



## Learning Sustainable Development Jake Reynolds <sup>1</sup>

Roundtable H: Education-II: Nurturing Tomorrow's Leaders

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### ABSTRACT

To truly contribute to sustainable development organisations must do much more than publish statements of business principles, core values and policies. They must ensure that their cultures and capabilities are aligned with those statements of intent, and hence must understand the process of winning over the hearts and minds of their employees. Until this happens a disconnect will exist between policy and practice, creating cynicism among employees and diminishing public confidence.



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CPI has conducted two parallel action research projects over the period 2003-4 in which participants from leading business organisations have discussed the nature of the challenge ahead, and gained insight into the possible solutions. The projects involved the use of an organisational climate diagnostic tool, appreciative enquiry process, and group dialogue process. Initial results indicate that conventional methods of change management, particularly top-down or centre-out 'roll out' plans and 'toolkit' approaches do not lend themselves to the challenge of cultural change. Instead, a growth medium for sustainable development must be created across the organisation such that employees are inspired to alter their behaviour through exposure to compelling visions and role models, all within a supportive learning environment.

**KEYWORDS:** culture, capability, learning, leadership, change, sustainable development.

### The context

We think that sustainable development is one of the most demanding challenges facing humanity today, and also one of the most exciting. In our view, the time for more radical change is right now.

*Shows promise. But must try harder.*

Report of the UK Sustainable Development Commission,  
April 2004, p. 36.

We are often reminded that progress towards sustainable development is too little, too late. Governments are too slow to make it part of policy; companies too slow to demonstrate it in practice; customers too reluctant to pay for it; schools, universities and education institutions of all kinds too slow to build it into the curriculum. The campaigning organisations exhort us to do better, to change our ways, to save the planet, while the environment slowly deteriorates, inequity rises, and a climate of insecurity enters our lives.

On the surface, sustainable development is attracting a great deal of attention. Reports, policies and action plans on sustainable development continue to flow out of government offices agencies around the world, often providing real insights into our situation, and bold conclusions on the way forward. At the international level, sustainable development has reached iconic status: it is increasingly recognised to be one of the central concerns of public policy making in democratic societies. Why would it not be?

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In the private sector, corporate responsibility, CSR, triple bottom line, call it what you will, has become a well-established item on the agenda of leading companies. The larger firms have dedicated sustainability teams, building on and extending the work of their colleagues in HSE and corporate affairs. Statements of business principles, corporate values, codes of conduct, and so on, are flowing out of their boardrooms, backed up by ever more convincing business cases. Company specialists are experimenting with stakeholder dialogue, environmental footprint reduction, and social investment, while their colleagues are working on clear and transparent public reports. In both public and private sectors, one might call this the *first wave of sustainable development leadership*. But is it enough? Is it really going to make the difference required?

Some would argue that behind the scenes, the corporate machines show few signs of fundamental change. With some exceptions, notably in response to regulation and niche markets, that CSR activities are so much window-dressing, designed to disguise business's insatiable thirst for profit, and should be discounted. Few of us are in a position to know whether this is correct. What we do know is that the level of trust in corporate responsibility is not high at present, and that the reality of corporate behaviour often departs from the image that it would like to project.

Similarly, many would argue that the flow of statements and publications from public bodies is little short of meaningless while the capacity for implementation remains so weak, or where they are not backed up by economic instruments, or even funding. The concern is that such artefacts give a false impression of progress when, in reality, the state machine remains impervious to change, serving its own needs and purposes. In the UK, it is still common to see bland statements emerging from government about 'considering future generations' and 'putting the environment first' against a backdrop of poor recycling rates and loss of biodiversity. Again, few of us are in a good position to know whether sustainable development carries real political will in government. But it remains doubtful whether public bodies will be successful at securing public trust while the gap between rhetoric and reality remains so obvious.

### **Why is change so slow?**

Why is the pace of change in both public and private sectors apparently so slow? With such an obvious sense of impending crisis, why are the institutions created by the only species capable of long-term thinking so held back? Why can't we demonstrate more convincing environmental and social leadership? Recent discussions among a series of groups of business, government and NGO executives<sup>2</sup> point to a number of fundamental reasons for why this might be the case, in particular the presence of external pressures on organisations that drive them towards unsustainable behaviour.

A number of core concerns have emerged on each occasion that the groups have met, chiefly electoral pressures on politicians, and investor pressures on companies, both of which are perceived to encourage short-term decision-making. To the extent that they compound the situation, a general lack of awareness of sustainable development issues among the public, combined with mixed messages from the media, have also been cited as obstacles to progress. In lieu of major structural changes in the political landscape, radical reform of the education system, or an outbreak of confidence in sustainable development by investors – all of which are extremely unlikely in the near term – not a single participant in the dialogues thought it would be easy to escape these binds.

The groups' discussions underline the importance of forceful and inventive leadership on the part of organisations to tackle what amount to systemic failures in the structure of markets, institutions and electoral systems – leadership that is backed up by effective approaches to

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<sup>2</sup> The 'Sustainable Economy Dialogue' was initiated in July 2003 as a key strand of the Prince of Wales's Business & the Environment Programme 10<sup>th</sup> Anniversary celebration. The purpose of the dialogue is to explore visions of a sustainable economy, understand the failings of our current economies, and gain insight into what actions should be taken by business now to address them. So far a total of seven dialogues have been run, involving over 200 executives. For further information see BEP 2004.

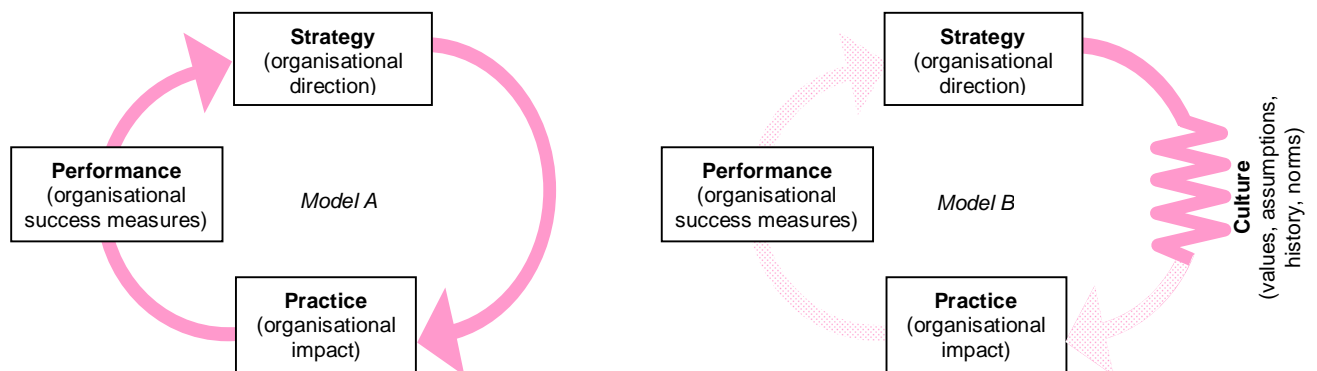
organisational learning and change. The remainder of this paper focuses exclusively on this internal challenge. It explores the often-overlooked cultural dimension to organisational change and asks, if one wanted to overcome the core assumptions that perpetuate a 'business as usual' culture, how would one go about it?

### The illusion of control

It is tempting to assume that organisations behave like machines that can be controlled by making pronouncements, pulling levers and pressing buttons. This idea has much appeal, not least because it plays to the human desire to direct and control our environment. Labouring under this illusion, we expect that organisational artefacts like pronouncements, policies and reports, even training courses, will achieve change simply by virtue of their existence. When they do not, we look for someone or something to blame, rather than confront our own assumptions about how the change process really works. Very often we go back to the drawing board, producing new pronouncements, policies and reports, in the hope that these will succeed where past ones have failed. A cycle emerges as initiative after initiative launches, recedes, sometimes with recriminations, while the greater challenge of embedding new practices is handled clumsily, inadequately or not at all. To steal an analogy from Peter Senge, we are guilty of standing over plants exhorting them to "Grow! Try harder!", without considering their physical needs (Senge 1999).

Look at the two models of organisational change illustrated in Figure 1 (CIPD 2004).

Figure 1: Two models of strategic change (adapted from CIPD 2004)



1. First, Model A. Decisions made at the top or centre of the organisation are quickly put into practice by line management, leading to measurable changes (ideally improvements) in organisational performance. The Chief Executive's (or Minister's) dream.
2. Next, Model B. Here the influence of culture can be felt – the history, values, norms and beliefs of the organisation, entwined with its systems and policies. Decisions made at the top or centre are greeted with suspicion, cynicism, indifference or other forms of resistance at other levels, dissipating impacts and making it almost impossible to link performance changes to strategy. The Chief Executive's nightmare?

Two extremes, admittedly, to make the point that, to be successful, organisational change requires a high degree of *alignment between strategy, culture and capability*. Cultures that evolve in tandem with the strategic needs of an organisation are said to be adaptive; those that do not are rigid and unresponsive. The main factor differentiating the two is the ability of employees (and the groups in which they operate) to align their activities with the strategic needs of the organisation. Not surprisingly, Kotter & Heskett (1992) have shown that organisations which demonstrate a strong 'adaptive core' produce more robust economic performance (p.53):

When something in the firm's context changes—such as the level of competition—managers are quick to spot this trend...If changes in the firm's strategies and practices are needed in order to respond to new contextual conditions,

even practices rooted in the culture, those initiatives continue until the cultural changes are made. In this way, managers help maintain a fit between the culture and its context.

Without alignment between strategy, culture and capability, goals established by senior managers – manifested in their statements, policies and reports – will not gain traction in the organisation. This leaves their organisations exposed to unquantifiable risks in the face of dynamic external conditions (Reynolds 2004).

**Cultures and mindsets**

Nowhere is this more obvious than in the area of sustainable development, where the barrage of issues falling under the term has the capacity to create major risks and opportunities for organisations. Just a few examples: the impact of climate change on the insurance industry; the impact of the hydrogen economy on the energy and transportation sectors; the opportunity of providing four billion additional customers with banking services in poor countries. The magnitude of the risks and opportunities ahead is so high that cultural change is not only desirable, but necessary. Viewing cultural change as an integral part of sustainable development helps to explain why the phrase ‘change of mindset’ is so often applied in this context. Table 1 highlights some of the many cultural shifts required.

*Table 1: Attitudes towards sustainable development in organisations*

What it means now	What it could mean in the future
<ul style="list-style-type: none"> <li>• Problem</li> <li>• Cost</li> <li>• Source of risk</li> <li>• Specialist/technical</li> <li>• Complicated</li> <li>• Fragmented</li> <li>• Reactive</li> <li>• Quick fix</li> <li>• Passing fad</li> <li>• Clever PR</li> <li>• Vague/ill-defined</li> <li>• Tactics</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity</li> <li>• Saving</li> <li>• Source of value</li> <li>• Mainstream</li> <li>• Common sense</li> <li>• Integrated</li> <li>• Predictive</li> <li>• Long-term investment</li> <li>• Core business</li> <li>• License to operate</li> <li>• Clear values and principles</li> <li>• Trust</li> </ul>

Recognising that the cultural landscape of large organisations is complex and difficult to interpret, CPI established its first ‘Sustainability Learning Laboratory’ in 2003 in concert with four international companies, all perceived to be sustainable development leaders within their sectors.<sup>3</sup> The aim of the Laboratory was to explore strategies for building sustainable development capabilities among employees.

Soon into the Laboratory it became clear that the marketing functions of the companies concerned (in the food, energy, pharmaceuticals and minerals sectors) shared more in common with respect to their views on sustainable development than with other parts of their own organisations. Similarly, the HR functions of all four organisations were considered to lack interest in sustainable development, possibly due to their comparative insulation from external stakeholders. This suggests that compelling visions for sustainable development are required not only at a generic level, but also for individual functions and teams in organisations. In other words, the justification for change must be presented from the perspective of the professional specialisation concerned, in its language, resonant with its culture.

<sup>3</sup> A ‘Sustainability Learning Laboratory’ was initiated in September 2003 with four leading firms in order to explore the process of embedding sustainability awareness among employees. The Laboratory combined the use of an organisational climate diagnostic tool with a human capability survey in order to gain insight into the unique circumstances of each organisation. A process of Appreciative Enquiry was then used to uncover the learning strategies known to have worked successfully in the organisations in the past.

## Strategies for change

In the past, change has been engineered through the exercise of power and control, leading to a culture of authority, supervision and instruction. The aim has been to mould employees to the needs of the organisation, like components of a machine. This approach has lost credibility in the modern organisation, having given way to a variety of people-centred alternatives that aim to liberate the energy of employees, rather than control all of their actions. Typical projects engage employees in dialogue about the reasons for change, the methods used, and the expected outcomes, in the hope that they fall naturally into line. Others take a 'do it yourself' route, equipping employees with toolkits and information resources that promote new practices (see Higgs and Rowland, 2003).

The question is, do any of these change models take sufficient account of cultural challenges? Put another way, will they be effective when deep transformation is required, as is the case with sustainable development? It is by no means clear that they do. The problem is that all of these approaches – autocratic and people-centred – tend to be planned from the top or centre of an organisation, rather than bubbling up from the mass of employees. In that sense they speak over culture rather than through it, much like Greenpeace shouting at Shell for attempting to dump Brent Spar – just rather more subtle.

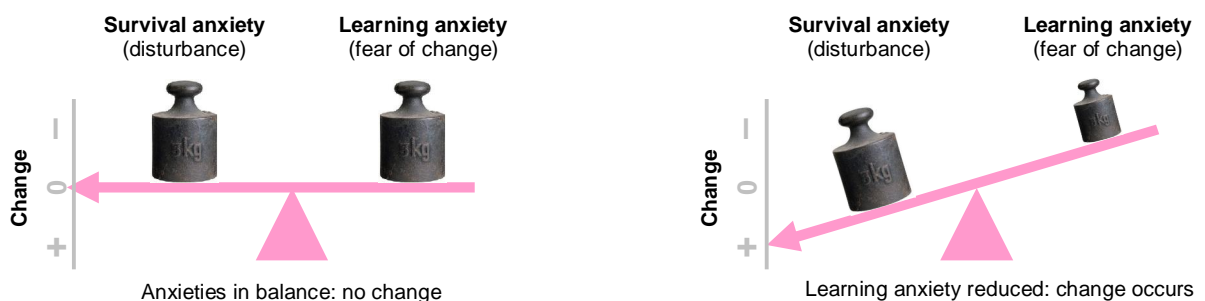
Which is why we need to reframe the challenge at a fundamental level. True transformation depends on employees being carried forward emotionally, as well as intellectually, through a real sense of commitment to their work – something that gets them out of bed in the morning in the knowledge that they are taking a step closer to the goals they value most highly. It depends on people identifying how their work can make a contribution to society while delivering benefit to them personally, to their team, their profession and their organisation.

## Change in the balance

The emotional dimensions of change have been studied for over 40 years by MIT professor Edgar Schein, who believes that two key factors govern the change process: survival anxiety – the sense of disturbance felt when one's behaviour (or group's behaviour) is perceived in some way to be sub-optimal; and learning anxiety – the fear of change – which relates to personal capability and organisational culture (Schein 1999). For change to occur, Schein proposes that the level of survival anxiety must exceed the level of learning anxiety.

That suggests a fairly obvious solution: pile on the disturbance, create the 'burning platforms', exhort employees to do better – a campaigner's dream. Wrong. As Schein points out, this only increases learning anxiety, neutralising the effect of the disturbance. We crawl back into our shells – business as usual again.

Figure 2: Schein's model of change



A smarter way to promote change is to reduce learning anxiety – in effect build the conditions in which change can occur naturally, rather than scare people into doing better. In this context, leadership is not about hero executives dragging their organisations through bouts of painful change, but about *creating change capabilities* across the organisation such that it can happen wherever and whenever it is needed.

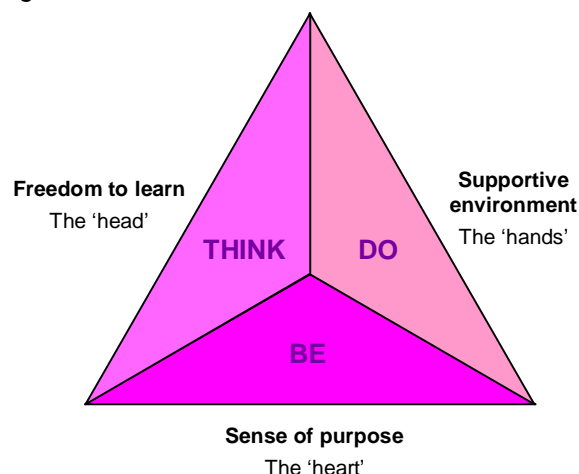
The evidence shows that we're not very good at this, which is why so many change projects fail to deliver their objectives or, worse still, backfire (for example see Kotter 1996). But this should not stop us trying. According to Schein, the reduction of learning anxiety builds 'psychological safety' among employees – a positive vision of the organisation's future, confidence in the learning process, and a personal desire to make a difference.

### The growth medium

How can we create psychological safety in practice? In our own work with organisations we invoke the metaphor of a 'growth medium'. Rather than seeing change as something that is 'done' to or even through employees, we prefer to view it as a continuous, evolutionary process growing out of myriad, local contributions. Hence the concept of a 'growth medium'; if you like, a set of management practices that draws people into change by cultivating their commitment to improving the organisation. Three practical elements need to be in place for this enabling environment to work, as shown in Figure 3.

1. **Sense of purpose.** Employees understand the vision (or 'big picture') of the organisation, and see that its espoused values are believed in by senior managers, and are implicit in the organisation's actions. This gives them an identity, a sense of how to 'be'.
2. **Freedom to learn.** Employees are trusted to act, learn and achieve results by themselves (within boundaries), guided by 'hard rules', coaches and role models. This element provides employees with the mental space to create and own the solutions to their challenges.
3. **Supportive environment.** Employees learn from each other through group processes, peer networks and transparent access to information; they are supported by systems and policies that encourage rather than inhibit learning, and are well-provided with development opportunities, helping them to put their ideas into practice.

Figure 3: Elements of the growth medium



The growth medium views change as a journey rather than an end point, a journey that may be expedited through management practices that influence organisational culture from within. The result is a culture better attuned to the organisation's external needs, more knowledgeable about its own functioning, and better able to face uncertain conditions without constant prodding and intervention. Organisations that are successful in cultivating a growth medium will find it a lot easier to achieve their vision, since change will be a systemic phenomenon, not one which arrives piecemeal, or as a last resort. If sustainable development

is part of that vision, the presence of a growth medium will play a key role in making it a reality.

### **The situation in four leading companies**

Based on the results of our Sustainability Learning Laboratory, even the world's leading business champions are at the earliest stages of creating a growth medium for sustainable development. Among the four companies participating, none ask prospective employees about their commitment to sustainable development during interview. None include such an assessment within their ongoing performance management systems. None claim to have incorporated sustainable development principles consistently within their competency frameworks. And none reward their employees directly for sustainable development performance. Furthermore, only one of the firms thought that 'creating a better future for our children' and 'feeling that work contributes to society' were strong motivators of employee performance, while all agreed that conventional motivators like 'career advancement', 'achievement' and 'recognition and respect from colleagues' exerted a powerful effect. On the other hand, all of the firms boast corporate visions of sustainable development, backed up by statements of business principles and core values, and manifested in specific business strategies and operational targets. This extraordinary disconnect between policy and practice suggests that sustainable development is not linked with business success in the minds of most employees; in other words, the espoused strategies of the organisations do not align with their internal cultures.

### **Implications for leadership**

A leader is someone who can effect change. Not necessarily a senior manager or ambassador for others, but someone who has the capacity to make sense of the future, and inspire people to move in the right direction. In the present context this is the direction of greater environmental responsibility, greater well-being of employees, and greater fairness for all the people that the organisation touches or could possibly reach.

The overriding goal of a sustainable development leader must be to illuminate the ethical dimensions of decisions, and guide employees towards the most sustainable choices. *That means getting others to believe (and believing oneself) that sustainable choices are the best choices, not just ethically, but in organisational terms also.*

En route, we know that cultural obstacles will be encountered, and mindsets will need to be changed. We also know that sustainable development will need to be repackaged as something positive, fun and good for one's career if it is to stand even a small chance of becoming mainstream. In the face of cultural challenges, we return to Edgar Schein, whose model of change predicts that the sustainable development leader must be prepared to do two things:

1. **Disturb the organisation**, as required, to ensure that it understands its needs, options and possible futures in light of emerging issues and stakeholder demands. The sustainable development leader should think as radically as campaigners in this regard, but on behalf of the organisation, rather than against it. Disturbance can take many forms. Here are a few examples:
  - alerting employees to economic, political, regulatory, technological and reputation threats;
  - exposing poor performance, scandals, or corporate indiscretions;
  - getting charismatic figures in the organisation to publicly challenge the conventional wisdom;
  - holding group processes that contrasting espoused values with operating practices (surfacing assumptions); and
  - offering educational programmes that awaken people to the issues, risks and opportunities.

The effect is similar in all cases: *emotional stir*.

2. **Create psychological safety** for employees around the idea of sustainable development, by incorporating it within the organisation's growth medium. Not all growth medium practices will be relevant to all organisations. Decisions about where to focus should follow a period of *cultural analysis* designed to uncover the blockages and leverage points unique to the history and context of the organisation. Here are some examples:
  - ensuring that sustainable development principles figure prominently in the organisation's vision and values;
  - illuminating the concept locally within the language of individual teams and functions;
  - empowering staff to come up with their own solutions to sustainable development challenges;
  - creating 'practice fields' in which employees can experiment with new ideas;
  - acting as a coach and role model for others to follow, not an 'expert' on which they depend;
  - brokering connections between peers, and forging external partnerships;
  - aligning the organisation's systems and policies with sustainable development (for example, there is no sense in a performance management system that is blind to ethical achievements);
  - providing information resources, case materials and training programmes that 'scaffold' the learning of employees.

## Conclusion

The challenge for leaders is to bring sustainable development into the mainstream through an appropriate balance of disturbance and psychological safety. In doing so they will act as agents of a subtle, yet profound shift in organisational culture, from 'business as usual' to values-based enterprise. One might call this the *second wave of sustainable development leadership*. Key to their success will be the creation of a growth medium for sustainable development that inspires employees to seek continuous, evolutionary change.

Education has a key role to play this process alongside managerial action, not only through its capacity to disturb, but also in its capacity to stretch the imagination, breed confidence, and break down cultural barriers. "Try harder", we must continue to tell our plants, but this time feed them some water.

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CPI defines its purpose as building the leadership capacity of business, governments and civil society to respond to contemporary societal challenges.

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