

Enabling Sustainability Culture: The New HR Mandate

HR is one of the main drivers of Corporate Sustainability.

This article presents a new paradigm and a different strategic mandate for the Human Resource function involving Sustainability. Our desktop study of various global Sustainability best practices and our conversations with various leaders of HR, Sustainability, and Strategy point to the pivotal role of HR in strengthening the Sustainability capability and culture of the organization to improve its design and delivery of Sustainability strategy and initiatives.

Going beyond Green HR

This relatively new paradigm about HR’s role on sustainability has emerged from the works of those who laid down the foundation for Green Human Resource Management (GHRM) or simply Green HR like Douglas W.S. Renwick and others. Their contributions have focused primarily in recognizing the vital role of employees and in establishing HR policies, programs and practices that support advocacy for the environment. However, the trend now is to align Sustainable strategy into the applicable United Nations 17 Sustainable Development Goals (SDG). And with the current best practice of focusing on the “triple bottom-line” (Planet, People, and Profit) and the emergence of Environment, Social and Governance (ESG) framework, Sustainability focus goes beyond the environment and of being “Green.”

Hence, HR’s new strategic mandate transcends beyond involvement and support for Sustainability. In our view, HR should now take the driver seat in enabling Sustainability Culture as part of its strategic role.

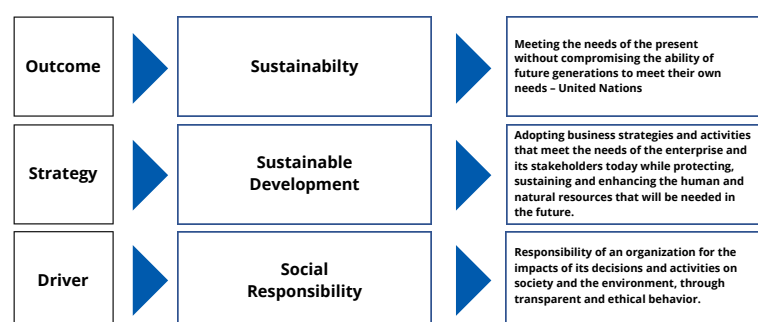
Understanding Sustainability

It is important to understand first what Sustainability is and how it relates to related concepts of Social Responsibility and Sustainable Development. Given the complementarity of these inter-related concepts, such understanding can guide HR leaders in developing their strategies to promote a Sustainability Culture based on an expanded view of Sustainability that goes beyond the Environment.

The Institute for Sustainable Development defines sustainable development in the business context as *“adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future.”*

Sustainability is defined by the United Nations as **meeting the needs of the present without compromising the ability of future generations to meet their own needs.**

Framework for Understanding Sustainability



Why should HR focus on sustainability?

Sustainability is a strategic capability. It also reflects a character of an organization. Building the capability and character of an organization is an important focus area of HR given its Organizational Development (OD) role.

Moreover, the study done by Carly Fink and Tensie Welan of New York University which came out from the Harvard Business Review in 2016 clearly illustrated the compelling business case for Sustainability. In their paper, Fink and Welan highlighted the various business benefits of strategic focus towards Sustainability such as cost savings, increased competitive advantage, more positive reputation, better engagement of people, and improved financial performance through corporate governance. Thus, by driving Sustainability Culture, HR is contributing an important strategic value to the organization.

Defining Sustainability Culture

NRI defines Culture as the aggregated habits of individuals in an organization. It is the organization's unique "operating environment," which defines how work gets done and how people behave and interact with each other.

Hence, Sustainability Culture represents the shared beliefs and practices of people towards Sustainability.

A strong Sustainability Culture is characterized by leaders who models the way in sustainability practices, a deep integration of sustainability in the organization's strategies, policies, processes, resources, and above all, in employees' behaviors within and outside their work environment.

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Strategic Role of HR in Sustainability: Driver of Sustainability Culture

More than just an active supporter and participant to Sustainability initiatives, HR's role is now more strategic. HR is the lead Driver of Sustainability Culture.

How can HR perform this strategic role of driving Sustainability Culture? NRI Manila has developed the below Sustainability Culture Checklist containing the guide questions that can help HR Leaders in their embracing of their strategic role towards Sustainability. This checklist also indicates the degree of maturity of HR in performing its strategic role as a driver of Sustainability Culture.

Sustainability Culture Checklist



Source: NRI Manila

Areas	Guide Questions
Strategy Alignment	<ul style="list-style-type: none"> Is Culture part of the Sustainability Strategy?
Sustainability Integration	<ul style="list-style-type: none"> Does HR have a formal Sustainability Culture Building Program to integrate Sustainability into the organizational philosophy, people, policies, processes, practices, and performance? Are the behavioral indicators of Sustainability Culture identified and integrated into the organization's Competency framework, Performance Management, and Job Descriptions
Sustainability Organization	<ul style="list-style-type: none"> Does the current organizational structure show the Sustainability roles and responsibilities across the organization?
Sustainability Governance	<ul style="list-style-type: none"> Does the current HR policies support and enable Sustainability culture?
Sustainability Leadership	<ul style="list-style-type: none"> Does the organization's Leadership Competency Framework include Sustainability Leadership? Is Sustainability Leadership part of the Leadership Development Program?
Sustainability Capability	<ul style="list-style-type: none"> Does the company have a Sustainability Competency assessment framework that defines the skills required to develop a sustainability culture?
Sustainability Engagement	<ul style="list-style-type: none"> Does the Employee Engagement program include Sustainability Culture building? Is there a Sustainability Rewards and Recognition program?
Sustainability Review & Reporting	<ul style="list-style-type: none"> Is there a Sustainability metrics pertaining to culture? Is Sustainability Culture part of regular HR monitoring, review, and evaluation? Does the Annual Sustainability Reports talk about the Sustainability Culture and how the organization is building such culture and capability?

Sustainability Integration - The Core Strategy for Developing Sustainability Culture

How can organizations integrate Sustainability culture into the way they do business? The keyword here is **Integration**. Integration is about moving Sustainability not away but beyond programmatic approach wherein it becomes part of the way an organization does business and demonstrated into the daily behaviors of people at work.

The role and the challenge for HR is how to enable a highly integrated approach towards Sustainability Culture. Where should Sustainability be integrated for it to become a culture? NRI Manila's 6P Framework can help HR leaders in crafting their strategies towards integrating sustainability culture within their organizations.

6Ps of Sustainability Culture Integration



Source: NRI Manila

- Philosophy** – inclusion of Sustainability into the corporate mission, vision and values
- People** – identification of the sustainability culture behaviors
- Policies** – enabling sustainability through policies and procedures
- Processes** – incorporating sustainability into the various company systems and processes
- Practices** – adoption of a Code of Sustainability Practices that show the commitment of the business, functions, and individuals on sustainability
- Performance** – inclusion of Sustainability into the scorecards and performance reviews at the business, functional and individual levels

Integrating Sustainability into Organization's Corporate Philosophy

One way to integrate Sustainability is to embed it into the very fabric of an organization's corporate philosophy. HR can take the lead role in promoting such integration.

In this article, we have focused and looked at two best practices on how organizations are able to integrate Sustainability into their corporate philosophy. These two examples can guide both HR and Sustainability leaders in enabling such integration.

Dream Up the Future - Nomura Research Institute (NRI)

NRI's Corporate Philosophy of Dream Up the Future clearly indicates NRI's "desire to create new value for the society." We do this by generating new business model, fresh paradigms, and innovative ideas to solve social issues together with our clients. At NRI, Sustainability is not just a strategy or a program. Sustainability is clearly and deeply embedded into our corporate philosophy.

Advancing Business and Communities - Aboitiz Group

Another best practice of integrating Sustainability into the company's philosophy is the Advancing Business and Communities (ABC) of the Aboitiz Group. A simple search of the company's website (<https://aboitiz.com>) immediately draws your attention to its ABC tagline. Through its ABC, the Aboitiz Group has clearly articulated its social responsibility towards the communities where it operates as an essential part of why and how it does business. Aboitiz Group's purpose which is *"to drive change for a better world by advancing business and communities towards a sustainable future for generations to come"* is an excellent example of a statement that integrates Sustainability into an organizational purpose.

In these two examples, NRI and the Aboitiz Group have transcended beyond the typical program-based strategy of advancing Sustainability by incorporating it into their organizational DNA.

Conclusion and Next Steps for HR

Building a strong Sustainability culture requires more than one year timeframe. Where can HR start? HR can prioritize quick wins using an agile approach by focusing first on three areas of alignment, namely HR Staff, Stakeholders, and over-all alignment of HR strategies.

Alignment Areas	Possible Next Steps
Staff Alignment	<ul style="list-style-type: none"> • Study and understand more the strategic role of HR in enabling a Sustainability Culture. • Initiate internal discussion and learning session among the HR team to develop deeper understanding about Sustainability concepts and practices.
Stakeholder Alignment	<ul style="list-style-type: none"> • Initiate alignment with top Management and those in-charge of Sustainability to discuss the culture and capability aspect of Sustainability. The goal is to influence Sustainability leaders to embrace the strategic importance of culture building as part of Sustainability strategy • Set expectations and clarify support needed from HR. This can be done as an information meeting and then through a Design Thinking session to develop greater empathy on the needs of Sustainability leaders in the organization which require HR support.
Strategy Alignment	<ul style="list-style-type: none"> • Review over-all company's Sustainability and HR Strategies. • Include Sustainability Culture as part of over-all HR Strategy • Develop a Sustainability Culture Building Strategy Roadmap

Source: NRI Manila

With the strategic importance of Sustainability for an organization’s long-term growth, it is imperative for HR to embrace its new strategic mandate as the driver for Sustainability Culture.

We offer a free learning session for those companies interested to learn more about Building Sustainability Culture in their organizations.

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