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HRM's Role in Corporate Social and Environmental Sustainability

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HRM's Role in Corporate Social and Environmental Sustainability

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FOREWORD

Dear Colleague:

Sustainability is often defined as the "ability to meet the needs of the present without compromising the ability of future generations to meet their needs." Going beyond environmental sustainability, this concept now includes all types of social and environmental impacts. As sustainability becomes a key focus for more organizations, employers must develop a new way of doing business. In addition to focusing on financial profits, sustainable companies must also consider social and environmental impacts when making business decisions. The HR function has a critical role to play.
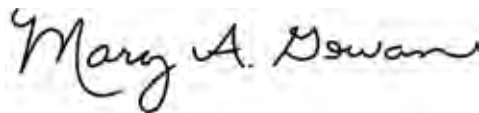
This new SHRM Foundation report, *HRM's Role in Corporate Social and Environmental Sustainability*, outlines the business case for sustainability and explains how HRM can take a leading role in both developing and implementing sustainability strategy.

We created the Effective Practice Guidelines series in 2004 for busy HR professionals. By integrating research findings on what works with expert opinion on how to conduct effective HR practice, this series provides the tools needed to successfully implement evidence-based management.

This report is the 15th in the series. Other recent reports include *Promoting Employee Well-Being, Transforming HR Through Technology* and *Onboarding New Employees*. To ensure the material is research-based, comprehensive and practical, each report is written by a subject-matter expert and then reviewed by both academics and practitioners. The reports also include a "Suggested Readings" section as a convenient reference tool. All reports are available online for complimentary download at www.SHRMFoundation.org.

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Alongside economic considerations of growth and profit, organizations should be held accountable for their impacts on society and the environmental risks and opportunities when making all business decisions.

INTRODUCTION

Sustainability has become a key focus for many organizations as climate change, regulatory pressures and societal demands for greater environmental and social responsibility have increased. For employers, this focus means a different way of doing business. Alongside economic considerations of growth and profit, organizations should be held accountable for their impacts on society and the environment. In addition, they should assess social and environmental risks and opportunities when making all business decisions. This approach is often referred to as "the triple bottom line,"[1] the simultaneous delivery of positive results for people, planet and profit. Indeed, aspects of sustainability, such as environmental stewardship, workplace responsibility, human rights protection and good corporate citizenship, are increasingly part of an organization's social legitimacy.

The HR function is critical to achieving success in a sustainability-driven organization. Sustainability practice pervades every aspect of doing business and needs to be embedded across an organization at all levels, becoming an ongoing change process. Since the prime focus and skills of HR professionals include organizational process, change management and culture stewardship, they should take a leading role in developing and implementing sustainability strategy.

This report aids human resource management (HRM) practitioners in understanding sustainability in an organizational context. It can be used as a guide for the HR function to support sustainable business and perform HRM sustainably. Divided into two main sections, this report begins by examining the critical role HRM plays in sustainability and the HRM tools available to embed sustainability strategy in the organization. The second section introduces a roadmap to sustainable HRM. It outlines global business approaches to sustainability, labor standards and specific aspects of sustainable practice such as employee volunteering, employer branding and green HRM. Finally, the report explores the new HR skills required for practicing sustainable HRM and the applicability of sustainable HRM in different types of organizations.

THE BUSINESS CASE FOR SUSTAINABILITY

Sustainability is more than simply meeting responsibilities to society—it can create significant competitive advantage. Therefore, organizations increasingly regard sustainability as a business strategy that enhances shared value[2]—for both business and society—by delivering greater shareholder value and access to capital as well as stronger performance over time.[3] In fact, research suggests that social and environmental responsibility is likely to pay off in a number of tangible ways.[4] Firms can gain "improvements in reputation, productivity, talent acquisition, employee retention and engagement, cost effectiveness, risk avoidance/mitigation, innovation and market expansion, and access to capital."[5] However, the relationship between sustainability investments and organizational performance is complex, and other factors such as industry positioning and market structure also affect the strength of the relationship.[6] Porter and Kramer[7] argue that in order to unleash the next wave of innovation and growth, corporations must help redefine capitalism through addressing the social and environmental challenges of society, in a "shared value" model of business activity.

Practically speaking, sustainability significantly affects an organization's business model, structure and processes. First, organizations consider a wider set of stakeholders when setting strategy. Sustainable business strategy requires responsiveness to stakeholders, defined as those individuals or groups that influence an organization's activities and are influenced by them, going beyond the traditional dominance of financial shareholders.

Stakeholders typically include employees, customers, suppliers, regulators, local communities and the natural environment. Sustainable organizations seek out stakeholders to understand their expectations, concerns and risks relating to operations before developing sustainability strategy.

Also, stakeholders help with sustainability strategy implementation. Increasingly, employers realize the benefits of partnerships with external stakeholder organizations, such as community organizations, nongovernmental organizations (NGOs) or industry alliances. These alliances help advance sustainable development, as the demands of global corporate sustainability often go beyond the capability of one organization to respond.

Finally, a sustainability approach affects corporate practices, requires greater involvement and accountability of boards, and demands business transparency, as is manifested in the growing number of organizations issuing annual sustainability reports.

As organizations have increasingly pursued sustainability strategies, an emerging vocabulary has developed in this area. Researchers already established the link between sustainability and business functions such as marketing, accounting and operations management, but now they are also studying sustainable HRM.[8] This recent literature portrays HRM as a traditionally introspective function, focusing on the effective and efficient use of people to achieve short-term financial results. Instead, a more sustainable approach to HRM would develop managers who can deal with both present and future sustainability challenges facing organizations; consider employees as stakeholders,

HOW SUSTAINABILITY AFFECTS THE BUSINESS MODEL

1. Stakeholders are defined more broadly as shareholders, employees, customers, suppliers, regulators, local communities and the natural environment, that is, individuals and organizations that have influence on a business and those affected by it. Sustainability leads to greater interaction with stakeholders, which influences business strategy.

2. All stakeholders play a role in implementing sustainability strategy.

3. Such a model offers both greater involvement and accountability of corporate boards and greater business transparency, all of which leads to greater trust and improved reputation.

including those in the extended supply chain in vendor operations; place more emphasis on the long-term impacts of HRM activities on all stakeholders; and, generally, adopt a more holistic and integrated view of people management.[9]

The HRM function has the potential to contribute important skills, as noted above, to support the transformation of business and the HRM function itself for greater sustainability. These skills in organizational process, change management and culture stewardship enable HRM to take a leading partnership role in developing and implementing sustainable business strategy. HRM-unique skills and knowledge are sources of competitive advantage that can be leveraged, for example, to create sustainability-linked performance targets, compensation and benefits, training and education,

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GLOSSARY OF TERMS

Sustainability is often defined as the "ability to meet the needs of the present without compromising the ability of future generations to meet their needs."[10] Sustainability initially meant environmental sustainability, but today the term is used to refer to all aspects of social and environmental impacts.

Sustainable development is "a process of achieving human development . . . in an inclusive, connected, equitable, prudent, and secure manner."[11]

Triple bottom line is the performance measurement of an organization pursuing a sustainable strategy. "A sustainable enterprise, therefore, is one that contributes to sustainable development by delivering simultaneously economic, social, and environmental benefits—the so-called triple bottom line."[12]

CSR (corporate social responsibility) is "the sum of the voluntary actions taken by a company to address the economic, social and environmental impacts of its business operations and the concerns of its principal stakeholders."[13] In October 2011, the European Commission published a new definition of CSR: "The responsibility of enterprises for their impacts on society."[14]

Difference between sustainability and CSR: Sustainability at the corporate level is the focus on creating a business model that is sustainable from an ecological, financial and social point of view and that identifies "strategies and practices that contribute to a more sustainable world and, simultaneously, drive shareholder value; this we define as the creation of sustainable value for the firm."[15] Addressing sustainability issues thus becomes deeply embedded in the organization's basic business operations and integral to its business strategy. CSR, however, is concerned with decreasing the negative impacts of corporate actions in pursuit of a business strategy and is thus considered largely voluntary and is often practiced at a tactical level without affecting core business processes.

Sustainable HRM is the utilization of HR tools to help embed a sustainability strategy in the organization and the creation of an HRM system that contributes to the sustainable performance of the firm. Sustainable HRM creates the skills, motivation, values and trust to achieve a triple bottom line and at the same time ensures the long-term health and sustainability of both the organization's internal and external stakeholders, with policies that reflect equity, development and well-being and help support environmentally friendly practices.

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and values-based recruitment using sustainability-informed employer branding. The tangible outcomes of strong sustainable HRM performance include not only support for the achievement of broad sustainability business objectives, but also measurable contributions to HRM performance, including lower employee turnover, lower absenteeism, improved employee well-being, and an overall increase in employee engagement, motivation and productivity.

In order for HRM to redirect itself and the organization toward sustainability, corporate sustainability leadership must regard HRM as a critical contributor. Organizational leaders should involve HR managers through collaboration and consultation as well as demand HRM accountability for sustainable HRM practices. At the same time, HR professionals must update their approach from transactional or transformational HRM to sustainable HRM. HRM has two main roles in the implementation of sustainability strategy in any organization, each of which will be discussed in greater detail in the remainder of this section:

- **Supporting business sustainability:** Using the process-based tools of HRM to embed sustainability strategy in an organization's culture and practices.

- **Performing HRM sustainably:** Creating and delivering HRM core processes, which are themselves founded on principles of sustainability.

SUPPORTING BUSINESS SUSTAINABILITY

In the first role—supporting business sustainability—a variety of tools are available to the HRM function. Before examining these tools, the HRM function will need to assess the organization's stage in advancing sustainability to make the most relevant choices. Organizations may come to realize the need for sustainability via different routes:

VALUE-BASED ROUTES TO SUSTAINABILITY

Anita Roddick and the Body Shop[16]

Anita Roddick founded The Body Shop in the U.K. in 1976 and quickly turned it into a business expressing her own values and social and environmental activism, with a mission to "dedicate our business to the pursuit of social and environmental change." Despite a buy-out by the global cosmetics firm L'Oreal in 2006, The Body Shop has retained its distinct identity and core values: Against Animal Testing, Support Community Trade, Activate Self-Esteem, Defend Human Rights, Protect our Planet.[17]

Jeffrey Hollender and Seventh Generation

Jeffrey Hollender founded Seventh Generation Inc. in 1988. The name Seventh Generation comes from an Iroquois proverb, "In our every deliberation, we must consider the impact of our decisions on the next seven generations." The company has pioneered development of nontoxic, ecologically preferable household cleaning materials. Although Jeffrey Hollender is no longer with Seventh Generation, the business continues to believe in its responsibility to "set a course for a more mindful way of doing business."[18]

Ben Cohen and Jerry Greenfield and Ben and Jerry's

Ben and Jerry's was founded in 1978 in Burlington, Vermont. The company advanced community values and was one of the first to produce a social and environmental report in 1999.[19] Ben and Jerry's was sold to the global food and personal care business Unilever in 2000, but it retains its identity and values and continues to lead new advances in CSR such as the adoption of fair trade-certified ingredients.

Stephan Schmidheiny and Amanco[20]

Amanco, a large Latin American producer of plastic pipes and fittings for transporting fluid, was founded by Stephan Schmidheiny, who in the early 1990s helped organize the World Business Council for Sustainable Development, which popularized the term "eco-efficiency." Amanco's purpose, Stephan Schmidheiny believed, was not just to make a profit, but to contribute equally to the social and environmental contexts in which the company operates. Amanco, one of the first companies to create and implement a sustainability balanced scorecard in all its operations, saw early on that engaging key stakeholders, from small retail store owners to local governments to even their competitors, in creating efficient and environmentally safe water delivery systems was essential to living the values of the company. Amanco's measures of success reflect these values. CEO Roberto Salas noted in 2006, "We don't want just to sell pipes and products. We want to offer solutions that give our customers access to water and sanitation. We now measure water savings or increases in families' income due to use of our products."

- **A values-based route:** Typically, this approach can be found in smaller, privately owned businesses in which the founders' values dictate the business culture. Often-quoted examples are Anita Roddick's Body Shop, Jeffrey Hollender's Seventh Generation, Ben Cohen and Jerry Greenfield's Ben and Jerry's, and Stephan Schmidheiny of Amanco in Latin America. Even though these companies may have grown to become large corporations, their core culture was a reflection of the personal principles and passions of their founder-owners.

- **A strategic route:** Typically, this approach has been adopted by organizations well positioned to redesign their business model to deliver products and services offering sustainability benefits. The most-quoted example in this regard is General Electric and its "ecomagination" line of products, designed to create a market for green appliances, which it has done very successfully.

- **A defensive route:** This approach developed in the late 1990s as organizations, notably the apparel industry, came under attack for human rights abuses, such as child labor, in the supply chain. Public outcry against immoral corporate practices forced employers to take responsibility for the social impacts of their business activities. Later, environmental issues such as those faced by Shell Oil in the Niger Delta (including two spills reported in 2008 that triggered ongoing social and environmental problems for almost 70,000 people in the Bodo region; these were just two of the 1,000 spills attributed to Shell in this region since the

In May 2005, GE launched a sustainability program called "ecomagination,"[21] with an aim to deliver products that would meet future environmental challenges while driving economic growth, committing GE to double research in clean technologies, introducing more clean-tech products, and reducing GE's own environmental impacts. ecomagination has delivered consistently increasing revenues for GE since its launch—with $18 billion in 2010,[22] around 12 percent of the company's overall revenues.

1970s[23]) became much more prominent, and energy and utilities companies started to use CSR as a platform to demonstrate good corporate citizenship. Other sectors, such as tobacco and alcohol, have also adopted sustainability as a defensive measure, aiming to present a responsible public image to counter negative press and reputational damage.

These different routes to sustainability can also be viewed as a stage model of sustainability to serve HRM practitioners in determining where their organizations are at any given time. Eventually, as organizations progress, they form a sustainability strategy that integrates elements from all stages (see Figure 1).

The HR manager must take into account the approaches and stages that characterize an organization's sustainability profile and ensure that HR processes for embedding sustainability are aligned accordingly. For example, in an owner-led, values-based organization, advancing employee volunteering programs in the community may be much simpler for HRM than in a company primarily positioned in the defensive stage. It follows that the more advanced the organization is in overall sustainability practices, the more the HRM role becomes strategic in nature.[25]

PERFORMING HRM SUSTAINABLY

In the second role—performing HRM sustainably—the focus is on the professional HRM tools and processes that form the core of the HRM contribution and on executing processes in accordance with sustainability principles. For example, HRM typically defines the compensation and benefits (remuneration) policy in most organizations. In established organizations, remuneration polices are generally based on linking remuneration to the following: performance, potential, seniority in some cases, competitiveness in local markets, and a degree of equitable distribution of variable pay tied to business results. However, rarely do HR managers look at remuneration from a gender perspective. Statistics, though, show that in most industries, women are paid less than men. The 2010 U.S. Census data, for example, show that women who work full time still earn on average 77 cents for every dollar men earn for performing the same work.[26] By adopting a sustainability approach to remuneration, the HR manager would consider, among other things, how remuneration policy is applied in practice and evaluate it against such metrics as male-female pay ratio, taking action to address any imbalance.

Figure 1. **Carroll's Pyramid of Corporate Social Responsibility**[24]
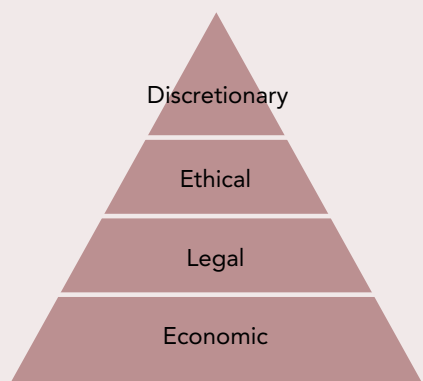
- **Economic responsibilities:** The first responsibility of any organization is to deliver an acceptable return for shareholders (while contributing to local and global economies through their core business).
- **Legal responsibilities:** The second aspect of responsibility requires that organizations operate within the law at all locations in which they do business.
- **Ethical responsibilities:** The third layer of the pyramid requires organizations to consider social and environmental impacts of their operations and, as far as possible, to do no harm while pursuing business interests.
- **Discretionary responsibilities:** The fourth layer of responsibility is to proactively seek opportunities to make a positive contribution to society beyond profitability, compliance and business ethics. At the discretionary, or voluntary, level, organizations have a responsibility to understand broad stakeholder needs and to address societal concerns though their business practices.

The following section presents research on how to use HRM tools to embed sustainability, which tools to chose for different sustainability strategies or size, and what impacts on sustainability performance should be sought.

THE ROLE OF HRM IN SUSTAINABILITY

USING THE TOOLS OF HRM TO EMBED SUSTAINABILITY

The HRM function can use its skills, knowledge and HRM tools in three main ways to help the organization embed sustainability: partnering, engaging and aligning.

Partnering. The experience of many organizations suggests that HRM leadership can play a vital role in helping articulate the organization's social mission, expressing the role of the business in society beyond that of simply making a profit. HRM can help support alignment behind this mission at the executive leadership level by contributing stakeholder perspectives and employee interests.

Engaging. HRM must engage both internal and external stakeholders to identify the ways in which the organization can contribute to the social and environmental vitality of those most affected by a company's actions. Engaging may include building partnerships with external organizations, such as nonprofit associations that can help identify or address the impacts of the company's operations. For example, Unilever partnered with the nonprofit World Wide Fund for Nature to form the Marine Stewardship Council to create an environmental standard for sustainable fisheries.

Aligning. HRM possesses the most important tools to support implementation of a sustainability mission. All core HRM processes in an organization must be brought into play to support sustainable business strategy. These can be categorized into the areas of recruitment and selection, employee training, development and compensation, managerial support and communication, and organizational climate creation.

Looking more closely, the HRM tools that research indicates can be used to embed sustainability fall into four main areas, many of which focus on the aligning role of sustainable HRM.

Employee attraction and selection

Employers have found that attracting applicants who value sustainability can enhance recruitment and retention. For example, when employees have a stronger fit with the eco-values of the organization, they are more attracted to apply, and many employers believe they are more likely to stay with the firm.[27] Organizations that project their commitment to caring for the environment can attract greater numbers of applicants,[28] and an employer's commitment to sustainability is in some cases more compelling to applicants than pay or layoff potential.[29] In fact, in recent years, MBA students have shown a growing reluctance to work for an organization not seen as a "good citizen" with regard to the ecological environment or social issues.[30] In some cases, employers also integrate sustainability into their selection process and their onboarding activities. For example, the outdoor clothing company Patagonia "asks job applicants to be environmentally responsible in the preparation of their application materials."[31]

Employee training, development and compensation

Employees can develop their understanding of, and commitment to, an organization's sustainability values and goals through training and development.[32] In addition to building awareness, skills needed for behavioral changes are provided through targeted training in such areas as environmental stewardship or life cycle analysis. At Mohawk Industries, for example, employees are tested to make sure they learn the waste-reduction techniques that have been taught.[33]

Ongoing development is also imperative. Pricewaterhouse Coopers (PwC), for instance, sends teams of high-potential managers to developing countries for several months at a time. The managers work with a local partner on a sustainability issue, such as strengthening coordination in the battle against HIV/AIDS infections in Uganda,[34] in order to build deeper understanding of global sustainable development challenges and the role of business in solving them.

Training and development should be supported by evaluation and compensation systems that incorporate the organization's sustainability goals.[35] For example, at Westpac, an Australian bank group, executive team members have a specific emissions-reduction target on their yearly performance scorecard.[36]

Incorporating environmental accountability into CEO compensation is also significant and can lead to greater monitoring and a lessening of environmental impact in some industries.[37] Finally, organizations such as 3M have used nonmonetary rewards for meeting environmental objectives.[38]

Creating a sustainable organizational climate

Creating an organizational climate that encourages employees to pursue the employer's sustainability strategy is crucial.[40] Employees farther down the hierarchical ladder tend to see sustainability as less relevant than upper-level employees.[41] Often, an organization may need to change an entrenched culture that is not compatible with sustainability principles. Examples include the extractive industries, which are traditionally male dominated and where gender diversity may run counterculture, and the financial services sector, where privacy concerns and risk aversion have traditionally been incompatible with open stakeholder dialog and transparent reporting. Organizations must therefore understand the social and the environmental consequences of their business models.

Employers also need to address the way in which various organizational subgroups, with their own unique norms and values, interpret corporate sustainability goals, motivations and values of the firm.[42] As an example, employees in some parts of an organization might see corporate sustainability efforts as trying to reduce resource consumption for purely economic reasons rather than for the preservation of the environment and the long term well-being of communities producing those resources. Employees' interpretations can influence their decision-making, leading them to make different choices when selecting vendors

or materials in product design or establishing the supply chain.

Creating roles that focus on sustainability and incorporating sustainability responsibilities into job descriptions[44] are important ways of developing an organizational climate conducive to sustainability. This process helps legitimize sustainability, and in fact a lack of sustainability roles can actually impede implementation.[45]

Finally, HR-derived programs can shift the organizational climate toward valuing sustainability. Examples include providing subsidies for using public transportation or biking to work or offering paid time off for volunteering in nonprofit organizations. For example, Nike removed the individual waste bins that employees had at their desks in order to encourage recycling and raise consciousness about what is thrown away. Timberland maintains a Path of Service program that entitles all employees to paid volunteering time and tracks hourly utilization rate quarterly, showing how many employees actually take up this option.

Management support and communication

HRM tools can be used to ensure that employees are given the right support for sustainability behaviors,[46] backed by frequent communication of the importance of sustainability to the organization.[47] Research has shown that employees who perceive "strong signals of organizational and supervisory encouragement" are

The Mexican company Cemex, the largest cement company in North America, ranks 451 in the *Fortune Global 500* firms. It has created a culture of sustainability through a variety of innovative programs, many of them focused on improving the safety and overall quality of lives of their employees and the communities in which they reside. Recently, the company instituted the Environmental Management System, which, as the company states, includes "a requirement that all business units consider community concerns when identifying the potential effects of our operations." According to the company, "approximately 97 percent of our operations have community engagement plans, which help us to identify the communities near our operations, our impacts on them, and their needs; and then develop and implement effective, site-specific social programs." Details are determined locally, but all community plans must be in accordance with Cemex's social investment guidelines. Such internal requirements are part of raising awareness among all Cemex decision-makers of how the company's business model affects the social and environmental contexts in which they operate.[43]

more likely to engage in behaviors positive for the natural environment.[48] In talking about sustainability, words matter—how sustainability goals and values are communicated and using terms that employees can relate to can influence employees' receptivity.[49] Couching the sustainability message in ways that relate to employees' lives

Intel implemented a compensation program tying not just top executive compensation but all employees' year-end bonuses to progress on sustainability goals. Most of these goals are related to environmental sustainability and target such results as reducing their carbon footprint, increasing the energy efficiency of their products and purchasing more green energy.[39]

To drive lasting cultural change that reaches all its employees, SAP in 2008 created 125 Sustainability Champions worldwide. Its major locations in the United States, the Asia-Pacific region, Germany and Canada are represented, and part of each Champion's work time is devoted to raising awareness, education and mobilization among all 50,000 SAP employees around the globe.[50]

may also elicit a positive response from employees.[51]

Which HRM tools should a company use to embed sustainability?

Although clear evidence, as discussed above, exists for some of the best HRM practices for embedding sustainability, each organization must decide which tools are most appropriate for its situation. The tools an employer chooses to use, and which group of employees to focus on the most, will depend on two key criteria: the organization's approach to its sustainability strategy and the resources available.

Starting with the approach to sustainability, some sustainability strategies require a complete rethinking of the business model of the organization. Interface is a prime example.[52] Ray Anderson, the CEO of the innovative modular carpeting company, had an epiphany in 1994 that the traditional industrial model they had been using had to be replaced with one that "focused on sustainability, using a cyclical model mimicking nature."[53] As a result, he turned Interface into a billion-dollar corporation that has been named by *Fortune* magazine as one of the "Most Admired Companies in America." Others take a more incremental approach to improving their current products and operations by significantly reducing resource consumption and environmental impacts without a change in their basic business model,[54] and community involvement projects are add-ons rather than core business value drivers.

In terms of resources, large organizations may have more managerial and financial resources available to devote to the creation of sustainable HRM tools or their implementation, such as monitoring vendors' labor practices. However, smaller employers are sometimes nimbler and more creative in sustainable HRM tool design and in fostering a sustainable company culture.[55] Owner-led firms are often influenced more directly by the passion and principles of their founders (for example, Ben & Jerry's and Timberland).

SUSTAINABLE HRM AND ITS IMPACT ON SUSTAINABILITY PERFORMANCE

As discussed previously, HRM tools can be used to embed a sustainability strategy. Yet the HRM function, in addition to developing and implementing HRM tools, should give equal attention to the impacts of its HRM system on the organization's sustainability performance, particularly from a social standpoint—what are the positive and negative effects on employees and communities?

An area of focus in terms of HRM systems' impact on an organization's sustainability performance may be

How to Embed Sustainability Using HRM Tools

- **Employee attraction:** Using the organization's commitment to sustainability in recruitment helps attract more applicants and at the same time ensures the right "fit" with the company's sustainability goals.

- **Employee attitudes:** While the research is unclear whether an organization's commitment to sustainability leads to higher employee retention, it does have positive effects on employee commitment and job satisfaction.

- **Employee skills and knowledge:** Many organizations provide initial and ongoing training and development on the knowledge and skills needed to achieve their sustainability goals, although the research on the impact of achieving sustainability goals is still limited.

- **Employee sustainability goal attainment:** Including sustainability targets in evaluation and compensation systems can lead to greater attention to and achievement of those goals.

- **Sustainability organizational climate:** Though the research is lacking in this area, a sustainability strategy will likely fail if the company's organizational climate does not appropriately support it.

- **Employee sustainability behaviors:** Supervisory and organizational support can lead to more sustainability behaviors in employees.

expressed in terms of the impact on employees' physical and emotional health, as well as the impact on employees' families and their communities resulting from the design of the organization's HRM system. In other words, the core question for HRM practitioners is whether the HRM system and the way HRM tools are used result in enhanced sustainability performance for the organization along the three dimensions of equity, well-being and development.

Equity

In designing a sustainable HRM system, HR managers must examine its impact on diversity and inclusion, employee voice and human rights.

Impahla Clothing Company, a privately owned garment manufacturing company based in Cape Town, South Africa, with fewer than 200 employees, places great emphasis on the economic welfare of employees. The company's stated targets in its *Sustainability Report 2010* include maintaining a zero short shift policy (in order that employees can maintain their levels of income), ensuring a zero redundancy (layoff) policy and promising that wages will be paid in full, on time and, where possible, in the presence of performance and special gratitude awards. These are significant public commitments to enlightened and sustainable employment practices in a small business, which, even in the presence of financial pressure, understands that its sustainable success is tied to the ongoing economic well-being of its employees.[56]

Diversity and inclusion involve measuring the impact of HR processes on hiring women, members of minority groups, people over the age of 45, people with disabilities, or those who have been unemployed for extended periods of time and may have difficulty reentering the job market. At the same time, important "social bottom lines" that contribute to equity include providing "voice"[57] to employees through creating an inclusive corporate culture, giving employees complete freedom to organize into unions, and ensuring respect for their human rights in the workplace.

Well-being

Perceptions of sustainability by consumers and other stakeholders are often significantly influenced by the way organizations approach employee well-being. In a survey of consumers, the Do Well Do Good Public Opinion Survey on Sustainability, published in November 2011,[58] respondents picked two employee issues related to well-being when asked to rate a total of 17 issues in terms of how important they are for organizations to address. The two top issues selected by consumers were (1) Pay employees competitive wages and benefits (for example, health care, pension); and (2) Provide training and educational opportunities for employees. Clearly, HRM practitioners must consider the external impacts and perceptions of HR policies in the workplace as a crucial factor in determining approaches to employee well-being.

In a 2010 article, Jeffrey Pfeffer challenged HRM practitioners to think about the social impacts of their HRM systems, in addition to pay and economic stability. From job design to the provision of health insurance to the amount of stress from work hours, the direct and indirect effects of

At Loblaw, a large grocery retailer in Canada, sustainable HRM is manifested in several programs to engage employees and reward them for positive contribution. Loblaw sees "Being a Great Place to Work" as integral to the company's CSR program. Best practices at Loblaw include "Morning Huddles" (short morning meetings held every day at 9 a.m. to provide employees with relevant information that will help them do their job) and a recognition program designed to acknowledge colleagues who go above and beyond what is expected of them in their jobs. Recognition can come from peers, managers or even external sources such as customers or suppliers. This holistic approach by Loblaw to employee engagement, alongside other activities, led to an increase in measured employee engagement and a reported 11.5 percent decline in turnover in 2010. Furthermore, the company has been repeatedly recognized as one of Canada's Top 100 Employers.[59]

HRM systems on workers' health and their lives can be enormous. Being accountable for these impacts should be part of an organization's sustainability strategy.

Well-being also affects workforce planning in the HR function, placing an onus on sustainable HRM systems to hire, develop and terminate employees in ways that avoid large layoffs whenever possible. When layoffs are necessary, employers provide support for those dismissed,[60] thus mitigating negative impacts on society, especially in local communities where the organization operates.

In December 2011, the European car maker Volkswagen made a bold move in response to employee complaints that work and home lives were becoming "blurred:" The company turned off e-mails from Blackberry servers to employees outside of work hours.[61] This change applied to shift-working staff, not managers, and is an attempt to provide a preventive approach to staff work-life balance and stress-reduction while improving overall performance.

One company that has demonstrated accountability in this regard is Burgerville, a regional chain of fast food restaurants in the U.S. The chain, in addition to sourcing locally and sustainably, offers all employees health insurance for a minimal cost—in an industry that almost never does! Its reason—because it is the right thing to do in light of its overall sustainability strategy.[62]

Employee development

Increasing the knowledge, skills and employability of workers is crucial to ensuring a positive impact from a sustainable HRM system. Providing a work environment in which employees thrive through training, promotion opportunities or enriching lateral moves, and adequate supervisory support and recognition can lead to

The return on investment (ROI) on comprehensive, well-run employee wellness programs can be as high as six to one. Unilever reports a return of $5.44 on every $1.55 spent on employee wellness through its Lamplighter program. If all Unilever employees worldwide were to engage in this program, the potential savings for the company with a minimum $1.55 spent per employee would amount to over $600,000 per year. The savings show up in reduced absenteeism, reduced employee turnover and increased employee productivity.[63]

positive impacts from the sustainable HRM system created.

This section has described the HRM tools that research has shown to be effective in the journey toward sustainability. Scholars also call attention to the need to look at the sustainability impacts of using a particular HRM tool on the well-being, equity and development of employees and their communities. In order to implement an HRM system that achieves both goals—helping the organization enact a sustainability strategy and enhancing the sustainability of the HRM function as an influential voice in the business—organizations need sound processes and metrics, which form part of an overall roadmap.

THE ROADMAP TO SUSTAINABLE HRM

Organizations may embark on the sustainability journey from different starting points and may even have different endpoints or objectives in mind. However, the development of sustainability comprises many common elements that apply across sectors and organizational types and that are relevant to forming a sustainability strategy and program. These commonalities create a prototypical journey to sustainability that applies to all organizations, although each one will find itself at a different place on this journey.

At Mahindra & Mahindra Limited, India, a $7 billion company in the utility vehicle, tractor and information technology businesses, all new employees undergo a specific sustainability orientation program. To ensure ongoing awareness of the value of sustainability to this company, which already produces two zero-emission electric vehicles, employees watch a film on sustainability before every training session, regardless of the topic or at what level the employee is in the training.[64]

Similarly, some aspects of sustainable HRM will be common across all HRM functions in any organization, regardless of size, sector, geography or even leadership style.

A possible route to sustainable HRM is shown in Figure 2.

SUSTAINABLE HRM, LEADERSHIP AND STRATEGY

The sustainable HRM roadmap starts with leadership and strategy, assuming in an ideal world that the sustainable HRM function would work within a broad business sustainability direction that an organization's leadership establishes and supports. In some cases, the HR manager will help define and lead implementation of many aspects of this sustainability strategy; in others, the HR manager will have no direct involvement. In a few organizations, sustainability efforts may start at a grassroots level through employee initiatives before becoming formalized in HR processes. Either way, in a sustainability-led organization, the role of sustainable HRM gains legitimacy and provides a platform for the creation of HR infrastructure, policies, plans and programs, that

Figure 2. Possible Sustainable Organization Roadmap Showing the HR Contribution

Corporate Sustainable Leadership and Strategy

Executive Management Team-Led Sustainability Implementation

Identify and engage with stakeholders
affected by HR policies,
processes and performance

Implement, measure
and report HR effects

Select and prioritize HR issues
relevant to supporting a
sustainable organization

Develop an action plan, scorecard
and measurement system
for HR's contribution to
organizational sustainability

Review and revise all HR policies,
processes and structures in line
with sustainability principles

align with organizational strategic sustainability objectives.

Even in the absence of sustainability leadership and executive team support, HRM must still develop sustainability within the HR function. Many of the core HR processes in any organization can be performed through a sustainability lens and bring benefits such as cost savings, business development, employee engagement and empowerment of local communities. As sustainable HRM brings benefits to the organization, HRM as a function will be seen to deliver robust, sustainable people programs that contribute to the achievement of business objectives.[65]

This next section examines the following topics:

- Underlying ideal conditions that support a framework for action by the HRM leadership in any organization.

- Practical steps that HRM can take to advance along the roadmap to achieve sustainable HRM in a sustainable organization.

- Leading sustainability frameworks that may serve as guidelines for sustainable HRM, with a special focus on the leading reporting framework in use by thousands of companies around the world, the Global Reporting Initiative

(GRI),[66] and the core HRM issues it addresses.

- Metrics of sustainable HRM that define both HRM performance and the outcomes of value to the organization, society and environment.

- New skill sets that sustainable HRM leaders must acquire to fulfill their role within a sustainable business.

ORGANIZATIONAL READINESS FOR SUSTAINABILITY

Just as any house, building or factory must be built on a solid foundation, the journey to sustainability must begin at a point that assumes a certain set of preconditions to form the optimum

Figure 3. Organizational Preconditions for Sustainability

Organizational Culture

Sustainable HR Tools and Processes

Executive Management Team-Led Sustainability Implementation

Corporate Sustainable Leadership and Strategy

| Compliance | Governance | Ethics |

Organizational Culture

foundation for sustainability in any organization.

Figure 3 depicts five preconditions for the successful application of sustainable HRM (or indeed for a sustainable organization): compliance, governance, ethics, culture and leadership.

When an organization has these five preconditions in place, it is ready to commence the sustainability journey and stands a good chance of success. Compliance, governance and ethics serve as the three pillars of a solid platform for the development of sustainability. Organizations may take several years of concerted effort to reach this point. The role of HRM is to *verify* that these three pillars are firmly in place before deciding on

more ambitious plans to advance sustainable practices.

Three pillars of sustainability

Compliance is the state of being in accordance with all national, federal, regional or local laws, regulations and government authority retquirements. Not being in accordance with such regulations often incurs sanctions in the form of business limitations, fines or even legal proceedings. Compliance with labor regulations is a critical start point for sustainable HRM.[67]

Corporate governance is "the system by which companies are directed and controlled."[68] Of particular relevance to corporate governance is the way the board of directors performs its duties

to ensure corporate integrity, and in many cases, the way the board directs the organization's strategy regarding sustainability. For HRM, board direction on sustainability can provide a necessary, legitimizing and empowering framework for advancing sustainable HRM practices.

Business ethics is a set of behavioral guidelines by which all directors, managers and employees of an organization are expected to behave to ensure appropriate moral and ethical business standards, typically beyond the letter of the law. Ethics usually includes guidelines relating to conflict of interest, corruption, bribery, maintaining business records, discrimination, showing respect for people and more. Publicly traded companies in many countries are

What can the HR manager do to promote a corporate culture that is receptive to sustainability?

Beyond articulating and leveraging the organization's social mission, HR managers can promote some practical aspects of corporate culture to set an effective stage for developing sustainability. These might include the following aspects:

- Embedding business ethics.

- Employee updates on business results, programs and developments.

- Open exchanges or round table discussions with senior management.

- Development of social networks for internal collaboration and communication.

- Suggestion boxes or programs for employees to contribute new ideas.

- Encouragement of processes—meetings with customers, suppliers and community groups— to elicit stakeholder input about their expectations of the organization.

The online auction company eBay has engaged hundreds of thousands of employees in a sustainability culture. It all started with an employee-driven suggestion—eliminate Styrofoam cups from the break room and use recyclable cups. As employees began to understand how this one action was a way for them to make a difference, more suggestions emerged, and after some time, the CEO of eBay himself proposed ideas to make eBay more sustainable. In this case, a small, practical action changed behavior and led to the birth of a new culture of sustainability at eBay.[69]

required to develop a formal, written code of ethics, which serves as a framework for business behavior. Often such a code is linked to core business values and corporate culture. For sustainable HRM, having a strongly articulated and enforced ethical corporate stance can provide an effective springboard for communicating sustainability values.

Corporate culture

What are the necessary preconditions for sustainability in terms of organizational culture? A sustainable organization typically promotes a culture of ethical, respectful and integrity-driven behavior, empowerment and engagement of employees using collaborative networks, diversity and inclusion, open and interactive dialog with stakeholders, business transparency, and business processes that include social and environmental considerations. Equally, the sustainable organization tends to build a corporate identity aligning itself with the principles of sustainability.[70]

Unilever recreated its corporate vision and mission nearly 10 years ago: "We meet everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life." This is a compelling, highly accessible social mission, appealing to external and internal stakeholders and having the potential to engage employees at a deeply emotional level. It is far more compelling than the former purpose that emphasized understanding the "aspirations of our consumers and customers and respond[ing] creatively and competitively with branded products and services." More recently in 2010, Unilever published a "Sustainable Living Plan" that established a target to "help more

than one billion people improve their health and well-being." Unilever's 167,000 employees are encouraged to understand how their roles contribute to a sustainable world, rather than simply to improve the bank balances of Unilever's shareholders and investors.[71]

Organizations can often support cultural change by starting with small actions and practical changes in behavior, prior to implementing a long process to embed a sustainability culture. In some cases, small actions can lead to big shifts in culture, providing a more solid foundation for cultural change at a more macro level in the organization. Sometimes, such changes can be developed at a grassroots level, and HRM can embrace and develop such initiatives; in other cases, HRM practitioners can initiate such change.

Leadership for sustainability

As in most organizations, change needs to be driven by leadership. In a sustainable organization, leadership demonstrates its commitment to sustainability through establishing a sustainability vision, strategy and commitment to action plans that deliver sustainable growth.

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The Ten Principles of the UN Global Compact[72]

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

- **Principle 2:** make sure that they are not complicit in human rights abuses.

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

- **Principle 4:** the elimination of all forms of forced and compulsory labor;

- **Principle 5:** the effective abolition of child labor; and

- **Principle 6:** the elimination of discrimination in respect of employment and occupation.

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges; and

- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and

- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

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In the absence of sustainability leadership, HRM may (and should) adopt sustainability principles in core HRM functions. This process may mean, for example, developing an approach to recruitment that encompasses principles of diversity and inclusion, instituting an employee wellness program that goes significantly beyond legal requirements, or starting an employee volunteering program.

These actions by HRM advance sustainability and contribute to improved business results, possibly leading to more discussion and acceptance of a sustainable approach at the executive level and throughout the organization.

EXISTING SUSTAINABILITY FRAMEWORKS

Many frameworks are available to support sustainable workplaces in developing a sustainability strategy. Each organization should examine specific issues related to its industry, sector or geography to establish the optimum sustainability strategy. This section examines the characteristics of leading global frameworks for business sustainability, which have a direct connection to sustainable HRM, and distills these frameworks into common themes and performance requirements. Most of these frameworks rest on a core set of principles and practices, which provide a foundation for the development of sustainable HRM.[73] After a brief overview of alternative frameworks, the remainder of this section looks in more depth at the Global Reporting Initiative (GRI) Framework.

The United Nations Global Compact

Created by the United Nations in 1999, the Global Compact is a policy initiative that asks organizations to adhere to 10 universal principles underpinning responsible business practices. The principles cover human rights, labor standards, environmental stewardship and anticorruption. In committing to uphold these principles, organizations also commit to report annually on their progress in doing so. Using these principles as an umbrella framework of a corporate sustainability policy, HRM can develop a set of policies and processes that align with the principles and ensure they are manifested in the practices of the organization.

The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

Designed to ensure that the operations of large organizations are in harmony with government policies and to enhance their contribution to sustainable development, the OECD guidelines are a comprehensive set of tools covering human rights, employment standards, bribery and corruption, environmental practices, community interaction, and more. The guidelines set out clear frameworks in which HR policies and practices can be developed.[74]

International Standard ISO 26000

ISO 26000 is a quality standard, though not for certification, that provides guidance on key themes of social responsibility across the broad spectrum of topics. It is intended for use by organizations of all sizes anywhere in the world, with particular attraction for small and medium-sized enterprises (SMEs), which may find other frameworks too cumbersome.

It contains principles of social and environmental responsibility as well as guidance for action and expectations for implementation.[75]

SA8000

SA8000 is a certifiable standard focusing on the aspects of human rights and labor standards of business operations and prescribes both process and performance criteria. One of the earliest certification standards, used as early as 1998, it has been adopted by close to 2,500 facilities around the world with almost 1.5 million employees. SA8000 is often used as a tool for ensuring human rights in extended supply chains rather than being limited to direct employees. An important part of this standard is its focus not only on standards of performance but also on management systems that need to be put in place to ensure the proper outcomes.[76]

The Global Reporting Initiative (GRI) Framework

The Global Reporting Initiative is a network-based, multi-stakeholder organization, with a mission to advance the "mainstreaming of disclosure on environmental, social and governance performance."[77] The GRI Framework was first published in 2000 and has undergone several revisions and updates, with the current version being version 3.1 (version 4 is due for release in 2013).

Most organizations that publish sustainability reports—close to 6,000 per year on a global basis—use the GRI Framework to guide their reporting. By doing so, they often find that the need to report creates an internal catalyst effect for developing strategy and action plans in the organization. The GRI Framework can therefore be seen as a guidance document not only for

what should be reported but also for what should be done.

Given that the GRI is the de facto leading framework for sustainability reporting and that the number of organizations using the GRI Framework grows significantly every year, HR managers must understand it in order to be part of an effective corporate reporting team. By familiarizing themselves with the GRI requirements, HR managers retain credibility as partners in the sustainability strategy discussion and performance reporting process.

The GRI Framework covers a range of HR-related activities in support of sustainability related to a responsible workplace: human rights, safety practices, labor standards, performance development, diversity, employee compensation and more. In 2010, the Framework was updated to version 3.1 and now includes new guidance on gender diversity and human rights. The performance indicators contained in the GRI can form an initial scorecard for HRM's contribution to a sustainable organization.

Many of the standards referred to above use common reference points, such as the Universal Declaration of Human Rights and other broadly accepted international labor conventions, and are therefore similar at their core. To provide the best support for sustainability, HR managers should align HRM policies and tools to the selected standard or approach (such as GRI, ISO 26000 or SA8000) their organization has adopted.

Commonalities among labor standards

Given the commonalities in all these standards, organizations can develop

a generic roadmap for sustainable HRM that includes the key elements from each.

As GRI is the prominent framework used for reporting on sustainability, one option for HRM is to review GRI's performance requirements and reporting indicators and to use this as a basis for action. In doing so, of course, HR managers must take into account organizational size, sector, culture and maturity in adapting to change. Any process developed to implement different aspects of sustainability performance should be tailored to an organization's current state of mind and practice and be aligned with other organizational processes as far as possible.

The following section examines these performance elements through the framework of GRI indicators and provides guidance for sustainable HRM.

THE GRI FRAMEWORK AND HRM-RELATED INDICATORS

The GRI Reporting Framework addresses all aspects of organizational sustainability, including strategy, governance, ethics, and economic, social and environmental aspects of business, requiring disclosures on management approach and actual performance. Sustainability reporting is still voluntary in most countries, but those organizations that elect to report in line with the GRI Framework offer disclosures in each of these areas. While HRM is only one dimension of sustainable business, the GRI Framework includes many references to policies and performance, which fall within the functional responsibility of HRM. These indicators are included in the different categories of sustainability indicators in the GRI Framework.

The GRI 3.1 Reporting Framework identifies 84 sustainability

Figure 4. Global Reporting Initiative (3.1) Indicators and HRM Relevance

Indicator Category	Total Number of Indicators	Indicators Directly Relevant to HRM
6	84	26
Economic	9	2
Environment	30	0
Labor Practices	15	15
Human Rights	11	8
Society	10	1
Product Responsibility	9	0

performance indicators used in sustainability reporting. Of these, as shown in Figure 4, 31 percent are directly related to HRM, which suggests a significant role for HRM, second only to the single most dominant element of the GRI Framework, environmental impacts.

Economic indicators

Economic indicators cover the economic impacts of an organization on global, national and local economies. Sustainability, in the "triple bottom line" context, assumes a fundamental robustness in terms of financial performance and an understanding of an organization's economic effects on society. The GRI Framework, therefore, requires a reporting entity to disclose the extent and nature of such economic impacts. The two economic indicators directly relevant to HRM are:

■ EC5: Range of ratios of standard entry-level wage by gender

compared to local minimum wage at significant locations of operation.

■ EC7: Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

Both of these indicators reflect the direct impact of HRM policies on local economies, well beyond the internal aspects of HRM. As an employer, a sustainable organization will seek to compensate employees beyond minimum wage levels, which are usually determined as providing the most basic needs of employees for subsistence with dignity (food, shelter and utilities, clothing, health care, and education). The legal minimum wage in most countries may not always be sufficient to afford even this low standard of living.

Similarly, local hiring is a way to show commitment to local communities

while ensuring a local workforce (that is, nationals of the countries of operation), which is familiar with local culture, customs and work processes. Hiring locally also supports business continuity, reduces cost (expatriation comes with a major price tag) and builds local stakeholder relationships. HRM, in supporting a sustainable organization, should develop a policy related to local hiring and measure results.

Labor practices and decent work indicators

The GRI Labor Practices Indicators are largely formulated using the platform of the International Labor Organization's Decent Work Agenda,[78] which was developed to provide a set of minimum expectations that would ensure the implementation of four strategic objectives relating to the establishment of productive employment, fair globalization,

An example of best practice in the area of living wage is demonstrated by Novartis, the pharmaceuticals company. Novartis conducted a project in conjunction with BSR,[79] a large NGO promoting corporate social responsibility, to determine what actually constitutes a living wage around the world in all the countries it operates in, as a way to develop and measure its progress against the UN Global Compact principles. Novartis defines a living wage as:

- Basic food need for employees and their immediate families.

- Basic rent.

- Basic health and education for employees and their immediate families.

- Clothing for employees and their immediate families.

- Transportation to and from work.

Novartis took a proactive stance on defining a living wage and on adopting a policy for all its business units that required them to adjust the wages of 125 employees in 2005 through 2007. It went beyond compliance with the law to develop a plan meaningful to their key stakeholders. Novartis believes it makes good business sense.

"Novartis considers the living wage initiative an opportunity to contribute to the improvement of labor standards and have a positive impact on communities where the company operates. This is particularly important in developing countries where legal protections for workers may not be as advanced as in industrialized nations."[80]

poverty reduction, and equitable, inclusive and sustainable development. As such, the GRI Labor Practices Indicators are closely linked to disclosure of employee demographics and adherence to minimum norms, which define how organizations should protect rights at work, encourage equality and advance job creation.

As a minimum demonstration of sustainable business practice, organizations are required to disclose the demographics of their workforce and the way in which they frame terms and conditions of hiring. Such disclosures reflect the stability of employment and include, for example, whether an organization hires employees on permanent or temporary contracts.

One aspect of sustainability practice that can be discerned from these figures is gender equality. Organizations that do not positively encourage the hiring of women may demonstrate gender imbalance, perhaps even discrimination, in their overall employee figures or employee turnover figures. Gender balance has been shown to support the delivery

Labor Practices Indicators—Employent

LA1:   Total workforce by employment type, employment contract and region, broken down by gender.

LA2:   Total number and rate of new employee hires and employee turnover by age group, gender and region.

LA3:   Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

LA15: Return to work and retention rates after parental leave, by gender.

of improved business results[81] as well as to strengthen local economies. Indeed, gender ratio improvement is seen as a critical success factor in the mining and extractives sector in several emerging economies and presents HRM with both an opportunity to contribute to business continuity and a challenge to develop a strong pool of female recruits and to drive an organizational culture that will enable them to progress.

One of the necessary roles of the HR function is to ensure employee inclusiveness and representation in line with legal requirements and normative practice in many countries. In some countries (for example, Germany), the law requires employee representation on the governing bodies

of corporations.[82] As a minimum, therefore, HRM must ensure that local labor laws are upheld with regard to recognition of employee representation and collective bargaining. In many instances, however, there is evidence of antiunion (union-busting) activity preventing effective representation by employees, which is directly opposed to the principles of decent work and employee rights.[83]

However, in an organization built on sustainable HRM principles, HR managers may work more collaboratively and in a true spirit of dialog with employees and their representatives, which may serve to build greater employee loyalty and enhance employee retention. Similarly, by offering employees extended

17

Anglo American, the only major mining company with a female CEO, has driven recruitment and development of women in the male-dominated mining industry. "Women in mining" champions have been appointed at company sites, and several measures have been put in place, including a Code of Good Practice for employees who are pregnant and coaches to promote female recruits. Women now comprise 14 percent of Anglo American's South African employee base, with 16 percent in management positions.[84] These values indicate strong performance in the industry and exceed the South African Mining Charter requirements, which prescribe that women should represent a minimum of 10 percent of the total workforce.

A five-year study published in 2009 revealed that private-sector employer opposition to the efforts of American workers to form unions had intensified. The study concludes that employers are more than twice as likely to use 10 or more tactics—including threats of firing and actual firings—in their campaigns to thwart workers' organizing efforts. Today's antiunion activities include a greater focus than in the past on more coercive tactics designed to intensely monitor and punish union activity. [85]

One recent example is the German telecommunications firm, Deutsche Telekom. The company has come under fire for union-busting activities in its U.S. subsidiary, T-Mobile USA. T-Mobile is accused of legal maneuvers to delay a union-recognition ballot and using other forms of pressure on workers to avoid pursuing representation, including surveillance of workers, training managers in antiunion tactics and spreading misinformation about union activity.

The website www.weexpectbetter.org is targeted at raising awareness for Deutsche Telekom's alleged human rights abuses of and support for T-Mobile workers who request union representation. Deutsche Telekom employs more than 250,000 employees worldwide, of whom 38,000 work for T-Mobile USA and contribute around 24 percent of Deutsche Telekom's total revenues. The anger at Deutsche Telekom is acerbated by the fact that, as a company headquartered in Germany, it has no option but to engage with unions under German law and is a signatory to the United Nations Global Compact, in which freedom of association is a core principle. In late 2011, the Trade Union Advisory Committee (TUAC) published a detailed paper[86] criticizing Deutsche Telekom's *Sustainability Report*, highlighting the failure of Deutsche Telekom to disclose information about global practices and instead to focus mainly on operations in Germany.[87]

Research[88] shows that collective bargaining coverage is the only HRM-related GRI Indicator in which companies openly disagree with GRI expectations. According to GRI, "Collective bargaining is an important form of stakeholder engagement…that helps build institutional frameworks and is seen by many as contributing to a stable society. Together with corporate governance, collective bargaining is part of an overall framework that contributes to responsible management. It is an instrument used by parties to facilitate collaborative efforts to enhance the positive social impacts of an organization. The percentage of employees covered by collective bargaining agreements is the most direct way to demonstrate an organization's practices in relation to freedom of association."

Nevertheless, in sustainability reports many companies report that their collective bargaining coverage is zero percent. Some even explicitly state that they are opposed to collective bargaining. For example, the U.S. insurance firm Allstate states in its *Social Responsibility Report 2009*: "Allstate is not a unionized company. We recognize that unions play an important role in society, but the company does not believe a union can accomplish anything for our employees that they cannot accomplish for themselves by dealing directly with the company."[89]

Labor Practices Indicators—Labor and Management Relations

LA4:   Percentage of employees covered by collective bargaining agreements.

LA5:   Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

Labor Practices Indicators—Occupational Health and Safety

LA6:   Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

LA7:   Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region
and gender.

LA8:   Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families,
or community members regarding serious diseases.

LA9:   Health and safety topics covered in formal agreements with
trade unions.

The Philippine company Cebu Holdings invests in the awareness of the workforce of serious diseases and implements four main health and safety programs: the Drug Free Workplace, TB Prevention and Control in the Workplace, Anti-Sexual Harassment, and HIV/AIDS Prevention and Control.[90]

Corporate Responsibility for Employee Well-Being

In recent years, two companies have made headlines due to their particularly high rates of employee suicides—France Telecom (24 suicides in 2008/2009) and Foxconn China (9 suicides in 2010). In both cases, the reasons cited for the suicides were related directly to organizational culture: long shifts, military-style discipline, a lack of recognition and work overload. These cases illustrate how HR policies shape the workplace. HRM is uniquely positioned to improve employee well-being by creating better working conditions and more positive workplace cultures.

advanced notice of operational changes, an organization demonstrates respect for employees and concern for their well-being in situations where workplace changes may lead to job losses, job changes or transfers. The implications for sustainable HRM include the development of union-friendly policies and proactive consultation to address employee concerns prior to finalizing changes.

Occupational health and safety is one of the most basic forms of corporate responsibility and is often managed outside the HR function by professional, often certified, safety managers, whose presence in the business is required by law in most countries. The safety manager typically addresses aspects of the physical working environment, industrial hygiene, safety training and risk assessments related to occupational disease. However, in addition, safety management (such as hours spent in training and hours and days lost due to accidents) has a potentially significant impact on

business continuity and employment costs (including insurance premiums), so the HR manager is a critical partner in the creation of a zero-accident workplace. In many cases, occupational health factors may be affected by those aspects of the working environment that are not directly quantifiable, such as management culture, stress factors and discriminatory practices. The implications for sustainable HRM include the need to assess the impact of such factors on the overall health and well-being of employees and to take measures to address them.[91]

Labor Practices Indicators—Training and Education

LA10:   Average hours of training per year per employee by gender and by employee category.

LA11:   Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

LA12:   Percentage of employees receiving regular performance and career development reviews by gender.

In a sustainable organization, investment is made in the development of employee skills and competencies, resulting in both business benefits (more capable employees) and in a contribution to society (more employable employees). These investments are not new for HRM—most HR managers are responsible for developing training programs and employee performance evaluation processes as part of their core role. In a sustainability context, the emphasis is on the degree of value these processes add to the employee as a key stakeholder. Instead of training being defined primarily as necessary to meet business objectives, training and personal development are seen as adding value to individuals. In cases of downsizing, for example, employees released by an organization should have amassed an arsenal of skills and competencies during their tenure, making them more employable by other companies and fulfilling an obligation to them as stakeholders in their company. This process also makes a significant societal contribution, lessening the burden of high unemployment costs.

Additionally, in a sustainable organization, employees must be aware of and familiar with the principles and practices of sustainable business, so HRM must ensure that training and development programs include focused training on the application of sustainability practices in the company and on the way these affect different internal roles and processes.

In traditional HRM, performance evaluation is driven by the need to identify performance gaps and improve performance to achieve business objectives. Often, performance is tied to compensation and career opportunity. In a sustainable organization, however, in addition to these business imperatives,

MAS Holdings, the Sri Lankan apparel manufacturer, has been internationally recognized for its programs to advance and empower women through investment in their professional development. In addition to maintaining basic workplace standards (for example, a limit on working hours and overtime, age limits, and safe working conditions), MAS gives its workers—over 90 percent of whom are women—benefits such as free transport and breakfast and on-site health care services. The MAS "Women Go Beyond" program is focused on promoting knowledge, awareness, leadership skills, attitudinal changes, and the ability to balance work and personal life, providing growth and empowerment for the company's female workforce. Each year, achievements are celebrated through the "Empowered Woman of the Year" awards ceremony. MAS Holdings confirms that this program improves employer capability, loyalty and motivation, while providing the company with a larger pool of stable talent from which to select future managers.[92]

employees as stakeholders are seen as having a right to transparency with regard to their relationship with their employer. Thus, employees should receive regular, formal feedback about their performance. By ensuring such quality feedback, HRM creates an infrastructure for equitable compensation and career progression opportunities.

Diversity, equal opportunity and health and safety aspects of sustainable organizations help shape the way employers manage diversity on governing bodies, practice nondiscrimination, and identify specific health risks for employees and address them. The creation of such policies and approaches falls to the HRM function, which must also put monitoring systems

in place. HR policy often covers, for example, the ratio of salaries between men and women, which confirms equality of opportunity, but in practice, HRM must measure the actual remuneration levels to identify possible gaps.

In some cases, supporting equal opportunity and nondiscrimination may actually take the form of encouraging the hiring of local employees to build local skills and support the local economy. In 2011, for example, Samsung Engineering was honored for its approach to "Saudization" —a CSR initiative to recruit, educate and train Saudi engineers at the company's new multimillion-riyal engineering center called Samsung Naffora Techno Valley. By December 2011, Samsung

At Starbucks, every new employee at every level goes through a three-week immersion program when they join the company. A major part of this program includes the corporate responsibility practices of the company.[93]

Labor Practices Indicators—Diversity, Equal Opportunity

LA13: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

LA14: Ratio of basic salary of men to women by employee category.

The Dow Chemical Company conducts pay equity studies to verify that pay for men and women is fair and equitable. Dow reports two sets of figures: one based on salary levels adjusted for factors such as tenure and performance ratings, and one set with unadjusted base salary data for a selection of roles. Unadjusted data shows that men are paid slightly more in all technical roles, while women are paid more on average in administrative roles.[94]

Recent research suggests of all core labor performance standards defined by GRI, the ratio of basic salary of men to women is the least reported. Only 50 percent of the businesses listed on the Forbes 250 that have adopted the GRI Initiatives claim they report data about this indicator.[95]

Furthermore, of those that do, only a few organizations provide the salary data required by GRI. Instead, many claim, similar to the German chemical firm BASF, that "we provide equal opportunities for all employees and are committed to the equal treatment of both men and women. We do not make any distinction between men and women when it comes to setting salaries." [96]

Han's F&B Pte Ltd (Han's) operates a chain of bakeries, full-service restaurants and cafes in Singapore. In response to labor shortages and other operational challenges, Han's started diversifying its workforce in 2006 through facilitating work for mature workers and recruiting employees from over 10 countries, people with disabilities, and ex-offenders. The company reports that within a span of three years, the productivity of Han's workers increased by 40 percent, and the net earnings per wage dollar more than doubled. Additionally, an inclusive workplace improved employee engagement—staff absenteeism is low, and staff turnover dropped fivefold between 2006 and 2009.[98]

Engineering had increased its Saudi employees to 250.[97]

A similar approach exists in the United Arab Emirates, where the growing number of expatriates living in the UAE is a matter of concern at close to 85 percent of the population. In December 2010, the Ministry of Labor announced a new law requiring companies based in the UAE to employ not less than 15 percent Emirate nationals. A local hotel and tourist resort company, Jumeirah Hotels, has pursued a program of "Emiratisation"—hiring, developing and retaining UAE nationals who want to start a career in hospitality and tourism. Jumeirah has a dedicated Emiratisation team and program in place to attract more nationals to the Jumeirah business. The company is also a part of the Department of Tourism and Commerce Marketing Taskforce for Emiratisation in the Tourism and Hospitality Industry, which runs industry-specific training and development programs in association with the Emirates Academy of Hospitality Management, part of the Jumeirah Group.[99]

Human rights indicators

Human rights indicators in the GRI Framework have largely been bolstered by the work of UN Special Representative John Ruggie in 2007 through 2011 and the publication of the *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework,* endorsed by the UN Human Rights Council in June 2011.[100] The GRI Human Rights Indicators reinforce international labor conventions relating to freedom of association, nondiscrimination, and elimination of child and forced labor. However, the interesting point for HR managers is that the concept of human rights extends throughout an organization's value chain, whereby organizations assume responsibility for contracting with goods and services suppliers in a way that encourages or requires them to adhere to similar human rights standards. Given that an organization's operations may be outsourced or provided through third-party vendors with whom the HR function contracts, HR managers must ensure consistency between in-house organizational policies to protect human rights and the policies observed by vendors providing people-resources.

This shared responsibility in the value chain has been widely exposed for many years through stories of human rights abuses in apparel industry supply chains in the mid-1990s, and in more recent years in electronics industries (sweatshops). Practices that force unreasonably low pricing in vendor organizations can lead to continued human rights abuses, and global organizations bear part of the responsibility to address such issues.[101] Such practices include the use of child labor, unpaid or excessive overtime hours, a lack of reasonable hygiene facilities, and safety measures or restriction of freedoms such as confiscating passports or preventing employee association and collective bargaining. Additional

Human Rights Indicators

HR1:   Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.

HR2:   Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.

HR3:   Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

HR4:   Total number of incidents of discrimination and corrective actions taken.

HR5:   Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

HR6:   Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

HR7:   Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

HR8:   Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

In 2011 in Dhaka in Bangladesh, a fire in a garment manufacturing factory killed 25 workers and injured 100 more. This event followed several other fires at other locations in recent years. Global clothing manufacturers such as Gap Inc. and J.C. Penney were criticized for their failure to enforce satisfactory safety procedures, and NGOs called for greater attention to factory inspections and employee representation.[102]

G4S is one of the largest global vendors of security services, providing security personnel to a wide range of customers.[103] G4S employees work on customers' premises and in a sense represent those customers to external stakeholders. HR policies must take responsibility for ensuring that such workers are employed by G4S with due regard to their basic human rights and that they are fully trained in the ethical requirements of the business. In addition, HR managers in customer companies must ensure that such employees are treated with due care while they perform their duties at customer sites. This care may range from providing suitable, weather-protected work stations or protection from exposure to disease to training in dealing with violence. Both G4S and its customers share a responsibility to protect employees while they carry out their duties. G4S customers must be prepared to support pricing for services, which enables companies such as G4S to ensure fair and decent terms and conditions of work for security employees. HRM must support alignment between in-house policies for employee rights protection in vendor contracts to avoid being complicit in human rights abuses in the extended value chain of its organization's business.

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abuses may also involve violence such as beatings, rape or other forms of physical abuse.

Sustainable HRM should take a proactive role in ensuring that all employees involved in supply chain dealings are aware of the implications for potentially explosive human rights issues. In this way, HRM influence extends to creating systems that encompass organizational values based on respect for human rights throughout all company operations, not just operations directly under the organization's control.

Society indicators

At its most basic level, HRM must lead a culture of ethics and familiarization with the corporate position on anticorruption by all employees. Most often, the company's code of ethics and related practices will cover this position. While systems may never be foolproof and some employees will be dishonest, HRM must create the conditions for the company's ethical health. The implications for sustainable HRM include providing formal training in all aspects of corruption and measuring the numbers of employees trained and hours spent in such training.

In the U.K. in 2010, the Bribery Act came into force as an attempt to clamp down on corruption in business. The

In 2007 Nike was one of the first global companies to incorporate human resource training throughout its vendor program,[104] helping Nike's hundreds of vendor factories around the world improve their HRM practices both in terms of adherence to ethical labor standards and helping workers gain the abilities and skills to manage factory performance and productivity. Vendor factories participating in the program developed goals to improve HRM practices and define and measure outcomes, using a "Culture of Empowerment" model. Strong HRM practices in Nike's vendor factories are seen as essential to protecting Nike's reputation and sustainable business as well as safeguarding Nike's "lean manufacturing" approach for improved overall business performance.

act applies to both companies and individuals, making it a corporate offence if a business is found to have failed to prevent bribery and a criminal offence if an individual gives or receives a bribe.

This law places the onus squarely on HR managers to demonstrate having done everything possible to ensure that every organization officer or employee is both aware and trained in antibribery matters and that effective systems and monitoring are in place. These systems include performing corruption risk analyses in different parts of the organization. Examples

of common risk are most often found in departments such as sales and purchasing, where relationships with customers and suppliers have the potential to blur the boundary between corporate and personal interest. Equally, employees who do business in high-corruption countries are at risk as are those working in specific market sectors, for example, the extractive industries, which are the subject of a high level of bribery enforcement actions.[105]

The GRI Framework does not include all aspects of sustainable HRM. Among the three more significant aspects of sustainable HRM not covered in the GRI Framework are employee volunteering programs, employer branding and green HRM. These will now be discussed in turn.

COMMUNITY INVOLVEMENT AND EMPLOYEE VOLUNTEERING PROGRAMS

The GRI does not address community involvement or employee volunteering programs (EVPs), likely because they have not been regarded as strategic and pivotal for the advancement of sustainability. However, almost all organizations that voluntarily report on sustainability include a section on volunteering. Organizations now realize that such activities bring broad benefits such as an enhanced organizational reputation and a positive workplace culture. The benefits of EVPs fall into four broad areas, as seen in Figure 5.

Specifically, in terms of employees and advancing the HRM contribution, the outcomes of EVPs have been shown to:

- **Increase loyalty and motivation:** Employees realize great personal satisfaction and sense of well-being at the opportunity to give back and help others. This satisfaction

is potentially transformational for individuals and increases loyalty and motivation in the workplace.

- **Improve employee personal skills:** Volunteering can contribute to enhanced personal skills, including leadership, coaching, listening and handling conflict. These skills are relevant in the workplace and contribute to improved performance and productivity.

- **Enrich work experience:** Volunteering affords employees opportunities to get to know different organizational environments, varied work content and different styles of leadership. Such new skills are useful for individuals' personal development and can enrich their abilities when opportunities to do so within a workplace are limited.

- **Build team skills:** Through volunteering, employees become immersed in new working groups. In many cases, volunteering brings employees from different departments in the same company together, creating an improved basis for teamwork and collaboration. Additionally, involvement with external organizations such as nonprofit associations exposes employees to new contacts, enabling them to hone teamwork skills in a range of circumstances.

- **Improve personal employability:** Through volunteering, employees gain personal benefits that contribute to their own potential employability. Employees who have demonstrated social consciousness and experienced involvement with nonprofit organizations are more attractive to potential future employers.[106]

The scope of corporate volunteering may be limited to ad-hoc support

Figure 5. Benefits of Employee Volunteer Programs

Employee Benefits

Individual Benefits

Employee Volunteering

Organization Benefits

Team Benefits
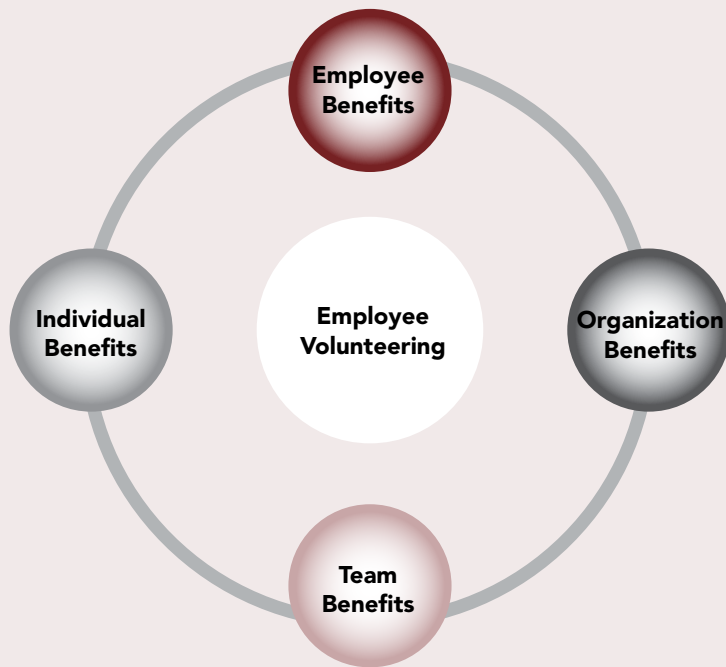
Coca-Cola in France has an EVP called Passport to Employment, in which company volunteers support high-school pupils in getting ready for Baccalaureat exams and groom them for entry into the job market. The program helps Coca-Cola develop employee skills, improve employee commitment and associate the brand with the principles of equal opportunities.[108]

for employees, or it could be integrated with business strategy so that volunteering provides added business value beyond community and organizational benefits. The EVP continuum, illustrated in Figure 6, consists of five broad stages that demonstrate the increasing value of EVPs with integration into business strategy. HRM has a significant role to play in helping define the extent and scope of employee volunteering in any company.[107]

Finally, advancing EVPs requires collaborating with community partners, particularly NGOs, to create appropriate volunteering frameworks within the scope of the NGO activity. The culture and practices of NGOs often differ from those of business organizations, and great sensitivities are required in the process of developing joint ventures. HR managers must develop awareness of nonprofit operating environments and cultures and develop communication skills to result in productive partnerships.

EMPLOYER BRANDING

Another area not covered by the GRI Framework is the way sustainable HRM supports corporate sustainability communications through the development of employer branding. As an organization becomes more sustainable, corporate communications should speak with one voice, and HR communications should be in alignment.

Indra Nooyi, Pepsico's CEO, describes performance with purpose as the "single most effective recruitment tool" that Pepsico has. The corporate recruitment employer branding position is clearly aligned with corporate communications.[111]

This serves to reinforce sustainability values and practices within the workplace, such as an internal HR portal for employees or in employee handbooks. Additionally, the employer brand communicated externally should reflect sustainability themes, whether in the career section on a corporate website or in the organization's recruitment activities. This attention to communication serves as a way to attract talent that is increasingly conscious of corporate reputation for sustainability.

In 2010, the U.S. Postal Service gained a $27.1 million cost-saving benefit as a result of work done by green employees," employees involved in the organization's "Lean Green Team" activity.[109]

Vancity, Canada's largest credit union, reports that emissions associated with employees' commuting to work in single-occupancy vehicles make up a significant part of the organization's total carbon emissions—38 percent in 2010. In an attempt to reduce the company's overall carbon footprint, Vancity encourages employees through sustainable HRM policies to make responsible choices, using a range of programs and incentives. These include remote working options and a guaranteed ride home program that provides employees who commute via public transport with a free ride home in case of a family emergency, employee illness or unanticipated overtime. Vancity builds branches and offices near public transportation routes and offers bike racks and showers to employees.[110]

GREEN HRM

A further aspect of sustainable HRM is the way HRM supports the "greening" of the organization. Terms such as "green employees," "green careers" and "green jobs" are more common today. HRM must stay abreast of sustainable business needs and of the sustainability recruitment and career landscape. As organizations are increasingly
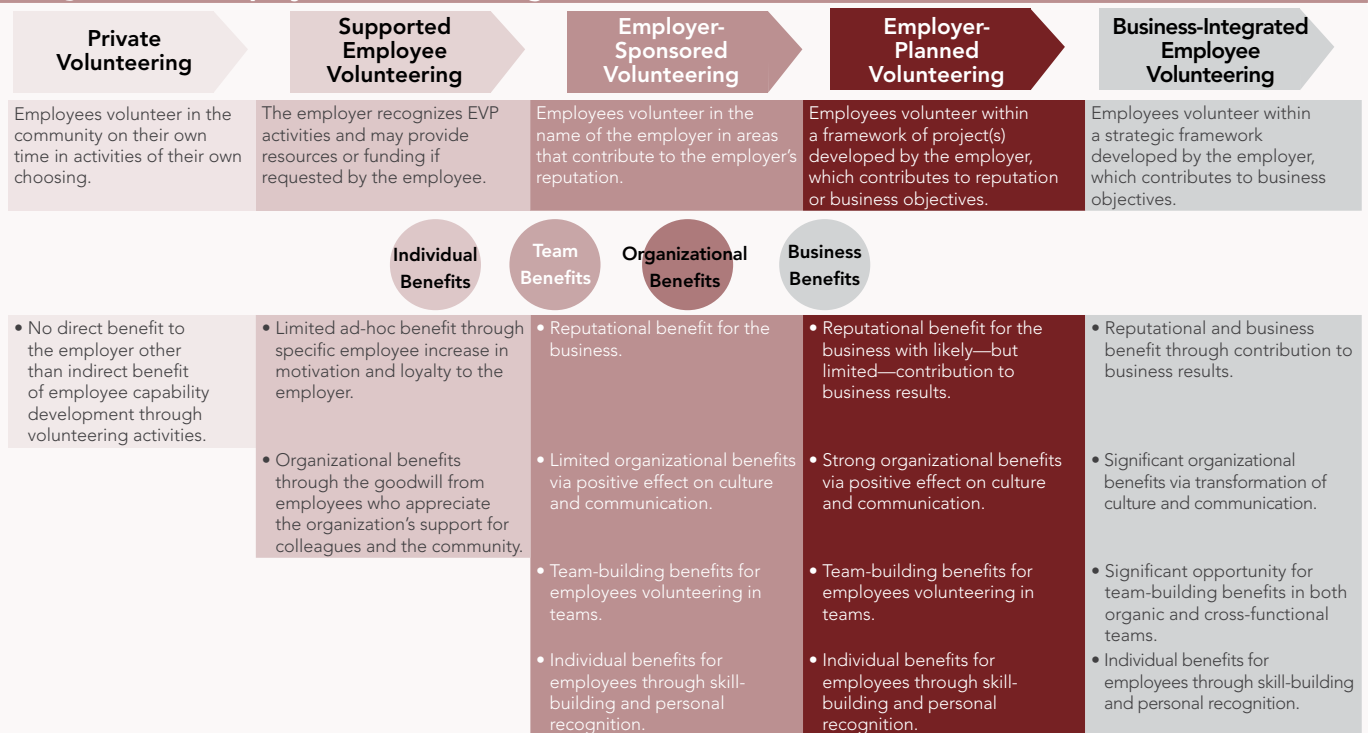
required not only to disclose sustainability performance but to improve it, more organizations now recruit environmental specialists to support environmental strategy development. Environmental regulation is gaining in depth and breadth in many countries, and employers need to be in a

permanent regulation-ready state as new requirements emerge. In addition, large organizations now require suppliers to disclose data as a condition of supply. Walmart and Procter & Gamble, for example, issue questionnaires on sustainability to their suppliers and evaluate suppliers' sustainability performance

Figure 6. The Employee Volunteer Programs Continuum

Private Volunteering	Supported Employee Volunteering	Employer-Sponsored Volunteering	Employer-Planned Volunteering	Business-Integrated Employee Volunteering
Employees volunteer in the community on their own time in activities of their own choosing.	The employer recognizes EVP activities and may provide resources or funding if requested by the employee.	Employees volunteer in the name of the employer in areas that contribute to the employer's reputation.	Employees volunteer within a framework of project(s) developed by the employer, which contributes to reputation or business objectives.	Employees volunteer within a strategic framework developed by the employer, which contributes to business objectives.

Individual Benefits — Team Benefits — Organizational Benefits — Business Benefits

• No direct benefit to the employer other than indirect benefit of employee capability development through volunteering activities.	• Limited ad-hoc benefit through specific employee increase in motivation and loyalty to the employer.	• Reputational benefit for the business.	• Reputational benefit for the business with likely—but limited—contribution to business results.	• Reputational and business benefit through contribution to business results.
	• Organizational benefits through the goodwill from employees who appreciate the organization's support for colleagues and the community.	• Limited organizational benefits via positive effect on culture and communication.	• Strong organizational benefits via positive effect on culture and communication.	• Significant organizational benefits via transformation of culture and communication.
		• Team-building benefits for employees volunteering in teams.	• Team-building benefits for employees volunteering in teams.	• Significant opportunity for team-building benefits in both organic and cross-functional teams.
		• Individual benefits for employees through skill-building and personal recognition.	• Individual benefits for employees through skill-building and personal recognition.	• Individual benefits for employees through skill-building and personal recognition.

data. Microsoft requires suppliers to produce sustainability reports. Very few organizations today can afford not to have an environmental engineer or other specialist on their team. This reality creates a highly competitive recruitment landscape and a new war for green talent that HR managers must navigate.

Organizationally, some of the most significant ways employees can contribute to environmentally sustainable business performance is to reduce energy and water consumption, limit carbon emissions, avoid waste, and increase recycling. These aspects of environmental stewardship may be defined in an organization's environmental policy, but optimum results require a personal commitment and engagement of each employee. Reducing air-conditioning temperatures, shutting down computers and unplugging electrical devices when not in use, switching off lights in unused meeting rooms, and reducing the amount of printing are relatively simple ways for employees to contribute. More stretch goals may include reducing travel impacts by replacing meeting travel with virtual meetings. HRM can contribute by establishing platforms for the development of green teams and by defining processes, recognition systems and organizational flexibility for such activities.

A POSSIBLE SUSTAINABILITY ROADMAP AND SCORECARD

The preceding sections discussed the preconditions for establishing a sustainability program and aspects of HRM's role in advancing sustainability through the prism of GRI Indicators. Bringing all this together requires a process, which is described in the sustainable organization roadmap, introduced earlier.

The process involves aligning all aspects of the organization's HR infrastructure to support new ways of sustainable working. The impact of the HRM role assumes that the organization has in place leadership that has defined the sustainability strategy and distilled it into a sustainability action plan for the workplace. This plan becomes the framework in which sustainable HRM in any given organization must operate. With leadership, strategy and corporate action planning in place, HRM will align its activities and contribute optimally by following five logical and process-oriented steps.

Step 1: Identify and engage with stakeholders affected by HR policies, processes and performance

Stakeholder engagement is at the heart of any corporate responsibility initiative and assumes a process of

Figure 7. HRM Stakeholders[112]
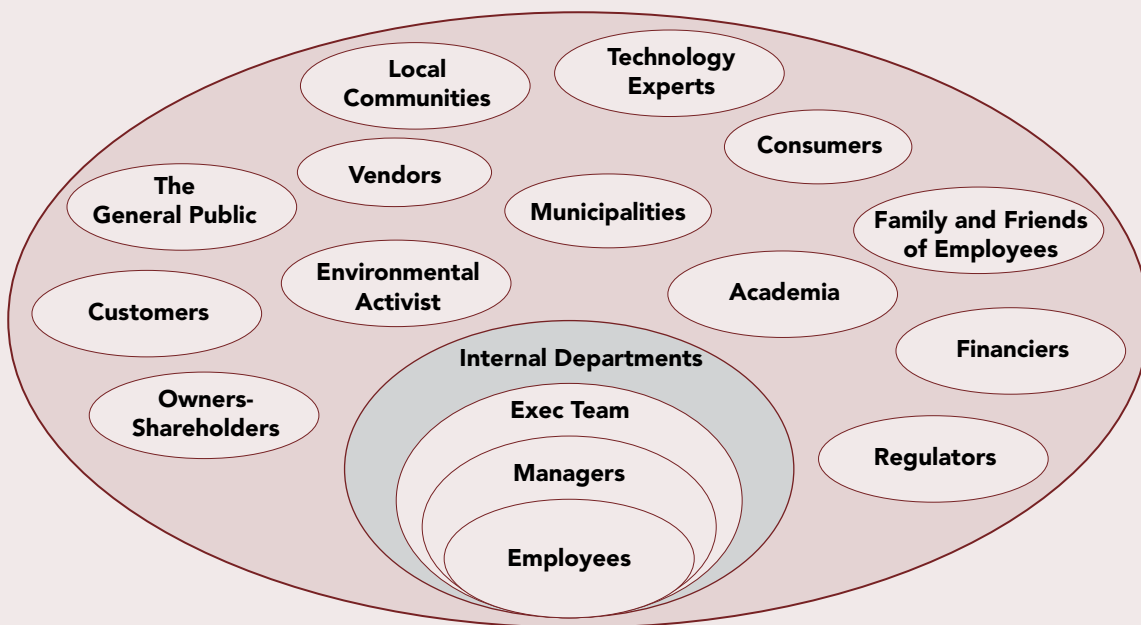
dialog with stakeholders to understand their concerns, expectations and aspirations. The stakeholder-oriented nature of sustainability processes offers a double opportunity for HRM.

On the one hand, HRM can facilitate discussion of sustainable business with external stakeholders. HRM's facilitative and integrative roles can help drive change processes involving multiple internal and external inputs. These roles can also be leveraged to help deliver a holistic, collaborative approach to engagement based on trust.

On the other hand, the HRM function itself has many stakeholders, not limited to management and employees. HRM stakeholders are defined as those affecting the performance of the HRM function or those affected by it (see Figure 7). Using HRM's same core competencies as a leader in change management, engagement processes and integration, HRM can collaborate with its own stakeholders to develop a sustainable HRM strategy.

In considering the most relevant HR strategy to support an organization's sustainability objectives, HR managers should communicate with all stakeholders to understand the impacts of decisions on them. Naturally, internal stakeholders will be closest to HRM's critical impacts, so meetings with employees, leaders and managers of the organization should probably be the first focus.

Remuneration policies, training programs, recruitment programs, employee transportation policies, safety programs and other HRM policies affect different groups within local communities, all of whom expect organizations to behave in certain ways in terms of managing employees. Vendors of HR services, from training packages to insurance policies, may wish to express views about an

Possible Channels of Dialog With Employees
■ Employee opinion surveys.
■ Employee roundtable dialog sessions.
■ Intranet or cloud-based portal with interactive polling, idea generation and chat capabilities.
■ Team meeting discussions.
■ One-on-one meetings with a cross-section of employees.

organization's vendor relationships. Local communities may have concerns about the number of employees traveling in private cars at certain times to a work location, causing traffic congestion and pollution. Groups in the community might have aspirations regarding recruitment of minority populations. Local schools may need support for pupils with learning challenges that employees may be able to help with. A local municipality may have an employment crisis in a certain city or region, or with a certain population group, and would benefit from particular attention.

By hearing external as well as internal stakeholder views, HRM can make a more realistic assessment of the broader impact of HRM policies and address them accordingly. Creating structured stakeholder dialog frameworks is a new skill required of HRM that assists HRM policies in becoming more relevant, more balanced and more sustainable, contributing to corporate goals more effectively.

Step 2: Select and prioritize key HRM issues relevant to supporting a sustainable organization

Having obtained from internal and external stakeholders a list of issues that should be on the sustainable HRM radar, the next step is to prioritize these into a matrix of the most important issues that can inform action.

Each organization will have a set of both generic and very specific issues emerging from this consultation process. These issues can be plotted on a matrix (see Figure 8) that shows how they can be prioritized according to stakeholder and business imperative.

"Strategic business partnership" may be defined as the number one issue for sustainable HRM to address in its sustainability roadmap. A sustainable organization needs sustainability concepts and plans to be hardwired into all levels of the organization. HRM's deep understanding of sustainable business issues is the foremost enabler of sustainable HRM strategy and is demanded by business leaders and required to guarantee a successful HRM contribution to business sustainability. In fact, research has shown that a strong HRM presence as a proactive partner on an organization's sustainability journey offers a powerful opportunity for the HRM function to hold a meaningful and respected seat at the executive leadership table, something that has evaded many HR managers over the years.[113] Sustainability offers HRM a compelling opportunity to be a more strategic player.

Unfortunately, this opportunity to become a strategic partner is often undercut by a lack of HR knowledge among chief sustainability officers (CSOs). In larger organizations where dedicated sustainability leadership

Prioritizing HRM Issues: Sample Questions

- What core elements of the organization's sustainability strategy will affect people strategies and HR requirements over the next three years?
- How can HRM proactively support the organization's sustainability strategy over the next three years?
- Does the CEO frequently talk about aspects of business sustainability at internal events?
- Is the leadership aligned on sustainability issues? Are communications consistent with actions? What HR processes could help achieve greater alignment?
- Does the organization's middle management understand the risks and opportunities for the business associated with sustainability?
- How will workforce planning (recruitment or downsizing) affect local communities? What are the risks and opportunities?
- Do employees have an opportunity to engage in community involvement?
- Are employees taking personal responsibility for environmental stewardship?
- Do employees understand sustainability and what it means for them in their roles?
- What behavioral changes will be required of all employees to ensure consistent sustainable practices?
- How many employees are actively aware of the organization's code of ethics?
- Does the organization assess risks for human rights violations both internally and in the broader supply chain?
- Do recruitment policies actively support diversity and inclusion?
- How do internal communications support sustainability?
- Are marketing campaigns adequately communicated internally alongside external promotion?
- Do management targets include sustainability themes?
- What skills are needed in different organizational functions to support sustainability, and does HR have a plan to ensure these skills are available?
- How can the organization measure the extent to which sustainability is embedded in the business?
- Are HR staff members competent to support sustainable culture, processes and performance?
- What inputs have been received from external stakeholders that affect HRM policies?

exists, the CSO function tends to be focused on strategy development, technology, stakeholder interactions and metrics, and HRM is rarely seen as a viable partner and an equal player in achieving sustainable success. The CSO is seldom sourced from the HR function. In fact, of 29 CSOs in large U.S. organizations, not one had prior HR leadership experience—all came from other functions, such as external affairs, environmental affairs, operations, and marketing or other sustainability roles.[114]

Other issues noted on the matrix are critical to both the business and different HRM stakeholders. The prioritization of these issues now paves the way for detailed action planning.

In any given year, the HRM team will be limited to advancing only two or three core change issues. Even with the most efficient HRM team, the capacity of organizations to change is not infinite. Therefore, HRM will make choices in developing an action plan. The key items for action may be a mix of those identified on the matrix as most material or perhaps those expected to deliver maximum benefit in minimum time. In parallel, the HR team may want to achieve a minimum level of performance in other areas. Either way, the Materiality Matrix of HRM issues provides a comprehensive and balanced platform for action planning.

Step 3: Review and revise all HR policies in line with sustainability principles

In addition to addressing the most vital issues, HR managers should consider revising HRM policies to reflect sustainability principles, even if immediate supporting processes are not in place. These policies should cover all aspects of HRM contribution and should be aligned with these new requirements.

Step 4: Develop an action plan, scorecard and metrics

No action plan should commence without a way to measure progress and outcomes of HRM's contribution to organizational sustainability. At this

Figure 8. A Generic Example of an HRM Materiality Matrix
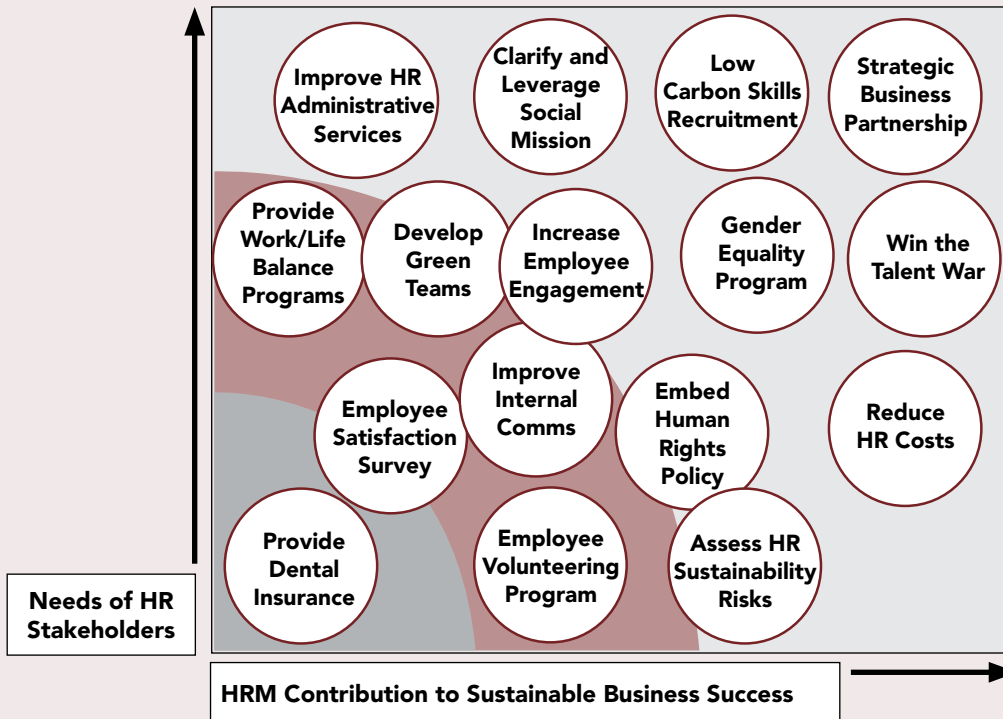
Examples of HR Policies That Should Be Developed or Modified in Line With Sustainability Principles:

- Equal opportunity policy (to ensure nondiscrimination).
- Recruitment policy (to reflect diversity).
- Remuneration policy (to reflect sustainability performance).
- Transport-to-work policy (to encourage carpooling or use of public transport).
- Travel and expenses policy (to incentivize low-carbon travel or video conferencing).
- HR procurement policy (to prefer minority or women-owned businesses, or local suppliers).
- Employee volunteering policy (to create clear EVP frameworks).
- Ideally, policy development and revision should be conducted in consultation with teams of key stakeholders, both internal and external.

stage, HR managers should think about their performance scorecard (see Table 1). They need to consider how they will measure success in terms of all stakeholders and how these actions can deliver tangible business benefits with, as far as possible, quantifiable results.

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n each of the action areas for which clear metrics have been determined, there is also a resulting sustainable business value. In almost all these areas, a quantifiable result can be determined, which can be translated into business advantage (such as increased sales or cost savings). The sustainable HR manager

should identify a select number of such business value outcomes and ensure processes are in place to establish meaningful measurement. The organization's CFO should be involved to verify business cost-saving elements to avoid any argument about the basis for calculation.

Table 1. Sustainable HRM Scorecard Example

HRM role	HRM Objective	HRM Metric	Business Value
Values and Ethics	Employees understand and behave in line with corporate values.	% of employees trained in values and ethics.	Mitigation of risk due to unethical behaviour by employees. Improved corporate reputation and trust.
		% of employee responses in survey showing employee support of company values.	
Recruitment	Recruitment is based on diversity principles.	% of employees recruited by gender and by minority groups.	Improved business results, innovation and customer satisfaction.
Compensation	Compensation is driven by equal opportunity for men and women.	Ratio of base salary, men to women.	Lower HR costs due to turnover, improved motivation and trust.
	Compensation is linked to sustainability performance.	Number of employees with sustainability targets in annual workplans.	Improved execution of sustainable business strategy.
Well-being	Employees are fit to contribute to their maximum capability.	% of employees who engage in a corporate well-being program.	Reduced business health costs, lower absenteeism, improved productivity.
		% improvements achieved in employee well-being (health, stress, diet etc.)	
Development	Diverse employees are given opportunities to advance.	% of women in management positions.	Improved business results, innovation and customer satisfaction.
		% of minorities in management positions.	
Engagement	Employees understand and act in line with sustainability strategy and principles.	% of employees trained in sustainability.	Improved execution of sustainable business strategy.
	Employees enhance corporate community relations.	% of employee volunteers.	Employee engagement, reputation benefits, enhanced community relationships.
	Employees contribute to improving environmental impacts.	% of employees participating in "green" activities.	Energy and materials costs reductions.

This Sustainable HRM Scorecard is the most powerful tool in the HRM arsenal. It clearly defines the HR contribution to sustainable business and reinforces HRM legitimacy as a strong partner in sustainable business, provided of course, that HRM performs in line with the plan—see Step 5 below.

Step 5: Implement, measure and report HR impacts
As with any plan, no matter how good the strategy, framework, roadmap, metrics or value propositions are, the key to success is performance. Having gone through the process so far, sustainable HRM needs to deliver change. In doing so, HRM calls on its unique and process-oriented skill sets for leading organizational change and driving positive culture. HRM is typically strong in implementing change programs, so given the resetting of the HRM direction to one with sustainability at its heart, HRM is expected to fulfill a major role in achieving corporate sustainability. Additionally, HRM should deliver the Sustainable HRM Scorecard to the organization's leadership on a regular basis—quarterly or every six months—as a continual measure of actual performance and as a reminder of the HRM contribution to sustainability objectives.

THE NEW HR SKILLS REQUIRED FOR SUSTAINABLE HRM

Sustainable HRM does not represent a total transformation of the HR function but rather a refocus in terms of direction and underlying mindset, which reframes HR policy and plans. However, HRM needs to understand and skillfully implement some key tenets of sustainability practice, in addition to HRM existing capabilities. Examples of these new abilities are:

- A keener understanding of global and local sustainability issues that affect business performance (such as environmental issues, poverty and urbanization).

- A true understanding of sustainability principles in business.

- Techniques for effective stakeholder dialog and identification of core issues.

- A process for using stakeholder feedback and external awareness for identifying aspects of HRM policy and practice that have broader societal impact, rather than focusing solely on internal impacts.

- An understanding of the nonprofit sector and processes for forming business-NGO partnerships.

- A deeper connection to issues of diversity and inclusion and organizational climate conditions that support improved performance.

SUSTAINABLE HRM IN DIFFERENT ORGANIZATIONAL TYPES

Typically, larger organizations have more significant, global impacts and will organize sustainability management in a matrix structure, often headed by a global CSO. Many of the sustainability objectives will be complex and require HRM input, and HRM can become a core player in their implementation. In smaller organizations, however, less opportunity exists for dedicated resources for sustainability programs, and in many cases HRM itself takes the initiative to embed a sustainability-oriented culture. In smaller organizations, project-based practices such as EVPs and green teams are usually easier to implement, require a minimal budget and yet contribute to the process of organizational change toward sustainability. Beyond size, industry can affect sustainable HRM activities. Organizations whose operations have substantial environmental impacts may focus on HRM policies that help achieve resource reduction, while firms in service industries may be more concerned with sustainable HRM that helps create healthy employees and communities.

CONCLUSION

More organizations now realize the value sustainability has on their competitiveness, reputation, and ability to attract and retain strong talent. Mindful of their economic, societal, and environmental impacts, sustainable organizations now seek input from a broad, diverse set of stakeholders—both internal and external—in shaping their business strategies and operations. The HR function has a critical role to play. Utilizing the HR skills in organizational process, change management and culture stewardship, HRM can help create and implement sustainable business strategy throughout the organization. This may require that new HR competencies be developed. Not only must HR become competent at using HRM tools to embed the sustainability strategy and mission in the company, it must also learn to shape the system itself so that its impacts on employees, communities and other stakeholders align with the sustainability vision of the company. Although sustainable HRM is still in the pioneering stage, this report outlines how HRM and other executives can access a growing body of knowledge to help them on their sustainability journey.

Utilizing the HR skills in organizational process, change management and culture stewardship, HRM can help create and implement sustainable business strategy throughout the organization.

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Sustainable HRM does not represent a total transformation of the HR function but rather a refocus in terms of direction and underlying mindset.

SOURCES AND SUGGESTED READINGS

BOOKS AND BOOK CHAPTERS

Avery, G. C., & Bergsteiner, H. (2011). *Sustainable leadership: Honeybee and locus approaches.* New York: Routledge.

This book examines how two very different types of business leaders and firms—the locust, who believes that business should focus solely on profit and growth, and the honeybee, who focuses on stakeholders, including society—differ in their levels of organizational sustainability. Although easy to read, the book effectively conveys the organizational practices that lead to sustainability, based on the most recent research and utilizing excellent examples.

Cohen, E. (2010). *CSR for HR: A necessary partnership for advancing responsible business practices.* Sheffield, UK: Greenleaf.

The HR department can and should play an important role in CSR. This book is designed to assist practitioners in understanding how CSR is changing the HR function. It outlines the implications of the growing importance of CSR for different HR functions, examines how HR can help embed CSR and proposes the infrastructure needed. This book is a guide for HR professionals in how to adopt a CSR approach to HRM.

Ehnert, I. (2009). *Sustainable human resource management: A conceptual and exploratory analysis from a paradox perspective.* Heidelberg, Germany: Springer.

Sustainable HRM is an emerging field, and as such it lacks an established body of literature. This book is the first one in the English language to systematically present the conceptual and theoretical foundations of sustainable HRM. In particular it explains the differences between the efficiency-, innovation- and substance-oriented understandings of sustainable HRM. In addition, it presents data from corporate websites representing the sustainability-HRM link.

Ehnert, I., Wes, H., & Zink, K. J. (Eds.) (2012). *Handbook of sustainability and human resource management.* Heidelberg, Germany: Springer.

This edited volume summarizes the current available research on sustainable HRM for an academic and practitioner audience. It contains articles on country-specific models of sustainable HRM as well as HR practices addressed by sustainable HRM.

Erdogan, B., Bauer, T., & Taylor, S. (forthcoming, 2012). Creating and maintaining environmentally sustainable organizations: Recruitment and onboarding. In S. E. Jackson, D. S. Ones, S. Dilchert, & K. Kraiger (Eds.) *Managing human resources for environmental sustainability.* San Francisco: Jossey-Bass.

This chapter looks at recent research on building an environmentally sustainable company through HR practices such as recruitment, onboarding, training and performance management. The authors provide a series of recommendations for practice in addition to two checklists of best practices for HRM practitioners.

Jackson, S. E., Ones, D. S., Dilchert, S., & Kraiger, K. (Eds.) (forthcoming, 2012). *Managing human resources for environmental sustainability.* San Francisco: Jossey-Bass.

This book provides a comprehensive overview of green HRM. It first reviews the importance of environmental sustainability and then introduces research to help HRM practitioners guide environmental initiatives. The main part of the volume consists of best practice examples about the implementation of environmental initiatives. Finally, it outlines implications for HR and organization development (OD) professionals.

Savitz, A. W. (with Weber, K.) (2006). *The triple bottom line.* San Francisco: Jossey-Bass.

This early book on the intersection between corporations and society provides a broad description of the concept of triple bottom line in the form of a blueprint for change, guiding companies in finding the "sweet spot" where business interests and stakeholder interests overlap, resulting in new products and services, markets, business models, and methods of management. Focusing squarely on the business case as a driver for change, the book uses many case studies to illustrate the benefits of the CSR triple bottom line, providing useful insights for HR managers.

Society for Human Resource Management. (2011). *Advancing sustainability: HR's role: A research report by SHRM, BSR and Aurosoorya.* Alexandria, VA: SHRM.

The majority of organizations in the U.S. are engaged in some form of sustainable work practices, and of those that have calculated the return of investment, almost half have reported a positive return. This research is based on a 2010 survey of 728 HR professionals in the U.S. who are SHRM members. Another finding was that the three key drivers for these sustainability activities were contribution to society, competitive financial advantage and environmental considerations. Moreover, one of the most important positive outcomes from sustainability initiatives was improved employee morale.

Visser, W. (2011). *The age of responsibility: CSR 2.0 and the new DNA of business.* Chicester, UK: John Wiley.

In this landmark book, Wayne Visser shows how CSR is being replaced by a second-generation movement, which goes beyond CSR as philanthropy or public relations (widely criticized as "greenwashing") to a more interactive, stakeholder-driven model. The Age of Responsibility is characterized by what the author calls CSR 2.0, or Systemic CSR, based on a new set of principles and making use of the new social media era as business begins to "redefine its role in society." This book is relevant for HR managers who want to understand how the changing business landscape has the potential to affect HR strategy.

Werther, W. B., Jr., & Chandler, D. (2011). *Strategic corporate social responsibility: Stakeholders in a global environment.* Thousand Oaks, CA: Sage.

This is a comprehensive CSR textbook that positions itself at the intersection of CSR, corporate strategy and public policy, providing a thorough and balanced background for anyone interested in understanding the basic elements of CSR. It provides an overview of the field, defining CSR and placing it in the context of wider corporate strategy as well as exploring the stakeholder model and stakeholder influences on business. The book contains many currently topical and detailed case studies on a variety of well-known companies and will support HR managers in considering issues that may drive sustainable human resource policies and practices in organizations.

ARTICLES

Aggerholm, H. K., Anderson, S. E., & Thomsen, C. (2011). Conceptualising employer branding in sustainable organizations. *Corporate Communication: An International Journal, 16*(2), 105-123.

This paper attempts to integrate the concepts of employer branding and sustainability. The authors recommend corporations engage in continuous dialogues with their employees and cocreate organizational brands. The aforementioned process brings several advantages: It develops a long-lasting, employee-employer relationship, creates a strong employer brand, fosters sustainable organizational development and supports corporate branding for external stakeholders.

Behrend, T. S., Baker, B., & Thompson, L. F. (2009). Effects of pro-environmental recruiting messages: The role of organizational reputation. *Journal of Business & Psychology, 24*, 341-350.

This study involving 183 university students in the U.S. examined the effects that applicants' perceptions of including environmental support messages on recruitment websites had on applicants' intentions. It found that independent of the participant's individual stance, such messages had a positive impact on applicants' intentions.

Berrone, P., & Gomez-Mejia, L. R. (2009). The pros and cons of rewarding social responsibility at the top. *Human Resource Management, 4*(6), 959-971.

Berrone and Gomez-Mejia call attention to a dilemma: how to motivate managers for ethical leadership and measure their social performance without losing the executives' engagement to sustainability. Reflecting on the benefits, costs and risks of the different social performance measurement methods, cautiously designed reward systems are required to avoid opportunism. Consistency in strategy and in actions can also solve this dilemma. An organization is consistent if it sets social goals, aligns them with the performance measurement and the reward system, and discloses them to the wider audience.

Booth, J. E., Park, K. W., & Glomb, T. M. (2009). Employee-supported volunteering benefits: Gift exchange among employers, employees, and volunteer organizations. *Human Resource Management, 48*(2), 227-249.

This study examines performance benefits of employee volunteering. Based on a representative sample of Canadian volunteers, it analyzes the link between employer support and extent of employees volunteering, the link between volunteering and skill acquisition, and the recognition of volunteering by the employer. This research can help organizations develop a corporate volunteering strategy and link this CSR tool to other HR functions such as training.

Fry, L., & Kriger, M. (2009). Towards a theory of being-centered leadership: Multiple levels of being as context for effective leadership. *Human Relations, 62*(11), 1667-1696.

Embedded in the growing literature on management, spirituality and religion, this paper develops ideas for the development of leadership theories more in line with the principles of sustainability. According to Fry and Kriger, leadership should come from the whole person, not just from "doing something" or "having something," as leadership development in the Western culture advocates. A being-centered leader demonstrates deep self-awareness and altruistic trust in others and possesses intrinsic motivation for serving relevant stakeholders and supporting sustainability. Useful tools can be 360-degree feedbacks, coaching and mentoring or action learning.

Gond, J. P., Igalens, J., Swaen, V., & Akremi, A. E. (2011). The human resources contribution to responsible leadership: An exploration of the CSR-HR interface. *Journal of Business Ethics, 98*(Supplement 2), 1-18.

HRM has a major role in supporting CSR. However, the analysis of the HR-CSR interface in 22 French companies revealed that boundaries between HR and CSR are often blurred, which hinders ethical leadership deployment. The article claims that HRM's contribution must be acknowledged explicitly to leverage this potential.

Harmon, J., Fairfield, K. D., & Wirtenberg, J. (2010). Missing an opportunity: HR leadership in sustainability. *People and Strategy, 33*, 1, 16-21.

Based on a 2009 survey of 322 HR managers and non-HR respondents, this article examines HR leaders' roles in supporting corporate sustainability strategy. The study shows that similar to overall business strategy, HR leaders are not fully involved in developing and implementing sustainability strategy. However, some business leaders at least recognize that the HR function

should be in charge of effectively executing sustainability strategy. In this regard the authors identified talent management as the lead leverage point for HR leaders.

Haugh, H. M. & Talwar, A. (2010). How do corporations embed sustainability across the organization? *Academy of Management Learning & Education, 9*(3), 384-396.

The idea of sustainability must be integrated into the organizational culture. The article gives several examples of successful change management processes. It argues that information should be disseminated organization-wide, not restricted to a group of employees. Sustainability affects every function and division, thus collaboration across the business units is necessary. It claims that organizational change should be incorporated into employee training and development strategy. Personal practical experiences with sustainability like volunteering increase employee openness. Gaining executive support is crucial for securing the necessary time and resources for the change process.

Hassel, A. (2008). The evolution of a global labor governance regime. *Governance: An International Journal of Policy, Administration and Institutions, 21*(2), 231-251.

Organizations should comply with global labor standards. However, as this article argues, firms have the chance to shape them. Some multinational corporations (MNCs) form voluntary alliances with NGOs and trade unions to influence standards. According to Hassel, the core labor standards of the ILO and the UN Global Compact lead to a shared understanding of labor standards. Nevertheless, particularly

for firms that otherwise would suffer from their competitors' noncomplying behavior, monitoring is very important. As self-regulation differs between sectors, further steps are needed to fill these regulatory gaps.

Jackson, S. E., Renwick, D. W. S., Jabbour, C. J. C., & Muller-Camen, M. (2011). State-of-the-art and future directions for green human resource management: Introduction to the special issue. *Zeitschrift für Personalforschung, 25*, 99-116.

Over the last decade, there has been a growing interest in the link between environmental management and HRM. This article provides an overview of research on green HRM. It shows how different HRM functions can contribute toward greater environmental sustainability of corporations and examines links between strategic HRM and environmental management.

Kolk, A., & Van Tulder, R. (2004). Ethics in international business: Multinational approaches to child labor. *Journal of World Business, 39*, 49-60.

Multinational organizations sensitive to ethical responsibility face several challenges. Taking the example of child labor, this study examines what trade-offs managers need to consider when they decide if they will follow home- or host-country policies. As production is internationalized, a code of conduct is necessary for the coordination of the various ethical conflicts. The authors advocate that organizations should aim for congruency: the content of these documents, internal organizational processes and external market behavior should be aligned with each other based on the same ethical principle.

Muller-Camen, M., Croucher, R., Flynn, M., & Schroder, H. (2011). National institutions and employers' age management practices in Britain and Germany: 'Path dependence' and option exploration, *Human Relations, 64*(4), 507-530.

The context of sustainable HRM differs between countries. Using the example of age management, the research presented in this paper compares and contrasts the relevant national institutional environments in Germany and the U.K. It shows how differences in corporate governance, pensions and industrial relations systems influence the HR strategies organizations in both countries develop to deal with an aging workforce.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta analysis. *Organization Studies, 24*(3), 403-441.

Corporate social responsibility and financial performance are linked. The first rigorous research that proved this link is this meta-analysis of 52 studies. It finds that corporate social responsibility, and to a lesser extent, environmental responsibility, pays off.

Pfeffer, J. (2010). Building sustainable organizations: The human factor. *Academy of Management Perspectives, 24*(1), 34-45.

Environmental sustainability is often emphasized over social sustainability. Pfeffer's article calls attention to this neglected aspect of sustainable HRM and argues that job design, working hours, layoff policies and health insurance coverage all affect employee well-being.

Pless, N., Maak, T., & Stahl, G. (2011). Developing globally responsible leaders through international service learning programs: The Ulysses experience. *Academy of Management Learning and Education, 10*(2), 237-260.

Ethical leadership development is not as straightforward as it seems at first sight. The authors interviewed 70 managers sent in teams to work in developing countries for two months and found that international service-learning programs foster reflection on global responsibility and promote active citizenship.

Preuss, L., Haunschild, A., & Matten, D. (2009). The rise of CSR: implications for HRM and employee representation. *International Journal of Human Resource Management, 20*(4), 953-973.

Based on three case studies of European MNCs, this study analyzes how the HR function and employee representatives can be involved in CSR activities and thus support a sustainability strategy. The examples show that HR can not only participate but initiate and even lead CSR projects. Leading CSR projects is advantageous for the HR department, for it allows HR to shape corporate strategy and represent employee needs via CSR initiatives.

Wu, C., Lawler, J. J., & Yi, X. (2008). Overt employment discrimination in MNC affiliates: Home-country cultural and institutional effects. *Journal of International Business Studies, 39*, 772-794.

Sustainable HRM should foster workforce diversity and help eliminate discriminating practices. This study, which analyzed job announcements of MNC subsidiaries in Taiwan and Thailand, found that MNCs from countries with effective antidiscrimination laws are less likely to engage in employment-related discrimination in their host countries. It suggests that in countries where antidiscrimination legislation is absent, MNCs act as a model for host-countries and have a strong influence on reducing discrimination. Thus, MNCs can support the welfare of their stakeholders in their subsidiaries.

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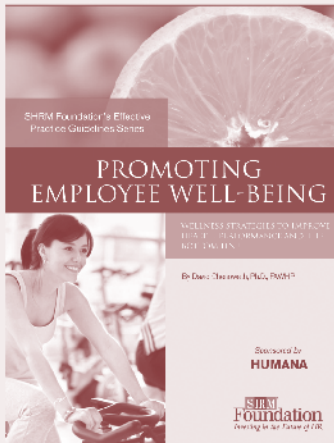
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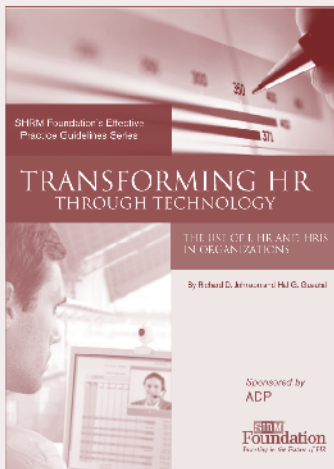
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