A STUDY OF THE CONTEMPORARY ROLE OF TALENT MANAGEMENT IN BUILDING SUSTAINABILITY CULTURE IN ORGANIZATIONS

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ABSTRACT

Sustainability is no longer a choice that organizations can make just for the sake of improving corporate image; it has rather become a necessity, a compulsory step that is imperative for all organizations and the avoidance of which would harm its own survival in the long run. Strategic human resource management is becoming a dominant approach towards managing human resource in the organizations that is more inclined towards sustainability. This paper aims to review the researches done in the area of talent management in building sustainable organizations and provide insights into the importance of the HR function in building a culture of sustainability in organizations. This study will help organizations and HR executives in designing and aligning their policies and practices in ways that would support the implementation of organizational sustainability strategy.

Keywords: Sustainability; Culture; Organizations; Talent Management.
INTRODUCTION:

In 1987, the Brundtland Commission defined sustainable development as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’ Since then the topic has been very widely used in different context and the researchers have built various models depending on their interpretation of the concept. Sustainability is a mantra of the 21st century that is quite obvious, with 2016 being the warmest year of all (NASA’s modern temperature record). For making the world sustainable, corporate sustainability is must (Hahn & Figge, 2011). Sustainability at corporate level means ‘company’s ability to achieve its business goals and increase long-term shareholders value by integrating economic, environmental and social opportunities into its business strategies,’ (Symposium on Sustainability, 2001). For achieving sustainability at corporate level, it is important to align all the systems of the organization towards sustainability goals (Savaneviciene & Stankeviciute, 2014) as sustainability cannot be achieved through a disconnected initiative. For its implementation, the existing business infrastructure has to be integrated with the organizations sustainability strategy (Rocha, Searchy, & Karapetrovic, 2007). Therefore, there is a need for an HRM system that is strategic enough to help organization in the journey towards becoming sustainable. There are many areas wherein the company’s HR could make significant contributions to support sustainability strategy of the company. Talent management as an umbrella term has been used in this study to explain the strategic role of HR. Talent management is a way of building organizational capabilities for meeting future challenges (Campbell & Hirsh, 2013). It includes important functions such as 1) Employees Engagement, 2) Recruitment and Selections 3) Training and Development and 4) Performance Appraisal and Compensation (Winterberg et al, 2006). The resources and capabilities that support and justify the firm’s competitive advantage are directly related to the knowledge of talented individuals with the organization (Wright, Mcmahan, & Mcwilliams, 1994) & (Cheese, Thomas, & Craig, 2008). Also, the activities associated with talent management involve the usage of huge amount of organizational resources (Collings & Mellahi, 2009). Therefore, it is important for organizations to make sure that their talent management activities are tied to the firms’ strategy so that maximum benefits can be reaped from it. With reference to employee engagement, employees feel strongly motivated when they feel that their work is important and meaningful and this in turn fosters creativity (Ernst & Young, 2013). Thus to extract creative ideas on corporate sustainability from the employees it is very important for the HR executive to see that their employees are kept engaged. Training and development function is a very important tool to help employees develop their understanding and commitment to sustainability goals and values. It not only helps in building awareness, but also helps in providing skills needed for behavioural changes (Cohen, Sully, & Michael, 2012).

RESEARCH QUESTIONS AND METHOD:

The role of Talent Management in making organizations sustainable has not been explored very widely and conceptual and empirical maturity of the same is needed. This paper aims to explain the challenges and benefits of implementing sustainability strategy and the strategic human resource approaches that can be used. The objective of this paper is to help organizations understand the way in which they can redesign their HR systems to make it aligned with the company’s sustainability strategy. This study also aims at establishing a link between corporate sustainability and HRM. Qualitative method of study has been used in this research and data from secondary sources such as research papers published in journals, articles and books has been collected and reviewed and interpreted.

The research questions are:
1. What are the challenges that organizations face in the process of implementing sustainability strategy?
2. What are the benefits that organizations expect to get from including HR as a strategic partner in the implementation process of sustainability strategy?
3. How can the HR function of organizations help to overcome the challenges and contribute to the implementation of sustainability strategy?

CHALLENGES IN IMPLEMENTATION OF SUSTAINABILITY STRATEGY:

Most of the organizations are aware of the urgent need for building a sustainability culture within their workplace that is evident from the kind of initiatives they take up and specially their active participation in sustainability reporting. Out of the 46 companies that were recently studied, 34 preferred reporting as per the guidelines given by Global Reporting Initiative (Jose, 2016). Although this number seems to be attractive enough but there is a lot that organizations are supposed to do in their sustainability journey. The main problem is that reporting is seen as a mere exercise that organizations use to improve their public relations whereas the need of the hour is to make organizations realize that sustainability has to be used as a means of corporate transformation without which the actual contribution to sustainable economy will be nil (Jose P.D., 2016).
Secondly, managers stand confused while formulating sustainability strategies because of the often contradictory interest of the three communities (those interested in planet, profit and people aspect tend to have different motives) which then leads to the problem of trade-off between strategies and most of the time the managers ends up formulating a strategy which is against the interest of one or the other group of stakeholders (Gibson, 2006). Research by (Ruchismita, Shitij, Sharma, & Yadav, 2015) brings to light some of the challenges in the path of implementation of Green HR initiatives (Table 1).

To overcome the above mentioned challenges the organizations have to infuse sustainability into its core value. The employees have to understand why change is required in the first place. The reason for change has to be valued and appreciated by the employee. What benefits will they get from this change and what benefits will the organization and community as a whole will get has to be communicated to them (Crews & Derek, 2010). In addition, there is a complex relationship between sustainability initiatives and organizational performance (Cohen, Sully & Michael, 2012) and so understanding the direct outcomes of such initiatives becomes difficult.

To overcome the challenges of this dynamic environment organizations need innovation, knowledge and enthusiasm from each employee working in the organization (Spreitzer & Quinn, 2001). Organizational learning is the way to overcome this challenge and to improve the sustainability performance (Nattrass & Altomare, 1999). The above mentioned challenges show how important it is for HR executives to take a front seat in the formulation and implementation of sustainability strategies.

**Table 1: Barriers to Implementation of Green HR Policies in an Organization**

<table>
<thead>
<tr>
<th>SNo</th>
<th>Parameters</th>
<th>N=100</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cost of implementing programs</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Cost of maintaining programs</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>3</td>
<td>Lack of support by management</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>Lack of support by employees</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Concerns about workplace inefficiency</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Lack of governmental support</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

**Source:** Ruchismita et al, 2015

A culture of sustainability needs to be created in organizations for the purpose of achieving the desired sustainability goals. “A culture of sustainability is one in which organizational members hold shared assumptions and beliefs about the importance of balancing economic efficiency, social equity and environmental accountability. Organizations with strong cultures of sustainability strive to support a healthy environment and improve the lives of others while continuing to operate successfully over the long term.” (Bertels, Papani, & Papania, 2010). For building this sustainability culture the HR is required to redesign its talent management activities.

**BENEFITS OF SHRM TO ORGANIZATIONS SUSTAINABILITY STRATEGY:**

Strategic human resource management can bring various positive contributions to organizations sustainability. When organizations are in the path towards being sustainable and the HR system is aligned to the firm’s strategy, it creates conditions for the sustainability of individual employee. It makes the HRM system itself sustainable in the sense that the company is able to attract great talents and it increases the retention and regeneration of employees and improves their motivation and engagement level. Not only does it make the HR system of the organization sustainable but it also helps in the implementation of the sustainability strategy at the organizational level by cooperating with the management (in setting up the sustainability strategies at organizational level), stakeholder, NGOs etc by realizing economic, ecological, social and human sustainability goals. The implementation process becomes much easier and successful if the HR is included in the strategic planning process.

Although SHRM can bring various advantages to organizations, (Willard, 2002) highlights seven areas of prospective advantage that organizations can reap by including HR in the designing and implementation of sustainability strategy. The advantages as pointed by him are a) Recruiting costs will be reduced, b) Attrition costs will decrease, c) Employee productivity will increase, d) Lower manufacturing expense, e) Reduced expenses at commercial sites (energy, water, consumables), f) Higher revenue/larger market share and, g) Ease of financing and risk reduction. It is important to see that the HR’s presence is felt in all the seven areas whereas presently the contribution of HR is significant only in the first three areas (Rimanoczy & Pearson, 2010).

**TALENT MANAGEMENT:**

It is evident from the large volume of literature on talent management that the definition and goal of talent management is still ambiguous, let alone the best way of implementing it. To get more clarity on this topic, a semi-
structured interview was conducted by Institute for Employment Studies, UK (IES) wherein the conversation with HR professionals revealed that “The design and implementation of talent management is shaped around four key steps i.e. definition, focus, process and action.” At one end of the spectrum talent management is seen to have an inclusive nature and applies to all the employees on the other end talent management is seen as a more exclusive approach targeted at managing only important talent, one with "high potential" such as the executives. Talent management can also be viewed as a skill development or career development approach. Organizations have to strike a balance between the two approaches depending on the business goals. IES (Campbell & Hirsh, 2013) defines talent management as all such activities associated with recruitment and promotion, workforce planning, succession planning, organizational development, career development and learning and development. Based on the above definition and the definitions proposed by various other researchers, talent management can be described as ‘Everything done to recruit, retain, develop, reward and make people perform’. Johns Hopkins University has defined talent management as, ‘a set of integrated organizational HR processes designed to attract, develop, motivate, and retain productive, engaged employees.’ The review on the concept of talent management’s linkage with sustainability strategy is further divided into following subsections:

**EMPLOYEE ENGAGEMENT:**

Getting employees engaged in the organization’s sustainability strategy is seen as one of the biggest challenges amongst all and to overcome this challenge the role of HR is imperative (Wirtenberg, et al., 2006). ‘Engagement takes place when people are committed to their work. They are interested, indeed excited about what they do’ (Armstrong, 2014). The most strategic stakeholders amongst all are the employees. To see a significant impact on the organization’s bottom line, the involvement of employees in the sustainability initiatives is must (Inyang, Awa, & Enuoh, 2011). The HR staff should make the management aware of the importance of creating a participative culture in the organization wherein the employees can get a free space to take risk and develop their innovative creative ideas (Liebowitz, 2010). If the management expects employees to work in a way that is beneficial to the sustainability strategy execution of the company, i.e if they want the employees to make remarkable contributions to the environment, they have to first make the employees feel important. They have to create a ‘people first’ culture in their organization (Sroufe, Liebowitz, & Sivasubramaniam, 2010). It is important for the management to encourage the employees to increase their participation and involvement in ecological and social initiatives. This will help organizations in building a ‘green workplace which is environmentally sensitive, resource efficient and socially responsible’ (Deshwal, 2015). Employees should be made to participate in environmental projects by creating ‘problem solving circles’ or ‘suggestion programmes’, such kind of involvement on part of the employees will motivate them to contribute to the sustainability programs of the organization as the employees will be able to locate and report any problem in the production process and this will help organizations reduce the wastage of precious resources (Sayed, 2015). With the help of HRM tools employees could be given the right assistance for sustainability behaviours (Govindarajulu & Daily, 2004). Research has shown that ‘employees who perceive strong signals of organizational and supervisory engagement are more likely to engage in activities that are positive for the natural environment’ (Ramus & Steger, 2000).

While communicating about the sustainability objectives of the organization the HR executive has to make use of words that seems attractive to employees, i.e. the employees should be able to link the organizational sustainability goals to their own benefits as this will help the management extract right kind of behaviour from the employees (Cramer, Jonker, & Heijden, 2004). Employee engagement level also depends on their perception of the importance the organization gives to their job. The work should be designed in a way that allows creativity, variety, learning and autonomy. Here the role of HR is pivotal in creating job descriptions, matching right people to the right job and by getting the participation of employees in CSR activities as a part of their job description. Employee engagement is about giving the right condition and setting to the employees so that they can make use of their abilities in such a way that not only proves to be beneficial to the company but also should be of equal benefit to the employee. When this aspect is taken care of by the HR, it becomes very easy for the company to implement any strategy (Ernst & Young, 2013).

**RECRUITMENT AND SELECTION:**

‘Do not hire a man who does your work for money, but he who does it for love of it’, said (Thoreau, 1937). Recruitment and selection activities are very important activities that the HR is expected to perform very well. It is important for the HR to check both the ‘person-organization fit’ and ‘person-role fit’ and then to select the talent with the ‘right fit’ (Ernst & Young, 2013). When it comes to recruitment and selection, the HR should ensure that the employees from within the organization are given the first opportunity. The employees should be able to trust the HR
system of the company and should be given enough career opportunities. Until this trust is built in the culture of the organization, the employees will not be able to take endeavours to contribute ideas towards organizations sustainability strategy (Liebowitz, 2010). In addition, the HR staff should explicitly mention in their external recruitment advertisements that they are looking for employees who have awesome ‘team work and collaboration skills’ (Goleman, 2010). Without teamwork and collaboration, the employees cannot come up with innovative ideas in the ‘sustainability sweet spot’ of doing well and doing good (Savitz, 2006). Knowledge workers these days are environmentally aware and wish to work for companies that are environmentally aware too (Wehrmeyer, Oates & Renwick, 2008). Environmental consciousness should form part of the competency model as one of the core competency required if employee wishes to apply for the job (Deshwal, 2015).

The HR acquisition policy should give preference to the ones who are ‘green aware’ (Sayed, 2015). While selecting candidates, the HR should not only look for technical skills the employee poses but also the ‘people skill’ (teamwork and collaboration skills) of the employee should be given some weight age (Liebowitz, 2010). The HR should also keep in mind the ‘diversity aspect’ as diversity is an important perspective of sustainability (Ernst & Young, 2013). Research has shown that organizations that portray commitment to environment are in the position to attract and retain more talents than organizations that are not sustainable in its activities (Behrend, Baker, & Thompson, 2009). Also in some cases, it has been seen that employees sometimes even tend to show commitment to companies that offer comparatively less pay than the competitors offer but is committed to sustainability (Aiman-Smith, Bauer, & Cable, 2001). While carrying out the recruitment process the HR has to make sure that the recruitment message clearly states the importance the organization attaches to sustainability. Since recruitment activity is the first point of contact between the organization and prospective employee it will be better for the HR to design the recruitment advertisement in a way that sets the right tone at the very beginning so that the risk of selecting the inappropriate candidate can be avoided.

**PERFORMANCE APPRAISAL AND COMPENSATION:**

Performance appraisal system is a real opportunity for organizations to reinforce the desired culture. The performance appraisal system should be modified to rate employees on the skills like- ‘teamwork, collaboration, diversity, innovation and environmental stewardship’, (Liebowitz, 2010). ‘Green performance standards’ and ‘green behaviour indicators’ should be used as a base in performance appraisal of higher as well as lower level employees (Deshwal, 2015). This will help HR in tracing, monitoring and recording sustainability performance of employees and this will help at the time of performance evaluation. Reward system can be very effective in driving sustainable thinking (Ernst & Young, 2013). Companies are required to design reward system comprising of both incentives and disincentives to get green most of the situations but many employees feel more motivated when they are given recognition for their work. For example, a large chemical company in the USA rewards their employees’ environmental performance with a memorial placard given in formal ceremonies as the managers there believes that there is a need to have a uniformity in the sustainable activities for all employees rather than having a piecemeal approach towards sustainable activities just for financial gains at one time or the other (Jabbour & Santos, 2008). The HR executive should design a reward system that gives adequate compensation in one form or the other to the employees whenever they come up with any innovative idea. Also their sustainability performance and achievements should be advertised (Liebowitz, 2010). At Clif Bar, an organization based in California, there is a very unique compensation system practised wherein the employees are rewarded each time they take a bicycle to work or indulge in any voluntary activity or for any such green behaviour (Fox, 2008). The reward system should be modified not only for the lower level employees but should also take into account the sustainability performance of executives. Greater monitoring and reduced environmental impact can be achieved in industries where the companies have incorporated environmental accountability into CEO compensation (Berrone & Luis, 2009). The compensation system should be so designed that it necessarily includes a variable component based on employee’s sustainability performance. Also employees these days places more importance to self actualization needs than monetary rewards therefore the HR should design the reward policy in a way that gives recognition to employees each time they take a step which shows their effort towards implementing corporate sustainability strategy.

**TRAINING AND DEVELOPMENT:**

Training and Development plays a key role in supporting an organization’s strategy (Rizvi, 2011). It is the HR’s responsibility to educate employees about the sustainability strategy of the company. The HR is supposed to give examples after examples to help those employees who are not directly associated with the sustainability strategy of the company so that they can understand the linkage between their performance outcomes and organizations sustainability strategy (Winterberg, et al., 2006). Environmental stewardship has gained
momentum these days and it is seen that more and more people are interested in taking appropriate training in this field. It is for the HR to make sure that the interested employees can get access to conferences and workshop on ‘back wheel technical, ecologically-friendly (eco-friendly) topics, such as recycling, green building materials, energy conservation, and waste reduction’ (Liebowitz, 2010). Managers should be trained on ‘how to prepare a return on investment cost-benefit analysis of an environmental initiative’ (Hoffman A., 2000). This will be very helpful to attract the attention of top management and shareholders who are more interested in cost savings and financial returns. Training and development should be supported by timely evaluation to see that the desired outcomes are being achieved. For example at Mohawk industries, employees who are given training on waste reduction techniques are tested to see whether they are applying these techniques in their day-to-day work or not (Weinstein, 2008). The HR should create appropriate platform wherein the employees can share knowledge and best practices with all the other employees and across all functions. For this, the line managers should be trained in the way that they could promote learning culture in their own teams (Ernst & Young, 2013). Training and development activities are of utmost importance to impart necessary skills in employees that will help them learn techniques on how they can reduce environmental impacts through their day-to-day work. Also important it is for the HR to have a routine follow up plans to see that the desired outcome is being achieved so that the training programme can be modified if needed.

CONCLUSION:

Companies have only recently woken up to the idea of adopting sustainability practices and making sustainability a part of their day-to-day operation. They have recently realized the benefits that they can get by becoming environmental stewards both in terms of reduced cost of operations and enhanced goodwill and market standing. There are challenges that come along in their journey towards becoming sustainable organizations but companies are learning ways to overcome those challenges by involving the HR function right from the strategy formulation to the strategy implementation. Although only few companies have begun to acknowledge the fact that if they want their sustainability strategy to become an existing reality, they will have to modify their very culture to make it more aligned to organization's sustainability strategy. Nevertheless, slowly this trend is spreading across industries. The sustainability reports of the companies are seeing massive improvements in the level of disclosure of sustainability activities and also the number of companies preparing and disclosing sustainability report have increased in number.

Besides these improvements in organizations sustainability journey a lot is left to be achieved. Often it is seen that the sustainability strategies of the company remains merely on paper as there is no common direction that employees can take to make the strategy a reality. Therefore, the role of HR is imperative here. The HR has been increasingly playing a role of a facilitator of change in the organization and as a link between the employees and the management. HR department thus is very well positioned to implement the change drive towards sustainability. It is the HR who has to communicate with the employees about the importance of the triple bottom line in the present scenario, provide them adequate training so that they can learn new skills and design appropriate reward system that accounts for sustainability performance.

REFERENCES:


