

Sustainable Happiness

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Lecture - 39

ESG for Sustainable Wellbeing

Hello viewers, welcome back to this NPTEL course on Sustainable Happiness. In the last class we are discussing about sustainable development well-being and how it is related to education for sustainable development role. Now, today we will discuss about another concept that is ESG. ESG is that education that is environment society and governance. So, this ESG how important it is in enhancing our collective happiness and collective well-being and its role both the ESG's role in sustainable and collective happiness and well-being. So, let us see what ESG's policy implication says.

So, ESG actually sustainability and well-being are the two. Key global policy priorities now in every corporate houses in every institution and organization says ESD Education for Sustainable Development and again ESD that is Environment Society and Governance Audit Accountability. So, all these two factors are very important factors in determining the sustainable happiness and well-being. So, in so, it ESG and ESG both the concepts it regulates the global policy priorities.

So, now, well being the importance of social dimension because it also covers under the S that is society dimension, it is an emergent and emergent and it is recognized as a as an important factor as an important factor in ESD, but however, in ESG. So, that the recognition of the environment the nature is also that in a very small the power part of contribution of the environment is very small contribution in the concept of well-being. When we talk about the well-being primarily it means to. social well-being, people's well-being, community well-being and in the well-being concept this environment concept has been underrepresented whereas, in sustainability concept sustainability concept and environment comes up prominently, but when sustainable well-being remains So, how we have to we can maintain a balance between sustainability that is ecological environmental well-being as well as the common community well-being. So, primarily the applied field of well-being actually dominated by the focus on individuals.

So, when we talk about well-being, employee well-being, students well-being, teachers

well-being, so automatically it relates to the society, society or social factor whereas, the sustainable and sustainable well-being that is we try to blend it this well-being concept along with the environment concept. So, sustainable well-being actually it is a integration of both the things and this integration is very crucial in sustainable well-being. So, sustainable collective happiness, sustainable well-being. Sustainable collective happiness as the name implies primarily we say about the people, community, society. But when we talk about sustainable well-being means sustainability, sustainable well-being we try to emphasize on the ecological well-being, environmental well-being also.

So, how these two concepts sustainability and well-being can be well integrated along with the environmental sustainability and the social sustainability. So, that is a it involves the achieving the holism across the well-being dimension. So, when we talk about the well-being dimensions it relates to different spheres of life, it relates to environment, it relates to society, it relates to economy. relates to human factor also. So, that is why it is a it has a well-being is a whole holistic concept and it embeds it embeds all the aspects of the ecology society and economy.

So, it you can say when we talk about well-being means it is beyond the individual beyond. So, it is well-being can be related to that means, it is beyond the individual beyond the community. more related to the system. So, it has a holistic approach that is systems thinking we have already discussed in the last classes. So, systems in how the society function, how the system function.

So, systems is a system concept is overarching. So, well-being also the well-being concept means well-being dimensions are diverse dimensions. So, well-being is a holistic concept and the system approach systems system when you talk about the systems well-being so, it is also overarching. So, that is why so, we automatically sustainable well-being takes into account the collective well-being paths. That means, it is the collective well-being in different dimensions and holistically that means.

across the culture, across the country, across the community and within the that means, the holistic that is systems evolving. So, now as so, let us see how ESG plays an important role. So, ESG factors primarily especially ESG you know now ESG has become mandatory component for the corporate houses, business houses in the present day. Earlier it was more of CSR activities, but now ESG has become has been has become a mandatory component and it has been embedded in the policy implications also like other audits like financial audit, HR audit and other kinds of audits. So, ESG audit is a mandatory concept in the business houses.

So, ESG factors it includes it has a significant implication for companies employees. So,

it relates to employees well-being overall well-being. Again ESG has the three factors that is environment, society and governance. So, here environment also plays an important that is the workplace environment, corporate environment, workplace environment. So, here environmental factor is also important ESG and in environmental dimension it affects the employees by promoting a sustainable and eco-friendly workplace.

So, in ESG factor here environment primarily means to the workplace condition, workplace the context. And, how this workplace should be made comfortable, eco-friendly and pro people and that means, all kinds of you know having the positive vibes, having the all the positive attributes and eco-friendly, energetic and all this. So, how the workplace should be not only eco-friendly, but people friendly to promote the sustainable development. So, it entails the energy so that means, in workplace definitely it must have the energy efficiency, it must also address the work reduction, waste reduction that is waste management policy, waste reduction, responsible resource management, all these factors automatically comes under the environmental factor in ESG. So, here employees in order to ensure employee well-being, stakeholders well-being, customers well-being, investors well-being, then we have to provide the corporates they have to provide the healthier work environment.

A healthier work environment with reduced toxins, reduced negative factors, reduced reduced you can say dropouts reduced all kinds of negative feedback or negative stimulus. So, and primarily working for the company that prioritizes the environmental stewardship. Healthier work environment that is the environment concept, the workplace concept it requires stewardship that leadership that all the leader they must look into the factor that how to strengthen our workplace, how to make the workplace a sustainable place to do the job, to perform, to achieve and to collaborate and work together. So, that is the environment in the ESG concept. Now, the next is the social, social is primarily it relates to the employees.

and the employees how do they perform, what is their state of mind, what is their job satisfaction, what is their mental health status. So, it primarily here ESG in social domain, ESG directly impacts the employee by fostering a supportive and inclusive work culture. So, now if environment ecology is good, but now work culture that is the work culture and a work culture develops as a result of interactions, you know relationship etcetera. So, the workplace culture should be inclusive and that strengthens the social dimension of the corporate houses as per the ESG parameter. So, primarily how the workplace culture, work culture impacts the employees, whether the employees are happy or not, whether they are getting the job satisfaction or not, whether their career growth is taking place properly or not and because once the employees will be happy and healthy and they will

significantly contribute towards organizational activity then definitely organizational performance outcomes will be very high.

So, companies that prioritize who prioritize the social responsibility that is to focus on diversity, inclusion, fair treatment, employee well being all these things all these factors we have already discussed in the workplace well being. So, companies who gives utmost importance to the human resource and they take the social responsibility of nurturing their employee, addressing the diversity issues. They welcome diversity, diverse people, diverse talent and also they know they also formulate the policy and they manage diversity properly, they leverage the diversity. Again they develop a healthy workplace climate, workplace culture of inclusiveness having the all the thing diverse even the people are from diverse background all them are working together in an inclusive environment, fair treatment, justice, social justice is there, employee well-being is taken care of. So, these all these factors comes under the social dimension.

So, now, here it also includes the equal opportunity to for all work life balance, wellness program, respect to work environment. Nowadays, big houses, corporate houses there, they were providing all kinds of facilities in the workplace. starting from the shopping to gym to shaloons to shopping malls to all kinds of the facilities they provide in the nearby vicinity. Because you know they want to give a kind of complete life satisfaction. to the employees because as it is not about the just the employees that is just spending the 8 to 10 hours in the workplace, but you the facilities should be provided in such a way that the employee would love to stay back in the office because other facilities are already available.

So, he can spend time he can regulate his all 24 into 7 activities in that vicinity itself. So, wellness program, work life balance, taking care of the work, work life balance, equal opportunities, shopping malls, health facilities and you know spas, gyms, all kinds of things are happening in and around that office workplace. So, employees also then again in the in the social sector employees must feel valued, they must be empowered, they must be respected because when thing is that employees their personal needs, goals, ambitions are to be taken care of. And at the same time they are they should be considered as the valuable person that means, they must get the equal weightage just like the investor and other vital important stakeholders. So, they must feel valued, they are they must feel because This feeling of the belongingness, feeling of worthiness that develops that brings a kind of you know ownership among the employees.

So, when the employees will be valued and empowered. So, they take the ownership of their ownership of the organization, the ownership of the company like it is my organizations, my workplaces, my company I have to. I have to take it up towards the

towards the high toward the height of success. So, that ownership comes in. So, from this ownership again employee citizenships come up.

The irrespective of time timeline time etcetera time or work pressure etcetera they just want contribute significantly for getting about their individual comfort and discomfort that is the from ownership to you can say citizenship behavior. Now, the third component is the governance component. Governance is that what are the rules, rules regulation policies that is meant for the ruling the organization governing the organization. So, here is the governance element influences Primarily promoting the strong leadership, transparency, ethical business practices, moral values, then you know work practices, honesty, social justice, how your organization, how do the employers or the organization they follow these rules and because it shows their brand image, shows their transparency, it shows their social justice, how they are adhering to the rules. So, all these business ethics values and the business values and the moral practices.

Now, companies they must with the robust governance practices that is robust very strong governance practices ensure that employee rights here comes about employee rights. fair compensation professional opportunity for the professional growth. Now, there is no over exploitation then giving the opportunity for self development and you know looking for or caring for the employees mental health all these things are that means, government that is the corporates they have the practices rules and policies in their governance manual governance manual that is these that is time starting from the time to compensation to career growth opportunity to health to you know leave rules to opportunity for the career development training all kinds of things are related documented in their manual. So, that is the governance that means, how the corporate how the organization is being governed by the policies they follow. So, effective governance structure also encourage open communication, employee engagement, participation in decision making processes.

So, healthy governance, strong governance, robust governance there the structure is that. So, it is primarily bottom to top kind of thing. So, they take all the feedback, all the information. perspective, views, opinions of the grass root level people and all these things are properly integrated in the decision making process. So, hence they primarily they are less flatter organization that is structure is there, but they are more democratic pattern of kind in horizontal kind of organizations with the less hierarchies in the organizational structure and it is from that bottom to bottom of bottom to top bottom bottom of organizational activities like every for every change for every innovation for every production for every decision they actually takes into account.

These people they take into account this grass root level people who are in the grass root

at the plant level at the field level their opinion also. So, here every employee every workers opinions comfort discomfort decisions are being taken into account before designing something new before taking any major decision. So, employees the here in this process of what happens is more transparent, it is more democratic and there is a equality prevails equal equality prevails. So, here every employee feels that they are same, they are in the same line, they are equal, there is no hierarchy, there is no boss, there is no junior, there is no bureaucratic structure, there is no nepotism. So, everybody every employee feels happy and in this this type of climate actually helps in building the trust, building the trust and confidence not just in the confidence in the leaders, their immediate leaders or the managers or the boss, but in the organization itself their leadership, their board members, their their committees, their groups, their sectors, different branches everywhere.

So, that employees slowly steadily they gain trust and confidence which is very time consuming, but at the very difficult process. And that can be built upon on the basis of your governance, your social activities that the organization does for the employees and the eco ecological that is one environment workplace, ecology of the workplace. So, this is a structure that is this is the structure the building the pillars of the culture of well-being, how the culture of well-being can be embedded, can be started, can be integrated in the organization. So, at the same time the organization can be sustainable and well-being of everything, well-being of the organization, well-being of the employee, well-being of the stakeholders everything everybody's well-being can be assured. So, here you can say there are the three factors in the culture of well-being that is first is the work, work is that integrating well-being into the design of the work.

When the work is being designed planned itself so, well-being aspect has been embedded. So, that can be given like the flexible environment systems for collecting the communication feedback using technology to promote collaboration these are some of the examples. Similarly, workforce. people who are engaged in. So, providing the right mix of the benefits, programs and policies that support the workforce and well being.

So, here workforce is your employees, workforce they are the manpower, they are the human resource is your workforce. How to enhance their their capability, how to make, how to empower them, how to nurture them, how to educate them, how to how to how to develop their strengths and competencies. So, by providing the combination of benefits that they are getting, programs that they are programs that you are running or they are undergoing and the policies they are being governed. So, through is all these kinds of combination of mix of things can be. So, that the workforce that is the workforce itself will be very empowered and their well being can be assured.

So, the activities like employee and the family assistance programs are the health insurance, psychological care benefits, career counseling or the employee counseling centers are there, So, these are some of the examples. Then comes your ecology the environment. So, ecology workplace is the environment that is well being that is providing the access to the physical space remote and the remote work policies designed with the people's well being at the center that means, the flexibility. physical space must be enough, your infrastructure should also be good. At the same time the other option of remotely working, work from home or the facilities also there and the people and at the same time all these governance policies, the policy that comes under the governance that all these policies are also designed for enhancing strengthening the people's well being at the center.

It is not about it is not about where you are working, from which place you are working, how many hours you are working, but ultimately you can that means, employees when if the employees well-being or people's well-being can be assured automatically the production will increase. So, here you can say in the physical space you can say the ambience, air quality, water quality, light, sound, movement. you know work environment must be very conducive and peaceful, the ambience should be very good, the environment should be that means, it is a peaceful calm and quiet environment with you know all kinds of positive vibes. So, this is the workplace. So, well being here it is related in the workplace that is related to work itself task which has been is being given to workforce that is the employee and the workplace that is the environment.

So, here itself we can say develop a culture of well being. Environment is taken care of, people is taken care of and the task are also taken care of. So, that is why so, it is an integrated approach to develop and to develop a culture of well-being that is a. So, here you can see the spectrum of well-being work how the work can be designed keeping in mind the employees or the employees or the stakeholder the customers well-being and the workplace the workforce and the workplace that is all these things. So, it is an integrated approach spanning over this spectrum of well-being ok.

So, now, how to again how the it also involves the what the measures that is that are being taken care of that are being introduced to take care of or to address the risk factors, the promotions of the positive well- being outcomes, support system of and positive health support system to the employees with proper health conditions. How to create the robust well-being strategy and the leaders how the leaders who would should be well leaders should also be very prominent and very influential very you know very you can say very effective leaders are very effective in building that well being at work, workplace itself. So, they are not just taking care of the human resource, but making the whole organization well whole workplace itself a pro friendly people friendly kind of and

people all the human resources they experience the positive vibes experience the positive. work culture in the workplace. So, now, to do this also organization they must also identify what matters most to the workplace.

Now, here the crux of all the activity scenario is that they first initially the leader has to identify. that what makes the people happy here, whether they enjoy the work, the environment, the togetherness, the work culture or the relationship. So, the leader has to identify first what matters most to their work force. So, the people become very happy provided they get these easy things, what drives the purpose and meaning in their work, what makes them happy, what makes them enjoying that happy and enjoying in their work perfectly, what is meaningful in their work. So, all these factors also the leader has to identify and provide it.

So, recent times there is substantial progress made in the workplace pillars. Now, workforce and workplace because huge investment in the human in the human resource development, talent retention, even making the workplace more healthy place and again design. Now, the technology is there to you know to facilitate workflow to facilitate the work processes. So, all these things like by integrating all these facilities and the tools and technology, how we can make the workplace a conducive place and we can ensure the well-being of everybody, well-being of the stakeholders, well-being of the employee, well-being of the investor everybody. So, employers are investing in diverse programs for the benefit of employee health, social and emotional well-being.

So, here well-being again we have already discussed in well-being can be emotional, social, financial, physical and cultural. So, many well-being is a kind of it is a scale, it is a overarching dimensions, it involves many things because it is a more holistic. So, employer also nowadays employers are also investing how investing use on their human resources, because not just they want to retain their talent, but by making their people happy then definitely the organizations production performance can be improved. So, investing in the employee, investing in the workers, investing in the on the people. So, it actually it gives them the return a huge return in terms of improving the quality brand image and the commitment of their workforce.

So, they are investing in employee health, social activity, emotional well-being, social well-being etcetera. So, leading organizations now they are also you know investing in innovative tool to create end to end well-being programs. So, how to facilitate wellness program now in many corporate. So, that the wellness programs means they have the gymkhana, they have the yoga center, they have the recreation center, they have the relaxation room, they have the music center that is the it is a part of wellness programs.

That means, they have the facilities are there. So, innovative tools they are investing in their investing in innovative tools and you know in tools that is to facilitate this well being programs and to enhance the well being of their employees. May be that in music through music, through therapy, through counseling, through sports, through swimming, through recreation, through yoga, through mindfulness practices many facilities are being provided. So, big corporates they are actually investing these that in these facilities and creating these facilities for their employee well being. So, technology and the locations are the two main enablers here, technology is there and the location that place space for the work. So, investment in these two areas bearing on the productivity and the performance can on the productivity and performance, it can enhance the employee well-being, workplace well-being and the in the organizational well-being also.

Investment in workplace well-being initiatives can yield the benefits in terms of employee engagement, enhanced employee engagement, brand recognition, productivity, retention, reduced health cost, so all these things. So, nowadays in every 21st century the employee well-being is the you can say the foundation of every organizations. So, from time to time from the from different different times some one or the other kind of resources are become are becoming more important like in the previous in the past your in the past your marketing and sales, then your supply chain these things were very prominent and your infrastructure all these things. But nowadays in the present is employee well-being well-being because well-being has become most important foundation for organizational performance and effectiveness. Because, with increasing population, we increasing youth power, increasing education, increasing awareness among the people and increasing options available in the market.

So, that means, again it is a competitive market competitive. It is a competition that who can attract the bright talent, the most talented people who can retain them and so that because the employee is the resource, human resource is such a role through which you can leverage your brand image. So, organizational performance and the organizational brand image, organizational reputation all these things it depends on how you are dealing with the human resource because these Human resource is more valuable and significant because you cannot mishandle you cannot ignore the human because they are the living organisms. So, human resource is most important factor and you can now technology is there to facilitate the operations and the mechanism etcetera to technology, but how to use the technology properly. So, technology actually takes care of many of the logistics matters. Now, finance is definitely is important finance technology already finance combination of finance and technology strengthens your operation supply chain etcetera.

Now, the people human resources most important because they are the owners or you can say they are the you can say they are the actually the brain the mind the brain behind

the whole operations. regulating system, they are in the regulating system regulatory you can regulatory stakeholders who can take care of, who can gear the organizational performance and the production in that positive direction. So, here as a stakeholders and again here it is not only employees, stakeholders will be like nowadays you know customer service has become most important. Investors and now with the investors also they are looking around that means, whether to invest in certain companies or not. Because, whether they follow the ESG guidelines, whether they follow the government rules and regulation, and whether they you know they are the tax task, they are the tax consultant, they pay the tax properly, all their all their legal ethical matters are clear or not.

So, investor also nowadays are also investing the companies who fulfills the criteria of ESG or their ESG audit score is very good. So, employee engagement as you know the it plays a very pivotal role and it is a research says that 80 percent of the overall progress towards these objectives happens because of the positive employee engagement. So, value that the employee bring to the table when it comes to driving ESG outcomes. So, in the employee engagement, employee output, employees performance etc are considered are taken into consideration.

So, it also reflects in ESG outcomes. It also reflects in your ESG score. So, it is a so, that is a ESG initiatives becomes a very powerful catalyst for the positive change. Because ESG has become an important change agent for the corporates for the organizations and they are the powerful and the you know they are ESG initiatives that what they have taken these are the powerful catalyst for bringing that positive changes in the work culture and the production and the performance. So, the commitment and enthusiasm of the employer of the board member of the employer organization or the corporates that is very important in that can influence a successful implementation of environmental social and governance. how committed the employer are, how committed enthusiastic the corporate houses or the people are towards their contribution in environment social and governance practices that is most important.

Hence, embracing the ESG principle integrates them into their daily work. It is ESG is not just and as an annual report, it should not be only there in the annual report or the annual even no, it is it must be embedded integrated in the day to day activities also too. So, that is integrating them in the daily work and the overall sustainability and the responsible business practices. So, ESG is another important component of sustainability and through in ESG compliance again we can assure we can assure well-being, well-being of the employees, well-being of the stakeholders, well-being of the employer and the organization itself. So, ESG initiatives yield the wide range of benefits, these are some of the benefits as you can see employee satisfaction, sense of loyalty, top talent they

seek purpose driven environment.

So, you might have observed that some people talented people they are restless, they are creative, they are highly innovative, they always look for the opportunity. Providing them catering to their needs, intellectual needs, providing them with good environment, good resources, good technology, good facilities that is also that is also to boost to strengthen the creativity. So, they always look for. So, to top that talent how to retain them by providing the purpose driven work because they love to do work, they love to work, they are highly creative.

retain them in the company this that is most challenging. So, here the purpose driven work environment have to be environments have to be created. So, ESG also ESG strategies what are the ESG strategies to collaborate to innovate to create to you know to address the feedback to address the market changing needs all kinds of things. So, companies reputation trust among the stakeholders is not about employees trust. but it is about the stakeholders trust, it is about the customers trust, investors trust that is also most important. So, different methods and strategies are there to empower educate their work force to develop a culture of sustainability, culture of positivity.

So, culture of sustainability every day you are moving towards sustainability. And culture of positivity is that every day or all of your stakeholders, all of your members and employees they are they are motivated to be positive, to work positive, feel positive, think positive in their workplace. So, that and you can also the HR department the organization can also work for the work for arranging the comprehensive training programs to strengthen their skills competencies. equip the employees with different knowledge, updated knowledge and tools technological tools and also giving them the free hand and the resources to think creatively and being innovatively. So, all these are again the practices of ESG because it is equally distributed on environment, society and the governance.

on day to day basis and the 24 into 7 the corporations are investing in ESG in terms of ESG strategies, in terms of ESG initiatives, in terms of implementing all the policies etcetera that is to strengthen their workforce, strengthen their organization, strengthen the brand image and all the stakeholders. So, now I am just closing it here. Next class we will go to the next topics. Thank you very much.