

Environmental, Social, & Governance (ESG) as a Talent Attractor

More Than a Number

A company’s Environmental, Social, and Governance (ESG) investing score provides a quick measure to recognize a firm’s value that is rooted in more than stock and potential futures. Rather, ESG focuses on the firm’s value proposition of its products & services, transparent business practices, and societal impacts as part of the fabric of a sustainable world. The growth of ESG investing accelerated when the first articles were published showing **that companies with robust sustainability practices tend to perform better** operationally and financially.¹ These findings signaled the shift from a **shareholder** value approach to a **stakeholder** value approach for the future of profitable investing and made a convincing case for implementing the changes required to obtain a high ESG score.

Today, 15 years since the term was coined, a company’s ESG score provides differentiation in a new arena: **likelihood to win in the ongoing race for talent**. Increasingly, candidates and employees are joining investors and consumers in considering ESG as a key factor in deciding whether to begin or continue a relationship with a company or brand. More than ever, employees want to associate with companies that meet their needs, while also making a positive impact on society.

So, what makes for a high ESG score?



Time to “Up Your Game”

By 2029, Millennial and Gen Z generations will make up 72% of the workforce, as compared to 52% in 2019.² These groups place greater importance on environmental and social concerns than their predecessors and will expect employers to be more proactive on these issues. **To attract the best talent, companies must make their ESG score, and its underlying business practices, a top priority.**

It’s no longer a matter of winning the moral victory in the adage “If you can **do good** for the world, and **do well** for yourself and your company, why pick just one?” Your future workforce expects both.

¹https://arabesque.com/research/From_the_stockholder_to_the_stakeholder_web.pdf
²<https://www.mmc.com/insights/publications/2020/may/esg-as-a-workforce-strategy.html>