



Knowledgefaber

Business Benefits of “Green Workforce”

A Knowledgefaber Article on Benefits of Green Workforce

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Your knowledge partner at every step of Green initiative to help your organization reduce carbon emission, measure carbon footprint and benefit from carbon credits.

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In this article the main objective is to understand the concept of Green Workforce and its impact on the organization and environment:

1. What is Green Workforce?
2. Benefits of Green Workforce on an organization’s bottom line, environment and employees work life balance.
3. Do initiatives like Green Workforce have an impact on employee productivity?
4. Have Indian companies adopted “Green Workforce” initiatives?

Research Methodology

Knowledgefaber researchers have been tracking Green initiatives of companies globally on an ongoing basis
Numerous Interviews (primary research) with key participants from companies that have adopted green initiatives
Interviews with experts from around the world who had experience of green consulting

Secondary research including but not limited to company websites, journals, magazines, literature shared by participants, web search

Introduction to Green Workforce

What is Green Workforce?

Green Workforce involves green initiatives adopted by companies across industries for its employees. It includes flexible work options like Telecommute, Flexible Work Hours, Compressed Work Weeks or Goal-oriented Employment.

Global Green Workforce Initiative

Going green for workforce has high impact on company’s operating costs, bottom line and the environment at the same time Green Workforce initiative is much easier to adopt and less expensive as compared to Green IT initiative. The concept of green workforce or flexible work options evolved in the early 1960s in the US but it started gaining popularity only during the 1990s. By the late 1990s, almost all leading companies across industries in the world particularly in the US and Europe, had started offering a variety of flexible work options. The concept of green workforce seemed to be more suitable for services companies particularly IT services, Management consulting and Software services or back offices firms due to the nature of work. However later it also gained popularity among manufacturing firms like Kraft Foods who were the first few manufacturing firms to adopt flexible work options. During the current down turn globally companies have turned to green workforce not just to reduce cost but also to keep their employees motivated. In 2009, 84% of companies overall believe that flexible work arrangements in their organization boosts employee morale up from 76% last year. Also 78% of polled companies say flexiwork options bolster retention rates, up from 64% the previous year. This year number of companies adopting Telecommute (Work from home) option especially large companies (More than 10,000 employees) gone upto 70% from 59% last year. In a difficult economic times, green workforce or flexible work

options are a triple win strategy, allowing organizations to cut payroll costs without large-scale staff reductions, boost employee morale and retain top talent so the firm can quickly gear up for new business when the economy turns around. Early part of the year, accounting giant KPMG unveiled its new "Flexible Futures program" for its 11,000 U.K.-based employees. The options include: A four-day workweek and a 20% reduction in base pay; a four-to 12-week sabbatical with a 30% reduction in base pay. Eleven months down the line Flexible Futures is already seen as a winner, 85% of KPMG's U.K.-based employees have signed up. The most popular choice is option No. 3, which features both a shorter workweek and a sabbatical. Outcome as per KPMG with this structure company is immediate looking at a savings opportunity of 15% of payroll costs. Similar initiative was taken by Citigroup in February this year with Citi Work Strategies which involved Flexible Work Strategies encourages job sharing, flexible start and end times, and compressed work weeks. With this strategy Citi hopes to reduce company's need for office space by 15% over the next several years.

Green Workforce Initiatives in India

Major MNC's like IBM, Dell, HP, Cisco, Google and Sun Microsystems have already replicated their global green workforce initiatives like flexi-time, flexible work schedules and telecommute in India and saved millions of dollars. There is a huge potential for many other MNC's and Indian companies across various industries like IT services, BPO (Back office), Software services, Translation services, Engineering services and many other sectors to go green for their workforce and reduce their operating cost (25% to 30%) and also contribute to environment by reducing carbon emission.

A few companies, both multinational as well as domestic started introducing flexible work options in some form or another since late 1990s. HP India offered its employees almost all forms of flexible work options. It allowed its employees to work part-time or for flexible hours, especially young mothers. Procter & Gamble India had introduced flexible work options in 1999 and initially offered flexitime, sabbatical leave and included telecommuting options among these by late 2001. The outcome was soon seen in 2002 when P&G was ranked the second best employer in India by the Best Employers Survey. In the same year other companies like ICICI also adopted Green Workforce initiative by offering some forms of flexible work options, especially for women. Since a majority of ICICI's employees were women, it allowed them to work part time, keeping in mind their domestic responsibilities.

Though there are more such examples in India but these are few and far. Especially if you compare with Europe and US the extent of adoption of Green Workforce is very low in India. More companies in India need to realize that potential impact of green workforce in India is much greater than even US or Europe both tangible and intangible.

Benefits of Green Workforce

Organizations across the globe have experienced various tangible and intangible benefits by going green for their workforce. Knowledgefaber has estimated the tangible benefits of going green for an employee has the potential to save upto USD \$10,000 to \$20,000 annually for services companies. However organizations across the globe have reaped multiple intangible benefits like Reduces Stress, Reduces Absenteeism, Reduces Emission, Improves Employee Health and Improves employee work life balance which has made them a preferred choice for employment and a brand among employees. Globally and in India HP has over the years provided the flexible work options for its employees in turn becoming best brands among employees. Texas Instrument reported that it had seen improvements in retention of employees, lower stress and more effective workers as well as greater "bench

strength” as a result of its flexible work policy. TI management also said “As team members help cover for each other in times of flexibility, they develop broader and more diverse skills”

Impact analysis – *Cost Savings from Green Workforce in three cases

Parameter	Best Case Saving	Average Case Saving	Worst Case Saving
Reduced Facilities Cost	\$6,400	\$3,200	\$2,100
Increased Employee Productivity	\$14,000	\$10,000	\$6,600
Reduced Attrition	\$4,750	\$2,300	\$1,000
Reduced Fuel Costs	\$700	\$350	\$150
Reduced Healthcare Costs	\$1,000	\$850	\$650
Carbon Emissions Saved (In metric tons)	1.5	1.3	1
**Total Saving for Employer	\$26,850	\$16,700	\$10,500

Note: *Illustrative savings for 1 participants in the green workforce programme
 Note: **Savings are based on approximate calculations based on certain assumptions
 Source: Knowledgefaber Green Workforce Modeler

Recommendations

Strategic tool for Indian enterprises – Knowledgefaber believes green workforce can act as a strategic tool that can be best leveraged by Indian IT/ITES firms. Though a few firms have taken such initiatives in India but these are on a small scale. We believe this can be done on a larger scale not only to save operational cost, improve work life balance, contribution to environment but also reduce carbon emission. As per industry experts ICT industry currently accounts for about 2% of global emissions of carbon dioxide (CO₂) but initiatives like green workforce can reduce carbon emissions by ~15% to 20% for a firm. For example: BT one of most active adopter of green workforce initiative in the world intends to reduce its carbon footprint by 80% by 2016, compared to 1996 levels. The British giant is working towards this target by increasing its reliance on teleworking (Part of green workforce) and by increasing the flexibility of its employees' work it will be able to reduce costs and energy consumption. Indian enterprises can take a cue from this aggressively look to utilize green workforce initiatives.

Tool for retention & recruitment – Knowledgefaber has analyzed the impact of green workforce initiatives of various organizations and believes that it has the potential helps companies retain and recruit best talent from the industry. Companies like HP, JP Morgan, IBM, BT & Ernst & Young saved millions of dollars in replacement costs by reducing attrition. For instance E&Y saved \$150000 per hire and in training replacements. Deloitte saved \$41.5 million in turnover costs due to reduced attrition. Knowledgefaber estimates that the cost of replacement of an employee can range anywhere between 75 – 200% of the salary depending on the level and criticality of position.

Once the economy improves further the challenge to attract right talent would increase but initiative like green workforce can help companies retain & attract best available talent.

Conclusion

Knowledgefaber firmly believes Green Workforce initiative will be an important step for companies in India to reap benefits in the longer run. Indian companies and MNC's in India can save millions by taking on the green workforce bandwagon.

Knowledgefaber Green Workforce Modeling can assess the impact created by green workforce initiative on organization, employees and environment. Our green consulting practice helps companies efficiently assess, implement & manage green workforce initiatives.

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