



CAIIB

Module-E Unit-3

Human Resources Management



CAIIB HRM Module E Unit 3- 'Corporate Sustainability & 'Green HRM'

Corporate Sustainability

- 'Corporate Sustainability' is an approach aiming to create long-term stakeholder value through the implementation of a business strategy that focuses on the **ethical, social, environmental, cultural, and economic dimensions of doing business**.
- It is the strategy whereby a business delivers its goods and services in a manner that is both environmentally sustainable and supports its economic growth. It can be considered as the process of organizational change, i.e., sustainability driven change. The purpose of this change is to move the organization to the state in which equally distributed attention to economic, social, and environmental concerns is incorporated into its strategy.
- Corporate sustainability helps mitigate risks, build brand reputation, increase revenue, reduce costs and attract investment.

Three Pillars of 'Corporate Sustainability'



Difference Between 'Corporate Sustainability' and 'Corporate Social Responsibility'

S.No.	Key factor	Difference between	
		Corporate Social Responsibility	Corporate Sustainability
1.	Concept	It is more about <i>compliance</i> than business.	It is all about <i>business</i> but not on rudiments.
2.	Applicability	It focuses more on the <i>present</i> .	It focuses more on <i>future</i> and remain viable for years to come.
3.	Scale	It is a much <i>broadier concept</i> .	It is <i>an integral part</i> of CSR.
4.	Vision	It often <i>looks backward</i> and reflects on what a company has done to contribute to society.	It <i>looks forward</i> and develops a sustainable strategy for the future.
5.	Target/Focus	Its target is <i>opinion formation</i> (e.g., media, politicians, and pressure groups).	It looks at the <i>whole value chain</i> (i.e., everyone from end-consumers to stakeholders).
6.	Motivation/ Driving Force	Is to <i>protect a company's reputation</i> .	More to do with <i>creating new opportunities for emerging markets</i> .
7.	Management	It is managed by <i>communications team</i> .	It is managed by <i>Operations & Marketing vertical</i> .

Strategic HRM

- **'Strategic HRM'** is defined as the practice of aligning HR practices with organizations' business strategy to achieve its set goals. When business goals or objectives are concerned, it aims to ensure that HR strategy is not a means but an end in itself i.e., HR should effectively deliver the business.
- **Strategic HRM** is the alignment of human resource practices throughout the organizational structure, organizational culture, work performance, and the internal and external environments. It is the integration of HRM with organization's strategy by pay for performance management, the employees' competences in terms of knowledge, skills, abilities, that is also known as human capital. It includes training and skill development, hire and select the right person for job fit.

Sustainable HRM

- **'Sustainable HRM' (STHRM)** is the adaption of HRM strategies and practices that enables the achievement of financial, social and ecological goals, with an impact inside and outside of the organization and over a long-term while controlling for unintended side effects and negative feedback.

Features of 'Sustainable HRM'

- It is an inclusive approach to action recognising decisions in organizations that affect the lives of all persons concerned.
- It commits to refraining from pursuing short-term cost-driven HRM practices that are unfavourable for employees and their families or communities and promotes proactive steps to develop mutually beneficial and regenerative relationships between employees and different resource providers.

- It is a collaborative HR development facilitating employee participation, open communication, work roles, and performance evaluation focused on building employee strengths and facilitating performance.
- It also promotes trust between employees and managers in a given situation.
- It supports the environmentally-friendly organizational practices and organization's sustainable development strategy.
- It emphasizes fair treatment, development, and the well-being of employees.
- It contributes to building the skills, value, and trust of employees and increases their engagement in sustainable development.
- It focuses on the well-being of the internal customers (employees) and external customers
- It seeks to achieve positive human or social outcomes by the implementation of sustainable work systems, and thus facilitates employees' work-life balance without compromising performance.

Various Forms of Sustainable HRM

Socially Responsible HRM

- In its early stages of its evolution, Sustainable HRM was termed as 'Socially Responsible HRM'. In fact, most-earlier stage of Sustainable HRM was in the form of '**Soft HRM**' which focussed on the primary role of conserving Human Capital. This form of sustainable HRM in the stage of '**Soft HRM**' is defined by **Thom and Zaugg (2004)** as - those long-term oriented conceptual approaches and activities aimed at socially responsible and economically appropriate recruitment and selection, development, deployment, and release of employees.
- In a later stage of evolution of 'Sustainable HRM' is the '**Socially Responsible HRM**' as observed by Shen and Benson (2016) which he understood 'Socially Responsible HRM' as not only an important part of a company's sustainability or CSR strategy but also as an implementation tool.
- The purpose of implementing **Socially Responsible HRM** is to minimize negative impacts on business and to reduce business risks. The purpose is not to improve the life of employees in supply chains, instead to manage the economic risks associated with people management practices in the supply chain. Thus, indirectly, the social purpose serves the economic purpose.

Green HRM

- '**Green HRM**' is primarily concerned with environmental sustainability in business organizations. Green HRM conceptually seeks to align the resolve of the countries across the world to save the environmental wealth and to overcome the increased negative impact of global warming etc.
- Green HRM practices such as green hiring (e.g., hiring the individuals qualified in courses that impart environmental knowledge), and green compensation (e.g., linking bonuses and perks with the achievement of environmental goals) etc., have been shown to have a significant impact on sustainable success of Green HRM.

Triple Bottom-Line HRM

- **Triple Bottom Line HRM can be defined as HRM function characterized by the maximization and balancing of economic, environmental, and social organizational goals.**
- This approach advocates that a broader understanding of Sustainable HRM is possible when HRM is regarded as a generic approach to people management that focuses on both employee-oriented practices (such as employee well-being or involvement) while also considering the impact of HRM on its social and ecological environments (such as resource regeneration) and/or ecological goals.
- In comparison with earlier two forms, Triple Bottom-line HRM redefines performance in win-win-win terms of “people, profits, and planet” shared-values, and multidimensional outcomes.

Common Good HRM

- Common Good model assumes that it is the primary responsibility of business to make an effective contribution to resolving the sustainability challenges that are being faced by the society.
- Common Good HRM has the impact on the purpose, concerns, and output of HR.
- It necessitates that organizations review not only their operational procedures and practices with regard to regulatory compliance, but also to radically review their traditional profit oriented viewpoint.
- It focuses more on environmental and societal impact, thus reversing the business perspective from inside-out to outside-in.
- Instead of focusing on an economic purpose, the primary purpose of Common Good HRM is to support business leaders and employees in contributing to ecological and social progress in the world.

‘Green HRM’ Practices In Banking Industry

- Green management in Banks is a process whereby the concerned Bank handles the environment by developing a robust environmental management policy under which banking has to attain an equilibrium between its mandatory banking role and conserving nature and environment for future generations.

HR areas in which the Green movement can be envisaged, thought of and can be implemented in Indian Banks are as follows:-

Green Recruitment & Selection:

- **‘Green recruitment’ means** pap-free recruitment process with minimal environment impact i.e., online telephonic or may be video calling – using Skype or such other technological means.
- It includes a process of hiring prospective employees who are skilled and qualified in corporate sustainability process, environmental issues and also familiar with the knowledge and issues on preservation and sustainable environmental policies.

- Green HRM that enabled the Banks to attract a pool of environmentally responsible candidates by focusing on environmental knowledge and motivation. In addition, it led to the creation of a green workforce that successfully and effectively contributed to the ecological practices of the Banks.

Green Training and Development

- **Green Training & Development** focuses on developing of employee's skills, knowledge and attitudes towards environment management. It makes the change in working methods that decrease wastage, proper utilization of resource, conservation of resources and reduce the use of less available resources.
- Many Banks are providing training related to green policies to their employees to help them to reduce carbon footprints. The green training and development aims to educate employees about the values of environmental management, reduce waste, environmental problem solving techniques and strategies and diffuse environmental awareness in the banking organization.

Green Performance Management

- The basic objective of the Performance management (PM) system in green management in Banks is to measure ecological performance standards through different departments of the organization and achieve useful information on the green performance of employees and officers.
- Green Performance Appraisal is employee performance appraisal of how well they are making progress towards a green environment. It is important to communicate green schemes to all levels of staff and officers/ employees can set green targets and responsibilities.

Green Compensation and Reward Management

- As a part of the Bank-specific incentive systems, monetary, non-monetary and recognition based environmental reward systems and monthly/ quarterly bonuses can be provided based on performance outcomes in green goals and environmental balance. Use of e-vehicles, carbon emission standards and regeneration sources of energy are the key consideration for executive incentive payment as an appreciation of green efforts.

Green Employee Relations

- Employee participation in Green initiatives increases the chances of better green management as it aligns employees' goals, capabilities and perceptions with green management practices and systems. Involving employees in Environmental Management activities will have advantages such as efficient resource usage, reducing and recycling waste and decreased pollution from workplaces etc
- Adaption of Green HRM will help in creating awareness and generating new ideas on the eco-friendly practices in Banks. This gives scope to encourage employees and their families to get connected in environmental tasks. The awareness of Green HRM in Banking Industry is steadily being uncovered as some of the reputed organizations have been instituting **'Green Awards'** to those Banks and

Financial Institutions who have excelled in rolling out environmental-friendly activities in their organizations.

Other Initiatives Towards 'Environmental Management' as a Part of 'Green Endeavours'

- **Adapting paperless Banking even in HR functions** – Extensive use of HRMS encompassing almost all employee benefit schemes like - online leave applications, applying and approving of medical and hospital claims, online performance appraisals, online applications for promotions, placements and transfers, soft copies of Board Memoranda and other conference materials, extensive use of Corporate e-mails, Mobile conversations etc in place of paper correspondence, displacing paper files etc.
- **Virtual meetings** and Video conferences, Teleconference, Zoom Meetings, virtual interviews for promotion and recruitments (wherever feasible) thereby avoiding physical travels.
- **Encouraging Car pooling/sharing facilities** especially to those executives who have been provided with Bank's cars, Purchasing electrical vehicles/cars and providing them to eligible officers/executives.
- **Green Auditing** - Introducing online auditing of bank books, conducting internal energy audit in the organization.
- **Green Energy** – Recycled solar energy to light bulbs and heat water and efficient electrical appliance such as 5 star rated air conditioners, water and energy products etc., Improved insulation, installing timers to automatically turn off the lights, Installing solar energy plants, Replacing energy-intensive bulbs/tube-lights with LED bulbs and tubes, Reducing the brightness of the computer screens.

Advantages of Green HRM

- It builds a strong socially responsible brand image and recognition, increased workforce productivity, efficiency, motivation and employee retention.
- It creates environmental friendly organizational culture and work climate, the increased efficiency of various resources.
- It aims to increase workers' engagement in a work environment that allows the company to function in an environmentally friendly manner.
- It helps for formation of positive corporate image and increased economic and eco-performance.
- It can support organizations to minimize expenses without losing talent.
- It gives competitive advantage to the business by increasing customer confidence in the business. It develops a culture of concern for the holistic wellbeing of fellow employees.
- It can be used to create good public relations if an organization adds a green initiative to its workplace.
- It will be useful to reduce the organisation's carbon footprint by means of less printing of paper, video conferencing and interviews, etc.

- It enhances business opportunities as some government companies and non-profit organizations will purchase products and services from those companies that meet the green standards.
- Company reputation increases in the Public as the organisations that adopt green standards will gain more publicity.



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