Advancing the human element of sustainability
Human sustainability rises to the fore of organizations’ sustainability strategies

Coauthored by Karen Cunningham and Laura Richards.

Enterprises’ initial efforts to address sustainability issues have been largely driven by public relations or brand defense—with less regard for meaningful outcomes. More recent efforts, such as reducing emissions in operations or manufacturing, are producing real but incremental improvement at the fringes of the business. Now it’s time to take the next step to achieve tangible outcomes by focusing on the human element by operationalizing people-enablers in the organization, planning for the right technical and soft or human skills, making work better for humans, and designing for human sustainability. This is where fundamental and lasting change takes root and outcomes can be achieved.

Sustainability issues have a real and existential impact on society and the earth, and organizations are often being called on to play a more central role to create meaningful outcomes for people, the planet, and prosperity. Many executives understand the importance and the need to make meaningful change, with nearly 70% of surveyed organizations incorporating more sustainable materials or increasing the efficiency of energy use. However, just funding sustainable “things” will not produce sustainability outcomes. The cold, hard truth is that many sustainability efforts only dabble at the fringes of the business...
and ignore the human element, which is where meaningful and lasting change takes root. For example, many companies have scaled back corporate travel or switched to more sustainable materials, but those actions alone don’t hardwire sustainability into the workforce or the work itself, which is the kind of change needed to cultivate a culture of sustainability that could fundamentally shape a company’s energy and social impact. Humans are the conduits for material and lasting change.

GLOSSARY OF SUSTAINABILITY TERMS

**Sustainability.** Meeting the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability includes everything needed for an organization to achieve long-term existence, profitability, and growth. It also includes an ambition to ensure that economic, social, and technological progress occurs in harmony with nature so all human beings can fulfill their potential and enjoy prosperous and fulfilling lives, in dignity and equality, in a healthy environment. “Sustainability” is not synonymous with environmental, social, and governance (ESG), but rather encompasses it.

**ESG.** The framework that organizations use to monitor and report progress against their sustainability agenda.

- **Environmental.** Tackling environmental costs, long-term climate risks, and challenges related to natural capital through sustainable business practices and supply chain management. Includes careful management of emissions and stewardship of natural resources including water, agriculture, minerals, land, and other materials.

- **Social.** Committing to workforce management practices that advance inclusion, pay equity, health, safety, and well-being, as well as the advancement of human rights, community impact, and societal impact.

- **Governance.** Establishing and executing board and leadership policies and practices on decision-making authority, accountability, and reporting transparency. Includes leadership and governance, shareholder rights, executive incentives, and corporate ethics and behavior.

**SIGNALS: THIS TREND APPLIES TO YOU IF...**

- Your organization faces rising pressure from workers and other stakeholders for accountability in creating and promoting good jobs, good work, and good platforms.

- The communities in which you work are demanding greater transparency about how the organization is creating value in society.

- Your regulators and shareholders are requiring more transparent reporting on human, environmental, and societal measures.

- Your organization is struggling to measure the ROI of sustainability efforts.
The readiness gap

In the Deloitte 2023 Global Human Capital Trends survey, 84% of respondents acknowledge that understanding the impact of sustainability on their organization and defining ownership for driving progress and outcomes is important to their organizations’ success. Yet only 21% believe that their organizations are very ready to address such issues.

FIGURE 1
The readiness gap for sustainability

Understanding the impact of sustainability on my organization and defining ownership for driving progress and outcomes is important or very important to my organization’s success

84%

My organization is very ready to understand the impact of sustainability on the organization and define ownership for driving progress and outcomes

21%


The new fundamentals

**Embed sustainability into purpose, strategy, and culture.** Sustainability cannot continue to be a siloed ESG, employee health and safety, or corporate social responsibility initiative. Instead, sustainability priorities should be integrated into how and why organizations operate at all levels throughout the business if they are to experience the behavior change needed to drive tangible outcomes. When asked to identify barriers to achieving sustainability outcomes, Deloitte 2023 Global Human Capital Trends survey respondents overwhelmingly pointed to traditional barriers to change, such as organizational culture, rate of change, funding and resource constraints, and regulations. These identified barriers have in common the externality of control, likely related to the fact that less than 30% feel empowered to take an ownership role in their organization’s sustainability outcomes.

But leaders can shift this thinking by understanding that to make material change, they should make tactical and tangible decisions to weave sustainability into the cultural fabric of the organization and take control of sustainability outcomes. This involves aligning around and telling the narrative of sustainability as a core part of the organization’s corporate purpose, putting a supporting organizational structure and operating model in place, and hardwiring the sustainability strategy into business and workforce practices and the work itself. This can be accomplished by aligning incentives, rewards, and performance management to sustainability outcomes.
Plan strategically for sustainable skills needs. Achieving sustainability outcomes may require the cultivation of new skills, capabilities, and experience within the workforce. An increasing number of organizations seem to be taking note. For example, LinkedIn observed among organizations represented on their platform, significant double-digit growth in organizational demand for skills, such as pollution prevention, environmental policy, and environmental auditing between 2016 and 2022 (57%, 58%, and 67% growth, respectively).

The Deloitte Economics Institute predicts that there will be an increase in 300 million jobs globally by 2050 in order to transition to net-zero. But sustainability skills are both technical and human in nature. Organizations will need more than specialized experts with skills in waste reduction or decarbonization. To truly embed sustainability into their way of being, organizations will need to conduct workforce planning in the context of all skills and capabilities needed to operate in a sustainability-forward

culture and future. In addition to the “green” capabilities required, this will involve considering how to instill enduring human capabilities, such as empathy and conceptual thinking, and develop new skills, such as scenario-based decision-making, among workers in the broader ecosystem.

**Make work better for humans.** In 2021, we wrote about the potential for organizations to design “good jobs” in which job quality is high, workers have a voice, and the organization offers training and skill development. Within the context of sustainability, “good jobs” look more like a holistic approach to work, where the health, safety, and well-being of the worker is prioritized and where work output contributes to sustainability outcomes. For example, sustainable fashion company Everlane regularly evaluates labor conditions, wages, training, and the environmental impact of the factories within its supply chain to ensure worker conditions meet its social responsibility standards. In 2021, the organization reframed its mission statement to adopt a people-first focus on environmental sustainability, promoting both safe environmental practices and safe work environments.

**Design for human sustainability.** Many organizations have begun to value not only environmental stewardship, but also human sustainability, or the creation of value for current and future workers and, more broadly, human beings and society. These organizations unleash individuals’ potential and help them become healthier, more skilled, and more connected to a sense of purpose and belonging. Human sustainability differs from political activism or worker engagement in that the intent is to positively impact the humans and communities who touch an organization, rather than the organization itself. In a global survey conducted by Deloitte in 2022, 64% of workers stated they would be more attracted to, and remain at, an organization that creates value not just for shareholders, but for workers as human beings and greater society as well. Human sustainability has also moved up steadily higher on the corporate agenda. Seventy-nine percent of business leaders agree that the organization has a responsibility to create value for workers as human beings and society in general.

Our understanding of what it means to create and sustain value is shifting, to the benefit of humans from the board room to the surrounding communities.

**Current experiments: What leading organizations are exploring**

- **Hilton.** The hospitality company offers one example of how organizations are pursuing both human and organizational sustainability. In response to talent shortages resulting from the pandemic and increased worker agency, Hilton looked for new talent within communities in need of work. The company hired survivors of human trafficking, refugees, and formerly incarcerated individuals, which created value for the workers and society, and simultaneously, the business.

- **Interface Carpet Company.** The global commercial flooring company’s journey to carbon neutrality began in the mid-1990s, when Interface leaders put environmental sustainability at the company’s core by incorporating it into its design philosophy, performance measures, and culture. The organization’s core mission, as stated, is to “restore the health of the planet.” This mission has been incorporated into determining what products it designs and how, workers’ performance evaluations, and the interactions that drive daily work. The organization has already achieved its goal of carbon neutrality and aspires to become carbon negative by 2040.
• **Apple.** In 2021, the global technology company added a modifier to its bonus structure, which could increase bonuses for executives by 10% should they achieve predefined sustainability goals. The move came after an activist shareholder failed to push through an initial proposal in 2020 but continued to work with Apple executives to implement the change.

• **United States Agency for International Development (USAID).** Through its Green Cities program, the organization collaborates with local governments to increase access to inclusive green jobs, reduce pollution, advance equity, and create net-zero systems in a multitude of communities across the developing world.

• **American International Group (AIG).** The global financial services and insurance company has committed to radical transparency through its sustainability reporting, which accounts for the broader ecosystem. Published annually, AIG’s sustainability report includes information on third-party emissions as well as data on the composition of its full workforce. The organization has also created a sustainability-focused framework for underwriting, which incorporates its sustainability values into the largest body of daily work.

• **Anheuser-Busch InBev.** The organization has adopted an ecosystem approach to its sustainability efforts, taking action to help clean the water it sources to produce beer, supporting the financial well-being of farmers whose crops are sourced, and helping make safe beer with indigenous crops for consumption in local communities. The organization’s aim is to operate within its ecosystem in a symbiotic manner, growing together with its suppliers, consumers, and communities.
Looking ahead

Many organizations are facing mounting pressure from governments, global coalitions, their communities, and, not least, their current and future workforce to address sustainability issues. And that workforce is demanding that organizations dispense with the lip service surrounding sustainability in favor of observable outcomes. In the Deloitte Global 2022 Gen Z and Millennial survey, nearly half of respondents said they have personally put pressure on organizations to act on sustainability topics.14 Thirty percent of workers in a 2021 Deloitte external survey said they would consider switching jobs to work for a company that is more environmentally sustainable.16 If an organization relies on workers and talent—and what organization doesn’t?—it will need to start making meaningful, quantifiable progress quickly. Two essential steps that can help achieve this progress are embedding human sustainability into the organization’s sustainability strategy and promoting behavior shifts across the workforce ecosystem that align with sustainability goals.

Setting aside both internal and external stakeholder pressures and wider societal needs, the benefits to businesses for growing their readiness to lead on these issues is clear. In many ways, the problems represented by sustainability serve as a

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### FIGURE 3

**Survive. Thrive. Drive.**

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<td><strong>Survive</strong></td>
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<tr>
<td><em>Remain viable in the marketplace</em></td>
<td><em>Differentiate to gain competitive advantage</em></td>
<td><em>Lead the market by radically innovating and transforming</em></td>
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- Align leaders around the sustainability ambition, vision, and goals and their accountability to outcomes
- Strategically communicate to ensure internal (workforce) and external (market) visibility into leadership commitments, progress, and outcomes of sustainability goals
- Provide your workforce with sustainability or “green” upskilling opportunities relevant to your industry and organizational strategy
- Manage the changes associated with new technology, processes, tools, and ways of working as a result of sustainability investments

- Cocreate your sustainability strategy with members of your ecosystem (workers, partners, customers, suppliers, vendors, etc.)
- Rearchitect work to drive environmental sustainability, workforce equity, worker health, safety, and well-being
- Evolve your operating model, organization design, job architecture, compensation, and rewards to align with and enable your sustainability strategy and commitments
- Pay attention to the jobs most at risk for negative impact on health and well-being
- Take a holistic approach to work, in which the health, safety, and well-being of the worker is prioritized, and work output contributes to sustainability outcomes

- Account for shifts in skills and expertise that will enable long-term sustainability capabilities within your workforce planning approach
- Design for human sustainability and account for intended and unintended consequences of sustainability decision-making on your workforce, the market, your community, and society

Source: Deloitte analysis.
useful proxy for the entire set of challenges that surfaced throughout the Deloitte 2023 Global Human Capital Trends report. In that light, it should not be surprising that a deeper statistical analysis of the survey data found a clear and predictive relationship between organizational readiness to address challenges of sustainability, inclusion, trust, and purpose and the likelihood of high performance on business and workforce outcomes—the strongest such predictive relationship of any group of items in this year’s study.

Regardless of the ultimate benefits, many organizations tend to struggle to prioritize the need for long-term sustainability over short-term financial results. While culture and funding are reported as top barriers, they will also be key enablers to help achieve future success. In an interview with Christine Dacre, the chief financial officer of TransLink, she noted the criticality of applying both a long-term focus and a human lens. She says, “This work takes time and a lot of investment upfront, which can be tough when you don’t necessarily see the benefits right away. Moreover, you have to look beyond your company at the whole ecosystem, including suppliers, existing infrastructure, and existing technology. You need a lot of collaboration among stakeholders because no one organization can go at it alone.”

Deloitte’s 2023 Global Human Capital Trends survey polled 10,000 business and HR leaders across every industry, with 105 countries participating. The survey data is complemented by interviews with executives from some of today’s leading organizations. These insights gathered shaped the trends in this report.
Endnotes


16. Stephen Rogers, *We've had a lot of time to think, and we're thinking a lot about time*, Deloitte Insights, April 11, 2022.

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