



# Advanced Practitioner in Sustainable Leadership

Session LP4.1: Why we need Sustainable Leadership now

# This session

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In this session, we discuss some of the imperatives driving us towards Sustainable Leadership.

We consider 8 of the many factors that are pushing and pulling us towards more sustainable leadership practices.

# Why the time is right for Sustainable Leadership

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Sustainable Leadership is about achieving both high performance and sustainable outcomes.

Slowly many stakeholders are changing their attitudes towards the current focus on economics and money.

A global revolution is underway – towards Sustainable Leadership in all spheres: National, corporate, civil society, among citizens of all ages....

# Current drivers of Sustainable Leadership

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Let's consider some of the key imperatives pushing us towards Sustainable Leadership. Among these are:

1. Ignoring Nature instead of working with Nature
2. Changes in economic thinking
3. CEOs are on board – see our Be Inspired! series
4. Corporates are leading the way
5. Consumer demands
6. Employee expectations
7. Young generations
8. National governments

# 1. We can't continue to ignore Nature

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Much of the world has been dominated by economic thinking that leaves Nature out of the equation.

Costs to Nature include not only climate change, but also loss of biodiversity, which brings inflexibility and many other consequences.....

“Today, we ourselves, together with the livestock we rear for food, constitute 96% of the mass of all mammals on the planet. Only 4% is everything else” – David Attenborough 2021

(Dasgupta, P. (2021). *The Economics of Biodiversity: The Dasgupta Review*. p. 1 London: HM Treasury.)

# Standard of living up across 2000 years



The world currently enjoys an all-time high standard of living, but we have done this at the cost of Nature.

Table 0.1 Deep History, 1 – GDP Per Capita (2011 International Dollars)

	1 CE	1000	1500	1700	1820	1900	1950	2000	2016
Western Europe*	914	676	1,232	1,630	2,313	4,904	6,078	32,956	40,364
Western Offshoots*	636	636	636	755	2,070	8,027	14,867	44,331	51,342
Latin America*	636	636	660	843	999	1,822	3,048	8,728	13,470
Asia	725	747	904	909	939	1,099	1,201	5,286	11,102
Africa	747	676	660	668	774	1,444	1,596	2,889	4,680
World	747	723	898	978	1,132	2,446	3,277	9,456	14,574
World Bank (World)								10,346	15,080

Source: Maddison (2018), Bolt et al. (2018). Note: 'Western Offshoots' include what are today US, Canada, New Zealand and Australia.

# Decline of biodiversity that we depend on



- In 2021, a 600-page report into the *Economics of Biodiversity* calls for us to stop leaving Nature out of the equation
- The silence and invisibility of Nature make it utterly vulnerable to our activities, which neither communities nor states can wholly address
- Conclusion: We citizens need to wake up because our future depends on biodiversity.

(Dasgupta, P. (2021). *The Economics of Biodiversity: The Dasgupta Review*. London: HM Treasury.)

## 2. Changes in economic thinking

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Economists used to be the high priests of government policy but

*“...Economics is reaching its Copernican Moment – the moment when it is finally becoming clear that the current ways of thinking about economic behavior are inadequate and a new way of thinking enables us to make much better sense of our world. It is a moment fraught with danger, because those in power still adhere to the traditional conventional wisdom and heresy is suppressed.”*

(Snower, D. (2021). Beyond any shadow of a doubt, there is change in the air, as economics nears its Copernican Moment. *Economics*, May 28. Accessible

at: <https://economics.com/why-behavioral-economics-cant-fix-a-broken-discipline/>)

# Practitioners are ahead of economists

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- Practitioners are not waiting for the mainstream economics profession to adjust to reality
- Practitioners are forging ahead on multiple fronts, extending the domain of economics to the existential challenges we face.

(Snower, D. (2021). Beyond any shadow of a doubt, there is change in the air, as economics nears its Copernican Moment. *Economics*, May 28. Accessible at: <https://economics.com/why-behavioral-economics-cant-fix-a-broken-discipline/>)

### 3. CEOs are driving change

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Visit our Be Inspired! video series.

Sustainability is firmly on the CEO agenda now

Accenture's insights from more than 1,000 global executives:

- 99% CEOs of major orgs agree that *“sustainability issues are important to the future success of their businesses.”*
- CEOs feel pressure to build more sustainable enterprises from key stakeholders eg customers and employees
- 94% CEOs feel a personal responsibility for laying out their company's core purpose and role in society.

(Source: Accenture and the UN Global Compact (2019). “The Decade to Deliver: A Call to Business Action”.)

# CEOs are ready for climate action

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- UNGC and Accenture CEO survey 2021 focused on climate change
- CEOs say effects of climate change demand action
- Pressure to act from investors and capital markets
- 49% says supply chain interruptions are causing them to act
- Calling for more sustainable business models

Source: <https://www.accenture.com/gb-en/insights/sustainability/ungc>

# 181 CEOs sign up for sustainability

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- In 2019, 181/192 members of the lobby group Business Roundtable signed a one-page declaration that ended as follows: *“Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.”*
- Larry Fink, CEO of Blackrock, in his 2019-2020 letters to CEOs: *“Purpose is not the sole pursuit of profits but the animating force for achieving them...”*

## 4. Corporates are leading the way

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Businesses are beginning to measure their performance beyond shareholder value eg through

- Environmental, Social and Governance criteria
- UN's SDGs
- OECD Business for Inclusive Growth coalition (Inclusive growth is economic growth that is distributed fairly across society and creates opportunities for all.)
- Value Balancing Initiative

# Eg Value Balancing Initiative

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VBI is an alliance of 17 multinational EU companies with a common goal:

- translates environmental and social impacts into comparable financial data.
- to measure and compare the value of contributions made by businesses to society, the economy, and the environment – not previously reflected in a company's balance sheet.
- the members test the methodology to ensure feasibility, robustness, and relevance.
- includes LaFargeHolcim, BMW, VW which we have studied

# 5. Consumer demands



Consumers are driving brands to be more sustainable eg WEF reports:

- 66% of all respondents and 75% of millennials said that they consider sustainability when making a purchase.
- in China, 41% of consumers say they want eco-friendly products.

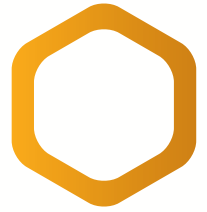
(Source: C. Close. 2021. Available at <https://www.weforum.org/agenda/2021/05/eco-wakening-consumers-driving-sustainability/>)

- HBR study found consumers do pay more for sustainable brands.

(Source: Whelan et al. 2019. Available at <https://hbr.org/2019/06/research-actually-consumers-do-buy-sustainable-products>)

## 6. Employee expectations

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- Peakon's 2020 Employee Expectations Report: *Sustainability is one of the four biggest employee expectation trends.*
- Peakon found that employee discussion on environmental topics has risen by 52% since 2019.
- 2020, Aon's Benefits and Trends Survey found that, "*clear and positive environmental and sustainability policies*" was among the top employee expectations.
- Deloitte Millennial survey 2020: Gen Ys and Zs want businesses and governments to *put people ahead of profits and prioritise environmental sustainability.*

## 7. Young generations – concern begins early

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- **School children** are out in the streets in protest about climate change
- **Teenage activists** eg Greta Thunberg's *School Strike for the Climate*
- 2019 study of parents of **3-13 year olds** in 8 countries of the Americas found that about 70% of these young children are concerned about the environment

# University student views

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SOSI's 2020 global survey of university students across multiple countries and campuses:

- 92% students are concerned about climate change
- students are considering sustainability impacts in their voting and career choices
- climate and sustainability education isn't yet reaching the classroom
- want to access the knowledge, skills, attributes, and values to create a more just and sustainable future for all.

(Source: <https://sos.earth/survey-2020/>)

# 8. National governments

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National governments are including notions of wellbeing and sustainability that extend beyond consumption of goods and services eg

- **New Zealand:** Wellbeing in the budget
- **Bhutan:** Gross National Happiness
- **USA:** President Joe Biden took a host of actions to keep sustainability issues at the heart of his regulatory and legislative agenda in his first 100 days in office
- **EU's Green Deal:** a plan to make the EU's economy sustainable by turning climate and environmental challenges into opportunities, and making the transition just and inclusive for all.

(Source: [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en))

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