability to be central to strategy formulation and advocates a shift in the conversation from simply “people, planet and profit” reporting to one in which the role of business is central to strategy determination. His underlying philosophy is based on the concept of organisational purpose contributing to shared value rather than simply shareholder profit. He has written and co-edited a number of books and contributed a number of articles to journals, the most recent book being “Shaping Africa’s Talent”.

He runs the HR Executive Programme at USB-Ed and lectures on a number of other business school programmes.

He is considered a thought leader in his fields of expertise and has received a number of professional awards throughout his career.

<sup>19</sup> <http://www.learnersdictionary.com>

<sup>20</sup> <http://www.learnersdictionary.com>

# FACT SHEET

DATE	NUMBER	SUBJECT
<b>2013</b>		
February	1	<b>GAINING HR QUALIFICATIONS</b>
March	2	<b>ETHICS, FRAUD AND CORRUPTION</b>
April	3	<b>NATIONAL DEVELOPMENT PLAN</b>
May	4	<b>BARGAINING COUNCILS</b>
June	5	<b>EMPLOYMENT EQUITY</b>
July	6	<b>HR COMPETENCIES</b>
August	7	<b>HR MANAGEMENT STANDARDS</b>
September	8	<b>PAY EQUITY</b>
October	9	<b>COACHING AND MENTORING</b>
November	10	<b>HIV/AIDS IN THE WORKPLACE</b>
<b>2014</b>		
February	1	<b>EMPLOYING FIRST-TIME JOB MARKET ENTRANTS</b>
March	2	<b>PROTECTION OF PERSONAL INFORMATION ACT</b>
April	3	<b>QUALITY COUNCIL FOR TRADES AND OCCUPATIONS</b>
May	4	<b>WORK-INTEGRATED LEARNING</b>
June	5	<b>RECRUITMENT – SCREENING OF CANDIDATES</b>
July	6	<b>HR RISK MANAGEMENT</b>
August	7	<b>BASIC HR REPORTING (1)</b>
September	8	<b>BASIC HR REPORTING (2)</b>
October	9	<b>EMPLOYEE ENGAGEMENT</b>
November	10	<b>SEXUAL HARASSMENT</b>

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# FACT SHEET

DATE	NUMBER	SUBJECT
<b>2015</b>		
February	1	<b>AMENDMENTS TO LABOUR LEGISLATION 2014</b>
March	2	<b>THE REVISED BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES OF GOOD PRACTICE</b>
April	3	<b>LESSONS LEARNED FOR EMPLOYERS FROM CCMA CASES</b>
May	4	<b>EMPLOYEE WELLNESS SCREENING</b>
June	5	<b>CHANGING THE EMPLOYMENT EQUITY LANDSCAPE</b>
July	6	<b>EMPLOYEE VOLUNTEERING</b>
August	7	<b>DEPRESSION IN THE WORKPLACE</b>
September	8	<b>EMPLOYEE WELLNESS</b>
October	9	<b>EQUAL PAY AUDITS</b>
November	10	<b>BASICS OF EMPLOYEE COMMUNICATION</b>
<b>2016</b>		
February	1	<b>PRODUCTIVITY BASICS</b>
March	2	<b>SERVICE LEVEL AGREEMENT</b>
April	3	<b>TALENT MANAGEMENT: PAST, PRESENT AND FUTURE</b>
May	4	<b>BUILDING ORGANISATIONAL CAPABILITIES</b>
June	5	<b>CHANGE MANAGEMENT</b>
July	6	<b>INNOVATION IN HR</b>
August	7	<b>HR TECHNOLOGY</b>
September	8	<b>HR IN BUSINESS SUSTAINABILITY</b>

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