

CLIMATE CHANGE: A SIGNIFICANT TRIGGER OF WORKFORCE ACTIVISM

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CSR issues will increasingly stoke staff activism through the 2020s. Corporate platitudes without substance will be punished.

Against this backdrop businesses are being challenged to demonstrate a positive response to climate change and other social issues, and that their purpose is not just to make profits for shareholders but to improve the welfare of the wider community.

This is reflected in the finding of our [Future of Work report](#), which shows that values are fast becoming a significant trigger for activism in the workplace, including CSR/environmental issues/climate change (46%) according to the ~400 cross-sector C-suites we surveyed from across the globe.

“Companies are being democratised. Employees increasingly feel that organisations belong to them. When they see an issue they don’t like they want to force their employer into taking action, even if the employer would have done that anyway. Speed is everything. The problem is that you can’t always make the right decisions in a hurry.” Emma Rohsler, Partner, France, Herbert Smith Freehills.

37% of companies surveyed in our Future of Work report (rising to 47% of those in Australia) say they expect to see more activism triggered by employees’ objections to strategic decisions made by management. In recent months, there have been several high-profile instances of employees collectively protesting companies’ actions or decisions that they feel are not in keeping with the organisation’s mission statement.

The rise in activism centred on corporate behaviour shows that employees are increasingly willing to translate this trait into action. This presents a dilemma for employers, who must balance the potential damage to reputation and the employer brand with the reality of creating value for shareholders. If they are to avoid public declarations of hypocrisy, employers need to be clear on the values they hold – and live them.

The current business lexicon is well versed with corporate social responsibility and the concept of a “social licence to operate”, but increasingly the push is shifting this mindset toward creating social value and “doing well by doing good”. Regulation is catching up across the globe with increasing focus on creating and hardening previously soft laws governing environmental, social responsibility and governance (ESG), business and human rights (BHR) and, of course, climate change.

Like many environmental and social issues, risks associated with climate change rarely have solutions that are simple or immediate. There is a need for corporates to take a nuanced approach to balancing climate risk mitigation measures with other environmental and social impacts, and for companies to find ways of effectively communicating with regulators and communities about how they propose to balance these sometimes competing considerations.

ARE YOU UP TO THE CLIMATE CHANGE CHALLENGE?

Across all industries ranging from financial services to natural resources, businesses are embracing the climate change challenge by responding to demand for lower-emission products and services. They are innovating their operations to adhere to higher standards, and factoring carbon pricing into their strategic planning as evidence of their commitment to combat climate change and comply with emerging regulations. This enhances their attractiveness not only to consumers and employees but also to investors – giving them further access to funding with which to drive innovation and positive change.

FIVE STEPS TO SUCCESS



In our new report *Climate Change: Succeed in a Lower-carbon Future* we outline five steps towards better climate change risk management to help corporates understand the political, regulatory and commercial pressures.

Corporates that weigh up the risks, identify where they can reduce or negate their impact on the climate, will contribute to a thriving and sustainable economy. Demonstrating a wealth of social value can open up access to the best resources, markets, talent pools and commercial partners. Rewards will be commercial, financial, societal and environmental.

Visit www.hsf.com/climatechange to download the Climate Change report and develop your climate change action plan.

Visit www.hsf.com/futureofwork to download your copy of the Future of Work report.

Number one business risk

- In a 2019 World Economic Forum survey of 1,000 experts and decision-makers, the top three global risks are all related to climate change.

Increasing litigation and a fragmented regulatory environment

- US climate change litigation has increased by 86% in two years and the rest of the world is following suit.
- By mid-2019, there were more than 1,600 different laws and policies relating to climate change across 164 countries.

Workforce activism

- One of the biggest triggers for employee activism stems from corporate, social responsibility and environmental issues.

Opportunities for businesses stem from innovation

- According to CDP (formerly the Carbon Disclosure Project), the benefits to businesses investing in sustainable/lower emissions products and services is almost seven times the costs involved (US\$311bn in costs, US\$2.1 trillion in opportunities)

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