



ESG, HR, AND ORACLE HCM CLOUD – A POWERFUL SYNERGY

ESG makes an impact in the business world

As governments worldwide become more involved in environmental, social, and governance (ESG) issues, companies are investing more in this area. For starters, over 80% of Fortune 500 companies have set climate-related targets¹. For sure, ESG is gaining importance steadily. But companies are gradually realizing that it goes beyond climate change. Organizations globally are serious about weaving social, environmental, economic, and ethical factors into their strategic decision-making.

Why? Because commitment to a sustainability agenda increases the potential to do well in an evolving and uncertain business world. Consider some tangible benefits outlined in a McKinsey study²–

- Almost 60% of respondents agreed that these initiatives create shareholder value
- 34% said it strengthened the competitive advantage
- Almost 30% said it opened new opportunities

There's more - employees prefer to align themselves with companies with a definite tilt towards ESG practices³. Furthermore, a recent study by Pew Research Center identified that Gen Z and millennials identify most with issues, including climate change. The same segment is also behind the "Great Resignation" trend⁴. Hence, organizations have several compelling reasons to embrace ESG.

An example of a company making great strides in the iconic brand IKEA. IKEA's ESG program⁵, focused on reducing environmental degradation, has completely revamped its product design approach. Reuse, refurbishing, and recycling are considered at the start, unlike earlier approaches when recycling was an afterthought. In addition, IKEA is moving toward making its products easy to be reused as raw material when it is no longer functional. This strategy will make the company stand out among its competitors and improve business prospects.

Generally, companies today are focused on one or more of these initiatives to advance on their ESG journey -

- Eliminate the use of paper
- Reduce carbon footprint
- Move to renewable energy
- Strive for environmental cleanliness
- Shoulder social responsibilities

While ESG is still evolving in the business arena, there is no doubt that it is a strategic imperative today. And the function that drives the ESG agenda is HR.

HR at the helm

ESG agenda execution requires connecting across the organization and creating a sense of togetherness. So, who better than the HR team to drive such an agenda across the organization? Read on to discover the strong link between HR and ESG initiatives.

1. Get rid of paper

The ecological impact of paper production is massive. Only 40% of the cut wood is used for paper production⁶. Not only that, but paper production is also a water guzzling process, with one sheet of A4 paper consuming up to 10 liters. Surely, these are enough reasons to switch to a paperless office.

For the HR team, a push towards a paperless office can be a good start for the ESG journey. Furthermore, benefits from such an initiative are multifold, as many Infosys clients discovered.

An American regional utilities client has employees and retirees on an Oracle payroll platform. Operating on a purely paper-based and manual communication system, the company struggled with its upkeep. Addresses, dependent details, deductions and benefits were tracked and updated manually, leading to more effort, time and errors. Infosys enabled a self-service solution for benefits enrollments, paperless requisitions, automated workflows and

manager approvals. As a result, the utility company eliminated the process of printing 50,000 pages and sending them via physical mail and saved up to \$60,000 with each annual enrollment.

Similarly, for a US-based construction firm, Infosys digitized the compensation and talent management system that contributed to the organization's carbon footprint reduction goal. Next, a European specialty steel manufacturer established a single source of HR information on the cloud through an Infosys paperless self-service HR solution. On account of this, the company drastically reduced paper consumption by 30% and also boosted HR efficiencies.

These three examples show how Infosys solutions implemented on Oracle HCM Cloud can help the HR function take the first step toward establishing a sustainable office environment and pave the way for the rest of the business.

2. Cut down your carbon footprint

Put simply, the carbon footprint is the number of greenhouse gases emitted because of our actions. The average carbon footprint per person globally is about 4 tons, while the US stands out with a staggering average of 16 tons. Efforts are on to reduce the global average to 2 tons and avoid a 2-degree rise in temperature by 2050⁷. It is a serious issue prompting an aggressive goal to be set. Reducing travel can cut down on emissions significantly. That's why the hybrid working model of today is beneficial for the ESG agenda.

But there's more that businesses do with the help of Infosys' set of handy digital solutions to help employees get their work done efficiently from anywhere. First, **Infosys HR Digital Assistant** is an AI and ML-based conversational UI that combines all HR-related activities such as orientation, training, laptop requests, and bank information into a single window, simplifying the employee experience tremendously. Second, the **Infosys Employee Experience Platform** delivers a holistic employee-centric, contextual experience process that resonates well with the digitally savvy employee. Employees can use this portal to apply for leave, claim reimbursement or sign up for a learning program

The common thread connecting these solutions is that they preclude the necessity to travel and thus support ESG goals.

3. Step up to environment cleanliness

The adoption of Oracle HCM Cloud indirectly increases an organization's impact on environmental cleanliness. How? Because Oracle as a company is deeply committed to sustainability goals (Figure 2) that promote the use of renewable energy and environmental cleanliness⁸.



Figure 2 Oracle's sustainability program

As a result, any company that moves its workload to an Oracle platform can be assured on the ESG front. Furthermore, with Oracle stating that they are progressing towards 100% renewable energy by 2025, their datacenters will also use renewable energy. In addition, the greatest advantage to organizations is their goal of recycling almost 100% of their retired hardware, which will otherwise be a huge challenge for companies to do on their own. So, Oracle HCM Cloud will ensure that a company stays on the ESG path.

4. Give back to society

Today's Gen Z or millennial employee is seeking a bigger purpose in their career, beyond traditional incentives such as compensation and career opportunities. They expect their employer to provide them with a platform to contribute meaningfully to a larger purpose and facilitate holistic achievement.

Many companies worldwide are paying attention to such shifts and launching programs to keep their employees happy. An engaged employee is happy and likely to contribute more and stay longer in a company. And it does not stop there. Disengaged employees can incur a heavy cost, whereas engaged teams show 21% more profitability⁹.

One such example is My Volunteering, a new and powerful program part of the Work-Life Solutions of Oracle HCM Cloud. Today's Gen Z and millennial workforce want to make a difference, and this program taps into that sentiment. It relies on human social collaboration for important everyday causes such as environmental cleanliness and sustainability and empowers HR and employees of an organization to contribute to society. Employees can create volunteering organizations and projects, set goals, and track activities and progress using this functionality of Oracle HCM Cloud.

Oracle has identified the expectations of the modern workforce on the ESG front and ensured efforts toward a worthy cause. Similarly, companies must explore all angles, not just conventional ones, to reach their ESG objectives.

Towards a sustainable future

The HR function is uniquely positioned to influence employee morale, business operations and a company's external image. It must capitalize on this reach to set greater goals such as ESG for the organization. Technology is an excellent enabler for such journeys – particularly, the potent combination of Oracle HCM Cloud with Infosys add-on solutions can make a massive difference. Companies must therefore embark on this journey now to avail of its many advantages.

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He has close to three decades of experience in accelerating business growth and customer success by driving large scale and transformative global implementations. Over his many years at Infosys, Sreekumar has held a variety of leadership roles driving client delivery engagement strategy and design by leveraging the partner and industry ecosystems at play. His experience spans across multiple industries including Hitech, Manufacturing, Retail, IT Services and Communications. He has worked with Global 2000 companies in US, Europe, and APAC regions.



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