sdmimd
Shri Dharmasthala Manjunatheshwara Institute for Management Development, Mysuru, India
13th International Conference on “HR 5.0: The Human-Centric Future of Work”,
on 18 and 19 December 2025

ESG in Talent Management Practices of Banking Industry

P. Anbuchezhienkamaraj
Ph.D Full – Time Research Scholar
achezhian19@gmail.com

M. Rifaya Meera
Assistant Professor, Department of Commerce
Ayya Nadar Janaki Ammal College, Autonomous
(Affiliated to Madurai Kamaraj University) Sivakasi
ORCID: https://orcid.org/0000-0001-7696-2378

Abstract

To attract and develop talent that is in line with sustainability goals, ESG in banking talent management entails incorporating environmental, social, and governance concepts into hiring, training, and retention. This involves hiring for green initiatives, offering sustainability-focused training, putting in place green reward programs, and using ESG performance to draw in and keep workers who respect corporate responsibility. Human resources (HR) management is essential to building organisational flexibility and sustainability in the dynamic banking sector. It emphasises the transformative potential of HR evolution in banking through an examination of current trends and best practices, stressing the significance of adopting sustainable principles in workforce planning, recruiting, retention, and development. In the end, the study advances sustainable banking operations and long-term organisational success by offering a thorough review of the crucial factors and tactics required for managing HR problems in the banking sector.

Key Words: *ESG, Sustainability goals, Talent management practices, Talent recruitment, Talent Development.*

Introduction

HR plays a crucial role in this by focusing on areas like employee well-being, diversity and inclusion, sustainable work policies, and ethical labor practices to build a more responsible and sustainable organization. Environmental, social and governance (ESG) considerations are rising in importance across the financial services sector as businesses increasingly realise the commercial benefits of pursuing ESG initiatives – and COP26 has only fuelled this interest. (Jessica Weisman-Pitts, Janine Chidlow, 2021) This integration benefits the banking industry by improving talent management practices, enhancing its reputation, and driving performance.

Literature review

“Talent strategies that incorporate sustainability goals have been found to positively influence organizational performance. Companies with integrated ESG (Environmental, Social, and Governance) goals report higher employee satisfaction, lower turnover rates, and improved brand perception” (Stahl et al., 2020; Deloitte, 2020). “Provide targeted training programs focused on green finance, responsible investing, and ESG risk management to ensure employees are prepared to support sustainable lending and investment decisions. They should introduce paperless onboarding, remote working policies, energy-efficient workplaces, and digital HR systems to reduce the environmental impact of internal HR operations”. (Anushka Jain,2025) “While there are several studies focusing on the ESG – profitability nexus, in the banking industry, the relationship between ESG and bank asset quality has not been explored in depth so far. Broadly speaking, various studies have examined the contribution of ESG factors in the reduction of bank risk and stability, by focusing on different dimensions. By analysing a sample of European banks,” Chiaramonte et al. (2021). “Talent management activities of banks generally revolve around employee engagement monitoring their performance, establishing connectivity between employee and the banking institution and they’re by achieving bank’s goal” (Vrinda Vijayakumar & S.A. Mohamed Ali, 2024).

Problem of the Study

The absence of standardised metrics and frameworks for assessing and reporting the social impact of HR initiatives (the "S" in ESG) is one of the main issues. The absence of standardised metrics for HR data, the requirement for substantial upskilling of HR professionals, and striking a balance between short-term financial pressures and long-term sustainability goals are the primary issues with Environmental, Social, and Governance (ESG) in talent management practices within the banking industry. The best ways to integrate these elements into routine company operations are generally poorly understood. Leadership that is just concerned with short-term earnings may oppose this. It is difficult for banks to create a single, all-encompassing global strategy that is compatible with all local talent management procedures because they are unable to keep up with the varied and changing requirements. So, this study made up the ESG impact the Banking industry through Talent management practices

Scope of the Study

The scope of Environmental, Social, and Governance (ESG) in talent management within the banking industry is extensive, encompassing the entire employee lifecycle and aiming to align human resources strategies with broader sustainability objectives.

Objectives of the Study

To Scrutinize the ESG and talent management practices.

To analyse the ESG in Talent management practices and banking performance

To Give suitable suggestions and Recommendations

Hypothesis of the study

There is no relationship between ESG and banking performance through talent management practices

Design and Methodology of the study

This inquiry has made use of both primary and secondary data. Bank employees provided primary data. The staff's interview schedule has been used to collect data. A wide range of sources, including books, periodicals, magazines, annual reports, and the internet, provided secondary data for the study. Eleven commercial banks in the private sector are in the Virudhunagar district. The researcher selected 423 employees of private sector banks in the Virudhunagar area using a census study method.

"There are numerous similarities between a sample survey and a census, including the use of a questionnaire to gather data, the requirement to process and modify the data, and the vulnerability to different types of inaccuracy. A census typically does not experience sampling error, in contrast to a sample survey, when just a portion of the elements are chosen for inclusion and enumeration". (Patrick J. Cantwell, 2023) Since it is feasible to gather information from every private sector bank employee in the Virudhunagar district. Eleven private sector banks have sixty-one branches. Thus, workers from Virudhunagar district's private sector commercial banks were chosen as the study's population. The Virudhunagar district's private sector banks employ 423 people in total.

The information's collected from various respondents have been analysed, by means of the following statistical tools for regression analysis with the help of SPSS.

Theoretical Aspect

Environmental, Social, and Governance, or ESG, is a framework used to assess an organisation's ethical performance and influence outside of its financial statements. Investors use it to evaluate risk and sustainability, and businesses use it to direct their corporate strategy. A company's interactions with people and society (S), its leadership, ethics, and transparency (G), and its environmental footprint (E) are important factors.

Environmental (E): Define "A company's impact on the natural environment and its response to environmental risks and opportunities".

Social (S): Define "How a company manages its relationships with its employees, suppliers, customers, and the communities where it operates".

Governance (G): Define "The company's leadership, executive pay, audits, internal controls, and shareholder rights".

Key concerns for integrating Environmental, Social, and Governance (ESG) concepts into talent management techniques centre on the "Social" and "Governance" pillars. The "environmental" elements are employed to attract like-minded people and give them a sense of purpose.

ISBN code 978-93-83302-80-2

Social Factors (S)

The social component addresses a company's relationship with its internal and external stakeholders, most critically its employees.

Employee Well-being and Health & Safety: Prioritizing the physical and mental health of employees through comprehensive wellness programs, health insurance, and safe working conditions is a core factor.

Diversity, Equity, and Inclusion (DEI): Implementing fair and inclusive hiring practices, promoting equal opportunities, ensuring pay equity, and fostering a diverse and inclusive culture are crucial for attracting and retaining top talent.

Training and Development: Providing robust learning opportunities, particularly in sustainability and ethical decision-making, helps employees grow professionally and align with the company's purpose.

Fair Labor Practices & Human Rights: Adhering to all labor laws, ensuring fair wages, protecting human rights throughout the supply chain (e.g., avoiding modern slavery), and offering reasonable working hours are fundamental ethical practices.

Flexible Work Arrangements: Offering hybrid or remote working options and flexible hours helps attract diverse talent, improves work-life balance, and can also contribute to environmental goals (reduced commuting).

Community Engagement: Encouraging employee volunteering and linking business operations to positive community impact helps foster pride and a sense of purpose among the workforces.

Governance Factors (G)

Governance focuses on the internal processes, controls, and leadership that ensure ethical and transparent operations.

Ethical Leadership & Culture: Strong governance requires leadership that operates with integrity and promotes an ethical culture, which builds trust with employees and investors.

Transparency and Accountability: Clear, transparent communication about ESG goals, performance data, and decision-making processes is essential to avoid "greenwashing" and build credibility.

Board Diversity and Structure: Ensuring a diverse and skilled board of directors helps bring different perspectives to decision-making and aligns with social factors.

Compliance and Risk Management: Establishing robust systems to ensure legal compliance with labor, safety, and environmental regulations, and having effective whistleblower protection programs, mitigates significant risks.

Executive Compensation Linkage: Tying executive pay and performance reviews to specific ESG outcomes helps reinforce the company's commitment and ensures alignment across all levels of the organization.

ENVIRONMENTAL FACTORS (E)

While often managed by other departments, HR and talent management support environmental goals through people-focused initiatives.

Sustainable Workplace Practices: Promoting remote work policies, paperless processes, and energy-saving habits among employees helps reduce the company's carbon footprint.

Employee Engagement in Green Initiatives: Involving employees in sustainability training, recycling programs, and eco-friendly commuting options fosters a climate-conscious work culture.

Benefits for the Banking Sector

Integrating ESG into talent management provides several advantages for Competitive Advantage: Banks that effectively embed ESG into their people strategy gain an edge in attracting customers, investors, and top talent. Risk Mitigation: By following ethical hiring and labor laws, banks reduce risks associated with non-compliance, potential scandals, and regulatory penalties. Improved Reputation and Trust: Authentic ESG commitments build trust with all stakeholders, including employees, investors, and customers, which enhances the bank's brand image and market positioning. Innovation and Growth: An ESG-aligned workforce is better prepared to innovate and support the development of new sustainable financial products and services, unlocking new revenue streams.

Results and Discussion

The ESG is related to the banking performance through the talent management for futuristic based improve for him. because this concept to improve the Bank with the help of ESG through talent management practices. discussing the following results.

Regression

Relationship between ESG and banking performance through talent management practices

In command to find out the relationship between the ESG and banking performance through talent management practices, the following null Hypothesis has been formulated. "There is no significant relationship between the ESG and banking performance through talent management practices". The regression analysis has been functional to examine null hypothesis by using SPSS and the computed results are given in the following

Table 1: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.548[a]	.300	.292	2.59728	.300	35.817	5	417	.000

a. Predictors: (Constant), PASP, TAC, TD, TE, ESG

b. Dependent Variable: BP

Source: Computed Data with the Help of Spss

Table 2 indicates that, the multiple R shows a substantial correlation between the predictors of ESG and the dependent variable namely the Banking performance through Talent management practices (R=0.548). The value of R2 is 0.300 which indicates that 30.0 percent of the variations in the Banking

ISBN code 978-93-83302-80-2

performance is explained by the predictors of ESG on Talent management practices. Further, it has been found that the predictor variables, this predictor influence the Banking performance through talent management practices.

ANOVA - relationship between ESG and banking performance through talent management practices
The fitness of this model of regression analysis are examined and the result of ANOVA are presented

Table 2: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1208.082	5	241.616	35.817	.000[b]
	Residual	2813.015	417	6.746		
	Total	4021.097	422			

a. Dependent Variable: BP
b. Predictors: (Constant), PASP, TAC, TD, TE, ESG
Source: Computed Data

Table 2 demonstrates that, the significance level for the F value is less than 0.05. Hence, the null hypothesis is rejected, and it is concluded that there is a significant relationship between the ESG and the Banking performance through talent management practices.

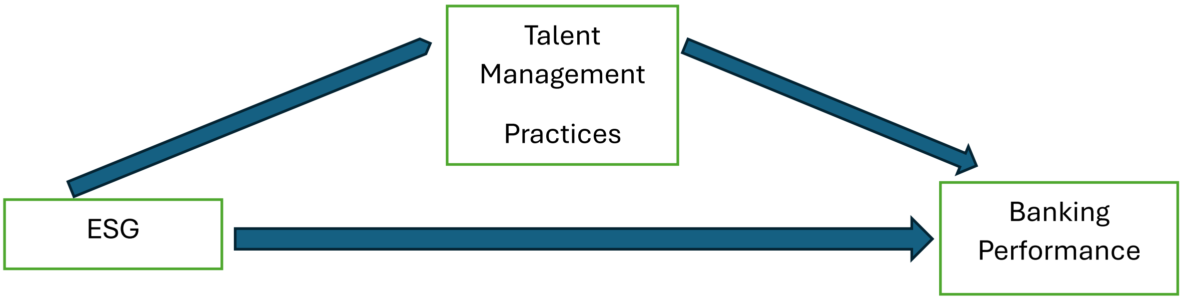

Figure 1: ESG affect the banking Performance through Talent management practices

In this figure made up the investigator own this concept easy to observe the concept this model reframes the Banking industry through talent management practices.

Conclusion

By integrating these factors, companies can move beyond mere compliance to create sustainable value, enhance their reputation, and attract and retain a motivated, purpose-driven workforce. Overall, the shift to ESG-based talent management is transforming HR from a support function to a strategic leader in driving sustainable business growth and ensuring long-term organizational resilience. The banks mostly concentrate for updating in futuristic concept for ESG related to develop the banking performance through talent management.

Reference

Anushka Jain, Talent Management for Sustainability: A Strategic HR Approach to SDG Alignment, Conference Proceedings International Conference on Sustainable Development Goals- Challenges, Issues & Practices by TMIMT- College of Management, Teerthanker Mahaveer University, Moradabad 25th & 26th April 2025, TMIMT International Journal, pp no. 1-14, 2348-988X.

Anbuchezhienkamaraj, P, Diviya, S & Rifaya Meera, M, (2024), Sustainable Development on Rural Women Empower of Digital Literacy, GBS IMPACT, 10(01), pp: 97-105, 2454- 8545, https://doi.org/10.58419/gbs.v10i1.1012407

Chiaramonte, L., Dreassi, A., Girardone, C., Piser`a, S., 2021. Do ESG strategies enhance bank stability during financial turmoil? Evidence from Europe. Eur. J. Financ. 1–39. https://doi.org/10.1080/1351847X.2021.1964556.

Deloitte. (2020). 2020 Global Human Capital Trends: The social enterprise at work. Deloitte Insights. https://www2.deloitte.com

Stahl, G. K., Brewster, C., Collings, D. G., & Hajro, A. (2020). Enhancing the role of human resource management in corporate sustainability and social responsibility: A multi stakeholder, multidimensional approach to HRM. Human Resource Management Review, 30(3), 100708. https://doi.org/10.1016/j.hrmr.2019.100708

Vrinda Vijayakumar & S.A. Mohamed Ali, 2024, Need for Effective Talent Management Practices in Banking -A Bibliometric Analysis, EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal, 10(5), https://DOI:10.36713/epra2013