

# How ESG is reshaping careers


ESG stands for environmental, social, and governance. It is a framework that assesses a company’s performance and risk exposure based on its environmental impact, social responsibility, and governance practices.

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Corporate values are too often just headlines in annual reports and slogans on posters on the wall. As the recent death of EY’s Anna Sebastian Perayil highlighted, employees are already struggling with increasing workload, stress, financial anxiety, the rise in the cost of living, inequality, etc., and the values companies must talk about are implemented on the ground.

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ESG stands for environmental, social, and governance. It is a framework that assesses a company’s performance and risk exposure based on its environmental impact, social responsibility, and governance practices.

“ESG focuses on short, medium, and long-term performance and value creation while addressing material environmental, social, and governance risks. ESG reporting demonstrates a long-term commitment to Profit, People, and the Planet, focusing on ethical and socially just practices beyond financial gains,” says Peter Jacob, founder of an ESG start-up.

## Transforming the workplace

According to the Global Sustainable Investment Review 2022 report, sustainable investments globally have surged from \$22 trillion in 2016 to over \$30 trillion in 2022, illustrating the growing importance and acceptance of ESG. The International Energy Agency’s roadmap to Net Zero by 2050 forecasts that global investments in clean energy technologies will reach \$90 billion for projects before 2030 to meet climate goals.

Gayathri Shankar, DEI India Head of a Danish multinational, says, “Millennials and Generation Z, comprising a significant portion of the global workforce, do a lot of research on the organization and its contributions through CSR before deciding to join an organization. Surveys and research consistently show that these demographic groups prioritise employers with strong ESG commitments.”

## Role in Industry 5.0

As companies look ahead, ESG issues will continue to shape the future of work. While companies and whole industries are still in the middle of Industry 4.0, the next revolution is already well on its way—Industry 5.0

Industry 5.0 is a new industrial paradigm focusing on collaboration between humans and machines, innovation, and sustainability. It is a pivotal moment in the evolution of manufacturing and industrial practices. Organisations that embrace ESG will be better positioned to drive innovation and foster resilience while navigating evolving market dynamics, climate change, regulatory compliance requirements, and societal expectations.

India has introduced ESG reporting requirements for the top 1,000 listed companies by market capitalisation. As investors and employees begin to favour environment-friendly and socially responsible companies, Indian corporates are also compelled to respond to the growing attention and trend in non-financial reporting and performance.

India’s pledge to net-zero emissions by 2070 is a key milestone. The country is on track to create over 50 million job opportunities in the climate industry. India is also quickly establishing itself as a worldwide green innovation powerhouse. Increased investments in indigenous technologies and manufacturing skills for climate and resource conservation will also allow this sector to grow more quickly.

## Benefits

ESG-focused organisations tend to enjoy a stronger brand reputation and greater consumer trust. Peter says, “Companies that demonstrate a commitment to ESG principles not only appeal to socially conscious consumers but also differentiate themselves in the marketplace.”

Institutional investors are increasingly integrating ESG performance into their investment decisions. “Companies with robust ESG practices often attract capital more easily and at favourable terms. Research also shows a positive correlation between ESG performance and shareholder value,” says Peter. There are other advantages as well.

**Morale and engagement:** Organisations that actively work towards fulfilling their environmental, governance and social responsibilities will foster a sense of purpose and belonging among employees, leading to higher engagement and morale and driving productivity and performance.

**Employee health and well-being:** Gayathri says, “ESG initiatives often include measures to enhance employee health and well-being, such as promoting work-life balance, providing access to mental health resources, employee wellbeing, and ensuring a safe working environment. Corporates realise that healthy and happy employees are more productive, creative, and resilient, ultimately contributing to the organisation’s bottom line.”

**Talent attraction and retention:** ESG initiatives are crucial in attracting and retaining top talent. In today’s competitive job market, employees, particularly millennials and Gen Z, seek employers with strong environmental and social values. By prioritising ESG, companies can attract diverse, skilled, and motivated employees.

**Professional growth:** ESG initiatives often include opportunities for employees to develop new skills, expand their knowledge, and contribute to meaningful projects. Executives recognise the importance of investing in employee development, as it enhances individual performance and strengthens the organization’s overall capabilities.

**Diversity and inclusivity:** ESG initiatives promote inclusivity and diversity within the workplace, creating a culture where all employees feel valued, respected, and empowered to contribute their unique perspectives. “In an inclusive work environment, organisations can attract and retain diverse talent, further employee satisfaction, enhance collaboration, and strengthen their competitive advantage in the marketplace,” says Gayathri.

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