



## Corporate Governance

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### Article information:

To cite this document:

Timothy Galpin J. Lee Whittington Greg Bell , (2015), "Is your sustainability strategy sustainable? Creating a culture of sustainability", Corporate Governance, Vol. 15 Iss 1 pp. 1 - 17

Permanent link to this document:

<http://dx.doi.org/10.1108/CG-01-2013-0004>

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# Is your sustainability strategy sustainable? Creating a culture of sustainability

Timothy Galpin, J. Lee Whittington and Greg Bell

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## Abstract

**Purpose** – The purpose of this article is to present a multidisciplinary model that can be used as both a road map for practicing managers to create a sustainability focused culture within their own organizations, and as a guide for future research into the relationship between organizational culture and sustainability.

**Design/methodology/approach** – A narrative synthesis approach is used to integrate extant empirical and practitioner literature spanning various disciplines to build a comprehensive model, including key propositions, to assist both practitioners and researchers alike. Case examples illustrating each component of the model in practice and implications for future research based on the key tenets of the model are also provided.

**Findings** – Building an organizational infrastructure that fosters a culture of sustainability results in positive employee- and organizational-level sustainability performance.

**Research limitations/implications** – The model presented is an important advancement in the sustainability literature. It is applicable to various sustainability efforts, and it may be applied regardless of the industry or the size of the companies undertaking sustainability initiatives. The model provides a framework to guide research into the relationship between organizational culture and sustainability. Future research should focus on the relationship between the different organizational factors identified in the model, organizational culture and sustainability performance.

**Practical implications** – The multidisciplinary model presented can be used as a road map for practicing managers to create a sustainability focused culture within their own organizations.

**Originality/value** – A gap exists in both the empirical and practitioner literature regarding the development and assessment of the organizational factors that foster a culture of sustainability. Moreover, no clear model exists with the expressed purpose of helping leaders create such a culture, while providing a framework to guide research into the relationship between organizational culture and sustainability. In this paper, a comprehensive model, including key propositions, to assist both practitioners and researchers alike is presented. Case examples illustrating each component of the model in practice and implications for future research based on the key tenets of the model are also provided.

**Keywords** Organizational culture, Sustainability, Strategy, HR practices

**Paper type** Conceptual paper

## Introduction

Sustainability has become *the* strategic imperative of the new millennium. The phrases sustainability, corporate social responsibility, corporate social performance, going green and the “triple bottom line” (Elkington, 1998) all refer to organizations enhancing their long-term economic, social and environmental performance. There is an ever-expanding volume of literature underscoring the importance of sustainability to organizations and its positive impact on performance. For example, the companies listed in the Dow Jones Sustainability Index and the FTSE4 Good Indexes demonstrated share price performance superior to that of firms listed in broader indexes, and companies belonging to the World Business Counsel for Sustainable Development outperformed their respective stock exchanges by 15-25 per cent over a three-year period (Savitz and Weber, 2006). A recent

Received 10 January 2013  
Revised 4 September 2013  
5 November 2013  
Accepted 8 November 2013

survey of business leaders by *The Economist* (2008) found that less than four per cent of managers surveyed considered being socially and environmentally responsible to be a “waste of time and money”.

Both industry leaders and academics recognize that sustainability is important to the long-term success of both firms and the communities in which they operate. However, the means in which managers can lead and position their firms to be more sustainable remains uncertain. There are many examples of firms who have seen sporadic success through the isolated efforts of employee teams or individual departments to reduce water, waste and energy in products or processes. Firms today need systemic approaches to sustainability if they are to be competitive over the long term. Without a diligent effort to create an organizational infrastructure that supports the development of a sustainability strategy, the firm’s efforts to successfully implement a sustainability strategy will be severely hindered. Hence, the question we address is: how can managers lead their firms to be sustainable over the long term?

Innovative sustainability solutions, which produce win-win-win outcomes for the environment, society and firms, depend upon leaders being intentional in fostering a “culture of sustainability” within their organizations. Research has shown that an organization’s culture operates at multiple levels (Schein, 2010), and developing and maintaining a culture of sustainability, requires leaders to address each of these levels. The first level consists of visible artifacts and behaviors. These elements are tangible and overt elements of the organization that can be recognized by those who are not part of the organization. The second level of culture includes the espoused values of the organization. These are the explicitly stated values and rules of behavior that reflect how the organization seeks to present itself both internally and externally. The final level of organizational culture consists of the shared basic assumptions that guide the behavior of the organization’s members. These assumptions are often implicit and operate at a sub-conscious level, yet they are deeply embedded and well-integrated into the life of the firm.

The complex nature of organizational culture creates unique challenges for managers attempting to encourage awareness among employees that sustainability not only reduces the firm’s impact on the natural environment but it also can significantly impact the long-term health and success of the organization. Studies have shown that changing a culture is a large-scale undertaking and that managers need to use multiple tools to change the decision-making framework within which managers and employees evaluate and ultimately derive solutions regarding the challenges the firm is facing (Denning, 2011). Despite the complexity and time required, cultures can be changed through the diligent effort of the organization’s leadership team (Schein, 2010).

As with all successful culture change efforts, creating a culture of sustainability requires a multi-level approach. We suggest that changing a culture begins with the top management team, but these efforts must be complemented by operational practices that permeate the entire organization (Atkinson, 2012). For example, an organization’s mission, values, goals and strategy can help send signals to internal and external stakeholders about the focus and direction of the firm. Similarly, the criteria used for hiring and promotion can also convey to employees the types of activities that will be rewarded. Finally, the content and modes of communications, workforce training and the performance management processes all support the strategic initiative of creating a culture of sustainability.

In the following section, we develop a comprehensive model that serves as a blueprint for leaders attempting to create a culture of sustainability within their organizations. We discuss how managers can set their organization’s sustainability direction, how that direction can be reinforced over time and we conclude by discussing the positive organizational and employee benefits that are derived when firms advance a culture of sustainability. Throughout our discussion, we derive testable propositions associated with our model. We conclude with examples of our model currently in practice, and a discussion

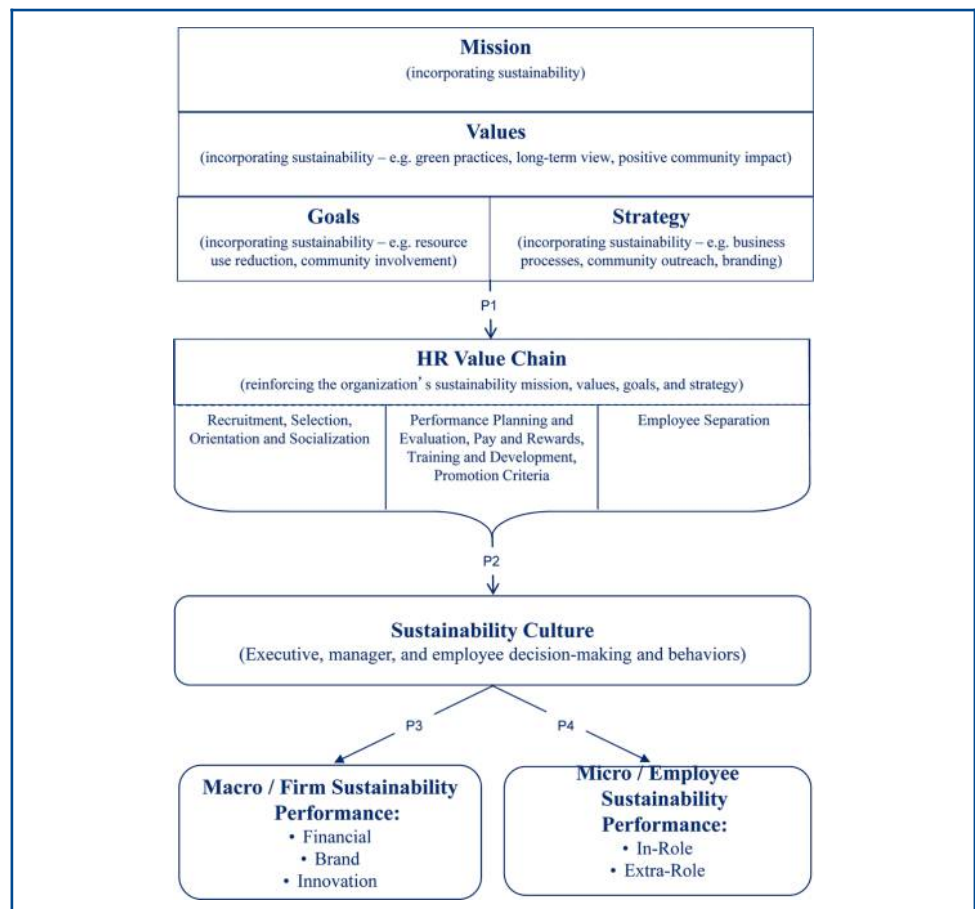
of directions for future research, presenting additional questions stemming from our culture of sustainability model.

### The culture of sustainability organizational model

The framework presented in Figure 1 is based upon a narrative synthesis of both practitioner and empirical literature from various disciplines. Narrative synthesis has become an increasingly accepted technique across different disciplines, including management, of summarizing and combining both qualitative and empirical information addressing various aspects of the same phenomenon to provide a larger picture of that phenomenon (Denyer and Tranfield, 2006). Rumrill and Fitzgerald (2001) suggest that narrative synthesis can be especially helpful when researchers seek to develop new models and perspectives on complicated issues, as well as convey information that can assist practitioners in advancing “best” practices.

We adopt a narrative synthesis for our culture of sustainability model (Figure 1) for three important reasons. First, the prevailing empirical and practitioner literature regarding sustainability is typically single-stage (e.g. sustainability strategy formulation, sustainability process design or sustainability measurement), single-discipline (e.g. strategy, human resources [HR], operations, marketing or finance) and single-level (e.g. senior management, middle management or front-line employees). Therefore, in contrast to prior studies, this model integrates multiple organizational processes. Second, narrative synthesis is especially valuable when information includes both quantitative and qualitative sources (Cassell and Symon, 1994). By drawing on both qualitative and quantitative data,

**Figure 1** Culture of sustainability model



narrative synthesis provides deep and rich information that is unavailable from other methods (Light and Pillmer, 1984). Third, narrative synthesis is particularly appropriate, in that our model is built upon a comprehensive perspective that seeks to underscore the importance to managers that efforts to create a culture of sustainability are just as critical as those practices, which are meant to reinforce that culture.

As with most theoretical models, the framework we present illustrates the process of fostering a culture of sustainability as being a series of linear steps. In reality, the process is iterative. Each section of the model should be revisited and revised as necessary to support the evolution of a firm's sustainability efforts. Moreover, the case examples we use of firms to demonstrate the application of the framework's components in practice are time-based. As with any case example, what is considered "best practice" today may be considered a laggard in the future. Therefore, the examples used throughout our discussion should be viewed as good examples of the components of the framework in practice, not as enduring actions that should never evolve. After explaining the various components of our model, we then derive testable propositions and discuss its usefulness to managers.

### Setting the organization's sustainability direction

The process of fostering sustainability decisions and behaviors at all levels of the organization begins by incorporating sustainability into the organization's strategic management process. Along with performance benefits, strategic management enables firms to have a clearer direction, a sharper focus on what is important and an improved understanding of a rapidly changing environment (Andersen, 2000). Below we discuss, and present evidence to support, how the clear articulation of sustainability as part of the firm's mission, values, goals and strategy are key factors in fostering sustainability focused culture (Figure 1).

#### *Sustainability in mission statements*

In general, a mission identifies how a firm defines itself and establishes the priorities of the organization (Jacopin and Fontrodona, 2009). A well-designed mission statement defines the company's primary, distinctive purpose and can help set a firm apart from other similar organizations. Mission statements are a powerful tool for setting the strategic direction and tactical actions of the company (Dermol, 2012). Considerable research has shown that a well-articulated mission statement provides critical signals to organizational stakeholders regarding the aims of the organization and can ultimately lead to positive outcomes that benefit the entire firm (Atrill *et al.*, 2005; Bart *et al.*, 2001; Desmidt *et al.*, 2011; Donker *et al.*, 2008).

Developing an organizational culture of sustainability begins with a mission statement that strikes a balance between financial and social performance, yet seeks to achieve high performance in terms of both of these areas. It is important that the mission conveys the role of the organization to the market, as well as the role of the organization in relation to society (Mark-Ungericht and Weiskopf, 2007; Castello and Lozano, 2009; Lee *et al.*, 2009; Quinn and Dalton, 2009). Mission statements that adopt this balanced posture will convey to both internal and external stakeholders that the firm does not consider success in financial and environmental terms to be mutually exclusive. Instead, top managers will lead the organization in a way that reflects success in both financial and societal terms. Examples of firms that have adopted a sustainability perspective in their missions, and that also have achieved superior performance include:

- *Patagonia (apparel)* – Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.
- *Whole Foods (grocery retail)* – Whole People, Whole Planet.
- *Ameren (electrical generation and transmission)* – To meet our customers' energy needs in a safe, reliable, efficient and environmentally responsible manner by increasing diverse supplier participation in Ameren procurement opportunities.

While changing mission statements may be necessary to develop a culture of sustainability, it is far from sufficient. Indeed, if a firm that changes its mission to symbolize becoming more sustainable without subsequent efforts that are substantive in nature, they run the risk of being accused by outside observers of “green washing” or superficially using sustainability merely as a marketing tactic. Hence, to cultivate a culture of sustainability, firms should begin with their mission statements, and then proceed with instilling sustainability in their formal and informal value systems. We explore how firms can do this in the next section.

### *Sustainability embedded in organizational values*

The mission statement is an effective tool for articulating the organization’s values and setting the expectations for the behavior of employees to align with those values (Klemm *et al.*, 1991; Swales and Rogers, 1995). Organizational values refer to beliefs about the types of goals firm members should pursue, as well as ideas regarding standards of behavior, organizational members should use to achieve these goals (Schein, 2010). Values are the basis for the development of the organizational norms and expectations that define appropriate behavior by employees in particular situations. Shared values can also provide a source of motivation and commitment among organizational members (Morsing and Oswald, 2009). Values influence the decisions individuals make, the people they trust, the appeals they respond to and the way their time and energy are invested (Posner, 2010). Clearly articulated organizational values can be a basis for determining the “fit” between employees and the firm. Studies have found that when an employee’s values fit the organization’s values, the employee will stay longer and be more productive (Kristof-Brown *et al.*, 2005).

A firm’s values answer the question – *Who are we as an organization?* Shared values have been found to be a key component of aligning decision-making and behaviors with a firm’s sustainability efforts (Hargett and Williams, 2009). In their study of management control systems pertaining to sustainability, Morsing and Oswald (2009) found that company values are the only way to ensure managers do the right thing in all situations around the world. According to them, “If all employees share a common understanding of the organization’s values and are well trained in what it means to apply those values, they will not have to look to formal policies nor will they be engaging in guesswork to decide how to respond to novel and/or ‘sticky’ problems” (Morsing and Oswald, 2009, p. 85).

Leaders of firms today are increasingly recognizing sustainability to be an important part of their organizational values and priorities and are taking steps to ensure their employees are aware of their efforts. Some examples of companies who are explicit in their sustainability value statements:

- *Proctor & Gamble (consumer products)* – We are accountable for all of our own actions: these include safety, protecting the environment, and supporting our communities.
- *Henkel (laundry and home care, cosmetics/toiletries, and adhesive technologies)* – We are committed to leadership in sustainability: We provide products, technologies and processes that meet the highest standards. We are committed to the safety and health of our employees, the protection of the environment and the quality of life in the communities in which we operate.
- *Green Mountain Energy (retail electricity)* – Sustainability: We are dedicated to the environment and maintaining lasting, mutually beneficial relationships in all aspects of our business.

Each of these examples illustrates how leading firms have recognized the importance of embedding sustainability into the firm’s core values as part of the effort to align employee behavior with the organization’s sustainability agenda (Hargett and Williams, 2009). Studies have shown that a firm’s values are a vital component in determining the sustainability motivation held by each employee (Rok, 2009). A recent survey of the current state of



sustainability found that 59 per cent of respondents agreed or strongly agreed with the statement “Sustainability is included in my company’s values [ . . . ]” (Galpin *et al.*, 2012). We explore additional steps necessary to create this employee awareness in the next section.

### *Sustainability and organizational goal setting*

It is important for firm’s that have embraced sustainability in their mission and values also incorporate sustainability in the goals they are pursuing. Goal-setting is a robust motivational technique that is widely recognized as a tool for shaping performance at both the individual employee level (Locke and Latham, 2012) and the organizational level (Smith and Locke, 1990). A firm’s goals answer the question – *What will the organization achieve?* Goals communicate to all stakeholders the direction the company is headed, the priorities of the firm and the organization’s intended future domains of activity (Etzioni, 1960; Thompson, 1967). Goal setting also provides the basis for establishing the metrics which will be used to measure progress (Ransom and Lober, 1999).

Organizational sustainability goals should complement sustainability centered missions. One example of firm that has achieved this complementarity is Seventh Generation, a manufacturer of household and personal care products. Seventh Generation’s mission is “to inspire a more conscious and sustainable world by being an authentic force for positive change”. The sustainability goals of Seventh Generation are listed as follows:

- Helping our employees reduce their average personal energy use 20 per cent by 2010 (data totals for 2010 are not yet available, although the company knows it has reached a 14 per cent reduction at the end of Q1 in 2010).
- Directly sourcing a supply of 100 per cent sustainable palm oil by 2012.
- Identifying and eliminating all persistent and/or chronically toxic chemicals used in the manufacture of our products or found in their ingredients by 2012.
- Reducing our virgin plastic use by 80 per cent by 2014.
- Full Forest Stewardship Council certification of all our virgin pulp by 2015 (the wood for almost all of our virgin pulp is currently FSC-certified, but we have not certified the chain of custody).
- Making all of our products from 100 per cent renewable plant and mineral sources and ensuring that they are backyard-compostable and/or biodegradable in the marine environment by 2015.
- Reducing our overall greenhouse gas (GHG) emissions 80 per cent by 2050 from a 2005 baseline.
- Reducing our products’ life cycle GHG 15 per cent by 2015 from a 2007 baseline (in 2009, we engineered a 32 per cent drop in GHG emissions per case of product).
- Obtaining a 100 per cent renewable energy supply for our headquarters, which we hope to achieve via rooftop solar panels.
- Reducing solid wastes from our products and their packaging 25 per cent by 2015.
- Assuring that 100 per cent of our value chain water use is sustainable by 2020 (Source: Company Web site).

Other examples of firms that have set sustainability goals include Dow Chemical Company (Dow Chemical Company, 2012), P&G (Proctor & Gamble, 2012) and Walmart (Walmart Stores, Inc, 2012).

As important as organizational-level goals are, they are not adequate in themselves to create a comprehensive approach to sustainability. To ensure that the firm’s commitment to sustainability permeates the entire organization, the goal-setting process must be extended into the development of functional strategies. Furthermore, sustainability goals

should cascade throughout the organization so that they are included in individual employee performance plans. We discuss these aspects in the sections that follow.

### *Sustainability and strategy*

A recent global survey of more than 1,500 corporate executives found that a majority of respondents believe sustainability is becoming increasingly important to business strategy, and that the risks of failing to act on sustainability are growing (Berns *et al.*, 2009). Unfortunately, however, this growing awareness in the importance of sustainability too often translates into a jumble of uncoordinated sustainability-centered activities that are disconnected from the firm's strategy and "neither make any meaningful social impact nor strengthen the firm's long-term competitiveness" (Porter and Kramer, 2006, p. 4). Others confine sustainability initiatives to marketing professionals or to "corporate responsibility" departments, neither of which are well positioned to coordinate their efforts with the firm's strategies (Jacopin and Fontrodona, 2009).

If a firm's sustainability efforts are to provide long-term value to both the company and society, sustainability must be integrated into the firm's strategy in a way that complements the firm's goals and overall mission. The link between a firm's strategy and its performance is well established (Beard and Dess, 1981; Lee *et al.*, 2010). However, empirical evidence also shows a strong link between an organization's strategy and the firm's performance in terms of social responsibility (Galbreath, 2010). In that regard, Porter and Kramer (2006) advocate that each firm identifies the distinct set of societal issues that it is best equipped to help solve, and from which it can gain the greatest competitive benefit. Embedding sustainability in organizational strategy may have multiple cascading benefits throughout the organization. Firms that incorporate sustainability in their strategies are likely to reap a dual benefit of providing value to society as well as distinguishing the firm from competitors (Castello and Lozano, 2009; Siegel, 2009).

Various examples of firms exist whose leaders have begun to view sustainability as being an important part of their company's business model. These include:

- Ford (Winston, 2009).
- Yale University (Yale University Strategic Task Force, 2010).
- The London Olympics (Olympic Development Authority, 2007).
- Unilever (Unilever, 2011).

As an illustrative example of sustainability being built into firm strategy, Table I identifies the sustainability strategy at Unilever, a global consumer products company.

The good news for firm's looking to build sustainability into their strategy is the recent proliferation of resources to assist management in this undertaking. For example, Amazon.com lists hundreds of books designed to help managers understand the implications of adopting sustainability into their organizations. Companies are increasingly taking sustainability into consideration when developing their strategies (Hoffmann, 2008), and those efforts have translated into growing awareness among employees (Galpin *et al.*, 2012):

*P1.* A sustainability culture is based upon the supportive integration of the organization's mission, values, goals and strategy.

### *Reinforcing sustainability after the direction is set*

As a firm's sustainability efforts are initiated and evolved, so too must management's approach to human capital. Evidence supports the view that successful organizations establish HR management practices, which support their core values and desired strategy (Dessler, 1999; Bart *et al.*, 2001; Chow and Liu, 2009). The organization's values and



**Table 1** Unilever's sustainability strategy

| <i>Strategy</i>                          | <i>Description</i>   |
|--|--|
| Brand imprint process                    | Social and environmental considerations are now integrated into the innovation and development plans of major brands   |
| Engaging consumers                       | Incorporating consumer research showing that consumers not only want to be reassured that the products they buy are ethically and sustainably produced but they also want to choose brands that are good for them and good for others  |
| Assessing impacts across the value chain | Commitment to reduce environmental across the value chain – i.e. from the sourcing of raw materials through production and distribution to consumer use and eventual disposal of residual packaging  |
| Partnerships                             | Partners bring expertise on specific issues, as well as the networks to deliver practical initiatives on the ground – e.g. UN World Food Programme; World Heart Federation; Global Alliance for Improved Nutrition; FDI World Dental Federation; Global Public–Private Partnership for Handwashing |
| UN global compact                        | Signatories to the United Nations's Global Compact; committed to living out the Compact's ten principles on human rights, labor, environment and anti-corruption in everyday business operations   |

Source: Company Web site

strategy provide a foundation from which to build HR practices that support a firm's strategic intent and core values.

The first step in implementing the organization's commitment to sustainability is therefore integration of this initiative into the firm's HR practices. Because the HR processes of recruiting, selecting and socializing employees who fit with and who are committed to the organization's mission, the HR Value Chain is an important aspect of creating a culture of sustainability. The HR Value Chain (Figure 1) supports the firm's sustainability aims with organization-wide systems and processes by creating the organizational infrastructure that is required to turn the organization's sustainability strategic intent into tangible actions and outcomes. The goal at this stage is to align the values and talents of managers and employees with the firm's sustainability mission, values, goals and strategy. A firm's chosen strategy also provides a foundation for management to work from when making day-to-day management decisions such as hiring and firing, job design, training, promotions, communication and coaching. Research has shown that firms which adopt integrated HR practices experience a range of positive outcomes associated with higher productivity and lower turnover (Huselid, 1995), as well as improved firm performance (Lee *et al.*, 2010). We discuss the major components of the HR Value Chain and their relation to creating a firm's sustainability culture in the sections that follow.

### *Recruitment and retention*

After the company's sustainability mission, values, goals and strategy are clearly articulated, it is important that people are hired and retained who align with the desired strategy and stated values. As illustrated in Figure 1, an organizational infrastructure that fosters a sustainability culture begins with integrated employee recruitment and reinforcement efforts. Companies often use value-based hiring practices to screen potential new hires for a commitment to a set of chosen values (Dessler, 1999). Research has shown that the process of linking employees to the organization's mission and values begins before the worker is even hired (Dessler, 1999). Certainly, "getting the right people on the bus" (Collins, 2001) requires finding employees who "fit" the organization's values because these employees often turn to be the most committed to the firm (Myatt, 2013).

Substantial research has shown that a firm's sustainability practices influences its attractiveness as an employer (Albinger and Freeman, 2000; Backhaus *et al.*, 2002; Bhattacharya *et al.*, 2008; Greening and Turban, 2000). This attractiveness reflects the fact

that a firm's sustainability practices enhances its reputation and increases the perceived trustworthiness of an organization for a jobseeker who lacks any previous interaction with the organization (Viswesvaran *et al.*, 1998). This appeal may also be because a firm's sustainability orientation sends positive signals that may prompt prospective job applicants to identify with and want to work for the company (Greening and Turban, 2000).

### *Reinforcement and reward*

Beyond recruitment and retention, continuous reinforcement is also vital to fostering a sustainability culture. There are multiple approaches to reinforce the link between the firm's sustainability strategy and its employees. These approaches include incentive pay, information sharing, empowerment and skill development (Pfeffer, 2005). Similarly, Dessler (1999) identifies training linked to strategy and values, tradition-building symbols and ceremonies, extensive two-way communications and promoting the right leaders – those who demonstrate a commitment to the firm's strategy and values – as essential elements of employee engagement.

It is also critical that leaders evaluate the firm's incentives and rewards system to ensure they provide the appropriate signals to employees that their efforts in promoting sustainability in the workplace is both acceptable *and* rewarded. Reward systems are “the related set of processes through which behaviors are directed and motivated to achieve individual and collaborative performances; the set of processes comprise goal setting, assessing performance, distributing rewards, and communicating feedback” (Jansen and Von Glinow, 1985, p. 816). Research has shown that a company's reward system significantly influences the decision-making of organizational actors (Metzger *et al.*, 1993; Trevino and Nelson, 1995). Rewards shape behavior and often yield immediate and long-term effects (Fernald and Fernald, 1999; Lawler, 2003; Hunt and Jennings, 1997). Implementing performance management systems that link the achievement of sustainability goals with rewards provides powerful reinforcement of a firm's sustainability values, goals and strategy (Lacy *et al.*, 2009; Morsing and Oswald, 2009; Porter and Kramer, 2006; Rok, 2009).

In addition to rewards, senior management can engage employees in their sustainability strategy and values by consistently emphasizing the sustainability strategy and values of the firm. This can be done, for example, by creating community volunteer programs (Bank of America, 2012; Chevron, 2012; GE, 2012) and providing training in sustainability processes (Coca-Cola, 2012; Weyerhaeuser, 2012).

### *Employee separations*

The final dimension of the organizational infrastructure created by the components of the HR Value Chain involves the way organizations handle employee separations. Employee separations as a result of layoffs or underperformance are an often-overlooked aspect of employee engagement. Yet, how the process of employee separation is handled demonstrates a firm's commitment to sustainability and social responsibility through the use of procedures that demonstrate respect for the affected employees. Every effort should be made to ensure that employee separations are ethical and just (Dessler, 1999) because more than just the exiting employees are attentive to how the process of separation is being handled. The people remaining in the organization also view the way separations are addressed as a clear indicator of the value a firm places on its workforce:

*P2.* A sustainability culture is positively associated with integrated components of the HR Value Chain that are designed to reinforce the firm's sustainability mission, values, goals and strategy.

### **Culture of sustainability: employee outcomes**

For a firm's sustainability efforts to take hold at all levels of the organization, it is imperative that managers expect and assist employees to formulate and implement sustainability-

based decisions into their day-to-day jobs. This requires that sustainability objectives be developed as part of the employee-level performance planning process. Optimally, employers should strive to help their workforce embrace the sustainability initiatives of their firms to such an extent that employees consider sustainability efforts to be within the scope of their normal job performance expectations. In doing so, employees will clearly demonstrate sustainability behaviors such as building water, energy and resource savings into their day-to-day activities.

Most importantly, it is essential that managers regularly meet with their direct reports, both formally and informally, and solicit input on the ways each employee is implementing sustainability in their particular jobs. In addition, sponsoring educational events from environmental professionals, government agencies and non-governmental organizations can help underscore the decisions that employees can make to reduce their own environmental footprint while averting unnecessary energy or materials use. Moreover, building an internal dialogue among employees and managers about sustainability in each job across the firm gives employees a sense that the decisions of the entire workforce regarding sustainability are worthwhile and are supported by all areas and levels of the firm.

To underscore the importance to employees that the firm is placing on sustainability, regular manager to employee dialogue about sustainability should also be reinforced by a firm's performance review process. Embedding sustainability into performance evaluations signals to employees that they are recognized for the day-to-day decisions they make which help the firm improve its social and environmental performance. This provides a strong link to the sustainability objectives developed in the performance planning process.

Embedding sustainability into the firm's infrastructure also helps to establish a climate where managers and employees seek out ways to improve the firm's environmental and social performance *beyond* their day-to-day job role. Indeed, research has shown that successful sustainability efforts depend upon the voluntary organizational citizenship behaviors of management and employees (Borial, 2009).

These behaviors that extend beyond employees' codified job duties provide firms with the much-needed energy and momentum needed to build commitment within teams and organizational units around the firm's sustainability efforts. There are several ways a firm can encourage extra-role sustainability behaviors among its workforce. First, management can ask employees to volunteer in the shaping of the firm's sustainability efforts by providing opportunities for employees to offer input regarding the design of the firm's sustainability goals and strategy. Second, management can solicit employee input about suggested sustainability actions for departments outside of their own. Third, employees can be offered opportunities to become ambassadors for the firm's sustainability efforts with other employees in sustainability training and communication sessions. Stonyfield Farms, Burt's Bees and IKEA are just some of the examples of firms that encourage employees to engage in sustainability-related activities outside of their normal job duties (Galpin *et al.*, 2012).

Employee engagement in their firm's sustainability efforts can also lead to *community citizenship behaviors* (Galpin *et al.*, 2012). Examples of this include Hershey, who offers its employees support for volunteering in their local community. As part of Solo's Sustainability Action Network, over 300 employees participated in more than 45 recycling, education and beautification events in the USA and Canada. Through the network, volunteers identify local or companywide projects and lead the way in executing them. Likewise, Alcoa employees volunteer in their local communities through the Alcoa Green Works initiative to support environmental projects and celebrate eco-holidays like Earth Day, World Environment Day and Arbor Day (Galpin *et al.*, 2012). Finally, according to a General Mills (2011) survey, 82 per cent of the company's US employees choose to volunteer either through company

programs or independently, and nearly 60 per cent of employees spend up to 5 hours a month serving in their communities:

*P3.* A sustainability culture is positively associated with employee in-role and extra-role behaviors.

### Culture of sustainability: organizational outcomes

The benefits of creating a culture of sustainability are not limited to increased levels of employee performance and commitment. A culture of sustainability can improve firm performance. The results of a National Environmental Education Foundation study found that sustainability can increase organizational profits by as much as 38 per cent (NEEF, 2009). Recent research has found that corporations adopting environmental and social policies significantly outperform their counterparts over the long term, both in terms of stock market and accounting performance (Eccles *et al.*, 2012). While firms can take a number of steps to help ensure positive financial outcomes, a growing body of research has been devoted to the importance of a firm's social and environmental responsiveness.

Along with traditional market factors such as brand image and market value, the environmental and social credentials help to establish niches and new markets. For example, a study by Information Resources Inc. found that as many as 20 per cent of USA consumers are "sustainability-driven", while 50 per cent of US consumer consider at least one sustainability factor when making brand and store selection (Hespenheide *et al.*, 2010).

Some firms have capitalized upon this in their product development activities. For example, Clorox has taken several steps to help decrease their environmental impact (Clorox Corporate Social Responsibility, 2010). The company's Green Works product line helped begin a profitable partnership with the Sierra Club. With this partnership, the company's sales doubled, and \$1.1 million was donated to the Sierra Club (Clorox Corporate Social Responsibility, 2010).

Another important benefit firms can reap when pursuing a strategy of sustainability is in the area of cost savings that accrue through efficiency gains. Whether a firm focuses its efforts on energy, water, waste or raw materials, the metrics used to identify and reward savings can help identify new opportunities for savings. For example, employees at Clorox now conduct "dumpster dives" to identify cost-saving waste elimination opportunities and have reduced organizational waste by 50 per cent over one year (Clorox Corporate Social Responsibility, 2010).

Several companies have recognized how the environmental and social impact of their products can present new opportunities. Shell's conflict with the citizens of Nigeria and allegations of Nike's labor practices demonstrate that sustainable operations can provide firms the opportunity to avoid or reduce future costs. Others, such as Hewlett-Packard (HP), focus on eliminating waste both its own operations and throughout the life cycle of its products. The firm helped one of their clients save over \$3 million on managed print services over two years through a combination of recycling print cartridges, default duplex settings and energy efficiency (Hewlett Packard Company, 2010). HP also helped a European grocery chain save power consumption by 10-15 per cent (Hewlett Packard Company, 2009). HP's organizational approach appears to prioritize savings wherever they arise and at any scale. For instance, in-house reuse and recycling policies helped to save the company \$1.75 million in 2008. On the other hand, the design of a data center in Wynyrd, UK, that uses winds off the North Sea for building cooling is expected to save \$15 million annually by using 40 per cent less power than comparable facilities (HP Enterprise Services, 2010). Each of these examples from HP show benefits are realized when firms dig deep into the full range of its operations for potential energy savings or carbon reduction possibilities:

*P4.* A sustainability culture is positively associated with organizational performance.

## Discussion

Sustainability has become the strategic imperative of the twenty-first century. While many organizations have set their strategic course on becoming sustainable, the successful implementation of these strategies requires creating an infrastructure that reflects and reinforces these initiatives. The model presented here provides a framework that can be used as a guide for practicing managers who seek to create and maintain a culture of sustainability. The process begins with the explicit inclusion of sustainability in the firm's mission and value statements. However, authentic commitment to the strategic intent of becoming a sustainable organization requires the creation and nurturing of a culture of sustainability. This requires the creation of a set of HR practices that attract, select, socialize and provide the continuous development of employees who embrace the organization's commitment to sustainability. For this commitment to permeate the organization, these practices must be reinforced through the organization's performance management systems.

There are many examples of firms who have revised their mission statements to develop a culture of sustainability. Sustainability pioneer Ray Anderson led Interface, the world's largest modular carpet manufacturer, to change the firm's focus and adopt the sustainability-centered Mission Zero which focused the firm on eliminating any negative impact the company may have on the environment by 2020. Since refocusing the mission, [Interface \(2008\)](#) has been successful in reducing its operating costs and in creating a culture whose employees are engaged and share a vision of sustainable business. Similarly, [Caterpillar \(2013\)](#) recently altered its mission "to enable economic growth through infrastructure and energy development, and to provide solutions that support communities and protect the planet". Other companies who have recently embraced a sustainability focus in their missions include Bank of America, Starbucks, Nike, Home Depot, Herman Miller, Ford and 3M. Moreover, sustainability-centered missions are now the norm for leading firms in the hospitality industry ([Courtland, 2010](#)).

There is also growing evidence that HR practices can help firms reduce their environmental impact. [Ángel del Brío \*et al.\* \(2008\)](#) conducted eight case studies on ISO 14001-certified medium and large factories across different sectors (e.g. construction, hardware, pharmacy and foodstuffs) to determine how organizational culture and HRs relate to a firm's ability to implement environmental practices. According to them, high performance firms that also were seeking to become environmentally responsible regularly communicated their sustainability centered goals and successes to employees and other stakeholders. In addition, the best performing companies had personalized environmental agendas for employees, allowed for flexibility in HR policies, which, in turn, fosters employee satisfaction. Finally, high performing firms used several communications vehicles to foster greater employee involvement, communication and cross-functional collaboration relating to their sustainability efforts. They also found that low performing companies focused mainly on compliance via control approaches. Other research suggests that a focus on sustainability in HR practices can help in recruiting and retaining top talent, as well as fostering innovative efforts among employees ([Brokaw, 2009](#)).

There are other examples of firms who have successfully developed a culture of sustainability. For example, Artopex is a Quebec furniture manufacturer that produced its first sustainability report in 2011. The firm's president, Daniel Pelletier, uses every opportunity to express his commitment to people and the environment: in reports and presentations, and in day-to-day business decisions. All of the firm's employees are trained on the company's sustainability goals. Employees are encouraged to meet in small groups to help improve productivity, and to improve the quality of life for employees and end users of the company's products ([Artopex, 2013](#)). Similarly, Baxter International, a global healthcare company, set a new strategic course in the 1990s that led to the development of new environmental standards across the firm. In 2005, Baxter's executive-level Sustainability Steering Committee was created and accelerated the integration of

sustainability within all facets of the organization. In 2011, Newsweek Magazine ranked Baxter the fourth greenest company in the USA (Baxter, 2013). Research also points to the success of Proctor & Gamble in embedding sustainability across its organization to experience improvements in product design, manufacturing operations and employee engagement (White, 2009).

As with most theoretical models, our culture of sustainability model is not without its limitations. First, the model presents the process of fostering a culture of sustainability as being a series of linear steps. In reality, the process is iterative. As a firm progresses with their sustainability agenda, they will need to revisit and evolve their sustainability mission, values, goals and strategy, and adjust the components of their HR Value Chain accordingly. Second, several feedback loops may exist throughout the model. For example, as employees become more engaged in a firm's sustainability efforts, they may contribute to the modification of the firm's sustainability mission, values, goals and strategy. Likewise, as firm-wide and employee-level sustainability results are achieved, there will be a need to reset the sustainability goals of the firm and employees. Finally, economic, regulatory and technological moderators may exist between establishing a sustainability culture and the employee and organizational performance outcomes identified in the model.

## Conclusion

While many organizations are acknowledging the importance of sustainability, the implementation of an effective strategy to achieve a sustainable organization remains a challenge. As demonstrated by both the empirical and case evidence provided throughout the discussion, the integrated implementation of the components of the model are essential to embedding sustainability deep into an organization's infrastructure to foster a culture of sustainability. When the organization's commitment to sustainability cascades through the organization, several benefits can accrue. First, at the individual employee level, in-role and extra-role performance can be enhanced. Second, the level of employee engagement and commitment also can increase. Third, the firm's reputation may also be enhanced, which makes the organization attractive to potential employees, as well as customers and investors. Finally, a commitment to sustainability, reinforced by applying the components of the framework presented to create a culture of sustainability, can be rewarded by increases in brand equity, market share and customer loyalty.

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