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# Sustainable HR Management and Sustainable Banking in the context of Ecological Transition: an empirical study

Prof. Luca Giustiniano

SUPERVISOR

Prof. Gianfranco Pellegrino

CO-SUPERVISOR

Martina Nuzzolo Matr. 754201

CANDIDATE

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# LIST OF FIGURES



# LIST OF TABLES

# TABLE OF CONTENTS

# INTRODUCTION

The ecological transition is a contemporary challenge that has never been seen before, requiring a significant shift in industrial processes, economic frameworks, and personal behaviour. The need to address the increasing negative effects of human activity on the environment, society, and economy—such as pollution, climate change, biodiversity loss, and overuse of natural resources—is what is driving this shift. It will take a systemic and collaborative approach involving all sectors of society. In this context, financial institutions, particularly banks, play a crucial role due to their position in the Italian and European socio-economic fabric as they act as a bridge between the regulatory framework for transition and the real economy. These institutions have a dual responsibility: first, they have to adjust to the negative effects that financial activity has on the environment and society, and second, they can be vital in funding and supporting programs and projects that support social and environmental sustainability. Banks may act as positive change agents by supporting the creation of new financial products with a focus on sustainability, encouraging businesses to incorporate ESG standards into their operations, and funding programs and activities that advance environmental and social sustainability. As a result, they serve as an enzyme for the shift and an accelerant for businesses and households to embrace sustainable practices.

In this setting, the concept of "sustainable banking" emerges as a critical approach for tackling the financial sector's sustainability issue. By incorporating environmental, social, and governance (ESG) factors into financial decision-making, sustainable banking seeks to empower banks to evaluate and manage the effects of their operations on the environment and society in a more thorough and responsible manner. This means actively supporting initiatives and projects that aid in the shift to a more sustainable economy, in addition to implementing internal rules and procedures to lessen the negative effects of banking operations on the environment and society.

A key element for the success of the Sustainable Banking approach is sustainability-oriented human resource management, known as Sustainable Human Resource Management (Sustainable HRM). In addition to traditional human resource management, sustainable HRM emphasizes fostering an organizational culture grounded in social and environmental responsibility, integrating workers in sustainability-related decision-making processes, and implementing HRM practices and policies that advance business sustainability objectives.

The purpose of this thesis is to investigate how implementing a sustainable banking model might benefit from sustainable human resource management. An attempt will be made to better understand the critical role that HRM policies and practices play in the context of banking sustainability by an in-depth analysis of Sustainable HRM practices in banking institutions and their impacts on the accomplishment of sustainability goals. The research will focus on identifying best practices, challenges and opportunities in the field of sustainable human resource management within the banking sector, with the aim of providing practical and strategic recommendations to improve the integration of these two fundamental aspects: financial sustainability and human capital management.

Therefore, the first chapter focuses on defining the concept of transition and ecological transition in order to highlight the main characteristics and underlying dynamics in the transition process. The concept of sustainability and the main actions of the international community for the ecological transition are explored in order to introduce the context.

The second chapter deals with the literature review on the topic of the relationship between sustainability and HR Management and then goes into the concept of Sustainable HRM. The main features of Sustainable HR Management found in the reference literature were carefully analysed in order to define them precisely.

The third chapter focuses on the role of banks in the ecological transition in order to clearly set the empirical target of the research. Therefore, the concept of the relationship between sustainability and banking was analysed through the integration of ESG factors. Subsequently, the concept of sustainable banking was defined through the literature review and official UN documents.

The fourth chapter is devoted to explaining the research methodology of the empirical study conducted within this thesis. The research is organised around the following Research Question: *How does Sustainable HR Management contribute to the implementation of a Sustainable Banking model?* The research question is structured in order to investigate the different nuances of the relationship between Sustainable Banking and Sustainable HR Management and especially the function and role of different HR practices in supporting the sustainable objectives of the banking sector in the context of the ecological transition. In order to meet the research objectives, I conducted a qualitative analysis using as primary data sources semi-structured interviews with six managerial professionals in four of the top ten Italian banks by invested capital.

All interviews were transcribed in order to conduct a thematic analysis. The findings of the thematic analysis were set out in the fifth chapter, organised into the macro categories that emerged from the data analysis.

Finally, the findings are discussed in the fifth and final chapter. After that, they were explained and connected to the theory introduced in the first three chapters.

# Chapter 1

# THE ECOLOGICAL TRANSITION

The ecological transition is an essential and urgent subject for every person living in the present time. It is a pivotal shift that will cause every country on the earth to realign its customs, alter its means of production, alter how it interacts with the environment, and, in general, alter its way of life. Environmental degradation, the loss of numerous biodiversities, climate change, and the steadily declining amount of natural resources are all forcing society to reconsider its approach to development. The ecological transition serves as a link between the current world and a sustainable future built on environmentally friendly activities and technology, including the adoption of a circular economy. More specifically, the circular economy is a systemic approach to economic development that benefits society, the environment, and business. It is meant to gradually decouple growth from the consumption of finite resources, and, unlike the linear take-make-waste model, it is regenerative by design (Ellen MacArthur Foundation, 2023). For an environmentally healthy transition, it is consequently essential to move from a traditional or linear economic model to a circular one. However, this shift affects not just the environment but also the social and economic spheres. To respect the limits of what the planet can offer and to ensure a new standard of living for future generations, significant changes in consumption and production models are actually required. Thus, the ecological transition is both a need and an opportunity to promote more environmentally friendly innovation, strive to develop new job opportunities, and raise people's standards of living.

This chapter will attempt to define and anlyse the concept of transition and ecological transition and then illustrate the actions taken by the international community and the effects on our society and economy to tackle climate change and implement the pathway to ecological transition.

## 1.1 Definition of Transition

In order to analyse the ecological transition, it is first necessary to define the term transition. This is how the Treccani Encyclopaedia (2023) expresses it:

*"Passage from one way of being or living to another, from one condition or situation to a new and different one".*

More broadly, we refer to a "transition" as an intermediate stage of a process when a new equilibrium state emerges from the modification of the original phase's condition, which was primarily one of approaching equilibrium (Treccani, 2023). Scholars have focused especially on the area of transitions in recent years, attempting to define it and create a model that might encompass all of its key characteristics. In order to adapt the phrase to all the domains in which a transition may occur - ecological, social, physical, medicinal etc. - it is crucial to first define its parameters. Köhler et al. (2019) identified the following characteristics and areas of interest in trying to circumscribe the term transition:

1. *The multidimensional nature and co-evolution*: changes in social systems occur through polycentric transitions. Transition dynamics can be shaped by a variety of actors, variables, and temporal and geographical scales (Köhler et al., 2019). As a result, transitions include modifications to a variety of components and dimensions and are coevolutionary processes. Transitions include several interconnected changes rather than being linear processes. According to Köhler et al. (2019), they may thus be started and pushed from a variety of angles and at different levels. These angles include behavioral/social practice and expectations, cultural changes, technological and economic developments, institutional change, environmental changes, and governmental changes.
2. *Multi-actor process*: A wide range of social groupings and players, including those from academia, politics, business, civil society, and homes, participate in transitions. These actors and groups are exceedingly complex processes that cannot be fully addressed by a single theory or field since they have their own resources, capacities, beliefs, strategies, and goals.
3. *Stability and shift*: The relationship between stability and change is a central concern in transition studies. On the one hand, there are a lot of "green" inventions and methods (such as electric vehicles, carpooling, wind turbines, urban farming, district heating, heat pumps, solar-powered power plants, and communal energy). However, certain deeply ingrained systems, including those associated with gas and coal-fired power plants, intensive agricultural systems, retail chains, and autos, have locked-in patterns of production and consumption that result in stable, path-dependent trajectories (Unruh, 2000; Walker, 2000). Transitions study seeks to comprehend the multifaceted connections between drives for radical change and the forces of stability and path dependency because of its interest in system change. In order to comprehend this dialectic link between stability and change, transition research mobilizes knowledge from several fields and perspectives.
4. *Extended process*: transitions are protracted procedures that might take many decades to complete. One explanation for this is that radical "green" technologies and practices sometimes take a while to proliferate from their initial appearance in narrow application

niches to a large audience. Another explanation is that it requires time to overcome incumbent players' opposition to "unlock" and disrupt established systems.

5. *Unpredictability and open-endedness*: there are several innovative and promising projects in every field, but it is hard to say which will succeed. The future is uncertain since there are several paths for transition (Geels and Schot, 2007; Rosenbloom, 2017). The nonlinear nature of innovation processes—which can encounter setbacks, hype-disappointment cycles, or accelerated price/performance improvements—political processes—which can encounter setbacks, reversals, or accelerations—and sociocultural processes—which can encounter shifts in public agendas and feelings of urgency—all contribute to uncertainty.
6. *Ethics, controversy, and dissent*: Regarding the most desirable innovations and transition paths for sustainability transitions, various actors and social groupings also frequently dispute. The economic positions and business models of some of the biggest and most powerful industries (such as oil, automotive, electric utilities, and agro-food) may be threatened by sustainability transitions, so these incumbents are likely to defend their vested interests and argue against the necessity and speed of the transitions.
7. *Normative orientation*: Through the adoption of laws, rules, and regulations that encourage innovation and sustainable development, institutions and governments must take the lead in directing and influencing the shift to more sustainable behaviors.

Summing up, the term "transition" encompasses a vast range of variables and players that must be taken into account in order to fully comprehend the term's complexity. Important questions surface, including how to strike a balance between stability and change, when to make a transition, how to deal with the uncertainty that goes along with it, and what standards are needed to implement such a transformation. Therefore, when the term "transition" is used in relation to ecology, it carries with it a number of crucial elements that must be taken into consideration for the realization of a true ecological transition.

## 1.2 Ecological Transition

Now that the term transition has been established, it is crucial to discuss what the Ecological Transition entails. The term "Ecological Transition" refers to the shift from an interdependent, self-sustaining, and environmentally friendly economic and social system to one that is based on the intensive use of the planet's natural resources and the emission of greenhouse gases, particularly from industrial production (ACEA, 2023). Thus, the primary objective of this process is to minimize the adverse effects of human activity on the planet's usable resources. The phrase "Ecological Transition" has been used in the public domain, from politics to governmental authorities, via private businesses and the most well-known figures on the global stage, particularly in the last several decades. The goal is always the same: to tackle the great challenges that confront us, from climate change to pollution to the loss of ecosystems and biodiversity.

The idea of "interdependence" between environmental, economic, and social phenomena is central to ecological transition and is necessary to successfully go ahead with sustainable development. Because of this interconnectedness, strategies must be coordinated as decisions made in one area have an immediate effect on those in other sectors.

The process of ecological transformation necessitates the proactive involvement of all societal players, including banks, corporations, organizations, and governments. This process is, in fact, essential from both an environmental and, if you would want, a moral standpoint. It also offers a chance to create a sustainable future and a harmonious connection with our world.

### 1.2.1 International actions for Sustainability and Ecological Transition

As was already mentioned, a fundamental and essential shift in the ecological transition process is the shift from a linear production model to a circular one. This shift is also the cornerstone of the main accords and treaties that the international community has signed over the years to address the climate crisis.

One of the most recent attempts to support member nations towards the ecological transition and create a sustainable growth model is the European Union's 2019 European Green Deal, also known as the "Plan for the Green Transition of the European Union." The European Green Deal establishes challenging goals to fulfil the commitments made by 196 nations to achieve "Net-zero emissions" by 2050, building on the precedent set by the 2015 Paris Agreements. By 2050, the EU hopes to have a modern, resource-efficient, competitive economy that produces no greenhouse gas emissions and decouples economic development from resource usage. These programs seek to make the EU a just and prosperous society (European Commission, 2019). Below is a summary of the agreement's primary goals:

- *Climate neutrality by 2050*: By eliminating all greenhouse gas emissions, the European Union hopes to achieve climate neutrality by that year. In order to achieve this, the "European

Climate Law" was released, which lays out the requirements for a just and efficient transition as well as establishing a legislative framework for climate objectives.

- *Promoting a model of circular economy*: resource usage and economic growth must be separated. This change will assist in modernizing the EU economy and using the circular economy's potential on a European and worldwide scale. Within and outside of the EU, encouraging the growth of lead markets for circular and climate neutral products is one of the key goals of the new regulatory framework.
- *Ensuring that no person or location is overlooked*: the European Union strives to concentrate on individuals within specific nations and areas in order to accomplish the objectives in a thorough way.

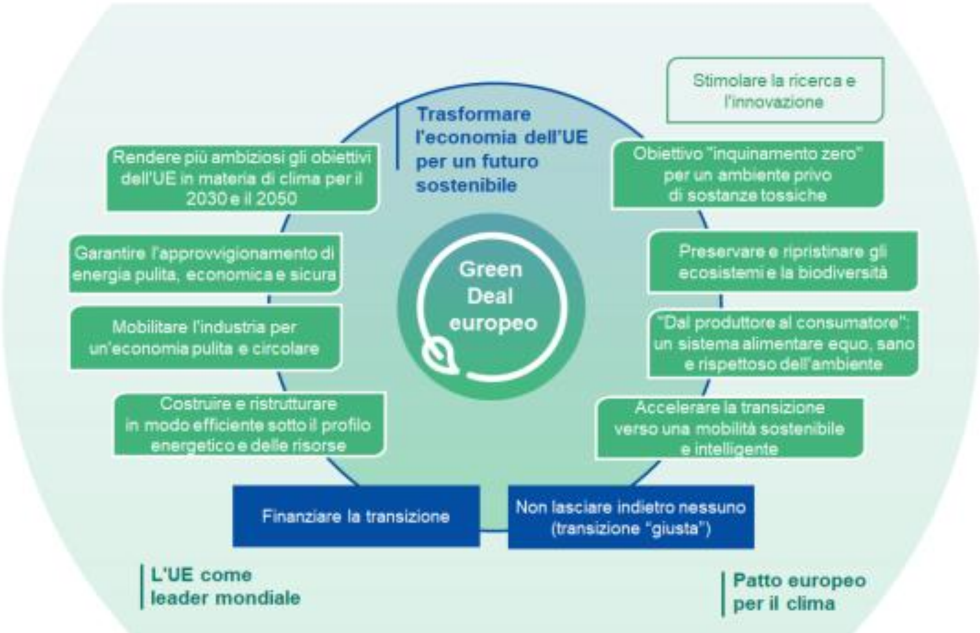


Figure 1.1: *European Green Deal (*Source: ETP, 2023*).*

The picture above illustrates how the European Green Deal identifies many macro-areas of intervention, including energy, agriculture, sustainable transportation, the preservation of ecosystems and biodiversity, building, innovation, and the circular economy. By 2050, the aim is to become the first continent to be carbon neutral, therefore leading member nations towards the green transition. Even with its great ambition and plenty of opportunities, this aim is nonetheless challenging to accomplish. In actuality, the agreement has the advantage of highlighting important social challenges and drawing attention to the need for change in the labor market and business, even if it is more of a set of objectives and possibilities for the next decades.

Despite there are still challenges in the way of achieving a sustainable economy by 2050, a number of initiatives have been implemented since the European Green Deal. '*NextGenerationEU*', a EUR

806.9 billion financial instrument to be spent by 2026 designed to stimulate a sustainable, uniform, inclusive, and fair recovery', was the short-term recovery plan that the European Commission, the European Parliament, and EU leaders agreed upon in 2020 to revive the European economy after the COVID-19 slowdown (ENEL, 2023). Alongside the European context, Italy's National Recovery and Resilience Plan (PNRR) aligns it into the Italian national context. The PNRR is the document that outlines the goals, reforms, and investments that Italy intends to realize through the use of European funds to mitigate the economic and social impact of the pandemic and make and guide Italy towards an ecological transition.

Furthermore, the responsible Ministry delivered the Ecological Transition Plan (ETP), a national document that guides Italy toward sustainable development and green management, based on the European Green Deal directives. The plan works in tandem with the National Plan for Recovery and Resilience (PNRR) to coordinate environmental policies related to digitalization and energy transition. These policies will result in a program of measures and actions that will transform the national system and enable it to meet international and European targets for 2050 (ETP, 2023). The aims of the plan encapsulate the myriad of themes embraced by the ecological transition: fighting land consumption and hydrogeological disruption, including modernizing water supply infrastructure, sewers, and treatment plants and minimizing water losses; decarbonization, with increased energy production from renewable sources; sustainable mobility; improved air quality; protection and enhancement of biodiversity; protection of the sea; and strengthening the circular economy, maximizing the recovery and reuse of waste (ACEA, 2023). Four macro-areas are targeted by the PNRR: land and water resource preservation; energy efficiency and building rehabilitation; renewable energy, hydrogen, grid and sustainable mobility; and sustainable agriculture and circular economy.

Therefore, it is clear that the ecological transition is central to the political and economic activities that need to be done at the European and Italian levels, and that it needs to be accelerated in order to meet the deadlines. With the creation of the "UN Sustainable Development Goals" (SDGs) as a component of the "2030 Agenda for Sustainable Development," the United Nations (UN) has highlighted the necessity of the shift towards sustainability. It is the outcome of UN conferences on sustainable development that were held in Rio de Janeiro in 1992, Johannesburg in 2002, Rio de Janeiro in 2012, and the 'Millennium Development Goals', which came to an end at the end of 2015. By 2030, these objectives are intended to tackle a variety of urgent global issues, including as poverty, inequality, climate change, peace, and justice. The objectives are meant to serve as an urgent call to action for all nations, developed and developing, to join forces in a worldwide partnership. They understand that eradicating poverty and other forms of deprivation requires policies that simultaneously combat climate change, protect our seas and forests, enhance health and education, lessen inequality, and spur economic growth (United Nations, 2023).


Figure 1.2: *United Nations Sustainable Development Goals* (source: United Nations, 2023)

The United Nations has set seventeen goals to improve the planet's transition to a sustainable environment, as shown in figure 1.2. Many of the objectives, including those numbered seven, ten, eleven, twelve, and thirteen, are closely tied to the ecological transition. The objective of this research is particularly interested in goal twelve. Among other things, it seeks to develop and implement tools to monitor the effects of sustainable development for a sustainable production path, as well as to encourage banks and businesses, particularly large and multinational ones, to adopt sustainable practices and incorporate sustainability information into their reporting cycle (United Nations, 2023). As a result, it is possible to see how directives and initiatives from national, supranational, and international organizations - such as the UN and the EU - are heavily influential and pertinent to the changes that society will need to make in the near future.

Therefore, the contest of the ecological transition is radically changing the ways of consuming and producing, thus changing market demand and society's habits by influencing all sectors of the economy, and society.

## Chapter 2

## SUSTAINABLE HRM

As pointed out in the previous chapter, the context of the ecological transition has placed sustainability at the centre of the international agenda and it is now the inescapable pradigm to be integrated within any organisation. Human resources represent the core of any organisation and the catalyst that holds the potential for innovation, change and lasting sustainability for any organisation. Therefore, a company that wants to define itself as sustainable, must first and foremost aim to make its HRM system sustainable as employees are the architects of the success of any company's goals or initiatives and the HRM system is the mirror of these goals, decisions or targets for an organisation. For a long time, human resources have been considered as a tool to be exploited for strategic goals, but in recent years, in a context where sustainability is no longer an optional extra, this view has changed, considering the people within an organisation as resources to be cultivated in the present and for the future. Sustainable HRM is a framework for an HRM system integrated with sustainability principles in order to protect and cultivate human resources as valuable assets within an organisation. In this chapter, the relationship between HRM and sustainability will be analysed and, against a review of the literature, an attempt will be made to define the Sustainable HRM framework through eleven characteristics that will be set out in detail in order to describe how sustainable HRM can become a strategic ally in the journey towards sustainability.

### 2.1 HRM and Sustainability

Human Resource Management (HRM) is a crucial area of management as it concerns the most important resource for any organisation: people. The aim of the HR field is to identify a framework for HR Management (HRM) for achieving organisational goals and to provide suggestions about how to treat individuals, groups or mangers in order to ensure their ability and willingness to contribute to organisational goals efficiently and effectively on the long run (Ehnert, 2014a). Employees represent the beating heart for the implementation of any policy or decision within an organisation, acting as a bridge between strategic goals and final performance. This view is widely supported in literature that emphasises the importance of human resources for the implementation and success of any initiative or objective within the company (Ehnert et al., 2016; Amui, et al., 2017; Guerci&Shani, 2014). Amui et al. (2017) highlight the multitude of functions that human resources management plays in establishing a balance between the goals of the organization and those related to stakeholders' interests and employees' needs. Therefore, the purpose of HRM is to help organizations in accomplishing their internal and external goals by enabling them to make strategic decisions about people management through pertinent and progressive policies and processes (Ehnert et al., 2016; Macke & Genari, 2019).

The discourse on human resource management (HRM) has emerged from two primary schools of thought: *hard HRM* and *soft HRM*. These schools of thought differed in how they defined the role of HRM in organizations, including how they drove or reinforced organizational goals, what kinds of policies and HRM practices were implemented, and who the beneficiaries were (Ehnert et al., 2016; Amui, et al., 2017). HRM has always been regarded from a neoclassical perspective as supporting business strategy in terms of profit-margin and *shareholder's approach*. In this view, HRM is operationally connected solely to the accomplishment of organisational objectives related to the maximisation of shareholder profit (Ehnert et al., 2014a). However, changes in society and the increasing centrality of the sustainability issue have led companies to reevaluate their business models and responsibilities in order to address internal employment relations challenges as well as external pressures from society and labour market concerns.

In this framework the concept of corporate responsibility takes centre stage. Corporate Responsibility generally refers to the integration of sustainability, environmental and social issues into core business and day-to-day operations as well as in relations with stakeholders. (Van Marrewijk, 2003). Thus, the definition of company success has been reshaped by corporate sustainability, which emphasizes a "broader concept of outcome" and addresses multiple bottom lines by considering outcomes other than simply financial ones (Hahn & Figge, 2011). Indeed, the need to address corporate responsibility has shifted the balance of corporate objectives from purely economic ones to other aspects that go beyond the financial result by considering social and environmental issues that at the same time contribute to the company's success. In this context, the value and preservation of human resources has a fundamental role that goes far beyond being a mere means to financial objectives (Ehnert, 2009). Sustainability may be understood as the dynamic condition of growth and regeneration of human resources via the integration of the efforts of numerous stakeholders (Guerci&Shani, 2014). Indeed, in a process of change, such as the ecological transition, sustainability represents a regeneration of the company's strategy that incorporates it internally through the commitment of management, the board and every organisational function in developing a management system which can support the sustainable goals of the company. Harry (2014) claims that when sustainability is ignored, opportunities are also lost. He concludes that while there is undoubtedly value to be gained from sustainability, there might also be loses if it is disregarded (Harry, 2014). Since the HRM system is positioned in most businesses to have a significant influence on the design and execution of practices that might strengthen the organization's sustainability drive, it is one of the management systems that is crucial to the development of corporate sustainability (Davenport 2000; Ramus and Steger 2000).

Therefore, HRM has advanced beyond this one economic aim, shifting from *hard* HRM to *soft* HRM, which incorporates a stakeholder perspective and sees HRM as having numerous functions in balancing the demands of external stakeholders, employees, and organizational goals (Amui et al. (2017). In this understanding, people are no longer seen merely as tools for the financial goals of the organisation, but as valuable assets and as such must be developed to the best of their potential considering their own needs and values (Brewster and Larsen 2000).

### 2.2 Definition of Sustainable HRM

In this context, Sustainable HRM has emerged as a central theme in the field of HRM research. The first studies on Sustainable HRM were carried out in the late 1990s in Germany, Switzerland and Australia. The German approach finds its foundation in the view of organisations as open and 'resource-dependent' systems that rely on an infinite supply of resources to survive, accomplish their objectives and meet their goals (Müller-Christ, 2011). This claim is based on the economically reasonable interpretation of sustainability, which holds that since business settings are sources of resources, there is also a financial reason for companies to invest in their relationships with them in order to maintain a balance between the reproduction and consumption of human resources (Müller-Christ, 2011).

On the contrary, the Swiss approach refers to a more ethical and moral grounding of Sustainability starting from the assumption that resources are more exploited than valorised, this approach focuses more on the equal relationship between employee and employer consider Sustainability as a mutual benefit between these two parties. Therefore, balancing the personal needs of the individual employee and the competitiveness and performance of the company are at the heart of the Sustainable HRM objectives, which are defined as the long-term, economically and socially responsible hiring, training, firing, and retention of workers (Zaugg et, al., 2001). The most significant contribution in the literature of Sustainable HRM has been made by Ehnert (2014a; 2016; 2009a; 2009b) who defines Sustainable HRM as:

"*As the adoption of HRM strategies and practices that enable the achievement of financial, social and ecological goals, with an impact inside and outside of the organisation and over a long-term* *time horizon while controlling for unintended side effects and negative feedback*." (Ehnert et. al., 2016; p. 90).

This definition emphasises two main aspects. The first is the multitude of issues and objectives that are addressed, such as economic, social and ecological, which may be in contradiction with each other (Ehnert, 2009a; 2016). Indeed, the integration of sustainability and a multiple bottom-line approach are considered factors that contribute to the success of the company as the ground for its long-term survival by attracting and retaining competent and trained employees. However, incorporating sustainability into routine HRM procedures often brings up challenges and conflicts since companies may have to choose between competing priorities (Ehnert, 2009a). The second feature is the intricate links between HRM systems and their internal and external environments—with a focus on those that regulate externalities and permit the sustained reproduction of resources. An organization is seen as an open system that must create and renew its human resources at least as quickly as it exploits them (Kramar, 2014).

The Sustainable HRM strand of literature finds its grounding in the theory of Stakeholders whose relevance has been emphasised in the context of sustainability as for its capacity to reveal the importance of stakeholder's pressure to the implementation of sustainable practices (Darnall et al., 2010; Ferron Vilchez et al., 2017). According to the stakeholder theory, a firm should balance the needs of other stakeholders with the interests of shareholders (Freeman, 1984; Freeman et al., 2004). Following to this viewpoint, the goals of the organization should be focused on managing the connections among the company's stakeholders s (Horisch et al., 2014). However, this approach reveals an inherent complexity in reconciling the different and often conflicting interests of the various actors involved, which can lead to trade-offs and conflicts between the parties. From this perspective, it is possible to notice the complexity in the implementation of a Sustainable HRM system considering the tensions that may arise between the parties (Richards, 2020). Per questo motivo è importante identificare quali sono gli stakeholders principali per l'azienda in modo da poter bilanciare al meglio i loro interessi con gli obbiettivi strategici. The theory of stakeholder salience explains that in order to identify the primary stakeholders who have an impact on and are impacted by the company, it is crucial to evaluate the degree to which each party's claims must satisfy the requirements of power, legitimacy, and urgency (Mitchell et al., 1997). As was emphasised at the beginning of this chapter, many of the actors involved in HRM have a fundamental function in ensuring the effectiveness of corporate strategy since they have a great impact on organisational performance, which is one of the reasons for prioritising stakeholders. HRM is crucial in coordinating sustainability with internal procedures, which in turns lead to enhance the organization's competitiveness effects (Jamali et al., 2015). Strategic and operational HRM practices may promote the integration of the organizational strategy with global operations and the performance of the firm by generating synergistic effects (Jamali et al., 2015). Therefore, Sustainable HRM contributes to the effective implementation of a sustainable organisational strategy (Mariappanadar & Aust, 2017).

Indeed, Sustainable HRM is considered in the literature as an extension of Strategic HRM defined as the deployment of human resources and activities to support the company in achieving its objectives. (Wright and McMahan 1992). Since the HRM system is intended to contribute to the organization's success in a broader sense—that is, a contribution to economic-financial, social, and environmental performances—and because the temporal perspective for evaluating those contributions shifts from a short-term to a long-term perspective, the studies included in the Sustainable HRM stream of research generally extend the Strategic HRM focus. Indeed, if a Sustainable HRM system not only protects human resources but also looks after the right strategy-related abilities, it may help top management in building a sustainable organization. Empirical investigations find that there is a chance to safeguard the HR basis while simultaneously achieving short- and long-term goals. According to Ehrent (2009b), sustainable HRM seeks to satisfy stakeholder demands, accomplish corporate objectives concurrently, and replicate the HR base across time.

### 2.3 The eleven Characteristics of Sustainable HRM

The literature on the characteristics of Sustainable HRM is extensive, as several schoalrs have contributed to outline a comprehensive framework identifying its main dimensions. Zaugg et al., (2001) develop the concept of the individual responsibility of employees and their participation in decisions, stressing the role of HRM as a support and guardian of human resources for the benefit of employees (Zaugg, 2001). A few years later Zaugg explicitly included dimensions such as flexibility, employees' relationships, strategy orientation, knowledge and stakeholder relations as hallmarks of Sustainable HRM (Zaugg, 2009). Instead, Ehnert (2014a) identified the following traits as the characteristics for Sustainable HRM: partnership-focused, impact-control-oriented, substance and self-sustaining orientated, long-term oriented, multiple-bottom-line oriented, and paradox-oriented. In general, the dimensions of Sustainable HRM refer to characteristics that integrate sustainability into HRM practices. The qualities specify what HRM ought to be like in order to meet the requirements of being sustainable.

A significant contribution in outlining the characteristics of Sustainable HRM comes from Stankevičiūtė & Savanevičienė (2018) who propose fundamental approaches and characteristics of

Sustainable HRM. As a "roof" for characteristics, fundamental approaches function as keynotes in this sense, supporting the idea that attributes and approaches should be in in line. The authors identify three dominant theories in the Sustainable HRM literature, set out in the previous section of this chapter, as key fundamental approaches: paradox theory (Ehnert, 2009a; 2016), negative externality and stakeholder harm theory (Mariappanadar, 2014) and stakeholder theory (Guerci et. al., 2014). From an extensive literature review, Stankevičiūtė & Savanevičienė (2018) suggest eleven characteristics of Sustainable HRM (Table 2.1) that have to do with: *long-term orientation, care of employees, respect for the environment, profitability, employee development, social dialogue and employee involvement, flexibility, external partnership, compliance beyond labour regulations, employee cooperation, fairness, and equality.*

| **Characteristic of Sustainable HRM** | **The Core Aspects** |
|---|---|
| long-term orientation | Identification of the availability of human resources in the future; identification of the needs of the future employees; elimination of the "hire and fire" approach |
| care of employees | Health and safety management; work-life balance |
| care of environment | Evaluating the employee performance according to environment-related criteria; fostering "eco-career"; employee rewarding according to environment-related criteria |
| profitability | Share programmes |
| employee participation and social dialogue | Different types and forms of participation |
| employee development | Job rotation; different training forms and methods; the transfer of experience; focus on future skills and employability |
| external partnership | Cooperation with education system; partnership with all external stakeholders |
| flexibility | Flexible working arrangements; job rotation |
| compliance beyond labour regulations | involves employee representatives in many decision-making processes beyond those for which worker participation is a statutory requirement; financial and non-financial support |
| employee cooperation | Teamwork; good relationships of managers and employees |
| fairness and equality | Fostering diversity; respectful relationships; fairness as regards as remuneration, career |

Table 2.1: *The eleven characteristics of Sustainable Human Resource Management* (Source: Stankevičiūtė & Savanevičienė, 2018)

These characteristics are consistent with the concept of corporate sustainability and the Principle 1 of the "Rio Declaration on Environment and Development" stating that the needs of humankind should come first in the pursuit of sustainable development. They have the right to a life in balance with the natural world that is both fruitful and healthy (United Nations Department of Economic and Social Affairs, 1992; p. 1). Each characteristic will be analysed in detail below.

*Long-term orientation*

The concept of 'long-term orientation' is central to organisational decision-making, representing a time dimension as opposed to a short-term perspective. In the context of sustainability, it is defined as the tendency to prioritise the long-term implications of decisions, with three identified dimensions: *futurity* - concern about the future-, *continuity* - connecting the past and the future- and p*erseverance* - how choices made now have an impact on tomorrow (Lumpkin & Brigham, 2011). Sustainable human resources management recognises the importance of this perspective, as long-term oriented decisions are crucial to address challenges such as demographic changes, free movement of peopole and the matching of current and future skills (Stankevičiūtė & Savanevičienė, 2018; Zaugg et al., 2001; De Prins et al., 2014; Ehnert, 2009a; 2014). Organizations can usually determine if human resources will be available in the future by doing assessments of the past, present, and future (Lumpkin & Brigham, 2011). In this framework, the recruiting process plays a key role in ensuring a long-term oriented vision of the company and, above all, one that considers the importance of retaining staff as a valuable resource for the present and the future. Since it is simpler to choose the best candidates when there is more particular labour market information available, forecasting and labour market research might improve sustainability in HRM (Harry, 2014). From a sustainability standpoint, the optimal candidate is one who can meet the demands of the business over an extended period of time at a cost the company can afford. Therefore, policies such as ‘hire and fire’ are not considered sustainable because they refer to a short-term time horizon, while on the contrary, a careful and judicious recruiting process supports the view that the resource can last over the long term. Human resource planning, labour market research and building a sustainable corporate culture are crucial elements for ensuring a long-term orientation of the company in terms of HRM (Stankevičiūtė & Savanevičienė, 2018). Shared sustainability principles are the foundation for attracting and retaining personnel as well as considering the future preferences of potential employees, who increasingly consider environmental sustainability in employment decisions (Stankevičiūtė & Savanevičienė, 2018).

*Care of employees.*

The careful management of human resources is essential for sustainable development, placing individuals at the centre of it. From a sustainability standpoint, it is each organization's duty to guarantee the long-term maintenance of healthy and effective staff. (Ehnert, 2009b). It is not easy to identify a definition for the concept of 'care of employees', but in general this can be encapsulated in the approach of considering employees as ends in themselves (Stankevičiūtė & Savanevičienė, 2018). In this light, care of employees is mainly understood through the prisms of health and safety, work-life balance, remuneration and workload. Emphasis on employee health and safety emerges as a key issue. Employee health, which encompasses topics such as illness, mortality, ergonomic working conditions and stress, is a relevant field of research that requires a review of human resources management practices (Stankevičiūtė & Savanevičienė, 2018). Ehnert (2009b), through content analysis of organisations' websites, concludes that Organizations associate sustainability with HRM and keeping healthy and efficient staff. For instance, one bank put in place a health management system with the goal of structuring work in a way that protects workers' health and encourages good behavior (Hoeppe, 2014). Promoting health and ensuring safety at work through a health management system have proven to be important elements that affect the physical and mental well-being of employees, and as a result this increases the bank's competitiveness and productivity (Hoeppe, 2014). A notable example of employee health success is Nissan Motor Corporation (2022), where employee health is a priority. The firm has set up a specialized team led by a mental health professional to meet employees' mental health issues, and workplaces are designed to promote safety and wellness. (Nissan Motor Corporation, 2022).

Work-life balance is another aspect of employee care, especially in a social context where dual careers, high work demands and long working hours can often prevent the realisation of personal life goals. Work-life balance is a key objective for sustainable resource management as individual autonomy is of vital importance in employee motivation, so it is necessary for organisations to take care of the people involved (Stankevičiūtė & Savanevičienė, 2018). The challenge is balancing work and private life, with aspects such as disability, childcare, or employee age. Experience from Germany, however, indicates that businesses that effectively handle these difficulties may get certified as family-friendly, which has major advantages including better business proposition and staff retention (Hoeppe, 2014). When supportive policies are tailored to the needs of the person as well as the organization, they can help employees achieve a work/life balance; this is true both in terms of time and money (Stankevičiūtė & Savanevičienė, 2018). For instance, Nissan Motor Corporation encourages performance through its internal networking platform, "Work-Life Balance Park," by offering assistance to managers of expanding teams, and by putting in place corporate infrastructure like on-site childcare facilities and flexible work schedules and remote work options (Nissan Motor Corporation, 2022).

Furthermore, workload and employee care are inextricably related and need to be properly taken into account in order to maintain a happy and productive staff (Cohen et al., 2012). Fair compensation is crucial for employee care to protect workers from stress related to survival scenarios. Therefore, in general, companies must compensate employees sufficiently to cover their needs without compromising financial stability (Hirsig et al., 2014).

*Care of environment*

Care for the environment is an issue mostly addressed by the so-called “Greeen HRM” which emphasizes environmental consciousness in organizational practices (Renwick, 2013). Environmental commitment is evident in employee recruitment ad selection, targeting especially eco-aware individuals and people with a high level of skills. This allows the company to develop employer branding that emphasises environmental responsibility as a central aspect of improving employer attractiveness to ensure the best talent (Renwick, 2013). Recruitment actions, including the use of technology and the integration of environmental criteria into recruitment messages, ensure alignment with sustainability goals as they enable the company to ensure that recruited personnel have enough awareness and attention to environmental issues to contribute to the formation of a sustainable environmental culture (Renwick, 2013; Bauer et al., 2012).

Environmental care is addressed in two other HRM practices, namely training and development and performance management. With regard to the former, the relationship with the environment lies in a twofold action on the part of the company: on the one hand, providing employees with targeted training on environmental issues with the aim of increasing environmental awareness and imparting correct environmental knowledge and skills to the resource, and on the other hand, identifying the training needs of employees (Stankevičiūtė & Savanevičienė, 2018). The second practice is performance management which assesses employee's work performance in relation to environmental standards and giving them feedback on their advancement. Negative sanctions can be used to stimulate environmental improvements and rewards for environmentally responsible behaviour include financial and non-financial measures (Stankevičiūtė & Savanevičienė, 2018).

Moreover, sustainable environmental care in day-to-day operations entails trash management, including choosing ecologically friendly transport alternatives, intelligent document printing, switching from paper-based to electronic processes, and justifiable power use (Kramar, 2014).

*Profitability*

Economic and financial effectiveness is closely linked to most, if not all, business decisions. it is no coincidence that for a long time the management literature was dominated by a view of the company as being solely concerned with profitability. However, as has been pointed out several times in the course of this work, sustainability has now become an objective that is no longer merely parallel to the company's activities, but rather an objective that is fully integrated with the company's activities. although it may be thought that this is at odds with the company's profitability objectives, it is not. Indeed, monetary metrics like earnings or investment returns are no longer the only ways to measure success. This doesn't lessen the fundamental nature of organizations because the economic aspect of sustainability is still significant; rather, it shows that three elements make sense when combined: an organization's ability to withstand financial hardship and remain competitive in its industry is essential to its long-term existence (Stankevičiūtė & Savanevičienė, 2018). The economic and financial potential of sustainability is therefore also necessary for the implementation and design of an HRM system. Therefore, the search for economic effectiveness represents a fair and natural goal for every business organization and is not cancelled nor is it contrary to the dimension of sustainability. However, in recognising the need for funds for human resource management, it is essential to avoid justifying unsustainable policies of consumption and exploitation of employees, society and the environment through the mere purpose of profitability, as these two elements can coexist and one does not exclude the other (Stankevičiūtė & Savanevičienė, 2018).

*Employee participation and social dialogue*

Employee participation is a key element and a win-win situation for a sustainable HRM system, as it acts on the relationship between employer and employee benefiting the dialogue between the parts and helps to raise employee motivation in carry out everyday activities, as well as the commitment and loyalty to the company and, as a result, it improves the productivity of individual workers and the overall performance of the company (Stankevičiūtė & Savanevičienė, 2018; Joensson, 2008). According to Wilpert (1998), participation is a multifaceted concept that includes a range of ways in which people or organizations defend their rights or participate in the decision-making process. This suggests that employee engagement entails more than just attending meetings to make decisions; it also entails actively advocating for one's own interests or making decisions that affect the organization. The multidimensional nature of employee participation is realized in the three dimensions of the intensity of participation, the form of participation and the problems to be solved Wilpert (1998). The degree to which suitable interests may be preserved is expressed by the intensity of involvement, which is a variable degree of influence. Whether employees participate in groups or as individuals determines the type of involvement. Additionally, choices about quite distinct issues, such as those pertaining to the workplace (or "upcoming issues") vs organizational difficulties (or "distal issues"), may be addressed with the involvement of employees (Stankevičiūtė & Savanevičienė, 2018). "Upcoming issues" are concerns about what workers need right now for carrying out their jobs. Managing work schedules and tasks are two instances of these kinds of problems. Meanwhile, "distal issues" are those that have to do with the distal organizational environment of the personnel, such financial or organizational strategy decisions (Joensson, 2008). The objective of participation in a HRM sustainable system is to consider employees as subjects and not as objects, in line with the values and goals of sustainability. In this sense, Järlström et al. (2018) finds in empirical studies that the participation of employees contributes to the establishment of a constructive and transparent two-way dialogue between employer and employee which is a fundamental element of sustainable HRM. In their empirical study on the perception of sustainable HRM by top management, they found that practices aimed at open and transparent communication, to ensure opportunities for professional growth, as well as a positive and inclusive work environment or working in a team, they can help motivate employees and make them feel more involved and encouraged to participate actively (Järlström et al., 2018).

*Employee development*

Employee development is already one of the key issues for HRM. Within Sustainable HRM, this dimension implies not only focusing on the development of current skills, but rather on the skills employees will need in the future. In this perspective, it is closely linked to the long-term vision of the company's objectives (Hirsig et. al., 2014). However, in the constantly changing environment that we are experiencing, investing in future skills is not an easy challenge. Indeed, especially in the field of sustainability and with the new market frontiers opened by the path towards an ecological transition, there are many new skills and capabilities required to address market needs and increase the competitiveness of the company.

The development of employees is crucial for aligning skills with corporate strategy. In order to match the company vision and strategy, which must be articulated explicitly, employees' skills must be effectively implemented and developed (Osranek & Zink, 2014). The skill levels must match organizational objectives; if not, deficiencies must be made up for via training, development or revant personnel selection (Osranek & Zink, 2014). This means that the skills of employees must be aligned with the sustainability goals and strategy. For example, if a company wants to secure its future by entering a new market, it will require workers with specific skills. In a similar vein, management is aware of its need to develop staff members while respecting their physical and mental boundaries (Osranek & Zink, 2014). Therefore, it is necessary to invest in human resources in such a way that they can represent a long-term competitive advantage as the company's main asset. Indeed, Becker (2011) suggests that employees should be treated as "change agents" and "repositories of knowledge" rather than through a "just in time" approach to ensuring their durability as valuable resources. Indeed, while the first approach is oriented to the simple acquisition of talent from the market, the second sees employees as assets that may be invested in both time and money (Becker, 2011). Again, this feature of Sustainable HRM is configured in a win-win situation for the employee on the one hand, which sees the possibility of professional growth and future employability, and for the employer on the other hand that increases the profitability and success of the company ensuring that its resources can be highly skilled and resilient over time (Stankevičiūtė & Savanevičienė, 2018). This view is also confirmed by the findings of Järlström et al. (2018), which observed a great awareness among top management about the value of development for both the individual and the organisation as a whole. The employees' development also comes about via the transfer of knowledge and skills. In this field, mentoring and the establishment of favourable environments are critical components to consider when analysing expertise transfer within an organization. Additionally, it is practical to reward the staff members for their endeavours in sharing knowledge and information, and as a result, it is probable that they will be more forthcoming in imparting specialized expertise to the newly hired staff members (Becker & Smith., 2012). In addition to the direct effects on the organisation and the individual, employee development also has an indirect value not to be forgotten. These are on the one hand attracting new employees for the growth opportunities that lie ahead, and on the other, increasing the employability of the individual employee, should he or she wish to leave the company (Stankevičiūtė & Savanevičienė, 2018). The indirect value of development acts firstly on the company's reputation as a sustainable and careful employer investing in human resources, and secondly it allows the individual to build up a competitive skill set that broadens his or her job and career possibilities whether in the same company or in another.

*External partnership*

This characteristic is mainly based on stakeholder theory and sustainable resource management and refers to the ability of a company to be a source of resources in the long run (Stankevičiūtė & Savanevičienė, 2018). In terms of sustainability, external partnership is fundamental in the vision of supporting the environment in which the organisation is embedded and proactively interacting with it, to bring value to the company's resource base. The necessity to balance the reproduction and consumption of human resources is emphasized by Ehnert's sustainable HRM model, which calls for investments in both the environments that produce human resources and in their regeneration. Therefore, from this perspective, a constant and constructive interaction with the surrounding environment, represents an investment in the future of the company's resources. Within the framework of sustainable HRM, relationships with the labour market, educational institutions, NGOs, and even employee families are considered as providing value (Ehnert, 2014b). Paying for training costs, providing grants, encouraging lifelong learning, and working together with universities and other educational institutions to attend courses or find potential answers to business issues, are all examples of external partnership which benefit both the organization, the employee and the external environment (Stankevičiūtė & Savanevičienė, 2018). Furthermore, external partnerships contribute to two important requirements for being a sustainable company: being an employer of choice and ensuring internal alignment towards sustainability goals. Being an employer of choice is facilitated by external partnerships, as job fairs and other collaborations with academic institutions may help a firm recruit and hire the best candidates (Stankevičiūtė & Savanevičienė, 2018). While on the other hand, Ulrich & Dulebohn (2015) have suggested that HRM should embrace an outside/inside strategy, where stakeholders and the outside world affect what HRM does within the company. The concept of the outside/inside approach, which holds that HRM adds value by ensuring that services HR provides within the organization meet and are aligned with the expectations outside the organization and thus with the overall sustainability's goals, is partially also supported by external partnerships (Ulrich & Dulebohn, 2015).

*Flexibility*

The concept of flexibility is well recognised and established in the HRM literature and refers to the long-term mutual investment in labour relations and is usually seen as the ability to respond to changing business 'needs' and environment by having multi-skilled, adaptable and internally mobile employees (Stankevičiūtė & Savanevičienė, 2018). This concept is rooted in the view that the company is constantly affected by external and internal changes to which it needs to respond actively or proactively by modifying certain processes, policies or strategies in order to be agile in change processes. Put differently, in an HRM perspective, flexibility refers to the capacity to execute several different tasks together with the act of shifting personnel between activities to keep up their productivity (López-Cabrales et al., 2011). Flexibility, as a characteristic of a sustainable HRM, is mainly reflected in two factors: the needs of employees on the one hand, and the needs of the company to cope with internal or external changes.  The need for flexibility on the employee side is reflected in policies such as flexible working hours, part-time work, new workplace concepts and smart-working which assure the employee an adequate work-life balance; this in turns translates into higher employee motivation and greater loyalty (Stankevičiūtė & Savanevičienė, 2018). Indeed, workers who feel encouraged to meet their own needs are more likely to be engaged to the business and productive. On the other side the need for flexibility for the organization is reflected in job rotation. Flexibility in rotation is considered advantageous to the employers but also to the employees since it helps people improve their employability and gives managers insight into the essential value-creating activities of other divisions (Stankevičiūtė & Savanevičienė, 2018). Moreover, in the perspective of flexibility and response to change, the presence of employees with different experiences and skills can be a strategic advantage, also considering that job rotation promotes employees' internal mobility, enabling the company to adapt more quickly to changing circumstances (Stankevičiūtė & Savanevičienė, 2018).

*Compliance beyond labor regulations.*

Adherence to labour laws is a prerequisite for long-term human resource management. The well-known and widely used sustainability frameworks, like the *United Nations Global Compact* and the *Global Reporting Initiative* (GRI) framework, also include information on whether an organization's actions—specifically, its labour and human rights policies—comply with applicable laws. However, being compliant with the guidelines of international organizations or with labour legislation is often just the starting point. In this context, the case of the German company "Henkel" is an example of an organization that goes beyond simply being compliant with labour regulations. They include employee representatives in numerous decision-making processes in Germany, in addition to those where worker involvement is mandated by law. The business recognizes the benefits of this option in several areas, including enhanced work-life balance and accident avoidance (Henkel Sustainability Report, 2022).

*Employee cooperation*

When it comes to the economic and social consequences of the workplace, collaboration is far more advantageous than competition. Hirsig et al. (2014), emphasize that collaboration promotes increased quality and productivity, reduced absenteeism, lessens the likelihood of labor conflicts, and raises general job satisfaction. Employee collaboration may be created and enhanced by information exchange, respect and trust inside the company, or open and proactive communication; working in teams for example can help to increase the collaboration of employees and the exchange of information and knowledge (Stankevičiūtė & Savanevičienė, 2018).

*Fairness and equality*

Fair treatment of employees is ensuring that all employees within an organization have the same rights, obligations, and standards (Järlström et al., 2018). This characteristic refers to the discrimination that may exist in the workplace with regard to both physical and visible attributes such as gender, skin colour or age, but also with respect to diversity in values beliefs or cultures. The abolition of any kind of discrimination is one of the cardinal principles of the 2030 Sustainability Agenda and the 17 UN SDGs to ensure that every human being can have the same opportunities and treatment. In fact, in the context of Sustainable HRM, this principle not only translates into an abolition of discrimination, but goes further, referring to the promotion of diversity as an added value (Hirsig, 2014). The characteristic of 'fairness and equality' does not concern specific HRM practices, but rather refers to a value that should be part of the corporate culture, must be applied and reflect the entire HRM system starting from the reward system, performance management, recruiting etc. (Stankevičiūtė & Savanevičienė, 2018).

Therefore, it emerges how important a sustainable HRM model is to the implementation of a sustainable organizational model. Sustainability-focused HRM approaches integrate social, environmental, and economic factors in a way that goes beyond standard HRM. To serving as guiding principles, the development of a sustainable corporate culture, the inclusion of environmental standards in HRM policies, and the emphasis on social fairness come to define the identity and character of the organization. As a result, sustainable HRM becomes an engine behind the shift to a more expansive definition of organizational success, one that forces the company to consider its long-term value generation, environmental responsibility, and social impact. In this view, by providing ongoing training and encouraging informed engagement, employers may effectively engage their personnel and align it with the company's sustainable principles.

# Chapter 3

# BANKS AND SUSTAINABILITY

As we have seen in the first chapter, the Ecological Transition requires a change that affects all spheres of society and the economy in order to implement sustainable development and achieve the goals of the UN 2030 Agenda. In this context, banks play a key role as, by providing funds and financing to the private sector or households, they are responsible for allocating financial resources and implementing policies for the Ecological Transition in the real economy.

However, this role entails both risks and opportunities for the banking sector, which is required to respond swiftly both in terms of adapting to regulations and in providing sustainable services and products that represent a fast-growing market, especially in Europe, and to mitigate the risks related to climate change and ecological transition. Therefore, a sustainable banking model seems to be imperative not only as a response to institutions and legislators, but also as a strategic response to major opportunities in the sustainability market and to an increasingly attentive and sensitive demand for sustainability criteria. This chapter will discuss the response of banks to the challenges and opportunities of the ecological transition by first defining the role of banks in and for the ecological transition and finally outlining the profile of what is called 'Sustainable Banking'.

## 2.1 Ecological Transition and banks

Banks are essential to society because they act as a middleman between capital providers and consumers, corporations, and other entities in need of finance. Apart from this role, banks also play a crucial role in executing monetary policy and exhibit a multifaceted and integrated approach. In addition, they can offer a safe place to store cash and other valuables (deposits), control the amount of money in circulation through lending and deposit procedures (liquidity control), offer financial services like current accounts, asset management, and more (financial services), lend money to people and businesses to finance their operations (business support), assist people and businesses in protecting themselves against market risks, fluctuating interest rates, and exchange rates (financial risk management), and more (Ruozi, 2020). Therefore, banks perform a wide range of roles that are essential to opportunity, stability, and economic growth in a particular industry or nation. Given that environmental consciousness is at the forefront of the global conversation and that banks have the potential to positively impact the ecological transition, the ecological transition poses both a significant problem and an opportunity for them.

All parties involved—citizens, businesses, governments, and international organizations—will need to contribute a sizable amount of capital to the structural changes that society will undergo in the next several decades. Because the banking industry is the foundation of the real economy, it is anticipated to play a crucial role in supplying the necessary financial resources, especially in light of the large investment demands (OECD, 2017). Indeed, more and more companies and countries are looking for funding that can support green investments to reduce environmental impact and create added value for society and the planet. In this way, banks are crucial in providing capital to companies looking to fund project implementation. As a result, the banks can monitor and encourage companies to operate sustainably or responsibly by enforcing guidelines or regulations designed to benefit society or the environment. Thus, the banking industry plays a crucial role in providing loans to households and people as well as in fulfilling the financial needs of the private sector (Beck and Demirguc-Kunt 2006; Wang 2016). Additionally, the banking industry is essential to a country's attempts to adapt to climate change and strengthen its financial defences against related hazards. By shifting funding to climate-sensitive industries, banks may reduce the risks related to sustainability and climate change, lessen their effects, assist the economy recover, and adapt to the changing environment (Park & Kim, 2020).

### 2.2.1 ESG and banking sector

Despite the centrality of the environmental issue, a shift to a sustainable growth model necessitates a wide understanding of sustainability that integrates social and governance issues with environmental concerns rather than disregarding them. (De Sá, 2022). Given the banking industry's critical role in funding and subsequently directing the economy, the reciprocal interdependency inherent in robust sustainability is especially true for this sector, for this reason banks are becoming more and more concerned about environmental, social, and governance (ESG) factors (De Sá, 2022). Therefore, banks are particularly vulnerable to ESG risks but they also have a great potential and power to influence them.

*Environmental* risks arise from participation in activities that could exacerbate environmental degradation and negatively influence ecosystem services. The risks associated with these events can be divided into two categories: transition risks, which arise from policy measures taken to prevent such events, and physical risks, which are associated with the occurrence of climatic or other environmental events, like floods or droughts, which have an impact on the economy and financial losses (De Sá, 2022). Regarding *Social* concerns, social risks exist independently of environmental events, such as migration and labour conditions, and there are social consequences associated with each of them. Neglecting social norms and practices, like diversity, anti-discrimination, labor legislation, and human rights, can put counterparties at danger legally and reputationally (De Sá, 2022). This can then have an impact on the financing bank through credit risk and even reputational risk. As there are *Governance* risks resulting from weak counterparty governance standards, such as weak codes of conduct or inaction on anti-money laundering, the governance component is equally significant on its own. Bank credit risk results from these, which could have both financial and non-financial repercussions (De Sá, 2022). Furthermore, governance plays a critical role in guaranteeing counterparties' effective integration of social and environmental concerns.

However, ESG factors, besides being a risk element, can become a source of great opportunities for the banking sector if properly integrated into the day-to-day activities and core business of banks. Indeed, stakeholders' and the public's expectations for sustainable development have boosted the significance of environmental issues in the banking sector, leading to the greening of operations, the incorporation of ESG risks into strategies and risk management systems, and the introduction of green financial products and services to broaden business sectors (Park& Kim, 2020). Indeed, sustainability and the topic of integrating ESG factors are increasingly becoming a business case in the banking sector, which is exploring new business frontiers to reduce its environmental impact, focuses its daily operations on sustainability issues, strives to promote the goals of the ecological transition, finds positive ways to impact sustainable development, and develops products and services that address sustainability (Weber, 2012).

## 2.3 Sustainable Banking

Banks are assuming greater responsibility in promoting sustainable investments and services both in compliance with European regulations and as a strategic response to the risks of climate change and the challenges of the ecological transition on the one hand, and the opportunities arising from the exponential growth of the sustainable finance market on the other. Aracil et al. (2021) analysed the literature from the early 1990s to the 2020s on banking and concluded that the banking vision has shifted from a customer-focused to one that emphasises more the bank's role in environmental protection. Indeed, in the course of time, the more neoclassical conception of banks as entities aimed purely at profit maximisation, also fostered by their role in the economic system, has given way to the concept of the bank as a social entity that, in addition to pursuing profit, can have a major direct impact on the preservation of the environment and the improvement of social welfare.

Therefore, in the context of the ecological transition, where issues such as environmental protection and sustainability are at the centre of global objectives, the integration of ESG factors can become a business opportunity for banks to enter different markets, attract new customers and gain huge competitive and reputational advantages. All the considerations made so far about the opportunities of integrating ESG factors and sustainability into banking operations explain the reason for the rise of sustainable, Green or Responsible banking practices (Câmara & Morais, 2022). Sustainable banking is a banking approach in which banks conduct their activities and business in a sustainable manner, acting as responsible members of society, and taking sustainability into account in their banking operations, these are called sustainable or green banks (Hossain et.al, 2020). Thus, sustainable banking refers to the integration of ESG factors into a bank's banking operations, investment choices and internal policies so that it can be a sustainable organisation in its own right on the one hand, and on the other hand benefit from all the advantages and opportunities that come with it, outlined above. Starting from the definition of Hossain et al. (2020), it is possible to consider the concept of sustainable banking according to two different and complementary dimensions: the first, the commercial one, which refers to the proposal of sustainable competitive products and services for companies and households; the second, the one related to the bank as a sustainable social actor aimed to being a sustainable organization.

Thus, in the first dimension, banks seek to exploit commercial opportunities by integrating ESG factors into investment choices, innovation for new products or services, and the risk management process. The second dimension, on the other hand, refers to the integration of ESG factors into the bank's internal policies, management and employee relations, sustainable activities and initiatives for the benefit of the community, and considering sustainability as part of its culture. This view is also supported by Riegler (2023) who emphasises that the characterisation of sustainable banking has to do with a multitude of aspects related not only to offering sustainable products and services, but also to increasing the bank's ecological footprint by aligning its operations with sustainability issues and environmental, economic and social factors. The ultimate goal remains to decrease environmental impact and actively contribute to the causes of sustainability and ecological transition by optimising resources itself and, through sustainable products and services, initiatives that benefit the environment and society, increase environmental and ecological impact (Riegler, 2023).

### 2.3.1 Sustainable Banking Drivers

Weber and Chowdury (2020) studied the relationship between sustainability and financial performance, concluding that adopting sustainable policies in the evaluation of investments, considering environmental and social factors, can lead to improved financial performance; but higher financial performance, on the contrary, does not contribute to higher sustainability performance (Weber & Chowdury, 2020). The motivations and factors that can lead a bank to integrate sustainability into its financial operations and internal policies are diverse and widely discussed in the literature. Carè (2018) provides an overview of these factors by categorising the following aspects as major driving forces towards sustainability within the banking industry:

1. *Regulatory framework*: norms and frameworks are put in place to make financial companies answerable for their effects on the environment and society. As was previously said, banks must consider environmental, social, and governance (ESG) factors when making investment decisions and incorporate these factors into non-financial reporting. As such, the new European regulatory framework is essential. Because of this, it is now essential to disclose sustainability, putting elements like risk management and reporting responsibilities front and center. NGOs also exert a significant degree of external pressure on banks at the same time. They are requesting that lending regulations be changed to be more socially and environmentally conscious (Carè, 2018). The banking industry has been compelled to develop new commercial products (such as green bonds and green funds), implement the environmental risk management process, and enhance disclosure due to mounting pressure to adhere to requirements imposed both domestically and globally (Carè, 2018).

2. *Performance, Reputation, and Risk Management*: In this case, the risk management procedure assumes a vital role. It is a primary force behind the production of value (Schröck and Steiner 2005). It consists of the following steps: Bowden et al. (2001) state that the first step in risk management is to define the context and risk management criteria. Then, steps two through five are to identify the risks, evaluate their relevance, identify, select, and execute risk treatment alternatives, and carry out monitoring, review, and corrective actions. In a relatively new and, above all, constantly changing environment, risk management, especially in the banking sector, can be complicated and non-linear; however, the consideration of ESG factors in this context is necessary and strategic. In order to responsibly address environmental risks, banks must carefully balance potential hazards against anticipated added value. Tight risk management, which involves well defined processes and a strict internal control system, helps to manage risks by preventing unfavourable effects on stakeholders (Carè, 2018). Furthermore, an integrated risk management process that takes environmental and social risks

into account from a sustainability perspective can also be decisive in avoiding or mitigating reputational risk. If banks finance projects that are perceived as environmentally or socially hazardous, or if they do business with companies that are facing difficulties due to environmental or social issues, they may suffer from a negative reputation (Weber et al. 2008).

3. *Customer Attraction and Brand Image*: Being viewed by customers as a strong sustainable brand is essential to gaining a sustainable competitive advantage, especially considering the size of the sustainable market and the increasing demand for sustainable financial products. Furthermore, a positive company reputation may encourage employee and investor loyalty in addition to consumer loyalty (Carè, 2018).

4. *Emerging Markets Prospects and Portfolio Diversification*: Customers are demanding the creation of specialized goods and services as well as the methodical integration of climate change-related elements into banks' core business operations because of growing concerns about environmental and sustainability themes (Carè, 2018). Indeed, the market for sustainable investments is growing strongly by serving as the link between an unsustainable present and a sustainable future. This represents a huge market opportunity for the banking sector that sees the ecological transition from a business perspective. Innovating financial products and solutions leads to direct profitability in new areas with new customers. According to IFC (2007), each of these components helps to raise the bank's brand value.

Therefore, the context of ecological transition is not simply a paradigm to be passively adapted to, but a source of advantage and opportunity for banks. Indeed, by integrating sustainability into their business and offering sustainable products and services for a fast-growing market, they can improve their brand image, attract new customers, diversify their portfolios and protect themselves from an unmanaged risk profile and, consequently, increase performance.

### 2.3.2 The commercial side of Sustainable Banking

Many banks have started to launch dedicated green financial products and services, building on existing ones. More borrowers are depending on bank loans to develop renewable energy projects, climate-resilient infrastructure projects, and install more energy-efficient and climate-smart equipment, appliances, houses, and vehicles because there are growing green investment opportunities and ways to cut costs by reducing energy bills, for example (Park & Kim, 2020). By reducing insurance premiums for customers who choose electric or hybrid cars, which produce fewer greenhouse gases and other pollutants, a green auto insurance product can be made available to financially reward users (Park & Kim, 2020).

Even the project framework of the PNRR, for example, designed based on European directives, leaves a lot of room for manoeuvre for banks in relation to sustainable banking. In this context, in fact, banks can offer new types of financing or loans ('green' loans and sustainable financing) at advantageous conditions for start-ups and venture companies, develop innovative products linked to production cycles for companies with cyclical production (such as agricultural companies), offer dedicated and structured products such as development plans containing preliminary advice or finance research and development projects (PWC, 2022). Sustainable loans are granted to incentivise the applicant to achieve ambitious and predetermined sustainability performance targets. While green loans represent financing for specific projects, such as zero-emission vehicles, renewable energy, heating networks, biodiversity preservation, etc. The bank can also offer leasing solutions for sustainable mobility modes for its customers' employees or grant financing for the acquisition of real estate with high sustainability standards by applying favourable loan conditions and interest rates (PWC, 2022).

In addition to providing financial services for green business transformation, another core activity of sustainable banking is related to consulting and initiating a structured dialogue with corporate clients to support them in their transition. Banks and financial institutions are increasingly strengthening the aspect of customer focus on green issues by offering in-depth consulting services through dedicated staff in direct contact with customers and trained in sustainability (PWC, 2022). Indeed, many borrowers believe that planning a green project from a financial perspective might be challenging, but banks can assist them by drawing on their knowledge and experience (Park & Kim, 2020). In addition, they provide information on energy efficiency legislation on the various possibilities to increase it.

### 2.3.3 Responsible Banking as the pathway to Sustainable Banking

The term "responsible banking" refers to a banking strategy that acknowledges the relationship between financial decisions, social welfare, and environmental health, enabling the banking sector show how it benefits society by offering the framework for a sustainable banking system (Câmara&Morais, 2022).

The United Nations Environment Programme Finance Initiative (UNEPFI), which was founded in 1992 to encourage financial institutions to integrate ESG factors into their operations, introduced the Principles for Responsible Banking (PRB) (Figure 3.1) in September 2019 at the UN General Assembly, to which over 130 banks have complied.


Figure 3.1: *Principles for Responsible Banking* (Source: UNEP FI, 2021)

The PRB are six principles that outline the Sustainable Banking framework, encouraging banks to integrate ESG factors into their operations, investment decisions and internal policies by promoting the setting of sustainable development goals and the measurement of the social and environmental impacts of banking. The six goals fit into the regulatory and institutional framework outlined by the UN 2030 Agenda and the Paris Agreement, in line with the seventeen SDGs outlined in the previous chapter and aim to guide banking institutions in implementing regulations on sustainable finance and promoting a responsible and sustainable banking model. The six principles will be analysed in detail below, highlighting the measures and policies that banks are called upon to implement.

1. *Alignment*: when a bank is best positioned to do so through its business, it refers to strategic alignment, which is focusing its business strategy on supporting and aligning with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other pertinent national, regional, or international frameworks (UNEP FI, 2021). These frameworks refer to internationally recognized objectives to guarantee a sustainable future. Aligning the company internal strategy with these objectives entails not only adhering to the national or supranational frameworks' regulations on sustainable finance but also demonstrating the bank's commitment to the SDGs and the issues of sustainability and environmental protection. Concerning this principle, practical implications are based on a comprehensive understanding

of practical frameworks to identify the most pertinent social and environmental issues and, consequently, evaluate the misalignment with the regulatory framework. It is the task to explicitly incorporate the sustainability objectives into the business strategy, key banking operations (lending, investing, financial products, risk management, etc.), and business choices (such as capital allocation and product development) (UNEP FI, 2021). Therefore, this principle refers to the integration of ESG factors across the entire spectrum of banking operations. As seen above, this integration is necessary to mitigate transition-related risks and turn them into opportunities. The management and broad play a critical role in ensuring that there is ongoing engagement and consultation with pertinent stakeholders to ensure complete awareness of their expectations and their pertinent thoughts and suggestions, which is necessary to ensure the attainment of this target (UNEP FI, 2021).

2. *Impact and Target Setting*: banks must determine, evaluate, and enhance the effects that their operations, goods, and services have on the public and the environment. The banks must include impact assessments on the environmental, social, and economic dimensions of sustainability into their business decision-making at the strategic, portfolio, and transaction levels if they are to consistently increase positive impact while decreasing negative impact on people and the environment (UNEP FI, 2021). This objective requires two fundamental processes: an impact analysis, with the aim of identifying the major social, economic and environmental impacts resulting from the bank's activities, and target setting, with the aim of setting SMART (Specific, Measurable, Achievable, Relevant, Time-bound) targets that also comply with the SDGs and the relevant regulatory framework (UNEP FI, 2021). As a result, the bank is required to create plans and policies to handle, lessen, and mitigate negative effects as well as to take advantage of opportunities to consistently increase and scale up positive effects. Additionally, procedures and systems for risk management pertaining to both people and the environment must be put in place (UNEP FI, 2021). Therefore, building capacity and competence among customer relationship managers, employees, and other pertinent corporate committees on sustainability impact and risk, as well as their assessment in credit committees, is crucial in this context (UNEP FI, 2021). Concretely implementing the established aims requires investing in innovation and developing new client/customer segments, sectors/technologies, and novel product offers. In order to guarantee internal consistency in reaching the targets, there must also be a relationship between the bank's internal operations, including marketing and communication, training, human resources, innovation, and compliance, and the specified targets (UNEP FI, 2021).

3. *Clients and Customers*: the aim is to foster collaborative relationships with customers and clients, promote sustainable practises, and support customers and clients as they shift towards more environmentally friendly business models, technologies, and lifestyles (UNEP FI, 2021). Indeed, the greatest impact of a bank on society is the indirect one, associated with the activities of the bank's customers and consumers. This can be seen from two different and complementary perspectives: on the one hand, accompanying and supporting and involving the customer in the adoption of sustainable practices, and on the other hand, limiting the risks associated with the transition. The bank faces less risk of customer insolvency when its clients adopt sustainable business models and technology since they are better equipped to thrive in our evolving economy and society and to comply with new requirements (UNEP FI, 2021). Additionally, the bank can access new market opportunities and portfolio diversification by providing competitive sustainable products and services in the rapidly expanding sustainability industry. Customer loyalty is yet another crucial factor to consider; indeed, supporting clients as they work toward the organization's objectives fosters stronger client and customer relationships and establishes the bank as a preferred partner (UNEP FI, 2021). A bank's ability to function effectively depends on having a well-established, trust-based relationship with its customers. According to this perspective, treating consumers and clients fairly also entails understanding their needs and meeting them with goods and services, giving them access to important product information so they can compare prices, and setting up complaint and dispute resolution procedures (UNEP FI, 2021). The ability to build enduring customer relationships through awareness-raising, client and customer engagement, and the creation of new goods and services that promote and support sustainable business models, technologies, practices, and lifestyles are the key practical implications in this context (UNEP FI, 2021). The involvement of employees in ensuring the best possible customer experience is critical to achieving this goal. The best customer relationships are ensured through policy development, staff training to ensure fair treatment of customers and clients, internal guidelines and protocols to support customers and clients on sustainability considerations, and capacity building among bank employees to better engage with customers and clients on sustainable finance (UNEP FI, 2021). Furthermore, it is advisable to encourage customers to improve their social and environmental impacts and to adopt sound sustainability standards, as well as to provide comprehensive high-level advice on how to implement these standards, in order to guarantee the proper implementation of sustainability goals by the customer itself.
4. *Stakeholders:* to significantly increase the bank's positive impact, this principle refers to the necessity of stabilizing collective action and partnerships with relevant stakeholders (notably

peers, investors, clients, customers, regulators, employees, policymakers, suppliers, scientists, academia, civil society, trade unions, and communities) (UNEP FI, 2021). Involving stakeholders early on ensures that all pertinent interests are considered and a bank won't face difficulties later on. Proactively consulting stakeholders ensures that the bank benefits from their knowledge and subject-matter expertise and enables the correct/legitimate definition of society's goals: it drives legitimacy and capacity to identify positive and negative impacts (UNEP FI, 2021). Furthermore, consolidating the presence in the community contributes to increasing the bank's brand image in the eyes of customers, the community itself and investors. Indeed, as described above, in a society increasingly oriented towards sustainability, being perceived as a strong sustainable brand can be a competitive advantage as well as a relevant factor for customer and employee loyalty.

5. *Governance and Culture*: this principle refers to the ability to implement effective sustainability governance procedures with the active support of the CEO, the Board of Directors, and senior and middle management. On the other hand, it refers to the establishment of a daily sustainable organizational culture and practices wherein all employees recognize their role in fulfilling the bank's mission and incorporate sustainability into their work and decision-making (UNEP FI, 2021). To manage its enormous impacts and risks to meet its goals, banks must create governance structures, policies, and procedures (UNEP FI, 2021). Furthermore, the bank must reveal the steps it is doing to encourage a culture of responsible banking among its staff members (UNEP FI, 2021). Establishing an organizational culture that is focused on sustainability helps to raise employee knowledge and enhance the provision of goods and services. These goals can primarily be met by utilizing corporate governance and HR management practices. For instance, by hiring experts and integrating their training with staff training on ESG strategies, policies, and instruments, as well as by providing external guidance through consultants to inform and educate staff, internal expertise on environmental, social, and economic issues pertinent to the bank context—such as climate change, deforestation, pollution, biodiversity, human rights, and gender equality—can be developed (UNEP FI, 2021). In order to facilitate sustainable finance and the implementation of the sustainable objective across all functions of the bank, further implementation strategies include creating a specialized team of sustainability experts (such as a corporate sustainability department) with strong leadership and defined roles and responsibilities; educating and training staff members about the bank's sustainability strategy and targets in general, as well as about issues specific to their job roles to develop appropriate awareness and expertise at all levels; integrating the sustainability targets into the performance management systems and

rewarding exceptional sustainability performance and leadership, for instance through promotion decisions (UNEP FI, 2021). Additionally, placing climate-friendly transportation options, inclusive and sustainable procurement procedures, gender equality and pay equity into practice helps to enhance sustainability ideals and ethos into the bank's culture and daily operations (UNEP FI, 2021). The establishment of a sustainable community through programs like webinars, conferences, and newsletters that contribute to higher employee involvement is another essential component in the promotion of a sustainable culture (UNEP FI, 2021). these elements can strongly contribute to the formation of a sustainability-oriented organizational culture that can enhance employee engagement and awareness towards sustainable goals and issues that can result in a greater credibility of the bank and improve band image and customer experience. As stated in point three, a high-level expertise, a deep awareness and sensitivity of staff on sustainability issues contribute to establishing and/or consolidating the relationship of trust between the customer and the advisor. In addition, aiming to establish a strong sustainable organizational culture can increase employee motivation by helping to enhance involvement and participation in sustainability issues both as an employee and as an individual.

6. *Accountability and Transparency*: banks have responsibilities to society, investors, and staff. This principle falls under the umbrella of sustainability disclosure, which is the collection of data that an organization makes available to the public via appropriate channels of communication regarding its impact on the environment and its interactions with stakeholders (Campbell 2004). Corporate environmental disclosure is optional, and discretionary. Many stakeholders, including governments, community organizations, and regulators, are interested in this type of information (Aerts et al. 2006). Public disclosure is essential because it enables stakeholders, both internal and external, to evaluate banks' contributions to advancement and society. This, in turn, builds trust in the bank's sustainability-related promises and sets it apart from competitors. In fact, disclosure of sustainability. Progress reports are essential for guaranteeing the efficacy of the bank's strategy, inspiring staff, fostering peer competition, fostering innovation, and enhancing reputation and trust (UNEP FI, 2021).

In order to translate these ideas into real-world applications, the practical implications provided by PRB acts as a catalyst for the incorporation of sustainability and ESG considerations into banking operation, by fostering the growth of a banking approach that takes into account the long-term consequences of financial decisions on the environment and society.

# Chapter 4

# METHODOLOGY: A QUALITATIVE RESEARCH ANALYSIS

## 4.1 Goals of the study

It was possible to understand in the previous chapters how the ecological transition has confronted our society with the urgency to change our consumption habits, to find alternative ways of producing and doing business. At the same time, it is important to emphasise that the goals of the UN 2030 Agenda can only be achieved through the active collaboration of all sectors of the economy and society. In fact, as seen in chapter one, the ecological transition can only be accomplished through the interrelation of all subsectors of society from the individual to governments and international institutions. It was addressed an in-depth look at the international actions that supranational institutions are undertaking to implement ecological transition; among these, the Europen Green Deal and the United Nations' Agenda 2030 stand out for their relevance. The latter in particular sets the goal of achieving the so-called seventeen SDGs by 2030, which outline the profile of Sustainable Development that the international community intends to implement in order to grow in a sustainable manner and cope with climate change, which increasingly represents a threat to the survival of our planet. Therefore, governments and the international community are moving in the wake outlined by the seventeen SDGs to comply with the UN 2030 Agenda. In this regard, it is necessary to emphasise two fundamental aspects for the purposes of our research: first, that the SDGs themselves involve all actors in society and the economy and not only those directly related to activities that have a direct impact on the environment; second, that the SDGs do not only concern issues related to environmental protection but also set social and economic objectives. Indeed, the sustainability criteria of any economic actor are measured through ESG factors that include the environmental sphere in terms of direct environmental impact, the social sphere, in terms of social impact in managing relations with stakeholders and employees, and finally the governance sphere, in terms of transparency and ethicality of policies and decisions.

Therefore, in the rapidly evolving context of the ecological transition, more and more organisations and companies are placing sustainability at the centre of their strategic goals through the integration of ESG factors into their activities and governance. As addressed in chapter two, Human Resource Management plays a key role in this context, as it acts as a link between decisions taken at the governance level and their concrete implementation. Sharing the vision of Ehnert et. al. (2016), a Sustainable Human Resources Management system is characterised by practices that enable the common achievement of financial, social and economic objectives by taking a mostly long-term view. Furthermore, Stankevičiūtė & Savanevičienė (2018) propose eleven valid characteristics of a Sustainable HRM, which are extensively discussed in chapter two, namely L*ong-term orientation, Care of employees, Respect for the environment, Profitability, Employee development, Social dialogue and employee participation, Flexibility, External partnership, Compliance beyond labour regulations, Employee cooperation, Fairness, and equality*. Therefore, it was emphasised that a sustainable Human Resource Management System is the key and driving force for a sustainable organisation model since through its characteristics it translates sustainability objectives into concrete sustainable practices.

In the context of the ecological transition, a fundamental role is played by banks as intermediaries of the real economy, enabling the implementation of most national and supranational directives by granting credit and financing to companies and households. Chapter Three discussed at length the fundamental role of banks in the ecological transition and how, due to both external inputs (such as the regulatory framework and growing customer demand for the sustainability market) and internal inputs (such as risk management and the opportunity to increase their brand value, profitability, and portfolio diversification) banks are increasingly aiming to implement a Sustainable Banking model. This is outlined in a general way by the integration of ESG factors in all banking activities and in the sustainable goals that the bank sets itself. Therefore, it does not only refer to the proposition of sustainable products and services, but also to the promotion of a sustainable culture among employees, towards stakeholders by guaranteeing reliability and transparency, to the reduction of environmental impact and to the awareness of the role played in the transition. All these characteristics have been summarised in the six Principles of Responsible Banking outlined by UNEP FI in 2021: *Alignment, Impact and Target Setting, Clients and Customers, Stakeholders, Governance and Culture* and *Accountability and Transparency.*

Starting from these theoretical premises, whereby there is a strong link between Sustainable HRM and a sustainable organisation model, the purpose of this research is to investigate the connection between a sustainable HRM model and the development of a sustainable model in a sector that, by its very nature, plays a key role in the ecological transition as it enables its realisation in the real economy. The research therefore aims to answer the following Research Question:

*How does Sustainable HR Management contribute to the implementation of a Sustainable Banking model?*

The objective of the research question is to investigate the contribution that a set of sustainable HR practices and policies can make to a Sustainable Banking model and how they contribute to and enable the achievement of sustainability goals. Through this analysis, an attempt is made to shed light on the interactions between the HR system and the Sustainable Banking goals in order to deepen knowledge of the different nuances with which an HR system can support the achievement of sustainability targets in a bank.

### 4.2 Rationale for the Empirical Setting

The focus on the banking sector and the connection between HRM and a Sustainable Banking model stems from two main reasons. The first is related to the fundamental role that banks have in the ecological transition as intermediaries with the real economy, they are the enzyme of the ecological transition. Banks have not only the burden of managing finance, funds and investments in the sustainability market, but also the responsibility to be sustainable entities themselves and to pursue strategic goals that integrate ESG factors and that also translate, as we have seen, into greater transparency and accountability towards employees as well as a sustainable organisational culture. The second motivation is mostly related to a gap found in HRM research within the banking sector as well as in Sustainable Banking. In fact, as pointed out in the third chapter, there is no unambiguous definition of Sustainable Banking since, being a fairly recent topic, there is no substantial supporting literature. Furthermore, during the research for this study, a lack of literature was found on the HRM system in banks and the function that so-called 'human capital' can have for the strategic objectives of the sector. Therefore, I found it necessary to investigate the contribution of sustainable HR practices and policies to the achievement of Sustainable Banking objectives and, more generally, to sustainable banking.

### 4.3 Design & Methodology

The purpose of this research is to investigate the role and ways in which a system of sustainable HR management practices and policies contributes to the implementation of a Sustainable Banking and Sustainable Banking model. Specifically, the goal is to examine the subtle details of how these approaches blend together, influencing and advancing sustainability in the banking sector. A qualitative research method through semi-structured interviews was used for this purpose. Qualitative research, according to Basri (2014), entails seeing people in their natural settings, speaking with them in the way they communicate and, on their terms, trying to understand the complexity while evaluating and interpreting data from various sources.

The choice to use a qualitative rather than quantitative methodology is closely linked to the purpose of my research, which brings with it the need to understand and capture the perceptions of the interviewees on the subject, to be able to give an exhaustive picture and answer the research question, allowing me to also highlight the different nuances captured in the various answers. Indeed, the research question stems from the desire to understand and investigate the motivations and dynamics that link the two main components of this research. Through a qualitative methodological approach, it is possible to answer the research question more comprehensively than through a quantitative approach, as it allows the diversity in the experiences and perspectives of each participant to be grasped, enriching the overall results.

The research design was structured from the literature review carried out on the topic of Sustainable HR Management and Sustainable Banking. It was decided to use the eleven characteristics of Stankevičiūtė & Savanevičienė (2018) as a theoretical basis. By making them the starting point for the empirical research it was possible to evaluate the contribution of these Sustainable HR characteristics to the implementation of Sustainable Banking and the integration of ESGs. Eight out of the eleven characteristics were selected. The motivation behind this choice was first the desire not to compromise the quality of the participants' answers with excessively long interviews. Furthermore, it was considered, based on the theory analysed, that they were the most suitable and compatible with the type of sector chosen. Therefore, skeleton of the empirical research was designed based on the following eight macro-areas:

1. L*ong-term orientation.*
2. *Care of employees.*
3. *Respect for the environment.*
4. *Profitability.*
5. *Employee development.*
6. *Employee participation.*
7. *External partnership.*
8. *Fairness and equality.*

Therefore, the empirical analysis was conducted from the characteristics of Sustainable HR Mangement in order to relate them to the analysed theory with respect to Sustainable Banking and to understand how a Sustainable HR Management system contributes to the implementation of a Sustaianable Banking model.

### 4.3.1 Primary Data source – Semi-structured interviews

For this analysis, I chose to use semi-structured interviews as the primary source of data. In semi-structured interviews, the participant is given a set of leading questions by the researcher but is still free to respond fully and candidly. This style of interview is utilized in qualitative research. Semi-structured interviews aim to strike a balance between structure and flexibility, in contrast to structured interviews, where every question is predetermined and fixed, and unstructured interviews, where no questions are fixed. I decided to conduct semi-structured interviews since they gave my research flexibility and accuracy. In contrast to a structured interview, I was able to ask my responders other additional questions and offer more explanations as needed, which is what gives me flexibility.

There are undoubtedly benefits to using interviews as the main data source, but there are drawbacks as well. Conducting interviews is a useful technique for gathering information and examining different perspectives and motivations that link sustainable HR practices with Sustainability in banks. Getting thorough and in-depth answers from participants is one of the key benefits of conducting interviews. The system's intricacies can be fully understood because to this qualitative richness. It is very beneficial to explore the viewpoints and experiences of participants in order to fully grasp the complexities, difficulties, and important elements related to the topic. This is consistent with the findings of researcher Patton (2002), who highlights one of the primary benefits of this technique of data collecting as the depth of information gleaned through interviews. Engaging in active discourse with participants offers a huge advantage of investigating and deepening responses.

Moreover, engaging in active discourse with participants offers a huge advantage of investigating and deepening responses in order to elucidate, explore, and reveal latent motives and convictions. This capability makes it possible to conduct a more extensive examination of the different variables that, influence an effective Sustainable Banking model. Kvale & Brinkmann (2009) emphasize that interviews are the most interactive method for conducting research, demonstrating how they facilitate a dynamic discussion that might reveal important information beyond the interviewees' initial answers. Indeed, interviews turn out to be a particularly flexible data collection method as they allow for a more organic and adaptive research process.

However, beyond the aforementioned advantages, conducting interviews as a research approach has some drawbacks as well. Rubin & Rubin (2012) state that the possibility of interviewer bias—in which the researcher's viewpoints and prejudices may inadvertently affect the process of gathering and analyzing data—is a major drawback of interviews. In order to guarantee that the data gathered appropriately reflects the viewpoints of the participants, it is imperative that this risk be addressed.

To mitigate the risk of the interviewer bias, I tried to be conscious of my own prejudices and points of view in order to be impartial and open-minded while avoiding swaying participants' perspectives. Moreover, using semi-structured interviews allowed me to adapt the questions and follow-up based on participants' responses and to lessen the possibility of interviewer bias since I was able to ask the questions objectively and without swaying the participants' answers. Another limitation of interviews is linked to the social desirability bias, that arise when interviewees may give responses, they believe to be socially acceptable or consistent with the interviewer's expectations (Tourangeau & Yan, 2007). Therefore, the validity and veracity of the data gathered could be impacted by this kind of bias.

To mitigate the risk of the social desirability bias I stressed the value of authentic and transparent answers, and I fostered a climate of mutual respect and trust, enabling participants to freely express their thoughts and experiences in a secure and accepting setting. Furthermore, I guaranteed the privacy of the participants by anonymizing their responses and data (Mishler, 1996). This encouraged an atmosphere where participants felt comfortable expressing themselves honestly and served to reassure them regarding the privacy of their information. These approaches enabled objectivity and accuracy in data collection, which gave to this work a more genuine grasp of the subject.

The interviews were conducted through a questionnaire which was formulated from the literature review conducted in the analysis. As was specified in the research design, the questionnaire was structured according to the eight characteristics of the Sustainable HR Mangement identified and comprises eight main questions (one for each area) which contain several follow up questions within them. The follow up questions were mostly used as a canvas for an in-depth survey, but often respondents answered the follow up questions themselves, introducing specific topics related to the main question. Moreover, in many cases, the follow up questions submitted to the respondents were different from the pre-set ones in order to deepen a topic that spontaneously emerged within the main question. This approach made it possible to bring out themes that would otherwise not have emerged from a structured interview. In this context, therefore, the use of semi-structured interviews allowed a great deal of flexibility during the inquiry phase, which was necessary for more in-depth data collection.

### 4.3.2 Sampling method and target of participants

In order to guarantee a varied representation of participants, I used two different sampling methods, suggested by the scientific literature: purposive sampling technique and snowball sampling, to enlarge my sample (Naderifar et al., 2017). The aim was to obtain a sample large enough and at the same time to include individuals with significant skills and experience in the field of sustainability and human resources within the banking sector.

Initially, I used a purposive sampling technique, either by exploiting my personal network or by selecting potential respondents according to their role and counting them via professional platforms. Through targeted research on these platforms, I was able to connect with professionals currently employed in the banking sector and who held a role related to ESG issues or HR. This initial sampling approach allowed me to select participants that exactly matched my target respondents for data collection.

Subsequently, in order to enlarge my sample, I used the method of so-called 'snowball sampling', asking the already selected respondents to suggest other colleagues or professionals of their acquaintance who might be interested in participating in my research. This approach was not only used to enlarge the sample but was also designed to make it more representative. Indeed, I was able to choose a varied sample of banking professionals with a range of opinions and work experiences in the sector by combining these two methods. Using internet networks and personal networks, made it easy to find possible volunteers, and word-of-mouth communication with other banking professionals was made possible by the snowball sampling approach. This mix of techniques helped me conduct more thorough and insightful research by giving me a more complete and representative understanding of the world of sustainable banking.

At the same time, in order to mitigate the risk of having an unrepresentative sample, I tried to set a target of participants based primarily on hierarchical role and years of experience in the bank of current employment. In fact, I selected participants who had at least three years of experience in the bank where they are currently employed. This parameter allowed me to interview professionals who had a fairly in-depth knowledge of the bank where they currently work, the environment and the dynamics. Furthermore, I decided to select professionals who had mostly a managerial role or at least an advanced degree of seniority. This parameter was specifically designed in order to collect responses from banking professionals who had a broader vision of the bank's internal dynamics, policies and practices adopted, rather than the bank's strategic vision with respect to ESG issues. Indeed, a professional in a junior or recently hired position would not have been able to provide such a vision.

Furthermore, as mentioned above, the diversification of the areas of expertise allowed for a more representative picture of the sustainability topic in the banking sector. The choice of not limiting the target of participants to a purely HR or ESG specialist, arose precisely from the desire not to look at the phenomenon from a single perspective, let alone solely from those who implement sustainable

HR practices. It was felt that this approach would not only limit the understanding of the phenomenon, but rather provide an unrepresentative perspective of the effects and contribution of sustainable HRM practices in the bank's sustainable strategy.

The sample selected for my research consists of a total of 6 respondents, representing a total of 4 Italian commercial banks. Although it would certainly have been desirable for the purposes of my research to have a larger number of respondents, the sample is nonetheless representative as it reached the theoretical saturation.

Indeed, throughout the data collection process, the achievement of theoretical saturation was tracked by looking at the topics and concepts that kept coming up in later interviews. Data collection was stopped when it became clear that the additional interviews were not producing relevant new information or interpretations. This method ensured that the sample was both sufficiently wide to include a range of viewpoints and ideas and sufficient in scope to prevent pointless data collecting and analysis. Therefore, data collected from a larger sample would not have further impacted the understanding of the link between Sustainable Hr Management and Sustainable Banking. the respondents are representatives of four of the ten largest Italian banks by capital.

The sample size was then decided upon using theoretical saturation as a criterion to guarantee the validity and dependability of the outcomes. The following table provides an overview of the six participants in my research (identified as "Respondent n" to guarantee their anonymity) with their respective roles and years of experience in the bank in which they are currently employed:

| Interviewee | Role / Field of experience | Years of experience |
|---|---|---|
| Respondent 1 | Manager Area | 31 years |
| Respondent 2 | ESG Project Manager | 4.5 years |
| Respondent 3 | Banking Consultant Manager | 5 years |
| Respondent 4 | Private Banker Manager | 5 years |
| Respondent 5 | HR Specialist | 22 years |
| Respondent 6 | Banking Executive – Head of ESG national project | 20 years |

Table 4.1: *Participants overview* (source: own elaboration)

### 4.3.3 Data Collection Process

Before embarking on the interviews, each participant was sent the questionnaire and an informend consent form. The latter was sent to inform the participants of the purpose of my research, to guarantee the anonymity of the participant and the bank at which he/she is employed, as well as to inform him/her of the subject matter of my thesis through a brief summary of the subject matter. This was done to encourage the participant's engagement with the study's subject matter, enabling them to understand the goal of the interview before it took place. Furthermore, it was respectfully requested the interviewees to read and sign the informed consent form if they consented to participate in the study in the correspondence that preceded the interview. It was also specifically asked participants to certify that they understood the goal of the study and the methods of data collection at the start of each interview, as well as repeated the request for their voluntary participation.

The interviews were conducted in the period between mid-December 2023 and mid-January 2024 according to the respondents' availability and preferred mode. Although it would have been desirable to conduct all the interviews via face-to-face, I chose not to tie the interviewees to a chosen mode as it was felt that this was not a factor that would compromise the quality of the answers. For interviewees 2, 4 and 6 the interview was conducted via Microsoft Teams with the camera on both sides, while for interviewee 3 it was conducted by telephone. Finally, respondents 1 and 5 chose to complete the questionnaire in writing for reasons related to their availability. However, in addition to receiving the informed consent including the topic guide, a short preliminary call was organised with interviewees 1 and 5 in order to better understand the nature of the interview, the purpose of the study and the subject matter. Furthermore, once the completed questionnaires were received, a further meeting was organised to clarify the nature of some questions as well as some themes that emerged in the written responses.

The interviews lasted between 45 and 70 minutes. Since these were, semi-structured interviews with open-ended questions, the interviewees had an extensive degree of freedom to range while still remaining focused on the questions because of the freestanding structure of our interaction. As a result, some of the interviews ended up lasting longer than I had originally anticipated.

### 4.3.4 Data Analysis

The interviews were fully recorded, transcribed and organised for further analysis. The textual material was then subjected to a detailed thematic analysis which involved an iterative process of data exploration. Initially, text passages relevant to the research were analysed in order to label them and identify common paths in the various interviews. I then proceeded to identify thematic macro-areas that were common to all interviews, based on the first level of coding. This method allowed for a thorough analysis of the information gathered from the interviews and the identification of the main patterns and themes that emerged. This approach made it possible to explore the diversity and complexity of the data collected, highlighting the various perspectives and opinions of the participants.

In addition, sub-categories have been identified for two of the macro-areas, as they cover different topics but are inherent to the same thematic area. The following six macro thematic areas have been identified:

1 *Sustaining a long-term strategy*
   - The role of training and recruiting in supporting the long-term strategic vision

2 *Client relationship and support for transition*

3 *Promoting a Sustainable Culture*
   - Raising employee awareness
   - People's welfare and promotion of widespread well-being
   - Commitment to environmental sustainability and the role of digitization

4 *Reputation and Brand Value*

5 *Impact on Long-term Profitability*

6 *Inclusiveness and Gender Equality*

The six macro areas will be described in detail in the following chapter.

# Chapter 5

# FINDINGS

As outlined in the previous chapter, the respondents' answers were subjected to thematic analysis in order to identify the main and most recurring themes that emerged during the empirical research. In this chapter, the respondents' answers will be organized according to the salient points that emerged during the thematic analysis and will be reported *verbatim* in order to also bring out the respondents' perceptions and feelings with respect to the themes discussed, in addition to simply answering the questions. The themes and responses reported in this chapter will later be elaborated in detail in the next chapter and linked back to the research question.

## 5.1 Sustaining a long-term strategy

All respondents were positive that, overall, the human resource management system supports long-term strategy and does not focus solely on achieving short-term goals. Respondent 1 states:

"*The human resources management policy is part of a broader medium- to long-term corporate strategy project; therefore, it is also in line with the medium- to long-term objectives identified within it*".

### 5.1.1 The role of training and recruiting in supporting the long-term strategic vision

Respondents 3, 4, 5, and 6 agree that the alignment of the human resources system with the strategic vision is facilitated by a centralized system that basically relies and works on two main factors: training and recruiting. In fact, respondent 4 states:

"*A much more important path of growth in training has been incorporated than what was there in the past, which was somewhat impersonal and not very focused on the role especially combined with the individual and his or her abilities. Now, on the other hand, much more in-depth work is being done, so specific topics are being identified for specific people to take an in-depth look at, and it's an in-depth look that the bank invests a lot in through high-level Masters or Executive Masters being very specific training paths not generic what you take are not just technical notions and just a broader managerial mindset training that gives you tools to be more effective then at a strategic level at the* *corporate and professional level...In general these training paths are decided based on your skills combined then with the path that the bank has in mind for you*".

Respondents 1, 3 and 5 align with respondent 4's response by highlighting the process of detecting skills as well as needs combined with business strategy that are then translated into dedicated training paths. Specifically, respondent 3 states:

"*We have a specific portal for assessments. The assessment given to us, as far as I am concerned, comes from the branch manager. Even before he makes this assessment I am required to make a self-assessment so that then the self-assessment and the final assessment are compared and there is a moment of interview and to see what may be my shortcomings or my progress...this is then reported to the central HR office and then strategic choices are made with respect to, for example, the training paths in which to fit in or professional advancement, also based on aptitudes and skills".*

Respondent 1 further adds:

"*Investments in training and resource empowerment enable long-term career planning*".

While Respondent 5, as an HR-Specialist, adds an interesting piece of information that did not come up in the other interviews, namely, the focus on the transversality of roles, fostered by dedicated training paths, which allows for sustainable growth and, above all, aligned with the bank's long-term strategy. Indeed, he states that:

"*The Group has a people management model that combines, alongside "local" knowledge, a centralized system of surveying skills and soft skills, with periodic updates and dedicated training initiatives... The spread of strategic initiatives in terms of training and development are certainly linked first and foremost to the industrial plan and to encourage transversality of roles so as to have sustainable growth. These initiatives primarily take into account behaviors but also strictly technical skills. This transversality of roles that we are aiming to create, and which to a large extent is already happening, makes even the most impactful changes in terms of the organization more sustainable*".

Moreover, for the majority of respondents, it was found that in addition to investment in training, another element supporting the long-term strategic vision is the recruiting process. In fact, all respondents, except Respondent 1, pointed to the presence of a structured and thorough recruiting process that ensures the soundness and suitability of the selected resource. Thus, the recruiting phase appears to be well thought out, even at the strategic level, again with a view to possible and future investment in the resource. In addition, all but respondents 5 and 6 highlighted the recruiting factor as an element supporting a long-term vision, based on their own personal experiences not having a HR qualification properly. In fact, respondent 3 states:

"*In this case I will tell you about my experience in the sense that the way I was hired I noticed a lot of attention during the recruiting process. I had four interviews of different modes and the final interview with an HR recruiter of 50 minutes, and he really asked me about everything...In the sense that a lot of attention is given during the recruiting process precisely to ensure that the person chosen has the right skills, the ones required so that then they can invest in that resource during the career path in the bank".*

As anticipated, Respondent 5, on the other hand, similarly touched on the topic of recruiting from a long-term strategic viewpoint by declining it differently as an HR-Specialist. His response showed that it is a process that is done in a centralized manner following the medium- and long-term goals. Respondent 5 states that:

"*Another element that detects an alignment with the medium/long-term strategy is undoubtedly the recruiting system because it is centralized at the parent structure, and this allows for a clear understanding of the medium/long-term objectives and the satisfaction of needs that emerge time by time*".

In addition, Respondent 6 emphasizes that even in recruiting there is a focus on sensitivity to ESG issues and a willingness to grow with the company:

"*Today Sustainability is a key aspect, and we first tend to look for people who have compatible values on the one hand and who are above all willing to grow with the company in these values. We work to create awareness internally about ESG issues and sustainability from the moment people are hired*".

## 5.2 Client relationship and support for transition

Another cross-cutting theme in all interviews is the relationship with the client. In fact, all interviewees pointed out that investing in ESG policies and practices has an important impact in the relationship with the client who perceives them positively. In particular, it was found that in general the set of ESG practices positively affects the customer and it is predominantly the targeted training that favours this aspect. In fact, all the banks of which the interviewees are representatives have invested a great deal in recent years on training courses dedicated to the new frontiers of sustainable banking. According to the interviewees, the greatest and most immediate impact these investments have had is precisely in improving the relationship with the customer, who first and foremost is called upon to change his or her business model by integrating sustainability. Although, as mentioned, the theme of improving customer relationship and support cuts across all interviews, each interviewee highlighted different elements. Respondent 4 emphasizes how education and training on Sustainable Banking as well as policies on inclusiveness foster empathy in the relationship with the client as it allows them to accurately explain issues that are often unclear because they are still very new and provide more knowledgeable advice through also acquiring technical language. Respondent 4 in fact states:

"*These sustainability training sessions give you specific knowledge and bring the client into a better view...you acquire a language that until recently was unknown and when you talk to the client you can explain well and in detail the nature of a sustainable investment or similar. The client obviously reads about these things in the paper and you can translate them into financial terms for him.... The client knows that you are up to date, you are dropped into reality, you adopt policies and strategies that are not basic or aimed simply at selling your product but that are products that are thought out, up to date, that make sense, and so you must be able to explain them to him. These sessions help a lot in incamerating and digesting these issues that are still very new anyway. In general all these policies, the masters that they offer you, the policies implemented (like gender equality), governance etc result in more empathy towards the client and so you don't just go and sell a product for the result of the day but you propose what you consider also according to the training that has been done, the most sustainable and profitable thing*".

Respondent 2 shares the same view, adding that:

"*The adoption of ESG policies has a positive impact in the dialogue with the customer, who in the first place has to change his business model and adapt it to the new regulations in force regarding ESG and sustainability...especially in terms of sustainability education in banking if the sales employee is confident in the subject he has a lot of chances to succeed in directing the customer to buy goods or services that have a strong green component*".

Respondent 1, aligning with the prevailing view set out above, points out how charitable initiatives to support the community or external partnerships with prominent entities for educational pathways are valued by customers:

"*The resulting professional expertise of resources from partherships with prominent entities rather than community initiatives are highly valued by customers*" (Respondent 1).

However, Respondent 1 also highlights the benefit of training in the client relationship, making an interesting reflection on the Italian industrial sector stating:

"*So, it's undeniable that on sustainability issues many clients need to receive support, also considering the Italian business fabric, which is mostly made up of SMEs and family businesses,* *which are not at the forefront of ESG issues or green investment possibilities...there is a need for more structured support that basically comes to you from training. That's why training on sustainability issues (especially financial sustainability, sustainable investments, ESG ratings) is extremely focused on by the company*".

Respondent 1 therefore points out that at the root of this issue, there is precisely the fact that, since the Italian industrial sector is predominantly made up of SMEs, they are less up-to-date and advanced on ESG issues and the possible frontiers of sustainable investments or financing. Therefore, the company's internal training has further benefits in dealing with these clients.

In contrast, respondent 3 highlights, adding a personal opinion, that the customer is still somewhat skeptical about associating profitability with sustainable investments and that it is difficult to convey the value of sustainable investments. However, participant 3 still generally perceives customer appreciation of the bank's focus on sustainable issues. In fact, he states that:

"*The bank is pushing more and more towards this frontier of sustainable and this thing I feel is appreciated by customers even if let's say that the customer from my point of view is still not very focused on these issues...you try to explain it to him however he is still a bit skeptical about the association of investment products and issues that can be social and environmental. So, in my opinion we are still a bit far from conveying these choices to the customer in a conscious way, but it is more of a cultural issue probably rather than what the bank does in concrete terms*".

Respondent 6, sharing the prevailing view, brings out an additional theme, namely customer education. Education, in fact, is essential not only to propose specific and thought-out sustainable products to the customer, but also to educate and accompany the customer through the transition:

"*If you don't know you are not able to propose, if you are not able to propose you are not able to support the client, if your client has specific needs, you can't just foist a generic product on them... For many clients at the beginning of the ESG journey it seemed bad because it was going to change the status quo of a relationship with the bank... The challenge is to help transform clients, to educate them about sustainability because even the most skeptical or the one who is the least sympathetic to environmental issues has to adjust...They need to grow, and there it is crucial that the people who work closely with these clients are always able to convey and give them the accompaniment they need. This accompaniment is achieved through training*."

Therefore, it was found that the adoption of ESG policies and practices such as training focused on Sustainable Banking rather than partnerships with social or prominent entities in the educational or charitable landscape, generally improves the relationship with the customer by allowing greater empathy and mastery of the issues, as well as fostering a positive image, educating the customer and supporting them throughout the ecological transition. However, respondent 3 deviates slightly from this view, confirming on the one hand appreciation of the bank's commitment to sustainable issues, but at the same time perceiving less immediate impact with the customer in terms of investment choices.

### 5.3 Promoting a Sustainable Culture

The topic of promoting a sustainable culture emerged in all the sample interviews, with almost similar declinations among the various respondents. In fact, this theme was found to be impactful as it can be found directly in the bank's internal environment. Banks, in fact, actively strive to stimulate a sustainable culture that has at its base individual employee awareness of environmental and social issues, as well as the promotion of widespread welfare through particularly advanced services and welfare packages in order to meet the needs of employees. In addition, it was found that another element that contributes to creating a sustainable culture is attention to environmental issues through zero-waste policies that mainly include digitization of contracts and procedures and plastic-free policies and use of renewable energy. The results of the individual interviews on the topic of sustainable culture will be analysed below, grouped according to the categories that emerged in the interviews that contribute to the formation of a sustainable culture.

#### 5.3.1 Raising employee awareness

Employee awareness is mainly fostered by practices such as volunteering, charitable or community initiatives that involve employees personally while stimulating and promoting a culture of sustainability and inclusion. Indeed, all of the banks represented by participants promote charitable initiatives ranging from volunteering aimed at social inclusion issues, to caring for city parks, rather than partnerships with entities such as *Legambiente* or *FAI*. Below are some examples reported by participants:

"*There are really many activities with which employees are stimulated especially in the social sphere with recourse to volunteering, charitable initiatives, donations, entities and events with social purposes, blood donations and the like*" (Respondent 1).

"*The bank promotes many activities for employees...e.g. volunteering with Legambiente, FAI, Empethy, the implementation with UP2YOU of a gaming platform with sustainable challenges and notions etc..*." (Respondent 2).

Respondent 3 also emphasizes how these activities have had a positive impact on herself in terms of involvement and socialization with colleagues:

"*Different volunteer initiatives are done both from a social and environmental point of view, for example, I last year participated in a project called "Volontariamo" where employees are called to participate for volunteer initiatives in this case it was participation with Legambiente and I went to clean up Virgiliano Park. It was also an opportunity anyway to spend time with colleagues socializing and at the same time doing something useful for the environment*." (Respondent 3).

From the answer of participant 3, it is perceived that this initiative in which she herself took part had a positive influence in her approach to sustainability issues, since it was evaluated by her as "beneficial for the environment."

Initiatives to involve participants in volunteering stimulate interest in environmental or social issues and contribute to the individual employee's awareness since he or she is actively involved firsthand and thus can touch upon social rather than environmental issues and contexts. Although, as reported by Respondent 2, sustainability has a strongly personal basis, through these initiatives the employee feels that he or she is an active part of the change and this is also reflected in the work context, consequently helping to form professional individuals who are sensitive to sustainability issues on the one hand, and to promote a sustainable corporate culture on the other. Below are some responses on this issue:

"*Sustainability has a strongly personal basis, and in fact only if the employee really believes in it and thinks that through his or her actions he or she can actually initiate a path of change, then he or she can convey and transmit this message to the outside world...certainly if the employee feels involved and an active part of the change, through these initiatives, or if he or she is sensitized, he or she has a greater chance of bringing about results that go in the sustainable direction*" (Respondent 2)

"*These initiatives obviously, by raising awareness firsthand among the recipients, help to engender in them a culture to sustainability, mainly related to social issues*" (Respondent 1).

Respondent 5 also aligns with this same theme by stating:

"*In addition to local initiatives, there is a whole range of communities that employees can join and interact with, including volunteering initiatives, fundraising, etc... these initiatives certainly stimulate* *interest in raising their eyes to issues of sustainability and inclusion and are certainly aimed at fostering a culture in which the employee feels part of something*."

Respondent 3 shares the same view as respondent 5 emphasizing how these initiatives create a sense of belonging and foster a sustainable culture:

"*In my opinion it also creates positive employee participation i.e. they are important initiatives and make you feel involved and part of a larger reality that, as I said before, goes beyond being in the office or going to the customer*."

In addition, Respondent 2, sharing the theme of inclusive and sustainable culture, emphasizes how employee involvement through volunteer activities or addressing D&I issues is an integral part of the corporate culture aimed at sustainability. In fact, these initiatives help make the employee feel part of the overall growth and results:

"*In the Group there is a very solid culture of respect and involvement of the employee who feels that he or she is a key part of the overall growth and achievements. Many activities are organized in which each colleague can bring his or her contribution not only professionally but especially personally...Volunteering, events on D&I, training events (Inspiring Hub, conferences with LILT experts) are just a few examples*" (Respondent 2).

### 5.3.2 People's welfare and promotion of widespread well-being

Most of the banks whose respondents are represented, are committed to ensuring the welfare of their employees through very advanced welfare packages that include psychological support, very broad health policy, various conventions etc...As respondent 2 states, the very broad offer of services and benefits to the employee, contributes to creating a widespread welfare environment both for the employee on an individual level and for the surrounding reality:

*"Within the Group there are several initiatives such as Flexible working for all employees, Health insurance at advantageous prices for the employee and family members, for example in 2023 an agreement was made with LILT for cancer prevention, then there are agreements with gyms and specialized medical centers... all these things I think are effective in creating widespread well-being, especially when compared to other corporate realities. They definitely create an environment where the employee promotes social well-being both for themselves and for the reality around them*" (Respondent 2).

Respondent 4 also aligns with respondent 2's answer, pointing out that health policies have changed to include voluptuous interventions (such as, for example, some cosmetic surgeries) for the very purpose of ensuring the mental and physical well-being of employees:

"*This year we have changed the health policy and have higher plafond with some reimbursed expenses on goods that were previously considered to be voluptuous i.e., not necessary goods. Instead, they are now considered important. I'll give you a trivial example, some cosmetic surgeries if they have some impact on a person's psyche on life and social placement are reimbursed by insurance*" (Respondent 4).

In addition, Respondents 4 and 3 highlight how the benefits that the bank offers, in addition to meeting the needs of employees and creating a positive and feel-good environment, contribute to employee loyalty and increase employee engagement with the bank. In fact, respondent 4 emphasizes how smart-working policies enable a work-life balance that results in employee loyalty to the bank:

"*We have several smart working days per month that we can manage individually, and so this is definitely something that improves people's lives a lot because they can balance commitments and personal life with work, especially for people like me who have children. This obviously helps to improve the quality of life and also the mood with which a person goes to work. The level of productivity has also been seen with the pandemic, it doesn't drop or at least you can govern and so you contemplate the two things that create greater employee retention*." (Respondent 4).

"*We have a platform dedicated to welfare that includes all kinds of services for any need...even for employees with children there are discounts on daycare or private schools...we have the opportunity to take classes on psychophysical well-being, appointments with psychologists or personal trainers...these practices contribute to the employee's productivity and to feeling part of a large organization as well. The employee also goes to work to feel part of a of a reality and also has a greater desire to grow a greater desire to do and it all then falls positively on the on the company*" (Respondent 3).

In addition, Respondent 1 emphasizes that there is more and more focus on the individual to support individual well-being in order to enable the employee to express his or her full potential in the work environment:

"*Welfare in its various initiatives to improve the quality of life and to find support in the most important and even the most difficult moments of life and to create a satisfactory balance between professional and personal/social life...In general, the goal is to create a positive work environment* *that enables resources to express their potential with numerous initiatives based on respect and involvement*" (Respondent 1).

### 5.3.3 Commitment to environmental sustainability and the role of digitization

Analysis of respondents' answers showed that all banks are active on the environmental sustainability front. This theme is mainly fostered by the bank's commitment not to finance or sponsor sectors that are considered not in line with a sustainable strategy, and by policies aimed at "zero-waste" through the digitization of paperwork and contracts, which has a major environmental impact, considering the amount of contracts signed every day that are no longer printed.

The choice of committing not to finance or sponsor specific sectors for environmental issues emerged in the responses of respondents 1, 2 and 4 and 6. Indeed, it represents the institution's concrete commitment to the environmental issue and, as pointed out by the respondents the bank commits not to finance projects that are not in line with environmental sustainability issues. These choices are made, as respondent 2 explains, not only to concretize the bank's commitment to environmental issues, but also to comply with international climate agreements:

"*Environmental sustainability has been the focus of the Group for some years now. This is integrated in all business sectors and in every team...In fact, the sectors that the Group commits not to finance due to environmental issues and international commitments such as Paris Accords or NZBA that define clear objectives and strategies to be met are public*" (Respondent 2).

"*Our bank is one of the signatory banks of the Net-Zero Alliance, which consists of a commitment to zero emissions in the credit portfolio...this was perceived by many initially as a loss of credit and customers, but in reality it is not. Customers know that they have to adapt to these issues, they know that's what the regulations are now and there's no escaping...it's not crazy, it's the direction of the market...We have completely exited the fossil fuel sector*" (Respondent 6).

"*Very often customers ask us to sponsor projects that are not related to these issues (environmental issues) and we cannot do it because it goes against our sustainable strategy*" (Respondent 4).

Another factor that highlights the concrete commitment on the environmental issue are the "zero-waste" policies that take shape basically on paper savings for contracts or procedures or the commitment to feed buildings with renewable resources. Respondent 3 emphasises that the digitisation of contracts has been a major change, significantly reducing paper waste and environmental impact. Taking into account the amount of paper used for very long contracts it also reduces the time of filing of files and procedures. In addition, it emerges that, the digitization of the bank, has allowed to carry out most of the operations at a distance and this in turn results in lower emissions:

"*Digitalization goes more and more to reduce paper waste and waste of time and therefore the customer no longer has to take the car, coming to the office, making an appointment for consulting, but you can do everything remotely through the application or other computer systems and therefore there is also a reduction in emissions. There is a reduction in paper contracts that were printed (and I can assure you that we talk about real encyclopaedias) so also a reduction in storage times for us employees*" (Respondent 3).

Respondent 4 also pointed out that, especially after the pandemic, there has been a rationalisation of costs and consumption, trying to minimise energy costs and paper consumption. Respondent 5 shares the same vision, highlighting how the process of digitization has the goal of making the bank totally paper-free within a few years:

"*The road to the digitalization of all the contracts began many years ago and continues towards the goal of total paperless... this allows you to greatly reduce the environmental impact also because you can do everything at a distance now... This is combined with the incentive of smart working that indirectly reduces the consumption of our facilities and the environmental impact of travel... Air conditioning systems are made more efficient from year to year*" (Respondent 5).

Respondent 6 also emphasizes the role of digitalization and the importance of being paper and plastic-free:

"*I started when I was 25 years old and I can assure you that there were rooms full of papers to store and garbage baskets were changed about three times a day... now the paper is completely gone and the baskets come to change them barely once a day. There is no more plastic around, every employee has his own bottle that is given in the company and there are water dispensers... All of our buildings on European soil, except the countries of Eastern Europe, are 100% renewable energy*" (Respondent 6).

The topic of energy efficiency of buildings also emerged in the responses of Respondent 4:

"*The office here in Milan has been entirely designed according to sustainability criteria and from now on all planned construction investments designed for us employees will certainly provide the maximum of sustainability choices*" (Respondent 4).

### 5.4 Reputation and Brand Value

As most respondents pointed out, reputation plays a key role in the banking sector, especially in a market-leading view. It is important to focus on the reputation and image that is given outside to stakeholders and shareholders. This topic has proved to be fundamental for all banks of which the respondents are representatives. Although it has emerged that in general the integration of ESG factors in HR practices has a positive influence, the reputation finds in external partnerships initiatives, funding to social charities or cultural patronage its main driver to communicate externally the bank's commitment to ESG issues, gaining competitiveness in the market. Indeed, it is pointed out that stakeholders are very attentive and sensitive to sustainability issues as the market demands it, consequently, implementing policies that go in that direction has a positive impact on stakeholders and guarantees a competitive advantage:

"*It's one of those areas where whether you believe it or not you have to be active. You have a lot of trouble building an inch of reputation and you have a lot of trouble recovering if you lose. It's not impossible but it's really difficult. We are not free from nonsense, but it is not by chance that the regulator chose the banks as acceleration of the transition... The reputation is lost even with the unwillingness to be credible actors in this field... Reputation is an asset that a company has that when you lose it, you have lost something fundamental that can hardly be recovered especially in global society. So, whether you believe it or not, you have to do it"* (Respondent 6).

"*Stakeholders are sensitive to this issue and are therefore positively influenced by the bank's commitment in this direction. One of the strengths of the Group is its positioning on the Sustainable Banking market, which gives it a competitive advantage over other banking institutions that are still behind on the subject*" (Respondent 2).

Respondent 4 also aligns with respondent 2's answer by emphasising the sensitivity of the bank's share to sustainability issues and the importance and focus on reputation. For this reason, he explains that the bank has a division dedicated to taking care of the bank's image and reputation as a sustainable institution:

"*The bank is very careful to its reputation with its stakeholders in the sense that being such a large, listed company it has the most to lose from an image and reputational damage. Patronage is given for cultural events, rather than charitable or social initiatives, but this has always been the case. There is a division dedicated precisely to this, namely, to bring out the image of the bank as an innovative and sustainable company... obviously these initiatives contribute to communicate a* *positive image of the bank not only to stakeholders but also at the social level, so there is a great deal of attention*".

Respondent 3 also shares the contribution of charitable initiatives or funding to green sectors to enhancing the bank's sustainable reputation. In particular, he reflects on how these initiatives, mostly of a territorial nature, increase the value of the brand and above all make the bank an important player for society:

"*The most immediate impact of these initiatives is certainly the relationship with stakeholders that is positively influenced because as I said there are several initiatives like funding that the bank provides to associations in support of social especially on the territory and this means that the brand value of the bank definitely increases... leads the bank not only to be the third bank in Italy for economic results achieved also from a reputational and brand point of view to be considered a sustainable bank in all respects, which looks at territoriality and therefore also represents an important actor for society*".

The topic of the bank as a crucial actor for the territory and as a sustainable entity also emerged in the answer of respondent 5 which adds:

"*We carry out inclusion initiatives with the LGBTQ+ community, we provide meals and accommodation to people in need, we have school/work alternation plans... when the typical initiatives of the reference bank are combined with activities to promote culture and support to the needy, the group gains clear brand reputation. In fact, at the territorial level we are also a point of reference in social support*".

Respondent 2 also points out the role of sustainable partnerships in increasing brand value, while adding the interesting element of the communication through social media. He underlines how the bank is committed to communicating all the sustainable initiatives it promotes on social media, so that it can reach a wider pool of people and increase the brand image:

"*These initiatives are the basis of the brand value of the bank, as I said before, the name of the bank has been associated with the Sustainable Bank for some years, especially from a European and not an Italian perspective. For this reason, increasing and communicating on social networks and websites these commitments with external partners allows the bank's reputation and brand to be strengthened even in the eyes of a wider user base*".

The topic of communication through social media also emerged in the responses of respondent 1 which states:

"*In the generation of Social Networks and Social Media, enjoying a strong reputation in the market is an important success factor, which is why the bank is committed to communicating a lot on social media*".

However, although Respondent 1 also points out the reputation and value of the brand, it deviates from the view of other respondents regarding the matrix that helps to reinforce reputation. In fact, it states that:

"*The professional competence of the resources that comes from the continuous updates on the issues of sustainability is appreciated by the customers and all the stakeholders thus also valuing the reputational impact of the company*".

In addition, respondents 1, 2 and 4 add general considerations on the issue of reputation, stressing not only its importance in the market, but reflecting on the fact that the total set of sustainable HR practices generally contributes to the bank's sustainable reputation. Here are the comments of the respondents:

"*I believe that in general human resource management has a positive impact on the brand. I believe that the satisfied employee communicates well the corporate culture and values of the bank. Even if he had to leave the role or the bank for any reason, he would still have a positive memory of the time spent and the experience gained. I am convinced that this can generate a positive mechanism*" (Respondent 2).

*"The strategy adopted for a sustainable transition has a positive social impact... this is appropriate to the role played for the community can enhance the brand and reputation. This means taking on the collective responsibility of setting a good example of everything you do by integrating ESG aspects, ensuring equal opportunities for all, promoting diversity, equity and inclusion*" (Respondent 1).

In conclusion, reputation was found to be an important element, mainly due to the nature of the banking sector. Most respondents associate brand reputation and value with community or environmental initiatives that most communicate the bank's sustainable engagement. For Respondent 1, the issue of reputation emerged in relation to banking training practices on ESG criteria. For some respondents, has emerged the theme of communication through social media, that allows a wider audience to associate the bank with sustainability. In addition to sustainable initiatives, for some respondents the element of reputation is due to the overall integration of ESG criteria into the whole set of HR practices.

### 5.5 Impact on Long-term Profitability

Closely related to the topic of reputation, the theme of profitability emerged. Indeed, the integration of ESG factors into HR policies has a strong impact on long-term profitability. This theme, as mentioned, is linked to the sustainable reputation that the bank acquires through sustainable human resources management. Consequently, the impact on profitability was also linked to the industry's sensitivity to market logic.

The interviews revealed that combining profitability with sustainable policies and practices is now a market trend as well as a necessary alignment with national and supranational regulations. Therefore, not adapting means losing competitiveness and consequently financial performance. This is evident in the response of respondent 2 and 6:

"*All these policies, together with more exquisitely economic and business policies, contribute to the achievement of economic objectives that, if they were previously linked to the brown economy, are now moving towards the green world. I also believe that today a bank that does not link profitability to sustainable policies is not only not compliant with current regulations but also risks losing its competitiveness in the market*" (Respondent 2).

"*All these things we have talked about are the oxygen of profitability for the bank, which is the enzyme of the ecological transition. The bank could not be active from a lending point of view if it did not integrate or if it did not continue to integrate the indications coming from the regulators. The regulator has chosen the bank as the accelerator of the ecological transition because of the role it plays in society...Every actor is called upon to do his part for the growth of the community. The underachievers are the ones who struggle the most, in every sector. For organisations that are behind it is not good for business and not good for credibility*" (Respondent 6).

Respondent 4 also highlights the same topic by articulating how human resource management is fundamentally at the heart of ESG factor integration and how this impacts the value of the bank stock in the market. The respondent also emphasises that sustainable human resources policies are a direct vehicle for communicating, to investors and the market, the bank's commitment to sustainability issues. This in turns translates into better market positioning and consequently impacts profitability in the medium to long term. Market performance is affected by the bank's commitment to integrating ESG factors because this translates into a higher and more sustainable growth perspective. Respondent 4 specifies how this process for banks is slightly more indirect than for other sectors for which it is more immediate:

"*Here are these massive investments that you make, you make them because these policies in the medium to long term translate into greater company value and market value... from the outside you can perceive that you adopt ESG policies and investors know how to translate this into a numerical fact and into a sustainable growth perspective and greater profitability. Clients are aware of growth prospects and sensitive to environmental issues. So it is important for us to adapt also from the client's perspective and to ensure long-term profitability. For the banking sector the tour is probably less logical but the result is the same i.e. the profitability results at the end of the year are measured in the market performance and the value of the stock and it increases as these policies are implemented because ESG policies in a bank are policies above all in a human capital and so let's say it is less tangible but it is there*".

The rest of the respondents also align their answers with this view, emphasising once again, how everything that is done, especially in the banking sector, is for profit. Even the implementation of HR practices and policies aimed at integrating sustainability are the result of large investments on the part of the bank, made for a financial return, as Respondent 3 points out:

"*In our industry everything that is done is for profit so certainly ESG policies eventually go to affect the long-term profitability of the bank its market value*".

Respondent 1 linked profitability to the issue of the customer relationship:

"*ESG integration has a direct impact on client management, especially if we consider the fact that the market is going in this direction now, and therefore positive repercussions on M/L-term results*".

Therefore, in most interviews it emerged that the issue of profitability is closely linked to the implementation of HR policies that integrate ESG factors because of the reputational and competitive advantage derived from them. The implementation of such policies, in fact, has a strong grip on the bank's image as sustainable and its market positioning. This connection, as interviewee 2, 3 and 4 in particular explain, is reinforced by the sector's sensitivity to market logics. Indeed, as the financial market is increasingly oriented towards sustainability, adopting sustainable policies and practices that integrate ESG factors translates into higher stock value and better brand positioning.

## 5.6 Inclusiveness and Gender Equality

A particularly controversial topic that emerged from the interviews concerns inclusivity policies and gender equality policies. From the interviewees' answers, it emerged that, in general, all banks focus on the topic of inclusiveness. For the most part, this is done by sponsoring articles on the topic to raise staff awareness, rather than days dedicated to the topic of gender violence. However, the answers on this issue were quite vague and general from all interviewees. A deeper analysis of the topic with the interviewees revealed that, although there are initiatives to emphasise gender equality, this is not fully reflected when it comes to reality. In fact, most senior management positions are occupied by men, even though the number of female managers has increased compared to previous years. The controversial nature of this issue emerged precisely when perceiving the feelings of the interviewees when the question was asked. It is specified that 4 out of 6 respondents are women, which is probably why they delved deeper into the topic and gave a more honest and certainly more heartfelt viewpoint than the male respondent. In fact, at first the attitude in the answers was very diplomatic, listing initiatives and awareness-raising campaigns on the subject. Subsequently, through more in-depth questions, it emerged that the issue of gender equality is still far from being adequately addressed in the banking sector and, above all, a slight resentment on the part of female respondents emerged. Below are some respondents' answers that illustrate this concept:

"*There are definitely policies in favour of equality, many women have been hired in recent years. There are initiatives related to the day against violence against women.... for gender equality, especially from the point of view of careers, in my opinion, we are still a long way off, at the top most are still men and from what I experience in the branch there is a male prevalence and there is still a lot to work on, especially in banking, in my opinion, it's not something that concerns my bank, but it's a bit 'the sector in general, unfortunately this inequality still prevails, we are still a bit 'on the machismo andante, but anyway, I won't dwell on this ...*' (Respondent 3).

"*Women have to sweat a lot more, especially in my sector we are few in proportion and even credibility sometimes you have to sweat more than a man, but this is a cultural fact probably more Italian than global, so there is still a lot of work to be done. My bank has policies, but if you say so, it is an abstract entity, then you have to see what happens in the individual offices. Those who hold very important roles either do not have families or are predominantly men. In my team there are 50 of us, 7 of which are women, just me and a colleague with children, so you see it's always more tangible…"* (Respondent 4).

"*Today, we have a higher number of women in managerial positions than years ago, but they are still too few compared to men, and especially for a woman it is more difficult to get there. Gender equity is still not quite there in our sector*" (Respondent 1).

From the reported answers of Respondent 3 and 4, another important factor emerges in addition to resentment towards the issue of gender equality, namely the sector. Both respondents state that this inequality is not related to the individual bank but is common to the entire banking sector where there is a prevalence of men over women, especially in very senior management positions. In addition, interviewee 4 emphasises that women often have less credibility in this sector, or at least have to be earned with more effort.

In contrast, the answers of the male respondents were very diverse, but also very general; they highlighted how there is a constant focus on gender equality and how the merit system helps to overcome stereotypes:

"*There is a constant focus on the issue of gender balance and consequent equality... gender equality policies are part of a broader recognition of merit, enabling the overcoming of stereotypes related to the role of women in society*" (Respondent 5).

In conclusion, the topic of inclusion and gender equality was found to be controversial, but more oriented towards gender equality that is not fully realised. All female respondents expressed a negative sentiment on the subject, emphasising, moreover, how gender inequality, especially in high-profile positions, is peculiar to the banking sector, which is predominantly male dominated. It emerged that there is still a lot of work to be done in this respect.

# Chapter 6

# DISCUSSION

The last chapter of this thesis will discuss the results of the empirical research, illustrated in the previous chapter, and attempt to relate them back to the theoretical framework set out in the first three chapters to answer the research question of this thesis. Finally, the limitations of this research will be analysed in order to provide suggestions for future research.

## 6.1 Discussion of the results

As outlined in Chapter 4, the purpose of this research is to to answer the following Research Question: *How does Sustainable HR Management contributes to the implementation of a Sustainable Banking model?*

The purpose of the research question is to investigate the contribution that a set of sustainable HR practices and policies can make to a Sustainable Banking model and how they contribute to and enable the achievement of sustainable goals. The objective of the research question is to analyse the interactions between the HR system and the Sustainable Banking goals in order to deepen the understanding of the different nuances with which a HR system supports the banking system in the context of the ecological transition. To answer this question, a theoretical background was initially set up on whose basis the empirical analysis was conducted by interviewing six professionals from four of the ten largest Italian banks by capital.

As illustrated in the first chapter, ecological transition is a theme that has now permeated all sectors of our society, reaching beyond those that have a direct impact on climate change. The concept of sustainability, in fact, does not only include attention to environmental impact but, as specified in the 17 SDGs set by the United Nations, also encompasses social and governance issues. A fair and equitable transition is the ultimate synthesis of the three fundamental pillars of sustainability Environmental, Social and Governance. Only through the interconnection of these three, which inevitably influence each other, is it possible to fully enter the ecological transition. The banking sector is one of those sectors that, even though it does not have a direct environmental impact or risks directly related to climate change, it nevertheless suffers the consequences indirectly. As pointed out by De Sá (2022), banks are subject to numerous, albeit indirect, risks from climate change and ecological transition. Acting as financial intermediaries, they are, on the one hand, responsible for the redistribution of financial resources and, on the other hand, they are subject to numerous risks arising from market trends, which, in turn, are strongly affected by any changes in the corporate, economic and political-institutional framework. The banking sector is thus the enzyme of the ecological transition, acting as an accelerator of the transition in the real economy. Indeed, the financial market itself is, inevitably, focusing heavily on sustainability, and the sustainable market has been growing strongly in recent years. Banks, as intermediaries and key players in transmitting the regulator's directives into the real economy, are pushing hard not only towards offering sustainable products and services to their customers, but also towards sustainable organisational models.

This aspect emerged clearly in the empirical research. Indeed, all interviewees reported an overall bank focus on sustainability, not only regarding human resources management, but also concerning the bank's overall strategic approach. All interviewees emphasised that the integration of ESG factors into banking practices is an issue that cannot be ignored as the market and supranational regulations are geared in the direction of sustainability. Indeed, as emerged from the participants' responses, the banking sector is peculiar for two reasons. The first is because by its very nature it is closely linked to market logic and shareholder expectations. The second is that it acts as a glue between the regulator who draws the directives for the transition and the companies or individuals who have to implement these directives. Therefore, the adoption of a Sustainable Banking model is mainly related to maintaining a competitive position in the market. The focus on sustainability and the communication of a Sustainable Banking image is a factor held in high regard by the financial markets, and it is now a trend to which all banking institutions are adapting. Sustainability is therefore considered absolutely crucial in order to remain competitive. In addition, as emerged from the responses of some participants, sustainability has become the new corporate mission of the sector. This aspect is totally in line with what Carè (2018) identifies as the 'Sustainable Banking Drivers', i.e. the reasons why a bank decides to invest in sustainability. Factors such as brand value, portfolio diversification, emerging markets prospects, performance, and reputation, all fit into this vision of gaining and maintaining competitiveness in the market. In addition, as Carè (2018) points out, and as empirical research has shown, there is the equally crucial element of the regulatory framework imposed by the legislative authority to which banks has to adapt either like it or not.

Therefore, the preliminary premise for the analysis of the results, which emerged from the interviews, is precisely that in general the Italian banking sector is indeed focusing much attention and resources on sustainability and the implementation of Sustainable Banking models. Starting from this premise, we will analyse the relationship between the implementation of sustainable HR policies and

Sustainable Banking to understand how a sustainable HR management system contributes to sustainability in the banking sector.

As the theory analysed in chapter two suggests, HR management has a fundamental impact on the overall sustainability of a company, which is measured in the integration of ESG (*Environmnetal, Social and Governance*) factors. Ehnert et. al., (2016) define Sustainable HR Management as a set of HR practices and policies that enable the achievement of environmental, social, and financial objectives through a long-term perspective.

Sustainable Human Resources Management is therefore already linked to the integration of ESG factors, and the overall analysis of the results revealed this. All banks of which the six participants are representatives adopt sustainable HR management policies and practices. In fact, all the 8 characteristics of a Sustainable HR Management identified by Stankevičiūtė & Savanevičienė (2018) and which formed the basis of the empirical research, were found; admittedly with slightly different forms and declinations on which we will not dwell as it is a topic that goes beyond the research question of this thesis. Indeed, to answer the question, we will go on to analyse how these characteristics benefit the bank's sustainable objectives and the implementation of a Sustainable Banking model.

The empirical analysis showed that, in broad terms, human resources management in the Italian banking sector contributes to sustainability goals through various sustainable practices that are most conducive to the integration of ESG factors. First and foremost is certainly the training and development of employees. In fact, it has emerged that Italian banks are investing heavily in training courses on ESG rather than on the new frontiers of the sustainable market. This training is mainly done through partnerships with leading training institutes or universities and consists of offering free basic courses open to all employees, up to high-level executive masters with world-leading universities. The reason why banks are investing so much in staff training is precisely because in the banking sector, people are the most important resource. All interviewees put a lot of emphasis on this topic, pointing out how proper employee training on sustainable finance issues has several benefits for the bank. In particular, it emerged that investments in employee training and development contribute fundamentally in two ways: they improve the relationship with the customer, and support a long-term strategy. According to the interviewees, the greatest and most immediate impact is to be found in the relationship with the client who, since he or she is inevitably called upon to change his or her business model, is sensitive to ESG. The familiarity and mastery of sustainable finance issues, as well as the language property that dedicated training courses allow one to acquire, favour a better interaction with the client as they translate overall into greater empathy and trust on the part of the client. Sustainable investment issues, although an imperative and a trend in the financial market, are still poorly understood by the client. Therefore, the training of employees allows them to take in and absorb these issues and then be able to better translate them into financial terms at the time of consulting, establishing greater empathy with the client and greater trust. Indeed, as empirical research has shown, companies today are all called upon to adapt their business models to sustainability and the integration of ESG factors. Being up-to-date and confident in the subject matter allows them to better direct clients in advising and purchasing goods or services with a strong green component. In this regard, an interesting element emerged from one of the interviewees, which further reinforces the role of training in the client relationship. In fact, adequate training on green issues in the financial world has an even more crucial value in consultancy considering the Italian industrial landscape is mainly made up of SMEs that are less advanced with respect to ESG issues, but that must inevitably integrate them into their business model to remain competitive. Therefore, targeted training on these issues has an even greater friction to direct the consultancy, educate the client and accompany him in the transition. On this issue, the role of the bank as an enzyme of the transition is very much in evidence, and training plays a key role in providing the basis for this. For senior management or advanced seniority levels, these courses are delivered through partnerships with leading educational institutions or universities, thus having significantly greater appeal and fostering a positive image of the bank in the eyes of the client. In this case, as well as enhancing the relationship with the client, providing high-level training programmes specifically dedicated to sustainable finance or ESG integration in banking practices enhances the bank's sustainable reputation by positively influencing the relationship with the client. Customer focus and consulting support for the ecological transition is one of the six points set by the UNEP FI (2021) for a Sustainable Banking model. Indeed, the goal is to establish collaborative relationships with customers and clients, promote sustainable practices, and support customers and clients as they shift towards more environmentally friendly business models, technologies, and lifestyles (UNEP FI, 2021). The guideline is precisely that of advising and accompanying the client towards sustainable choices by establishing a relationship of mutual trust and at the same time, mitigating the bank's risk of client insolvency. The immediate effects of investments in training found in the empirical research are totally in line with this characteristic of the sustainable bank.

As mentioned earlier, training contributes to another fundamental aspect of Sustainable Banking, namely the support of a long-term strategy. The long-term horizon is the main characteristic of sustainability as well as one of the eleven characteristics of a Sustainable HR Management identified by Stankevičiūtė & Savanevičienė (2018). The empirical analysis revealed that training plays the role of the main driver to support a long-term strategy by fostering the professional development of resources according to the bank's strategic vision. In fact, the responses showed that, especially for managerial figures and those with a high degree of seniority, training courses are specifically chosen according to individual aptitudes, skills and the path that the bank has in mind for that particular resource. These are often highly qualified courses in which the bank invests heavily in order to draw a line according to the strategic vision outlined from the top. Training courses are based on a centralised system of competence detection through very often evaluation questionnaires, which then translates into the possibility of planning careers in the long run. Moreover, from the answers of the interviewee with a purely HR role, it emerged that dedicated vocational training favours the transversality of employees' roles. This in turns translates into sustainable growth, since these training plans are first and foremost linked to the bank's strategic industrial plan and, therefore, aligned with a long-term vision. Moreover, the transversality of roles that is created makes one more flexible to changes, especially at the organisational level. The aspect of flexibility through the transversality of professional roles had also been emphasised by Stankevičiūtė & Savanevičienė (2018) as one of the characteristics of a sustainable HR Management, confirming what emerged from the empirical phase of this research, i.e. that flexibility in roles is a key element for sustainable growth and supports a long-term strategy. The additional element that emerges from the empirical research on this topic is that one of the main drivers is training based on the competencies and behaviours of the resources to ensure this flexibility and sustainable growth.

Supporting a long-term strategy is not only the dedicated training of resources, although it is the main element, but also the recruiting process. In fact, the research findings showed that recruiting also contributes to supporting a long-term, and thus sustainable, vision. All interviewees emphasised the presence of a structured and thorough recruiting process, very long and often with many interview stages, in order to identify the strength and suitability of the resource to fill a given role and that it is the right resource to invest in. Therefore, the recruiting phase turns out to be careful and judicious in order to choose the right person who will last. This approach is totally in line with a sustainable vision of human resources, which focuses on the quality of the resources employed rather than on meeting short-term needs. Indeed, as pointed out by Stankevičiūtė & Savanevičienė (2018) from a sustainability standpoint, the optimal candidate is one who can meet the demands of the business over an extended period of time. This vision emerged from the interviews and is expressed precisely through a structured and in-depth recruiting process and training paths designed according to the skills of the resources and the bank's strategic vision.

The relationship between a sustainable bank model and human resources management can also be found in the practices and initiatives related to employee welfare, employee engagement and participation, and environmentally friendly policies implemented within the bank. These practices are probably the essence of the integration of ESG factors as they are aimed at creating a sustainable culture that is based on raising employees' awareness of environmental and social issues, promoting widespread wellbeing, and making a concrete commitment to the issue of climate change through zero-waste policies. Before analysing in detail, the findings that have emerged for these issues, it is necessary to emphasise how the adoption of these practices as a whole, makes a fundamental contribution to the implementation of a sustainable and responsible banking model since it directly acts on the promotion of a culture aimed at sustainability, which is one of the pivots of responsible banking. This aligns with the vision shared by Riegler (2023) and Hossain et al. (2020) with respect to Sustainable Banking, who emphasise that this does not only refer to the promotion of sustainable products and services, but also to the integration of ESG factors into the bank's internal policies, management and employee relations, sustainable activities and initiatives for the benefit of the community and considering sustainability as part of its culture.

The dimension of a sustainable culture is further emphasised by the UNEP FI (2021) identifies sustainable culture as one of the six characteristics for Sustainable Banking, aiming to establish a strong sustainable organisational culture, to increase employee motivation by enhancing involvement and participation in sustainability issues both as an employee and as an individual. All these aspects have emerged in the empirical phase of this research, fostered by practices such as corporate welfare, zero-waste policies and employee involvement initiatives that contribute to increasing employee awareness and sensitisation towards environmental and social issues, spread shared wellbeing among staff and considerably concretise the bank's commitment against climate change. Therefore, it contributes to the overall formation of a sustainable corporate culture. Indeed, it has emerged that in recent years the welfare system has been considerably improved, guaranteeing, above all, greater health coverage even for non-voluntary interventions.

This practice brings with it the diffusion of widespread well-being in the working environment, which is the basis of a sustainable culture in which employees feel that their needs and requirements are considered. This latest aspect is further corroborated by improved smart-working policies that allow a better work-life balance for the employee without affecting overall productivity. From the empirical phase, it emerged that all these practices contribute to employee loyalty and increase employee engagement with the bank, consequently stimulating the employee to express his or her full potential in the work context.

The tangible commitment to reducing environmental impact can be seen in the zero-waste approach, which is reflected in the choice to be plastic-free, to power the buildings with renewable energy, but above all in the elimination of printed paper for procedures and contracts. Interviews revealed that in this respect, the digitisation of the bank was an important boost as it not only reduced the considerable amount of printed paper, but also reduced filing time for employees. Furthermore, the digitisation of the bank translates into the possibility of being able to carry out any paperwork remotely, reducing emissions and optimising time for both the customer and the advisor. These practices help realise the bank's commitment to environmental issues and consolidate a sustainable and environmentally friendly culture not only for the bank itself, but also in the eyes of the external community.

Furthermore, the interviews revealed that banks are implementing many voluntary, charitable or community initiatives that personally involve employees while stimulating and promoting a sustainable and inclusive culture. These initiatives are promoted either by the bank itself or through external partnerships with leading associations in the field of environmental protection or sustainability. This directly affects the employee's engagement with issues such as social inclusion, environmental protection, charity, etc.. They promote awareness of these issues by stimulating interest and contributing to individual employee awareness.

Empirical research has shown that sustainability has a strongly personal basis and through these initiatives, the employee feels an active part of the changing process, and this is also reflected in the work environment, thus contributing on the one hand to forming professional individuals who are sensitive to sustainability issues, and on the other hand to promoting a sustainable corporate culture. These initiatives improve employee engagement and contribute to making them feel part of the overall growth and results. This last point is crucial to stimulate a sustainability-oriented culture and is also emphasised by the UNEP FI (2021) recommendations on Sustainable Banking.

External partnership initiatives proved to be, like training, an extremely transversal element in the empirical research and therefore fundamental in the relationship between human resources management and the implementation of a Sustainable Banking model. In fact, external partnerships, in the various forms they take according to the bank in question, play a fundamental role not only because they contribute to the implementation of a sustainable culture, but also because they are a way of communicating the bank's commitment to environmental and social sustainability issues externally. This on the one hand consolidates the bank's presence as a proactive actor in the social community, and on the other hand contributes to increasing the bank's sustainable reputation and brand value. These two aspects are fundamental features of a Sustainable Banking model. As emphasised by Caré (2018) Brand Image and Reputation are pillars of Sustainable Banking, since being viewed by customers as a strong sustainable brand is essential to gaining a sustainable competitive advantage and a positive company reputation may encourage employee and investor loyalty in addition to consumer loyalty. This aspect is also emphasised in the UNEP FI (2021) recommendations for a Sustainable Banking model.

All these topics have been widely found in empirical research and form a fundamental bridge in the relationship between HR and Sustainable Banking. Indeed, external partnership initiatives ranging from charities, environmental protection organisations, cultural sponsorships or funding for sustainability-related causes contribute dramatically to enhancing the bank's reputation as a sustainable social actor. Indeed, for one of the four banks of which the interviewees are representatives, it turned out that a special division was even created to take care of the bank's sustainable image towards society, customers, investors and stakeholders.

The focus on reputation as a sustainable brand also emerges in the choice of many banks not to finance projects or events that are not in line with environmental issues. Although external partnerships with social and environmental bodies are the most immediate element in which to recognise the bank's sustainable commitment, external partnerships with leading universities for professional training also contribute to a positive image. In indeed, this on the one hand ensures a higher credibility for the customer with respect to expertise on these issues, and on the other hand, it contributes to increasing the sustainable reputation of the bank as it ensures a serious and concrete commitment with respect to the continuous updating of resources on ESG integration in banking practices. This aspect is a pivotal point of the UNEP FI programme for a sustainable bank, precisely because of both motivations put forward by the interviewees themselves and which emerged from the empirical analysis: the improvement of skills and reputation as a sustainable actor.

The reputation as a sustainable player has been found to be the main driver for banks in the ecological transition, and the ESG integration in HR policies finds in this element the closest link. These practices help to consolidate the bank's active role in society and for sustainability, as underlined by Aracil et al. (2021). He emphasizes the concept of the bank as a social entity that, in addition to pursuing profit, can have a major direct impact on the preservation of the environment and the improvement of social welfare (Aracil et al., 2021).

Tightly connected to the element of reputation, there is the contribution to the medium/long term profitability of the bank, which, from the answers of the interviewees, can be seen in the implementation of the whole set of sustainable HR practices. However, before analysing this last concept, it is necessary to contextualise the issue of profitability in relation to sustainability at a theoretical level, and finally to put it into the analysis of the empirical research. Recalling again the definition given by Ehnert et. al., (2016) with respect to Sustainable HR Management as HR practices and policies that enable the achievement of environmental, social and financial goals, it was already emphasised in chapter two how these goals can often lead to a trade-off between financial results and sustainability goals. Indeed, incorporating sustainability into routine HRM procedures often brings up challenges and conflicts since companies may have to choose between competing priorities (Ehnert, 2009a). However, by analysing this aspect according to empirical analysis, the results in terms of financial performance and sustainability objectives are not in conflict with each other, but these sustainable HR practices and policies have been found to be a significant contribution to the bank's long-term profitability. This is because the context of the ecological transition and the role of banks in the transition, bring with it a great change in the business concept and drivers of profitability.

The interviews revealed that the implementation of a Sustainable HR Management system is at the heart of the integration of ESG factors and, the most direct way to communicate engagement towards sustainability. The absence of trade-off between profitability and sustainable goals is to be found not only in the essence of Sustainable HR management, of which profitability is one of the eleven characteristics found by Stankevičiūtė & Savanevičienė (2018), but above all in the very nature of the field of empirical investigation. Indeed, the key element that emerged from the interviews on this issue is that combining profitability with sustainable policies and practices is now a market trend, as well as a necessary alignment with national and supranational regulations. In fact, the banking sector is peculiar because it is extremely sensitive to market logic and to market trends. The implementation of an HR Management system that integrates ESG factors through all the practices discussed so far, helps to communicate to investors, stakeholders, customers and the whole market the bank's concrete commitment toward sustainability. The market requires this commitment, especially from banks. The communication and the realization of this commitment translate into a better sustainable reputation of the bank and guarantee a reputational and competitive advantage in the market with a consequent better positioning. Therefore, as emerged from the empirical research, not adapting means losing competitiveness and, consequently, financial results in the medium/long term. This is because the integration of ESG factors into the banking business model translates for the market into a longer-term growth perspective.

Therefore, the relationship between Sustainable HR Management and Sustainable Banking is mainly grounded in the goal of profitability of which reputation is the principal means, closely linked and favoured by Sustainable HRM.

Sustainable HR practices do not contradict financial results, but rather have a positive impact on them, helping to consolidate the bank's positive image for customers, the market and the community. This aspect constitutes the fulcrum of the Sustainable Banking Drivers identified by Carè (2018) and analyzed in the third chapter when the relationship between ESG and Banking was discussed. Indeed, in the context of the ecological transition, it is impossible for a crucial sector such as banking not to adapt to sustainability especially because the reputational advantage, the long-term financial performance, the brand value as well as the adaptation to the regulatory framework, are all elements that push a bank to commit to being sustainable in an overall way. The practices of Sustainable HR Management rely on all these aspects contributing, in the ways and in the declinations exposed before, to the implementation of a Sustainable Banking model. Although it represents a frontier still under exploration, it is a paradigm from which the banking sector does not withdraw.

Therefore, overall, the Italian banking sector seems to be in line with the great changes that our society is facing. However, it is still slightly behind on the theme of inclusivity and in particular gender equality. The interviews showed that the only area where HR Management practices and policies do not contribute to improving the bank's sustainability, is in terms of gender equality. Indeed, although there are initiatives in all banks to support the cause, the women interviewed found that in practice these initiatives do not always translate into a *de facto* equality. Gender equality seems to be not entirely accomplished, especially when it comes to high profile positions, most are occupied by men. The interviews showed that this aspect is very related to the banking sector in general and in particular to the Italian one. Therefore, there is an important cultural factor in this aspect. Although gender equality is one of the points of UNEP FI (2021) for the responsible and sustainable bank, the various initiatives implemented seem to have no friction on the professional reality: there is still a lot to work on this aspect.

### 6.2 Limitations of the study

The study's limitations suggest a number of areas that should be strengthened in order to increase its depth and breadth of coverage of the relationship between Sustainable Banking and sustainable human resource management (Sustainable HRM). Expanding the conceptual connection between the theoretical foundations of Sustainable HRM and actions within the framework of Sustainable Banking is one possible avenue for advancement. Expanding the range of theories that underpin the study could enhance the conceptual framework and facilitate a more all-encompassing viewpoint on the convergence of Sustainable HRM and Sustainable Banking. In addition, expanding the sample of participants through interviews also conducted on banking employees who are not in a managerial role could provide a more inclusive and representative perspective. These factors could lead to a better and more comprehensive understanding of the interactions between Sustainable Banking and Sustainable Human Resource Management, as well as useful suggestions for future research.

## CONCLCUSIONS

The analysis conducted within this research produced a number of significant findings that contribute to the understanding of the crucial role of Sustainable HRM in the implementation of a Sustainable Banking model. We were able to identify many crucial areas that require particular consideration and attention through an in-depth evaluation of sustainable HRM practices in financial institutions and their effects on the accomplishment of sustainability goals.

Firstly, it was found that banks with sustainable HRM practices had a higher propensity to integrate ESG factors into their business objectives and foster an organizational culture that is focused on sustainability. This is essential to promote long-term value generation for all stakeholders and to guarantee that company aims are in line with societal and environmental concerns.

Secondly, we have found that investing in training and skills development of employees in the field of sustainability has an immediate return by improving customer relations and support and supporting a long-term strategy. Training on ESG issues can help employees better understand sustainability risks and opportunities and integrate these considerations into their daily business support activities. In this context, it has emerged that banks are increasingly taking on the role of accelerators of the transition, educating companies in the adoption of sustainable business models and accompanying them in the ecological transition.

Moreover, we have observed that Sustainable HRM practices related to employee welfare, volunteering initiatives, and environmentally-friendly corporate welfare policies foster a sustainable organisational culture by stimulating awareness of social and environmental sustainability issues. Furthermore, they can have a positive impact on employee engagement, increasing their sense of belonging and contributing to widespread well-being. All these issues are the essence of the integration of ESG factors as they act directly on the promotion of a sustainable culture.

The key factor in the relationship between Sustainable HR Management and Sustainable Banking is definitely the reputational advantage of implementing a sustainable HR management system, as it allows to communicate the bank's concrete commitment to sustainability. In a market where being sustainable has become impossible, investing in realising the bank's ESG commitment means gaining in reputation. Therefore, this commitment has become not only a necessity dictated by the market, but also an essential competitive advantage for the bank's position in the market itself, which translates into better financial performance. In this, sustainable human resources management has the great power to materialise the bank's commitment to sustainability, and to convey it externally through its most important resource: its people.

Despite the banking sector has made progress there are still many important obstacles to overcome, especially in the areas of inclusion and gender equality. Although there are efforts to advance gender equality, it is evident that much more has to be done to make these efforts into a truly inclusive workplace.

To sum up, our research has demonstrated the critical importance of Human Resource sustainability in the implementation of a Sustainable Banking model. Banks that use Sustainable HRM practices can improve customer support during transitions, increase customer loyalty, and enhance the bank's reputation as a sustainable player in the market. They can also foster an organizational culture based on social and environmental responsibility. It has become clear that Sustainable HR Management is a key driver in advancing a Sustainable Banking model capable of meeting challenges and seizing opportunities in the shift to a more sustainable economy. However, it is crucial to keep working toward the goal of creating a more equitable and diverse banking industry where diversity and gender equality are deeply ingrained in organizational culture and business practices.

# APPENDIX

## Informed Consent

*Research Question*: How Sustainable HR Management contributes to the implementation of a Sustainable Banking model?

**Purpose of the research:**

The research is an explanatory qualitative study carried out through interviews with individuals employed in commercial Italian banks. As stated in the title, the purpose of this study is to investigate how sustainable HR policies and practices contribute to the implementation of a Sustainable Bank model.

**Name and contacts:**

• Martina Nuzzolo

• marti.nuzzolo@gmail.com ; +39 366 1432574

I am a student enrolled in the second year of the Master in Global Management and Politics, LUISS Guido Carli, Viale Romania 32, 00197, Roma (RM).

**Mode of Participation:**

Participation in the study is voluntary. If you decide to participate you will undertake an interview. The exact duration of the interview will depend on how much information you want to share with me.

You will be asked some questions which are going to be recorded and transcripted for the purpose of the study. The interviewer may also take some notes during the interview. All notes will follow the same confidentiality principle stated below.

You are also free to decline to answer any question that might make you feel uncomfortable. You are free to pose any question about the nature of the study.

**Confidentiality:**

There will be no collection of IP addresses or personally identifiable information from your comments; your answers are entirely anonymous. All the data emerging from your interview will be shared, confidentially, with the faculty in the academic unit involved in the evaluation of the thesis. If the interview is carried out via "Microsoft Teams" or by phone, the interviewer will keep the audio recordings until the project's final submission in March 2024; after the submission of the project, audio recordings will be permanently deleted.

**Withdrawal from the study:**

If you decide to participate in this study, you still may decide to withdraw from it at any time during the interview. In case of withdrawal, all data collected until that moment will be immediately deleted and won't be used in any phase of the project. You may decide to withdraw from the study even after the interview is concluded; in that case, you have 7 days to communicate the intentions to withdraw, and your data will be deleted from the study.

Declaration of consent:

• I ..........................................................................voluntarily agree to participate in this study.

• I have had the purpose of this study explained to me in writing.

• I understand that the interview will be recorded and transcripted.

• I understand that all the information I will provide throughout the interview will be recorded confidentially.

• I understand that I can withdraw at any time during the interview and after the interview is over, within a maximum period of 7 days.

• I understand that, by withdrawing, all the data collected will be deleted and thus not included in the study.

• I understand that the original audio of the interview will be retained until the submission of the project.

• I understand that the transcription of the interview, in which all personal identifying data has been removed, will be included in the final version of the study.

• I understand that I am free to contact the interviewer for further clarification and information on the study.

Date,

Signature of interviewee .................................................

Signature of the researcher

## Questionnaire

**Long-term Orientation:**

How does your bank encourage a long-term view in its human resources management practices?

- How is this reflected in the bank's sustainable strategic objectives?

Do you think the recruitment process supports a long-term strategy?

- If yes, how?
- How much is attention, proximity and competence towards sustainability issues valued?
- How does this, in your opinion, contribute to the bank's sustainability goals?

**Care of Employees:**

What initiatives are taken to promote employee well-being in your bank?

- Do you think these practices are effective in their purpose?
- How do these initiatives contribute to the bank's sustainable objectives?

**Employee Development:**

What professional development programmes are offered to employees?

Are there training sessions focused on the new frontiers of sustainable banking?

- If yes, do you think they contribute to the bank's strategic goals regarding sustainability?
- In what way?

**Care of Environment:**

How does your bank integrate environmental sustainability into its policies and practices?

Is performance management partly linked to the achievement of sustainable performance?

Do you think the adoption of these practices/policies contributes to the bank's sustainable objectives?

- If yes, how?

**Employee Participation:**

How does your bank encourage employee participation and involvement?

- Do you think this influences the bank's sustainable social goals?
- If yes, how?

**External Partnership:**

Does your bank work with external partners to promote sustainability-related objectives or initiatives?

- What kind of initiatives are promoted?

- How do these initiatives contribute to the bank's sustainable objectives?

**Fairness and Equality:**

How does your bank promote values such as fairness and equality among employees?

Are there policies in favour of gender equality?

- How do these policies contribute to your bank's sustainable objectives?

**Profitability:**

How do the adopted sustainability practices or policies discussed above contribute to the long-term profitability of your bank?

- Do you think that sustainable human resources management contributes to increasing the value of your brand?

- If yes, in what way?

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