
HUMAN RESOURCE – A KEY CONTRIBUTOR TO BUSINESS SUSTAINABILITY

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Abstract:

Introduction

In the era of Climate change, increasing pollution, Social unrest and cut throat competition, sustainability is the only solution as it balances the triple bottom line – Profit, People and Planet. For any business organisation, it becomes essential to focus on these three aspects of sustainability for long lasting successful existence and sustainable development. For achieving sustainable development, business organisation should focus on their stakeholders, who prove to be critical through Materiality Analysis.

Objectives

1. To understand whether Human Resource is critical stakeholder of the business organisation in the process of achieving sustainability.
2. To understand role of Human Resource in Sustainability of Business organisation
3. To understand talent retention efforts (i.e. Sustainability of Human Resource) of the Business Organisation

Hypothesis

Human Resource is critical stakeholder of the business organization in the process of achieving sustainability

Data

Secondary data i. e. latest two years sustainability Reports of the BSE listed top five companies by market capitalization available on public domain

Methodology

1. Study of sustainability Reports to understand importance of Human Resource for business organisation in the process of achieving sustainability.
2. Study of pathway for sustainability to understand the role of Human Resource in Sustainability of Business organisation.
3. Study of the GRIG4 guidelines, Business Responsibility Reporting principles & Sustainable Development Goals to understand guidelines and principles taking care of Human Resource i.e. people factor of triple bottom line of sustainability

Conclusion

The researcher will understand whether Human Resource is critical stakeholder of the business organisation in the process of achieving sustainability, what can be the contribution of Human resource for achieving sustainable development and how the Human resource can be sustainable i.e. taken care by the business organisation.

Key Words – Sustainability, Human Resource, Stakeholder, materiality analysis, HR sustainability

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Hypothesis

Human Resource is critical area for business organisation in the process of achieving sustainability

Data

Secondary data i. e. latest two years sustainability Reports of the BSE listed top five companies by market capitalization available on public domain

Methodology

1. Studied sustainability Reports of the BSE listed top five companies by market capitalization, available on public domain to understand importance of Human Resource for business organisation in the process of achieving sustainability. Studied the materiality analysis of the companies and checked whether Human Resource is material area of the Business organisation.
2. Studied the pathway for sustainability: to understand the role of Human Resource in Sustainability of Business organisation.
3. Studied the Sustainable Development Goals , GRIG4 guidelines, and Framework of Business Responsibility Reporting principles to understand guidelines and principles taking care of Human Resource i.e. people factor of triple bottom line of sustainability

Introduction

Sustainability is ability to sustain. It is defined as how biological systems endure and remain diverse and productive. But in 21st century definition of sustainability refers to sustainable models necessary for human beings and planet earth to survive. Therefore sustainability is an act of balancing the Profit -financial prosperity, Planet – Environment Protection and resources conservation and People – Social Equity. The development which is achieved by balancing these three aspects is called as sustainable development.

Sustainability of Business Organisation

In the development process of any country, corporate world is giving maximum contribution. In the operations of the business, the main aim of business is to earn profit i.e. Economic performance, the business organisation has to utilise the natural resources required for their business operations and in the process, they may hamper the environment, therefore the business organisations have to focus on the protection of environment and conservation of natural resources i.e. Planet and without Human Resource, no business can exist and continue, so they have to take care of People. Thus

any business organisation has to balance their performance w.r.t. Profit, Planet and People. Then only there can be development which can be sustainable.

Stakeholders' of the Business Organisation

Business Organisations have to deal with different parties directly or indirectly related to business, called as stakeholders. Stakeholders are defined broadly as those groups or individuals

- that can reasonably be expected to be significantly affected by the organization's activities, product and or services and OR
- whose actions are reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.

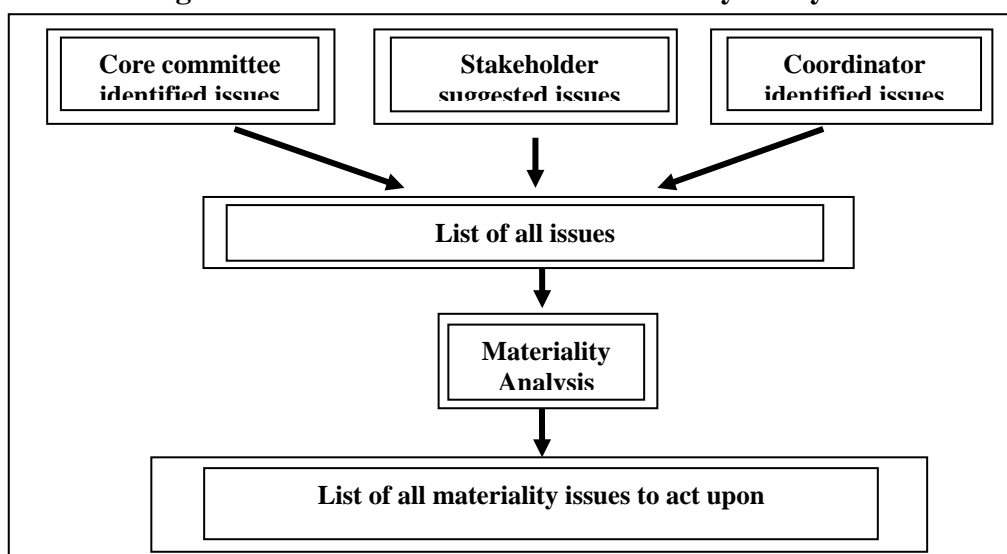
There are number of stakeholders of the business like investors, **employees**, customers, suppliers, local community, competitors, media & academics, trade associations, labour unions, NGOs, government, etc. Business organisation should understand the effect of its each and every decision on stakeholders and effect of stakeholders' action on the business organisation. The business organisations have to decide materiality issues. Business risks and sustainability related materiality issues are very closely related.

Materiality Issues

The stakeholders of the business are now looking for balanced performance of organization. Financial report could not adequately disclose the organizations' efforts in environmental and social areas.

There are number of issues which the business has to deal with limited resources. There is a need for a systematic approach for prioritization, as companies have to design the policies and strategies considering these prioritized issues. Priority is given to material issues. Material issues/ aspect are those things that could make a major difference to an organization's performance. Material information provides the basis for stakeholders and management to make sound judgments about the things that matter to them, and take actions that influence the organization's performance. This materiality issues can be identified through materiality Analysis.

Figure 1 - This figure shows the Process of the Materiality Analysis



Materiality analysis

By using a materiality analysis business organization can understand those issues which are very important to stakeholders and to business organization itself. Considering the output of materiality analysis the business organization should take action against each issue, for sustainability of their business organization. This analysis will help business organization not only to become sustainable but also will show development opportunities. By grabbing those opportunities business may prosper in future

Figure 2 - This figure shows Steps for Materiality Analysis

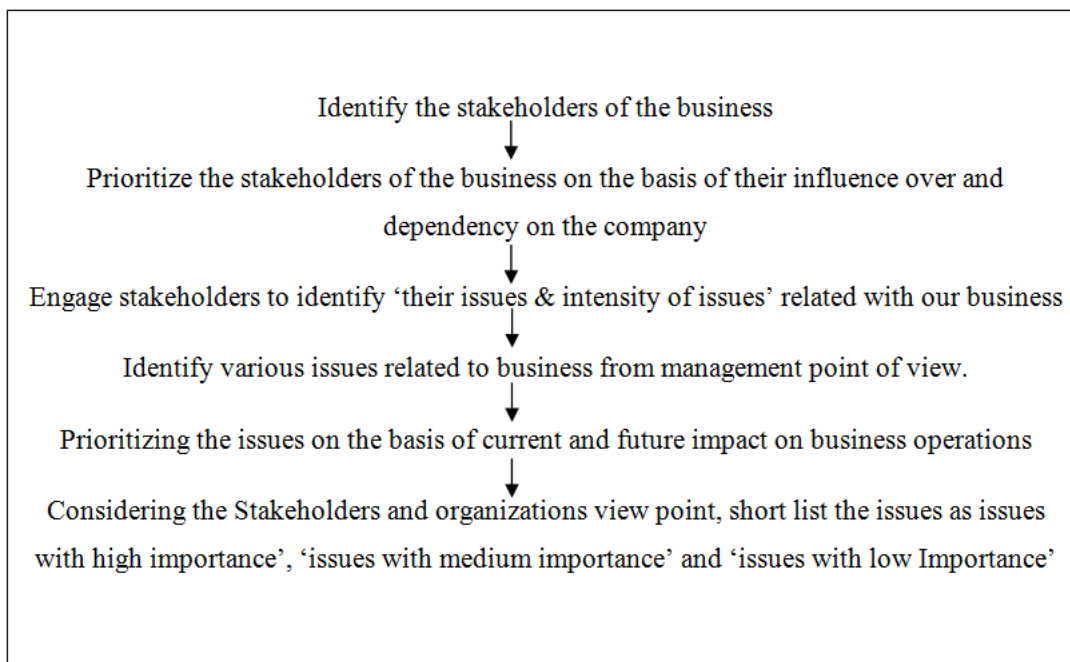
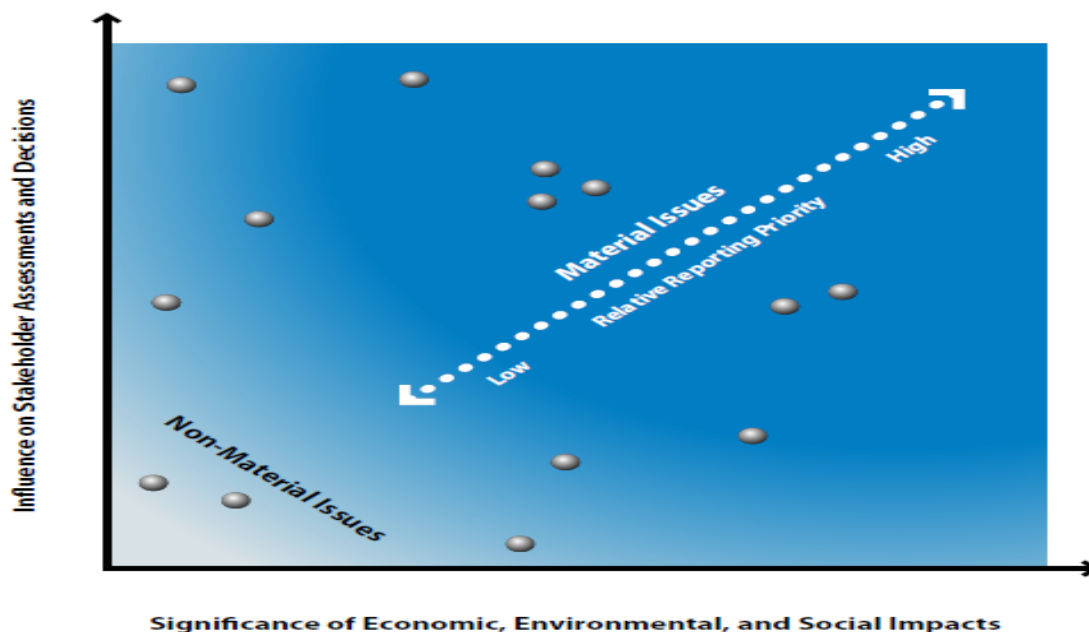


Figure 3 - The Graph showing Materiality Analysis and its output



Materiality analysis of the companies

The Researcher had studied the materiality analysis from Sustainability Reports of the companies to understand materiality issues of the companies and to know whether they are related to Human Resource. The researcher has studied the latest 2 years (for Financial Year 2014-15 and 2015-16) Sustainability Reports of BSE listed top five companies by market capitalization as available in public domain.

BSE listed top five companies by market capitalization as on 10th January, 2018 are as under

TCS, Reliance Industries Ltd., HDFC Bank, ITC, Maruti Suzuki.

The material issues identified by the companies through materiality analysis and they identified following materiality issues related to Human Resources

Table no. 1-Table showing Materiality Issues of BSE listed top five companies by market capitalization

| TCS | RIL | HDFC | ITC | Maruti Suzuki |
|---|---------------------------------|---------------------------------|------------------------|--|
| Working and Labour Conditions | Talent Attraction and Retention | Employment | Health and safety | Employment |
| Learning Opportunities and career Development | Labour Management | Training and Education | Learning & Development | Labour / management Relations |
| Occupational Health and safety | Health and safety | Diversity and Equal Opportunity | Human Rights | Training & education |
| | Employee Diversity | | Employee Engagement | Diversity & Equal opportunity |
| | | | | Supplier assessment for labour practices |
| | | | | Equal remuneration for women & men |
| | | | | Labour Practices grievance mechanism |

(Source – Sustainability Reports 2014-15 & 2015-16 of the companies)

The materiality analysis of all companies highlighted Human Resource is a material and critical area in the sustainability process of the business organisation. **Hypothesis is proved.**

Sustainability & Human Resource

From the above Materiality analysis of the companies , it is highlighted that Human Resource is Key stakeholder of the companies and there are many material issues related to Human Resource. The researcher has further studied

- A. How Human Resource can contribute for the sustainability of the business organisation
- B. How organisation should ensure sustainability of human Resource.

A. Human Resource's contribution for Sustainability of the business organisation

Human Resource is called as asset of the business Organisation. Man, Machinery, Money, Management, Material i.e 5Ms are important aspects of business. Out of these Man is the only factor which is live, can think and act by using his/her own brain. Therefore Man at various levels of management of the business (strategic level, functional level and operational level) and various functional Level plays very important role in the implementation of policies of Business Organization, may it be implementation of sustainability. Each act of the employee can affect and contribute for the ability of the organization to successfully implement its strategies and achieve its sustainability target.

Level wise contribution of Human Resource for sustainability

1. At strategic Level of Management – as Enabler and Decision Maker

- a. To define sustainability Vision, mission and policy by incorporating sustainability agenda in core values, strategies and balanced business score cards.
- b. To provide resources necessary for integrating Sustainability in business operations
- c. To do long term planning for imbining sustainability culture in the organization.
- d. To review organizational performance with respect to sustainability.
- e. To utilize sustainability success for brand enhancement and business development

The sustainability vision will guide the whole organization towards the goal of sustainability. Provision of needed resources will make things to happen in reality and the creation of sustainability culture will motive the employees to value and take initiative in sustainability related activities.

2. At Functional Level – as Manager, Change Agent & Facilitator

- a. To Decide the sustainability agenda and to establish Systems & processes for implementing sustainability in business organisation
- b. To establish Governance mechanism to check the progress of implementation
- c. To Establish systems and processes to ensure accomplishment of mission and vision
- d. To set the system and mechanism to check the performance and establish control to ensure target achievement..
- e. To design sustainable business practices for implementing sustainability in Business Operations
- f. To develop sustainability Centric Mindset through continuous training and skill development Initiatives
- g. To provide leadership opportunities to competent employees related to sustainability.

3. At operational Level – as executor & implementer

- a. To follow standard Operating Processes set by the management
- b. To use resources responsibly to optimize use of natural scarce resources
- c. To manage data accurately and make it available as and when needed
- d. To implement the policies with true spirit
- e. To give suggestion and participate in its implementation supporting sustainability
- **Function wise contribution of human resources for sustainability in business organization**
- a. **Personnel & Human Resources department:** proper selection of suitable staff, Managing Labour relations, effective communication internal, external, proactive and reactive communications across levels, continuous training and education about sustainability implementation, ensure fairness in policies of performance management.
All these will lead to skilled and satisfied human resource, reduction in social unrest, decrease in labour turnover and thus ensure nurturing of sustainability culture in the organization.
- b. **Maintenance department:** Continuous and regular maintenance of machines, equipment and tools by the maintenance people. This will reduce the possibilities of accidents and increase the productivity and life of the machine, quality of production. This all leads to sustainability.
- c. **Finance department:** to track the sustainability performance specially resource conservation and feed MIS to top management to take timely decisions.
- d. **Marketing department:** to emphasize need for developing environment friendly products and services, utilize the sustainability performance of the organization for brand building and attract new customers.
- e. **Research & Development department:** use Design for environment principles, life cycle assessment principles and ISO 14062 (integrating environmental issues in product design), environmental labeling, end of life disposal guidelines and create special image of products in the mind of customers, use ROHS(Restrictions On Hazardous Substances). The research by R&D people to find out environment friendly alternative to current product, materials, or some changes in current product leading to natural resource conservation or reduction in pollution in production and use of product, etc. This leads to sustainability at design stage itself which is highest level contribution for sustainability.
- f. **Fire, Safety & security department:** Proper fire training and mock drill reduces the risk of loss due to fires. the safety of human resources is taken care of by safety department. Fire & Safety department's function is very important function leading to sustainability. Security department ensures that people follow discipline and there is no theft of vital assets. Prevention of loss of human life and property, will be major contribution to Sustainability
- g. **Production department:** Productivity enhancement measures will ensure prosperity and economic stability. Waste elimination in the processes will ensure environmental sustainability. innovative ideas and suggestion from the persons actually involved in production will be feasible ideas and their timely implementation will lead to sustainability.

B. Sustainability of Human Resource

While dealing with sustainability of the business organization, 'people' include the Human Resource of the business organization. The sustainability process takes care of Human resources. There are various guidelines and principles available which provide guidance for implementation of sustainability i.e. for maintaining balancing between Profit, Planet and People.

The guidelines have also focused on the aspect that how the Human resources sustainability should be focused. Following are some of the guidelines and principles helpful for incorporating sustainability in the business organization.

- a. SDG- Sustainable Development goals-
- b. BRR – Business Responsibility Reporting
- c. GRIG4 Global Reporting Initiatives G4 guidelines

- **SDG- Sustainable Development goals-**

The sustainable Development Goals are a collection of 17 global goals set by the United nations. The SDGs cover a broad range of social and economic development issues. These include poverty, hunger, Health, education, climate change, gender equality, water, sanitation, energy, environment and Social justice. These goals apply to all the countries. Business organisation is also one small system in which all SDG can be applied. Following are some of the SDGs which is related to human being which can be parallelly applied to Human Resource in business organisation

- **GRIG4 Guidelines- Global Reporting Initiatives G4 Guidelines**

Global Reporting Initiative (GRI) is non profit making organization who gives guidelines for sustainability. The latest version of the guidelines given by GRI is GRI G4. These guidelines help the business to progress on the path of sustainability. It has given various indicators about economic performance, environmental performance and social performance indicating your progress or otherwise towards sustainability. The guidelines regarding People Aspect of Sustainability is given in the form of Social Indicators. GRI Social indicators include Labour Practice & Decent Work (LA), Human Rights (HR), Society (SO) and Product Responsibility (PR). Out of these Labour Practice and Human Rights indicators are directly related to human resources of the Business Organisation.

BRR Principles - Business Responsibility Reporting Principles

Business Responsibility Report is a disclosure of adoption of responsible business practices by a listed company to all its stakeholders. This is important considering the fact that these companies have accessed funds from the public, have an element of public interest involved, and are obligated to make exhaustive disclosures on a regular basis

Business Responsibility Report has been designed as a tool to help companies understand the principles and core elements of responsible business practices and start implementing improvements which reflect their adoption in the manner the company undertakes its business. These Business Responsibility Reporting principles guide the company to creates sense about sustainability in the business organisation.

All these guidelines and principles include guidance about three aspects of sustainability. The guidance about ‘people’ aspect of sustainability, ensures the sustainability of human resources within business organisations.

Table no. 2 - The following table shows various indicators and principles related to Human Resource with its effect on sustainability of the human Resource.

| No | Theme | GRIG4 indicators | BRR principles | SD goals | Relation with Sustainability of the Human Resource |
|----|---------------------------------|--|--|--|--|
| 1 | Employment | <p>LA1 - Total number and rates of new employee hires and employee turnover by age group, gender, and region</p> <p>LA2 - Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation</p> <p>LA3 - Return to work and retention rates after parental leave, by gender</p> | <p>BRR3.5 - Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.</p> | <p>SDG8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> | <p>Low Labour Turnover rate and reasonable financial Returns indicate sustainability of the human resource</p> |
| 2 | Labour and management relations | <p>LA4 - Minimum notice periods regarding operational changes, including whether these are specified in collective agreements</p> | | | <p>Good Labour and management relations increase sustainability</p> |
| 3 | Occupational Health and safety | <p>LA5 - 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</p> | <p>BRR3 - Business should promote the well being of all employees</p> <p>BRR3.8- Businesses should create systems and</p> | <p>SDG3 – Ensure healthy lives and promote well-being for all at all ages</p> | <p>Care for Occupational health and healthy environment at the workplace will definitely will enhance productivity</p> |

| | | | | | |
|---|---------------------------------|---|---|---|--|
| | | <p>LA6- Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender</p> <p>LA7- Workers with high incidence or high risk of diseases related to their occupation</p> <p>LA8- Health and safety topics covered in formal agreements with trade unions</p> | practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities | | and people engagement, |
| 4 | Training and education | <p>LA9 - Average hours of training per year per employee by gender, and by employee category</p> <p>LA10 - Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</p> <p>LA11- Percentage of employees receiving regular performance and career development reviews, by gender and by employee category</p> | <p>BRR3.6 - Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.</p> | <p>SDG4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> | Inclusive education for all levels of employees like contract labour, casuals etc. and training will help to create ownership and sense of responsibility towards sustainability. This will help for developing sustainable mindset of the employees |
| 5 | Diversity and equal opportunity | <p>LA12 - Composition of governance bodies and breakdown of employees per employee category</p> | <p>BRRP4 - Business Should respect the interests of and be</p> | <p>SDG5 - Achieve gender equality and empower all</p> | Diversity, – innovation, different thinking approaches, |

| | | | | | |
|---|--|--|--|--|--|
| | | according to gender, age group, minority group membership, and other indicators of diversity | responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised BRR3.2- Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation | women and girls | different abilities and ideas are generated and used and Gender equality – women employees - sincerity, speed accuracy amt of work skills gender help organisation leads to sustainability in the organisation Especially abled employees give new ideas and their special skills can be used. |
| 6 | Human right screening for important investment agreement | HR1 - Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening HR2 - Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | BRR5 - Business should respect and promote human rights | SDG10 - Reduce income inequality within and among countries | Establishing and ensuring human rights principles |

| | | | | | |
|---|--|---|--|---|--|
| 7 | Non discrimination | HR3 - Total number of incidents of discrimination and corrective actions taken | BRR3.7- Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions. | SDG5 - Achieve gender equality and empower all women and girls | For sustainability of Human Resource, there should not be discrimination |
| 8 | Freedom of Association and Collective Bargaining | HR4 - Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | BRR3.1 - Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance Redressal mechanisms. | SDG16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build elective, accountable and inclusive institutions at all levels | Freedom ensure the sustainability of Human Resource |
| 9 | Child Labour | HR5 - Operations and suppliers identified as | Businesses | | Child Labour and Forced |

| | | | | | |
|----|--------------------|--|---|--|---|
| | | having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor | should not use child labour, forced labour or any form of involuntary labour, paid or unpaid. | | Labour should not be appointed |
| 10 | Forced Labour | HR6- Operations and 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 | | | |
| 11 | Security Practices | HR7 - Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | BRR5.7 – Businesses should not be complicit with human rights abuses by a third party. | | Security practices must be communicated to employees through proper channel |

The above table shows the ways the company can use to enhance sustainability of employees within the organisations. The company can refer these guidelines and principles for incorporating sustainability in business organisation even if they are not going to report their sustainability performance through sustainability Reports or Business Responsibility Report.

Conclusion

From the materiality analysis of BSE listed top five companies by market capitalization, hypothesis is proved that Human Resource is critical area for business organisation in the process of achieving sustainability.

The pathway to sustainability highlights the Human Resources contribution to Sustainability. WE can conclude that without active participation of Human Resource, sustainability cannot be implemented.

Various guidelines and Principles helpful for incorporating Sustainability in Business organisation listed and gave direction how to focus on sustainability of Human Resource. Thus the objectives of the study is fulfilled.

Labour relations, labour welfare, equal remuneration opportunities, Human Right protection and diversity are coming out to be key materiality issues across sectors. Therefore all the organisations shall focus their HR strategies and practices to manage the same effectively.

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