

Building Green Enterprises Through HRM

If sustainable low-carbon behaviours are to be embedded in the workplace, organizational culture has to change. Here's how HR processes can make that happen

By Andrew Bratton and John Bratton

The Psychology of Green Organizations

This white paper is adapted from *The Psychology of Green Organizations*, edited by Jennifer L. Robertson and Julian Barling (Oxford University Press, 2015).

SCHOLARSHIP INVESTIGATING THE NEXUS OF HRM and environmental management has been called green human resource management (GHRM). In theory, HRM is associated with a distinctive organizational culture and set of best HR practices, which aim to recruit, develop, reward, and manage people in ways that create a sustainable commitment to what is sometimes called a high-performance work system.

The notion of the high-performance work system can be extended to what we call a low-carbon work system (LCWS). We define LCWS as a planned approach to organization design, culture, and HR practices to deliver low-carbon outcomes in the workplace as well as to align the organization and its processes to achieve innovation and sustainable high-quality results for the organization, workforce, and customers. A LCWS requires new roles and behaviours for managers and non-managers. European research suggests that sustainable, low-carbon behaviours occur at three levels: individual, group, and material. Individual level influences act on individual motivations (e.g., personal rewards); group level influences act on employees when operating in teams or groups (e.g., social norms, shared understandings, and communities of practice); and material level influences act on organizational structure and processes (e.g., products, technology, environment). Research suggests that behavioural interventions tend to be most successful when they consider these three contexts holistically, and not simply focus on trying to change individual attitudes or just installing new technology. In other words, when establishing an LCWS the goal should be to take an integrated approach that raises awareness and improves understanding with individuals and groups, builds social norms around low-carbon or “green” working practices, and supports employees with the technology they need, backed up with consistent policies.

Planned Culture Change Toward a Green Organization Through HRM Practices

If sustainable low-carbon behaviours at individual, team, and material levels are to go beyond quaint rhetorical notions of going green, managers collectively have to develop a “sustainability-oriented organizational culture.” The established use of HR processes in health and safety, minimum waste production, and cultural management makes HRM well-positioned to coordinate the goal of a

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green sustainable organization. In this context, HRM theorists have tried to identify effective ways to change manifestations of organizational culture: visible artifacts, including language and shared behaviour; and work values, which are invisible, but can be espoused and various sets of HRM practices that change a culture.

People are key carriers of values into the workplace. A cluster of HR practices is both a carrier through which dominant values are expressed and enacted and, by their outcomes, express deep-rooted shared values. Existing literature on organizational culture and business strategy highlights how important it is that the prevailing business strategy and organizational culture are consistent with each other (internal fit) and with the wider operation of the organization (external fit). Extending the best fit debate, a green HR strategy should coincide with the organization's business strategy and create an appropriate culture in which to enhance sustainable organizational performance. The emergent literature on green HRM emphasizes that a set of integrated HR practices covering recruitment, performance management and appraisal, learning and development, rewards, and employment relations can build a more environmentally sustainable workplace culture. Broadly, the HRM approach to building a green organization is to develop and support the organization's low-carbon and environmental sustainability initiatives.

So far, much of the green human resource management (GHRM) research has focused on HR processes and practices: training and development; pay and rewards; and performance management and appraisal. Existing GHRM studies highlight the opportunity for improved environmental performance when the goals, policies, and procedures of environmental management systems are more closely aligned or "embedded" with HR practices and wider organization activities. However, this convergence, between HRM practices and organizational culture is considered secondary in classic studies of organizational sustainability. A central question that arises from the literature is whether effective environmental sustainability initiatives can develop from top-down management driven exercises, or are they more likely to be successful if part of a more grass-roots employee-led initiative for environmental sustainability in the workplace.

Recruitment and Selection

Environmental sustainability has become an important dimension shaping the recruitment and selection process. The environmental performance of an organization is increasingly used for attracting talented people and supporting a green organizational culture. Research suggests that attracting top candidates is easier for organizations known for superior environmental stewardship. One obvious way to build a low-carbon workplace is through self-selection of prospective employees. For example, German companies such as Bayer and Siemens use their environmental reputation to attract competent employees who are committed to the environment. The published research suggests that given a choice, people are attracted to green employers that are keenly attuned to climate change issues and have a strong ecological approach. Environmentally sensitive job previews combined with accurate portrayal of the organization's culture can attract talented people with values that match and sustain sustainability.

Another way to embed a new Big Idea based on ecological values in the workplace is by selecting people with green-related skills and values. As Townley points out, the selection process may be designed to ensure that "employees committed to the environmental issue have a potential to be hired more than those who do not show an ability to lead the environmental management in a company." Studies also suggest that it may be expedient to start hiring managers who have a proven track record of environmental performance and value environmental protection. Personality and competency-based tests provide one way of ascertaining the psychological factors that enable managers to find talented individuals who seem to fit the new culture. Employment selection tests based on attitudinal and behavioural profiling can be used to screen applicants for green values. However, the validity and predictive power of these assessment techniques have all been subject to challenge. Emergent studies in environmental management suggest that in those organizations with proactive environmental sustainability programs, environmental criteria are systematically integrated further than just in the recruitment and selection process, reaching into employee performance appraisal, and the rewards and training dimension.

Performance Management and Appraisal

Performance appraisal programs are designed to improve the effectiveness of environmental management over time by guiding employees' actions toward the environmental performance outcomes desired by the organization. Milliman and Clair advocate for performance appraisal programs that encourage environmental activities at work. Jabbour and colleagues report that Brazilian manufacturing companies are establishing environmental objectives for their employees, whose performance is evaluated as one of the criteria of the performance appraisal. For example, the Xerox Company has a reward system that recognizes employees who meet certain levels of innovation in terms of how they deal with waste reduction, reuse, and recycling.

Without performance appraisal and communication, employee environmental improvement efforts may come to a standstill. In order to achieve continued performance, most environmental programs need some form of review and feedback. Chinander highlights how many environmental management programs fail to emphasize the importance of feedback on environmental issues. Continual feedback ensures that employees are aware of their responsibilities and communicates the link between their environmental performance outcomes and rewards.

Reward Management

Conventional wisdom suggests that a well-designed reward system can help motivate employees to achieve satisfactory performance levels, including environmental performance. The reward system provides a good indication of the seriousness of an organization's commitment to environmental sustainability management. The rewards could be monetary or non-monetary, and could be tied to individual, group or organizational actions.

The use of contingent remuneration has been linked to superior environmental performance; monetary rewards may be one of the strongest motivators for encouraging employees to participate in environmental improvement activity. For example, aligning compensation practices with environmental strategy has been implemented in North American companies such as Huntsman Chemical, Browning-Ferris Industries, and Coors Brewing Company, where financial rewards are tied to employees' environmental

performance. In this regard, management needs to determine if environmental responsibilities and initiatives should be incorporated into employees' performance appraisal, as it could be a significant motivating factor for some employees.

To date, many workplaces are encouraging environmental activities with non-monetary rewards such as employee recognition schemes, time off from work, gift certificates, and paid vacations. For example, Dow Chemical, a leading American multinational corporation, motivates its employees by awarding plaques to employees who develop innovative waste reduction ideas. Some employees may be more motivated by formal or informal recognition rather than financial incentives. For example, empirical findings from six environmentally proactive European firms have shown that one of the most important factors for engaging employees and encouraging creative ideas is management support and company environmental awards. This suggests that front-line managers should seek environmental ideas from all employees, and seek opportunities to provide feedback to encourage employee engagement in environmental sustainability. Whether rewards are monetary or non-monetary in nature, the reward system has to be supported by an effective communication plan, and rewards must be tied to the achievement of environmental objectives and consistent with other aspects of the rewards system.

Training and Workplace Learning

Training and workplace learning is a primary HR intervention for developing pro-environmental behaviours. Much of this training is related to improving employee health and safety, energy saving and waste management. For example, the U.S. company 3M has encouraged employees to find creative ways to reduce pollution through their Pollution Prevention Pays (3P) program, which has saved the company close to \$300 million. Training is a necessary component of advanced environmental management systems. The literature suggests that a major factor in a successful EMS is a comprehensive training program which provides all employees, at all levels of the organization, with the tools and understanding necessary to conduct themselves in an environmentally aware manner, foster innovation, make environmentally responsible decisions, and contribute to continued environmental improvements.

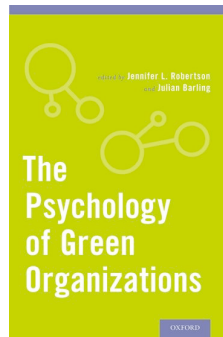
The level of employee environmental awareness is one of the most important predictors of the level of adoption and success of an organization's environmental initiatives. Perron and colleagues report that the intent of clause 4.4.2 of ISO 14001 is to "ensure that employees at all levels of the organization understand the goals of the EMS and the ways their job activities impact the environment and the achievement of EMS goals." This understanding allows employees to participate in environmental management efforts, and could lead to improved environmental performance of an organization. Zilahy's study of the factors restricting the implementation of energy efficiency improvement indicates that perhaps the most salient restrictive factors were the level of employee environmental awareness. Research findings support the importance of employees being well versed in environmental issues, environmental processes, and the overall functioning of environmental management systems to ensure that an organization's environmental targets and objectives are achieved.

Employee Involvement and Participation

The GHRM literature suggests that environmental management requires employee involvement and participation in the workplace. For example, Bernstein maintains that environmental change is impossible without employee engagement and participation, and participation is impossible without ecological understanding. This suggests that improved environmental performance heavily relies on employee engagement and learning. The research suggests that when employees are "engaged" through such processes they will better understand how they can contribute toward environmental management. This highlights further that without the ingenuity and expertise of human capital environmental management initiatives may be limited and superficial.

Employee voice mechanisms such as suggestion schemes, "green teams", and "eco-champions" are major elements of the Green HRM strategy, largely because they provide workers with an opportunity to use their intimate knowledge of work and discretion at work to generate creative eco-friendly initiatives rather than rely solely on managers. The rationale for employee voice processes can be partly explained by the necessary human input into a successful sustainable strategy, a strategy based on low levels of carbon

emissions, product differentiation, and high levels of value added and quality.



*Adapted from **The Psychology of Green Organizations**, edited by Jennifer L. Robertson and Julian Barling (Oxford University Press, 2015). Purchase the book at <https://global.oup.com/academic/product/the-psychology-of-green-organizations-9780199997480> and get a 30 percent discount by using the code ASPROMP8.*

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