

Missing an Opportunity:

HR Leadership and Sustainability

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Sustainability is becoming a central part of core business strategy for many leading organizations. But how successful are human resource leaders at helping their organizations design and implement sustainability management? That seems to depend on how far along an organization is on the sustainability journey. We asked HR and non-HR executives and managers to report on their HR professionals' competence and influence over sustainability strategy. With most organizations progressing toward sustainability, HR leaders are too. But is it enough?

HR leaders and scholars acknowledge that the HR function too often has been shunted aside when strategic issues are identified and addressed. Recent studies show little change in the last decade in this peripheral status (Lawler & Boudreau, 2009; Ulrich, Brockbank, & Johnson, 2009). For the transformational change to sustainability management, there is little research on whether HR executives can seize a place in the discussion and exert powerful influence. The types of people and change-management challenges associated with developing and executing sustainability strategies would appear to offer HR leaders a great opportunity to enhance their strategic roles. However, results from our study suggest they are not yet capitalizing on that opportunity, even as their organizations progress toward sustainability.

A good sustainability strategy must first be a good business strategy that fits an organization's unique value-chain opportunities and threats, while providing a competitive advantage (Porter & Kramer, 2006; Siegel, 2009). What is distinctive about a sustainability strategy is that strategic thinking and action become more holistic, balanced and complex. Planning takes on more short- and long-term balance (Slawinsky & Bansal, 2009). A larger, more diverse array of external stakeholders becomes deeply engaged, so that the organization can better discover opportunities and anticipate challenges. For instance, a large retailer has to consider not only the design and cost of its imported merchandise but also the labor practices of its suppliers, the carbon footprint of its products, the benefit of having its brand associated with "green" values, and the potential for public relations embarrassments due to government actions or civic watchdogs.

Extent of Sustainability Management

To better understand the context in which the HR leaders in our survey operate, we first examined the extent of sustainability implementation in their organizations. Respondents in our survey agreed that their organizations are making moderate progress in creating the internal conditions crucial to enabling sustainability to take root (American Management Association, 2007; Berns et al, 2009; Wirtenberg, Harmon, Russell, & Fairfield, 2007). A majority said that their organizations have, to a great extent, deeply ingrained sustainability values, made sustainability central to their strategy, and aligned performance standards and management systems to support a sustainability strategy (58 percent, 64 percent and 53 percent respectively). Further, nearly 45 percent said their organizations are, to a great extent, effectively engaging a broad range of external stakeholders on sustainability issues. However, the average scores for these foundational and enabling elements are quite modest (averaging from 3.1 to 3.6 on a five-point scale), indicating that many organizations lack these qualities.

Also consistent with prior studies, respondents said their organizations are acting only modestly to actually execute sustainability strategies. They reported a below-midpoint average degree of implementation and, accordingly, tended to disagree that benefits are yet accruing from such implementation. However, 27 percent of our HR executives reported being in firms that are implementing sustainability to a great extent.

The specific sustainability practices implemented most are related to worker health and safety, energy and waste efficiency and civic volunteerism (averages of 3.8, 3.2 and 3.0, respectively). The least-implemented practices relate to infusing sustainability criteria into talent and performance management systems, including recruitment, selection and compensation (averages of 2.0 and 1.9, respectively). This is especially disconcerting, given the strong evidence for how environmentally and socially responsible business practices can serve to improve business performance by attracting, retaining and engaging the best talent, especially among the younger population (Kaye & Jordan-Evans, 2005; Willard, 2009; Wirtenberg, 2010, forthcoming).

Larger-sized organizations, as well as those that have gained ground on competitors over the last three years in revenue and profitability, are significantly further along on sustainability than smaller or less successful ones. The bigger and more successful organizations reported having in place more of the enabling conditions, implementing more practices and deriving more benefits from sustainability initiatives.

HR Leaders' Competencies and Strategic Influence

One of our primary goals for this study was to extend the findings of Lawler and Boudreau (2009) and Ulrich et al. (2009) into the area of sustainability strategy. They found that HR leaders generally still have not acquired the competencies and influence to be seen as "strategic architects." In their

TABLE 1: PERCEPTIONS OF HR LEADERS' ROLE					
To what extent do you agree that HR leaders in your organization?	HR Execs	HR Mgrs	Non-HR Execs	Non-HR Mgrs	Total
Understand the potential impact of environmental and social responsibility on our corporate brand and ability to attract, retain and engage talent.	3.80_a	3.50_a	2.95 _b	2.64 _b	3.38
Are strong advocates for taking a balanced short-term and long-term view in developing our business strategy.	3.65_a	3.38_{ab}	3.00 _b	2.44 _c	3.25
Understand sustainability (social and environmental) trends and their potential impact on this organization's strategic business opportunities and risks.	3.52_a	3.39_a	2.98 _a	2.38 _b	3.19
Understand the needs of all our key external non-investor stakeholders (e.g., communities, customers, government agencies).	3.25_a	3.31_a	2.80 _a	2.44 _b	3.05
Are strong advocates for making the appropriate sustainability issues central to our business strategy.	3.29_a	3.14_{ab}	2.73 _{bc}	2.42 _c	3.00
Are strong advocates for the needs of all our key external stakeholders being taken into account in formulating our strategy.	3.09_a	3.25_{ab}	2.65 _{bc}	2.38 _c	2.93
Helping non-HR leaders see the connection between environmental and social responsibility and talent management.	3.18_a	3.09_a	2.38 _b	2.13 _b	2.84
Understand and help our non-HR leaders see how HR investments can drive a sustainability strategy.	3.04_a	2.84 _{ab}	2.35 _{bc}	2.22 _c	2.73
N	99	40	64	45	248

Scoring of Responses: Strongly disagree = 1; Disagree = 2; Neutral = 3; Agree = 4; Strongly agree = 5.

Means in the same row that do not share the same subscripts differ at $p < .05$ on the Tukey-b measure of between-group differences.

views, to become stronger strategic partners, HR leaders must understand trends and their impacts on strategic-business opportunities and risks. They must know the needs of key external stakeholders, such as customers, communities, regulators and investors, and be advocates for taking these needs into account in formulating strategy. The most valued HR leaders can translate trends and needs into strategic HR investments and activities, including training programs, talent and performance management systems, and leadership knowledge and behaviors. They also are able to help structure the organization for success, develop appropriate metrics, facilitate coordination across organization functions, and work across external boundaries to foster cooperative relationships with external stakeholders.

Sustainability Knowledge, Influence and Competencies of HR Leaders

As shown in Table 1, HR leaders did not rate themselves and their peers very highly on various types of knowledge and influence relating to developing sustainability strategy. They came close to agreeing that HR leaders understand the potential impacts of sustainability issues on corporate brand, talent management, and strategic opportunities and risks (mean response 3.8 on a five-point

TABLE 2: PERCEIVED COMPETENCE OF HR LEADERS					
Most HR leaders in your organization are extremely competent at:	HR Execs	HR Mgrs	Non-HR Execs	Non-HR Mgrs	Total
Clearly articulating what leadership knowledge and behavior align with sustainability.	3.10_a	2.97 _{ab}	2.50 _{bc}	2.36 _c	2.83
Designing and delivering training programs to support sustainability.	3.08_a	2.97 _a	2.63 _{ab}	2.29 _b	2.83
Helping to structure the organization for sustainability.	2.99 _a	3.05 _a	2.58 _{ab}	2.36 _b	2.82
Crafting a sustainability story that can be shared inside and outside the organization.	2.95 _a	2.92 _a	2.35 _b	2.29 _b	2.73
Designing and facilitating organizational change management programs to meet sustainability transformation challenges.	2.98 _a	2.86 _a	2.53 _{ab}	1.98 _b	2.69
Translating strategic sustainability directions into strategic HR activities.	2.96 _a	2.89 _a	2.33 _b	2.13 _b	2.69
Coaching leaders to make sure that leadership mindsets and behaviors are congruent with the intent of your organization's sustainability strategy.	3.02_a	2.72 _{ab}	2.43 _{bc}	2.11 _c	2.68
Formulating and implementing measures and rewards to support sustainability.	2.93 _a	2.91 _a	2.40 _{ab}	2.07 _b	2.68
Facilitating institutional coordination of functional business areas around sustainability.	2.79 _a	2.81 _a	2.53 _{ab}	2.20 _b	2.65
Working across external boundaries to foster cooperative relationships with external stakeholders (e.g., suppliers, customers, agencies, community groups).	2.86 _a	2.91 _a	2.40 _{ab}	2.02 _b	2.65
Turning sustainability leadership expectations into clear executive competencies and performance standards.	2.99 _a	3.05 _a	2.58 _{ab}	2.36 _b	2.60
Designing and delivering sustainability criteria for recruitment and promotion.	2.81 _a	2.75 _a	2.40 _{ab}	2.07 _b	2.59
N	99	40	64	45	248

Scoring of Responses: Strongly disagree = 1; Disagree = 2; Neutral = 3; Agree = 4; Strongly agree = 5. Means in the same row that do not share the same subscripts differ at $p < .05$ on the Tukey-b measure of between-group differences.

scale) and are fairly strong advocates for taking a balanced short- and long-term view in strategy development. However, they were essentially neutral about how much they are helping non-HR executives see connections between sustainability and talent management; and how HR investments could drive sustainability strategy, or advocating for consideration of external stakeholder needs. Although other HR managers (those below the director level) tended to agree with the assessments of HR executives, the ratings by executives and managers outside HR are significantly lower, almost across the board—with their ratings of HR leaders on these qualities ranging from Neutral to Disagree.

As shown in Table 2, HR leaders rated themselves and their peers even lower on various types of competencies relating to implementing sustainability strategy. Their ratings passed Neutral only in articulating leadership knowledge and behaviors to align with sustainability, and developing training programs to support sustainability. Just below Neutral are ratings for such key competencies as helping structure the organization for sustainability, devising clear executive competencies and performance standards, designing and facilitating transformative change-management programs, and translating strategic sustainability directions into strategic HR activities. Again, the ratings of HR leaders' competencies by those outside HR are significantly lower in almost all facets—in many cases closer to Disagree than Neutral.

Individual HR Leader Efforts Toward Sustainability

These results reflect the overall activities organizations and their cohorts of HR leaders are taking. We also wanted to drill down at the personal level to assess why HR executives do or don't devote individual efforts to bring about such strategic change in their organizations. Given the modest progress toward implementing sustainability shown by the organizations in our survey, we're not surprised that both HR leaders and others were virtually midway between disagreeing and agreeing with the statement, "A great deal of my effort is dedicated to issues related to the long-term sustainability of my organization."

Research on managing major change has suggested that supportive leadership behavior depends on (a) alignment of executives' per-

sonal values, (b) perceptions of what is in their own interests, including incentives or deterrents, and (c) available resources and their own abilities instrumental to bring about change (Detert & Pollock, 2008). We found that each of these factors is a significant predictor of how much effort HR leaders dedicate to sustainability issues (together explaining more than 42 percent of the variance in their responses).

First, HR leaders attach high importance to such global sustainability issues as clean energy and water, safe food sources, affordable quality healthcare, corruption and human rights abuses, poverty and climate change (means from 4.1 to 4.7 on a five-point scale). This suggests a high congruence between their own personal values and goals beyond only financial ones. HR leaders who rated global issues the highest devoted more effort to sustainability in their firms.

In acting on their own interests, HR leaders do not see much risk of embarrassment for providing vocal support. At the same time, they do not perceive many concrete incentives or other payoffs to offset the added burdens of sustainability activities to their workloads (Table 3). Similarly, they are mostly neutral in assessing such sustainability-related resources and abilities as their access to human and financial capital, alliance building and agenda-setting influence with other executives. Those HR leaders who reported the greatest personal incentives, resources and abilities exert the greatest sustainability efforts.

We found a rather strong correlation between the degree to which HR executives are spending a great deal of effort on sustainability issues and the extent to which their companies are implementing a sustainability strategy ($r = .50$). The more that companies are imple-

menting sustainability, the more HR executives perceived they are listened to, incentivized, resourced with financial and human capital, and effective at building alliances around sustainability ($r = .56, .51, .46$, and $.45$, respectively). Further, HR executives operating in organizations that have made sustainability central to their strategies largely saw themselves as significantly more influential, competent, committed and enabled to contribute to corporate sustainability efforts, than those in organizations for which sustainability is more peripheral. Even this segment of HR executives, however, rated their own roles, competencies and actions between "to a moderate extent" and "to a great extent" on average (between 3.0 and 3.9, with just one exception). In short, while HR executives overall are only moderately active in embracing sustainability, those HR leaders in corporate environments more dedicated to sustainability exhibit significantly greater sustainability effort and effectiveness.

Discussion and Implications for Practice

Our results showing only modest overall progress toward implementing sustainability strategies are quite consistent with prior studies, particularly regarding North American firms, from which most of our respondents came. Our set of organizations appears to be no more or less progressive than most in this region. Encouraging, however, is the large percent of respondents reporting that their organizations have, to a great extent, engendered sustainability values and made sustainability central to their strategic conversations, which Wirtenberg et al. (2007) identified as foundational to executing sustainability strategies.

Methods

We deployed an online survey, in 2009, by sending it to members of the Human Resource Planning Society and to human resource professionals in a research network of the Institute for Corporate Productivity. We constructed survey items based on prior work by American Management Association (2007), Lawler & Boudreau (2009), Ulrich et al. (2009), and Wirtenberg et al. (2007). We received a total of 322 surveys, some partially completed, and 66 percent reported working in HR. Of those reporting their level of responsibilities, 99 were HR directors or above and considered at the "executive" level, while 40 were HR managers or below. A similar distinction was made to stratify non-HR respondents. Respondents from the United States constituted 65 percent of the sample and Canada 15 percent, with the rest mostly from Asia and Western Europe. For analysis, large companies were those reporting more than \$250 million in revenue, small companies reported less than that. We compared sets of groups using t-tests and Analysis of Variance (ANOVA).

Also consistent with prior studies is the association we found between larger and stronger competitive performers and greater sustainability. Although we might be tempted to infer that more extensive sustainability activities enabled those companies to improve their competitive position, it's just as likely that larger and more financially successful firms command more resources to invest in vigorous sustainability initiatives.

The findings from our study reveal both discouraging and encouraging elements concerning HR leaders' roles in supporting corporate sustainability strategy. We noted that a sustainability strategy must be a fundamentally sound business strategy, albeit more challenging in some respects. Discouraging are our findings that HR leaders' average competency, influence and credibility shortcomings in developing and implementing sustainability strategy closely mirror the deficiencies found in recent studies on involvement in overall business strategy (Lawler & Boudreau, 2009; Ulrich et al., 2009). The challenge becomes even greater if the organization has not already incorporated sustainability into its business strategy. If sustainability is not central to an organization's core business strategy and HR is not already impacting its business strategy, then HR has to overcome these dual obstacles to become more of a driving force behind sustainability.

Thus, we are not surprised to find HR leaders to be stronger and more successful sustainability advocates where sustainability is more strategically central and greater implementation is occurring. Such organization contexts provide a better platform for HR leaders to develop greater credibility and play a much more valuable role in sustainability management, as well as in overall corporate strategy. We must ask, to what extent HR executives are just waiting reactively for their organizations to catch up on sustainability strategies versus being more out-front in propelling them along the way, capitalizing on issues ideally suited to HR leadership to gain a stronger strategic voice?

Encouraging is the recognition that the challenging process of effectively executing sustainability strategy—which comes down to people systems, education and training, change management, and employee and stakeholder engagement—falls squarely in the “sweet spot” of the HR function. Herein lies an opportunity for HR executives to provide powerful leadership and influence.

TABLE 3: EXTENT OF EFFORT FOR LONG-TERM SUSTAINABILITY

	Mean Total	Mean HR Execs
Extent of Effort for Sustainability		
A great deal of my effort is dedicated to issues related to the long-term sustainability of my organization.	3.06	3.07
Actions in One's Own Interests		
I see concrete incentives to me and my colleagues for devoting more energy and resources to sustainability-related activities.	2.88	3.00
Putting more time and attention on sustainability issues just adds to the workload for me and my unit. (Reverse scored; higher score more positive)	2.96	2.82
I run the risk of looking bad or being embarrassed if I am too vocal in pushing sustainability issues. (Reverse scored; higher score more positive)	3.55	3.66
Available Resources and Personal Abilities		
I am effective at building alliances to advance sustainability activities.	3.26	3.39
My seniors and my peers tend to listen to me when I advance an agenda for sustainability activities.	3.22	3.27
I have access to the financial and human capital needed to advance sustainability activities.	2.95	3.24
N	251	99

Strongly disagree = 1; Disagree = 2; Neutral = 3; Agree = 4; Strongly agree = 5.

Talent management may be the lead leverage point for HR leaders, given the strong business case connecting sustainability practices and reputation to employee recruitment, retention, engagement and performance improvement. Sadly, some of the lowest scores for HR leaders related to helping other executives see the links between sustainability strategy and HR investments—connecting sustainability strategy to talent and performance management systems, and working across boundaries inside and outside the organizations. This is true even in organizations most deeply involved in sustainability.

Our results on individual inclination to act suggest what elements need to be in place to encourage more vigorous action for organizations to advance their sustainability agendas. The findings indicate that HR execs are strongly sympathetic to most global issues, but they don't see many incentives to act in these directions within their organizations. They also are only moderately able to call on alliances, human and financial capital, and their influence with seniors and peers to help make it happen.

An organization that is serious about sustainability (and an HR function that is too) should consider making sure that recognition and rewards are meted out for good sustainability work and the essential human and financial capital is available. HR execs should

cultivate greater ability to enlist others in the cause, including issues of organization structure and talent management to support sustainability strategy. Particularly helpful will be further research that examines in-depth the practices of HR leaders that have become influential over sustainability strategy so we can be sure what is likely to be most effective. Given the strong personal affinity for global sustainability issues expressed by survey respondents, the need for HR leaders to step up and play a stronger role in moving their organizations toward sustainability seems greater than ever. **P&S**

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