

Sustainable Leadership in Europe

Executive Summary



CEC

EUROPEAN MANAGERS



This study, conducted by Professor Alberto Pastore, Annalisa Massacesi and their research team, was commissioned as part of CEC European Managers' project on Sustainable Leadership, funded by DG Employment of the European Commission.

CEC European Managers is a European social partner representing around one million managers in Europe.

Date of publication: 08.07.2020

Quote:

Pastore 2020: Sustainable Leadership in Europe (Executive Summary).

Hashtag: #SustainableLeadership

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Coordination	CEC European Managers
Project Partners	ULA, LHO, MAS, Eurocadres (and support from CESI)
Consultants	New Angles
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Co-funded by the European Union

The project « Sustainable Leadership for a Fair and Green Transition" has received funding from the European Commission under grant agreement No VS/2019/0338.

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Scenario and Objectives

The topic of Sustainability has become increasingly relevant in recent years, due to its devastating consequences for many fields, such as the environment, society, and the economy. This urgency has transposed into the institutional forums worldwide, which have recently developed bold action plans, such as the 2030 Agenda for Sustainable Development, the Sustainable Development Goals and the European Green Deal.

The prospect of imminent major emergencies (e.g. climate change) has accelerated international mobilisation, but this does not remain incisive enough to drive a clear directional change.

Recent events have made us all witnesses of unexpected scenarios that have significantly remodelled the global political and economic scene. The way in which some authorities have dealt with the COVID-19 pandemic has contributed to a grave health crisis, onerous loss of human lives and a massive economic hardship, producing tremendous upheavals in peoples' living conditions. A truly extraordinary effort will be needed to face this moment of crisis, ranging from public intervention (both national and international) to entrepreneurial spirit, with a collective sacrifice and contribution from managers and citizens.

In these times especially, we must be able to convey this commitment with a new vision of sustainable development, thus being able to respond to the challenges of our time and to the real needs of human society.

In line with the concept of a green and circular economy, this vision must consider the **environmental aspect** of Sustainability, in order to face up to the great challenge of protecting the natural environment. Lowering emissions and developing renewable energies, reducing the use of natural resources, reducing pollution (soil, water, and air), the elimination of waste, and the maintenance of biodiversity and ecosystems.

“
IN THE MIDST
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THERE IS ALSO
OPPORTUNITY
”

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The new development model must embrace the **social aspect** of Sustainability, addressing issues such as ethics, human rights, employment, diversity, security, welfare, education, and community, while particularly focusing on intergenerational solidarity and health.

At the same time, the new development model must cover the **economic aspect** of Sustainability and its impact on the major purpose of companies, which can no longer be profit maximisation. The economic aspect of Sustainability leads to adopting a multi-stakeholder approach and a long-term orientation, while also considering the economic impact that companies and organisations return to society and their communities. These are just few of our responsibilities in this field.

The new development model should also support companies that integrate Sustainability into their business model, and therefore in their strategies, governance tools, performance evaluation systems, processes, customers and business partner relations.

This Sustainability-focused major transformation requires profound **cultural changes**. Companies must as a matter of fact have adequate dynamic capabilities, which enable them to invent, integrate and reconfigure the available skills (internally and externally) in order to face the challenges of this changing context.

Many prominent names of the business world have taken an explicit stand on this. For instance, Larry Flink, CEO of BlackRock, states: "Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society."

It became of utmost importance for the Sustainability Transformation to reach the managerial class and develop Sustainable Leadership, namely managerial actions based on precise qualities.

A Sustainable Leader is a manager who is able to identify, inspire and implement new strategies, policies and managerial behaviours consistent with the principles of Sustainability. They must have a solid awareness of the vast **Sustainability topics** framework (environmental, social, economic and governance), as well as of regulations, measuring and reporting.

They must embrace crucial **values** (e.g. environmental sensitivity, human solidarity, quality of life, economic and social justice), certain **personal traits** (namely empathy, generosity, courage, holistic thinking, and open-mindedness) and follow a defined managerial style (i.e. visionary, creative, and inclusive).

Moreover, the Sustainable Leader must have **specific technical skills** that are directly tied to the role, and particular **generic managerial skills**, as well as the ability to identify the main relevant impacts that the organisation generates on the entire ecosystem of stakeholders, the ability to see the environmental, social, economic and governance risks for the organisation, an aptitude for innovating and redefining sustainable business models, Sustainability Communication skills, and the capacity to measure, account for and report Sustainability.

Furthermore, the Sustainable Leader must also have **generic soft skills** such as context understanding, systemic and interdisciplinary understanding, a clear stakeholder vision, complexity management, connectedness management, long-term vision and change management, orientation to stakeholders and creation of shared value.

This transition from “Traditional Leadership” to “Sustainable Leadership” evidently involves a change management process, requiring a strenuous capability-building journey which is still at the beginning.

Given this context, our work aims to

“Contribute to the evaluation of European Managers’ preparation towards Sustainable Transformation, in order to provide valuable information for the creation of intervention measures intended to foster Sustainable Leadership”

The representative findings will help to design a new **evidence-based leadership model** and a **customised training programme** to help European managers transition towards new standards of management practice.

Research Design and Structure of the Design

The research comprises two sections.

The **first section** (Chapter 2) outlines the **General Framework** of Corporate Sustainability. Considered utterly relevant for the empirical research, we have defined an overview of the Sustainability topics, while focusing on setting out the **scope of action** for acquiring knowledge and competence in European management in terms of Sustainable Transformation. This first part is desk-type research and was carried out with the examination of well-founded academic, institutional and highly qualified managerial sources.

The **second section** (Chapters 3, 4, 5) encompasses the core of the work. It covers the empirical research of the **Sustainable Leadership Survey**, which was carried out using CAWI methodology on a sample of 1,526 European managers. In terms of breadth and depth, the subject of the survey was identified by the General Framework. The magnitude of the field forced us to select from several focus choices, consistent with the research goals, as follows:

- To **reveal the preparedness of European managers for the transition**, both in terms of knowledge of the various aspects of Sustainability and in terms of the values, behaviours, managerial skills and soft skills;
- To **identify any gaps on which to base a policy of capacity-building for Sustainable Leadership**.

Consequently, the study addressed specific areas, investigating particular aspects of familiarity, level of identification, self-assessment and corporate assessment.

The empirical research particularly aims to:

- Understand the level of familiarity among European managers with Sustainability issues, topics framework, regulations, impacts, measuring and reporting.
- Assess the identification of European managers with the founding values of Sustainability.
- Identify behavioural trends in line with the required practices for Sustainable Leadership.
- Evaluate European managers' possession of Sustainable Leadership characteristics, in terms of managerial and soft skills.





01

General Sustainability Framework

The General Sustainability Framework

Sustainability is a wide-ranging topic, which can be examined from different yet interconnected points of view. In this study, the perspective adopted is the one relating to Sustainable Business, which places production systems and enterprises as the focus of the discussion.

In this section of the report we shall describe our **General Sustainability Framework**, which aims to acquire a general view of the various dimensions qualifying the topic in a business perspective.

In the context of this research, the General Sustainability Framework has a dual value; it is the starting point for the design of the survey and it is also a reference for planning training interventions on Sustainable Leadership.

Using this General Framework, we created a questionnaire which constitutes the core of the quantitative empirical research on Sustainable Leadership, the results of which will be presented in the following section of the document.

Given the nature of the research tool and its intrinsic limitations (e.g. number of questions, duration of the questionnaire, etc.), while designing the empirical research it was necessary to make a selection of the topics under investigation, to reduce the breadth and the depth of the analysed fields. Therefore, the topics and the specific elements included in the questionnaire were identified starting from an extremely vast area of investigation, as described in the General Framework.

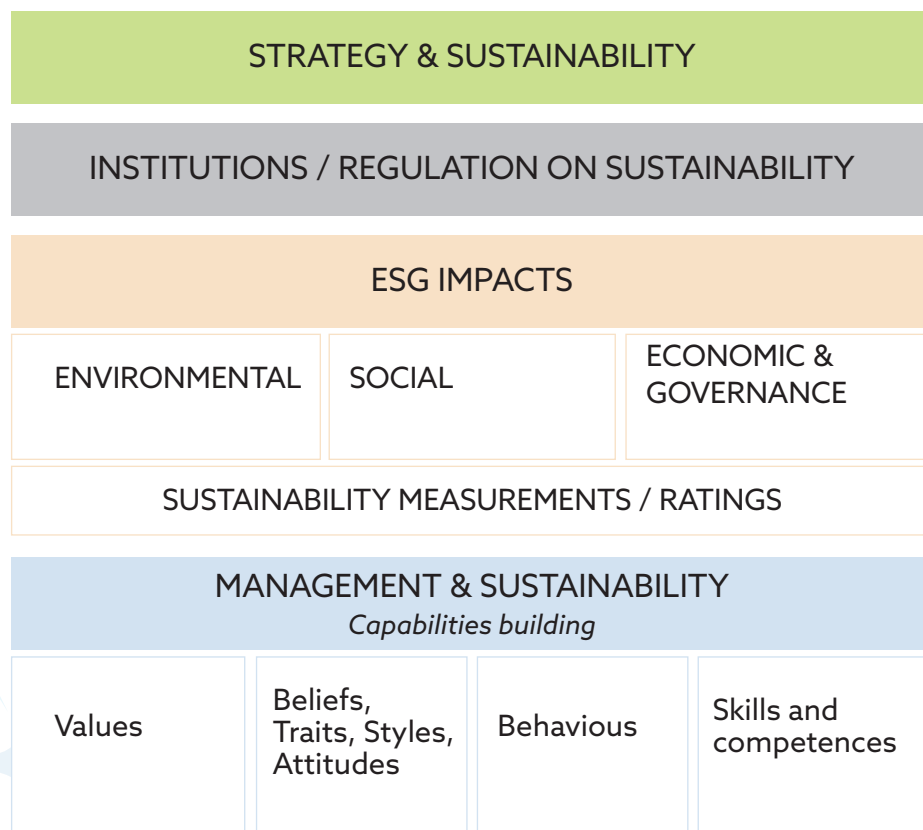


As shown in the following figure, the General Framework consists of 4 major thematic areas:

- Strategy & Sustainability
- Sustainability Institutions / Regulations
- ESG Impacts
- Management and Sustainability

The “**Strategy and Sustainability**” area addresses the role of Sustainability in Enterprise Strategies, in order to understand if, and to what extent, it constitutes a best practice that companies must try to align with, or whether it is a factor to be considered on the basis of real competitive differentiation. In addition, this chapter will focus on topics such as Sustainable Risk and Issue Management, Stakeholder Management, Shared Value Creation, and Sustainable Business Model Innovation.

The General Sustainable Leadership Framework



The “**Sustainability Institutions / Regulations**” area refers to the major Sustainable Development initiatives and projects by a political-institutional matrix – at a global and European level – which have been implemented over the years. Public institutions play a fundamental role in promoting sustainable development, and it is essential for companies to know the institutional and regulatory context within which their specific sustainability strategy must be defined.

The “**ESG Impacts**” area concerns the impacts of company activities on environmental, social and economic fields. This discussion will be limited to highlighting specific areas where the company can produce external effects on its stakeholders.

An in-depth analysis is conducted on non-financial reporting systems, aimed at communicating the company’s objectives, actions and results in terms of sustainability outside the company, as well as Sustainability Rating Systems.

The “**Management & Sustainability**” area deals more specifically with the issue of building capabilities for Sustainable Leadership purposes, or for the managerial approach needed to face the great challenge of Sustainability Transformation.

In fact, it requires the performance of managerial actions based on specific and defined qualities, in terms of reference values, character traits, attitudes and behaviours. Moreover, it involves articulate skills and competences: technical, managerial and soft skills.





02

The Survey

Research Design and Methodology

As addressed by the General Introduction, the scope of the **Sustainable Leadership Survey** in terms of its breadth (topics to be investigated) and depth (specific investigation objects), has been defined from the General Framework (Chapter 2) and according to the objectives of the study.

The topic selection was also influenced by the characteristics of the chosen research tool. In order to meet the research objectives, the research adopted a quantitative approach, carried out through a survey with **CAWI (Computer Aided Web Interviews)** methodology.

The investigation fields and the relative types of information requested are summarised below.

The primary objective in certain research areas was to assess the level of **Sustainability-related knowledge and familiarity** (Section 1-6), whereas in other research areas the primary aim was to carry out a **self-assessment and a senior manager assessment on values, behaviours, skills and competences** (Section 7-10).

Investigation fields and structure of the questionnaire

Investigation field / sections of the questionnaire	Requested information
Respondent Screening & Classification	<ul style="list-style-type: none">• Professional status• Professional level• Role• Functional area• Sector of activity• Type of activity• Seniority at company• Gender• Age• Country
1. Sustainability	<ul style="list-style-type: none">• Importance (personally and in professional activity)• Knowledge/Familiarity

2. Sustainability Institutions / Regulations	<ul style="list-style-type: none"> • Knowledge/Familiarity
3. Environmental Sustainability	<ul style="list-style-type: none"> • Knowledge/Familiarity • Relevance in managerial activity
4. Social Sustainability	<ul style="list-style-type: none"> • Knowledge/Familiarity • Relevance in managerial activity
5. Economic Sustainability and Governance	<ul style="list-style-type: none"> • Knowledge/Familiarity • Relevance in managerial activity • Sustainability targets among the annual objectives assigned to managers
6. Measuring and Reporting on Sustainability Impact	<ul style="list-style-type: none"> • Organisation practices • Awareness of organisation's Sustainability reporting practice
7.1. Sustainable Leadership in Practice – Values	<ul style="list-style-type: none"> • Sustainability values identification: self-assessment and organisation assessment
7.2. Sustainable Leadership in Practice – Managerial Beliefs and Behaviours	<ul style="list-style-type: none"> • Beliefs and practical behaviours self-assessment identification
7.3. Sustainable Leadership in Practice – Managerial Skills and Competences	<ul style="list-style-type: none"> • Self-assessment
7.4. Sustainable Leadership in Practice – Soft Skills	<ul style="list-style-type: none"> • Self-assessment • Assessment of organisation's Senior Management

The survey was carried out through the collection of **1,529 questionnaires**, in collaboration with **Norstat**, completed by a representative sample of managers operating in **six European countries**: Denmark, France, Germany, Italy, Poland, and Spain.

The sample has a good distribution in terms of personal and professional profile (managerial level, functional area, seniority in the company, gender, age), and characteristics of the organisations they belong to (sector of activity, type of organisation, size) when compared with the general managerial population in these countries.

The fieldwork was carried out in May 2020.

Results

A summary of the assessments contained in Sections 1 to 6, aimed at primarily investigating the level of knowledge and familiarity of the main aspects of Sustainability, is provided below.

In general terms, we can state that the overall more “popular” Sustainability topics have achieved a fairly good level of knowledge: there is a considerable record of shared knowledge of the key values of sustainability, and a widespread awareness of the urgent need to adopt a radically transformed socio-economic model compared to the current one. However, there is still a significant path that European management must follow to achieve solid Sustainable Leadership positions.

The qualifying survey results highlight several gaps in basic knowledge, mainly in areas related to Global Sustainability Framework, Sustainability Institutions/Regulations, Economic Sustainability & Governance, and Measuring and Reporting on Sustainability Impact.

Then sections 7 to 10 were carried out, aimed at investigating the state of current Sustainable Leadership practices with main reference to Identification with Values, Beliefs and Practical Behaviours, and Generic Skills (both managerial and soft). Gaps have been identified also in these mindset areas, which must be considered crucial in order to focus on the process of building capacities for Sustainable Leadership and which must be analysed separately.

A summary of the above-mentioned outputs follows.



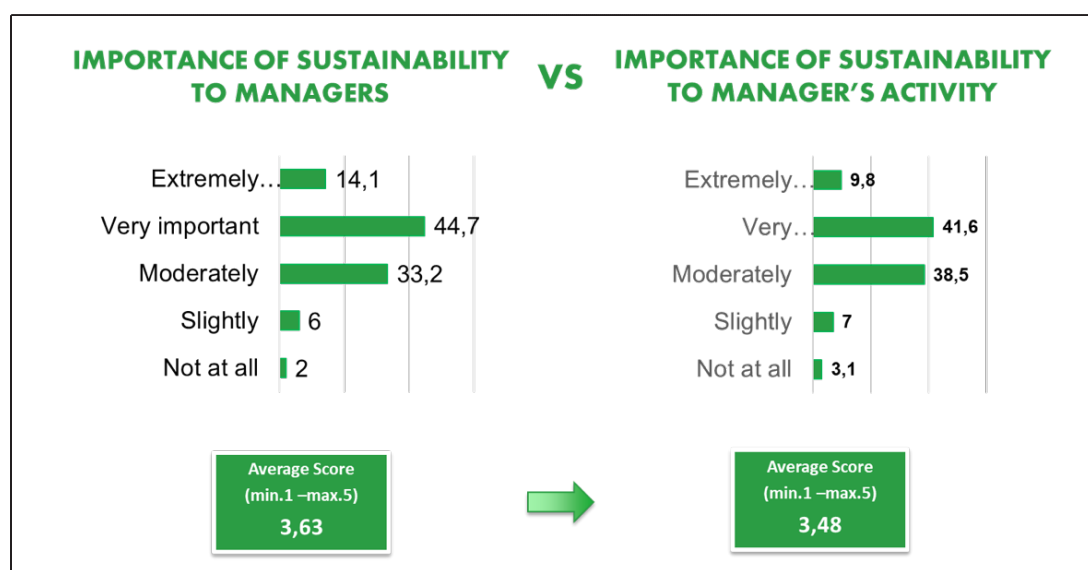
Importance and Familiarity of Sustainability

Managers tend to attribute a high importance to Sustainability, in relation to both personal perception and their managerial activities.

In particular, the importance of managerial activities is higher than reasonably expected, and the slight drop in the personal perception of its importance in comparison might indicate that organisational practices are less effective than a manager's potential attitude/motivation when it comes to Sustainability.

Q.1: How important is Sustainability to you personally? - %

Q.2: How important is Sustainability in your professional activity? - %



Regarding the respondents' level of familiarity with the 4 main macro-areas into which the Sustainability framework is structured (Environmental, Social, Economic and Governance), at an organisation level managers focus on an average of only 2 different areas connected with Sustainability; Economic and Social tend to prevail over Environmental.

This set of answers has highlighted a different reading of the General Sustainability Concepts in terms of Company Sustainability; in the latter, Economic Sustainability is considered a priority if not prevalent.

The primary concept associated with the economic aspect is strongly linked to the general assumption that “A company must perform in line with the profit model in order to ensure jobs, careers, and economic stability for all stakeholders”. This statement is strengthened by the secondary concept preferred by participants: “Social”.

It should be noted that the “Environmental” concept association with Company Sustainability is not as highly voted as expected.

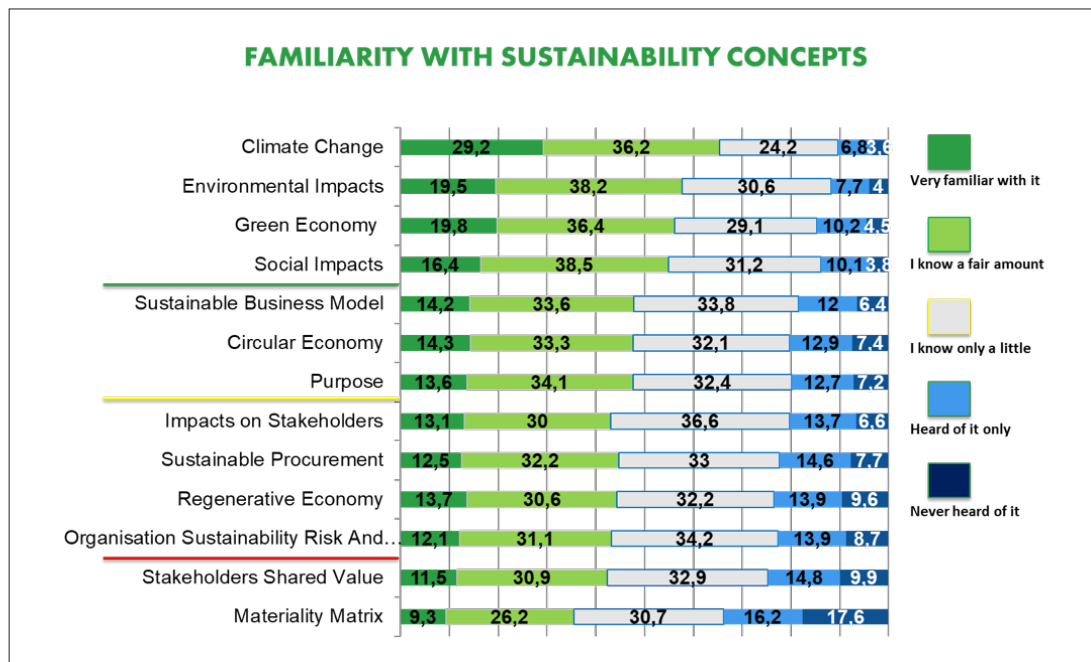
It was also unexpected and somehow surprising that only a couple of the Sustainability-related areas are taken under consideration by managers from the 4 macro-areas identified.

As a result of this study, there is clear evidence that managers seem not to be adequately aware of the entire Company Sustainability Framework in its 4 macro-areas (Environmental, Social, Economic, and Governance).

Moving on to the managers’ familiarity with some specific concepts that can be considered key to the knowledge of Sustainability, the following evidence emerges.

- The managers’ familiarity with Sustainability concepts is not homogeneous.
- We can define a ranking between the 4 clusters:
 - Cluster 1 (Climate change, Environmental impacts, Green economy and Social impacts) scores the best results and it is the only one that scores a good level of familiarity
 - Cluster 2 (Sustainable Business Model, Circular economy and Purpose) has an acceptable familiarity level
 - Cluster 3 (Impacts on stakeholders, Sustainable Procurement, Regenerative Economy, Organisational Sustainability Risks and Opportunities identification and management) shows significant levels of low to non-familiarity
 - Cluster 4 (Materiality Matrix and Stakeholder Shared Value) performs poorly, with the worst record.

Q.4: In relation to Sustainability, please rate how familiar you are with each of the following concepts. - %



A key interpretation factor could be the more strategic and less “disclosed” nature of the Cluster 4 topics (and part of Cluster 3), with a strong influence of the “Stakeholders” theme which certainly appears to be one of the least clear, along with the impact scenario of the risks and opportunities arising from this framework.

On the other side, the most widely recognised topics seem to be the ones related to publicly debated topics using more popular terminology such as “Climate Change, Green, Environment, Social, Circular, Purpose”.

Ultimately, we could thus differentiate more “popular” themes from “niche” themes which ought to be treated differently in order to be appropriately addressed in the knowledge gap analysis.

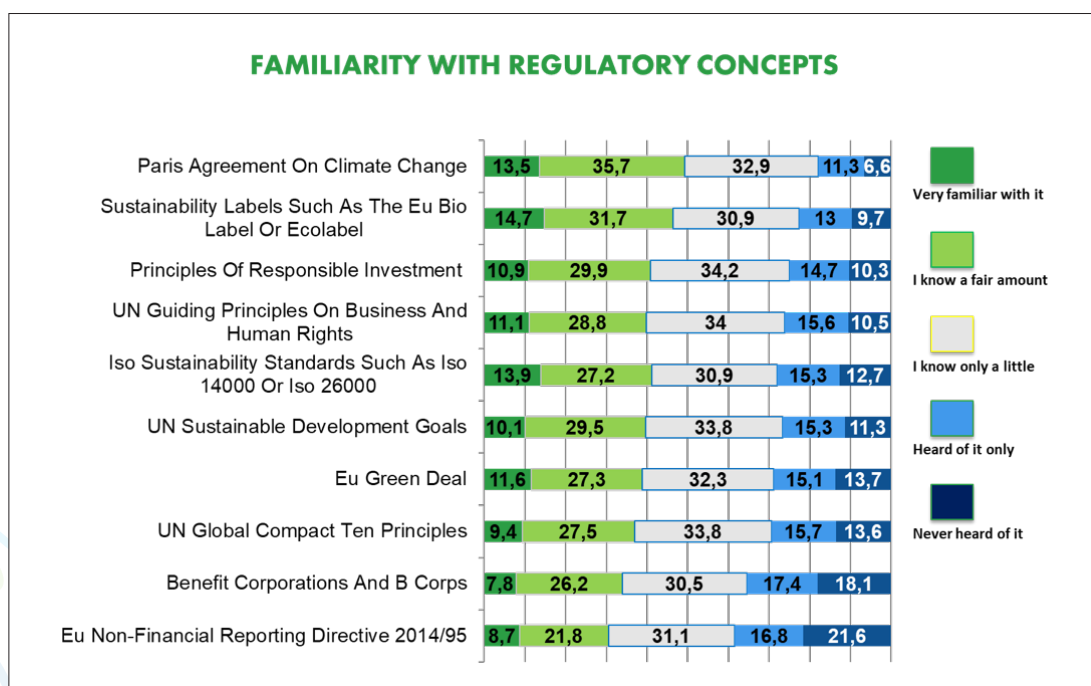
Sustainability Institutions / Regulations

When we evaluate the respondents' level of familiarity with some of the main international sustainability guidelines, regulations and standards, it is clear that a significant number of managers (from 18% to 38%) are not familiar with several regulatory concepts, highlighting a need for improvement.

The Paris Agreement on Climate Change and Sustainability Labels score the best results, whereas the EU Non-Financial Reporting Directive and Benefit Corporations and B corps are the ones with the lowest scores. UN SDGs, the European Green Deal, and the UN Global Compact's Ten Principles scored a weaker position than reasonably expected.

This is therefore an area where the knowledge gap can certainly be managed through appropriate training and information policies.

Q.5: In relation to the International guidelines, regulations and frameworks in the area of Sustainability, please rate how familiar you are with each of the following regulatory concepts. - %



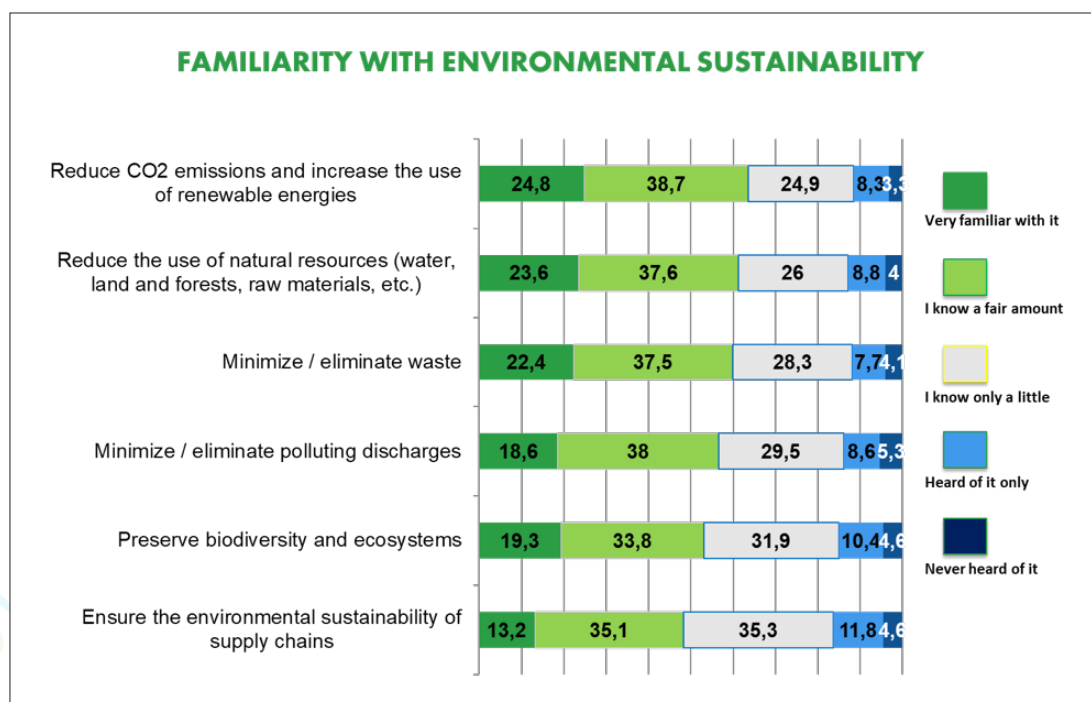
Environmental Sustainability

When it comes to Environmental Sustainability in general, the managers' level of familiarity is high and substantial. Generally speaking, 48% to 63% of respondents are familiar with concepts related to this area ("very familiar" or "I know a fair amount"), whereas only 11% to 16% of managers declare to be little or not familiar at all.

The best known concepts are Reduction of CO₂ emissions and Lower use of natural resources.

The lowest scores are related to "Ensuring Environmental Sustainability for Supply Chain", creating an impression that Supply Chain concepts are not totally clear to most respondents.

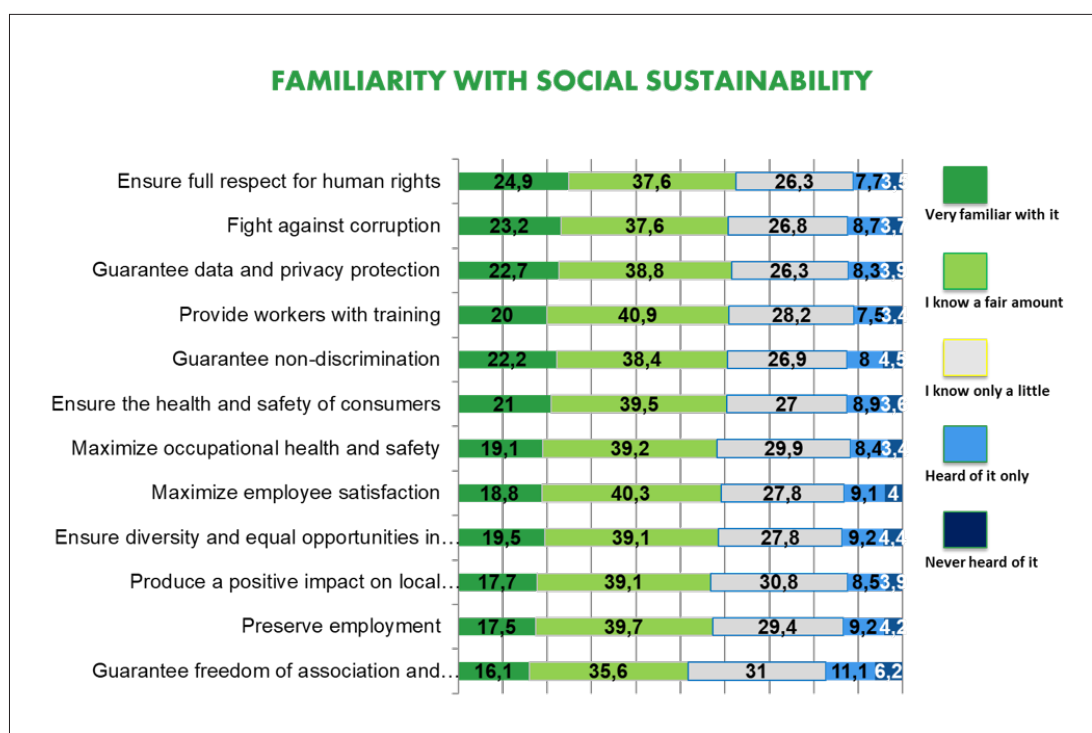
Q.6: To what extent would you say you are familiar with the following areas which are related to ENVIRONMENTAL SUSTAINABILITY? - %



Social Sustainability

The managers' level of familiarity with Social Sustainability is satisfactory and consistent. Their familiarity is on the same level as Environmental Sustainability, but with a higher level of homogeneity for all the items analysed. Several important concepts (Ensuring full respect for human rights, Fighting against corruption, Guaranteeing data & privacy protection, etc.) obtained good scores.

.8: To what extent would you say you are familiar with the following areas which are related to SOCIAL SUSTAINABILITY? - %



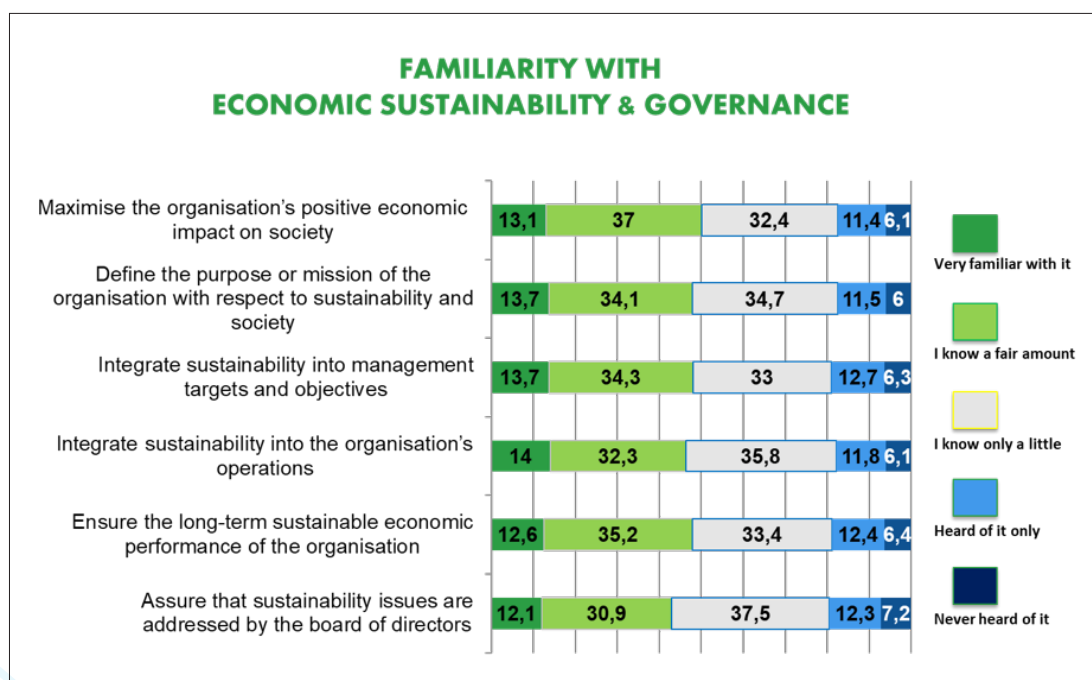
Economic Sustainability & Governance

With regards to Economic Sustainability & Governance, the managers' level of familiarity is sufficient, but lower than Environmental and Social. Acknowledgement of this major topic shall be improved.

This leads us to consider the hypothesis that the real and correct concepts of Economic Sustainability & Governance are not adequately taught or known.

On average, 1 respondent out of 2 declares to have Economic Sustainability targets in their own annual company targets.

Q.10: To what extent would you say you are familiar with the following areas which are related to ECONOMIC Sustainability and GOVERNANCE? - %



Measuring and Reporting on Sustainability Impact

It is crucial to highlight that a Sustainability Report is the output generated by the process. The prerequisites to be focused on meaningful sustainability reporting have been detailed in this section, in order to gain indications about the practice of this process:

- Consulting the company stakeholders
- Analysing what Sustainability elements matter/are material
- Identifying Sustainability risks & opportunities
- Developing a Sustainability Strategy
- Setting managerial sustainability objectives
- Sustainability performance measurement and reporting

Based on this section, the results do not show a high level of awareness of these practices: only around 50% of the respondents report that their organisation has properly carried out the various steps of the process, with less feedback than expected on stakeholders' engagement and on defining objectives, measurement and results reporting.



A loose reference framework on specific reporting practices can also be seen:

- Only 1 manager out of 3 is aware whether the organisation they work for has published a **Non-Financial Report** or an **Integrated Report**; nearly 50% of these say the report is **Mandatory**, whereas 41% state that it is **Voluntary**.
- Around 50% of managers (who are aware that their organisation is publishing a non-financial report or an integrated report) seem to know which reporting tools, guidelines or due diligence their organisation applies. The UN Global Compact Principles seem to be the best known.

Considering the relatively high amount of “I don’t know” answers (around 20%) we can state that internal communication policies on these particular aspects are not very clear/prevalent.



Q.13: Has your organisation implemented any of the following measures to improve its environmental, social and economic Sustainability performance? - %

IMPLEMENTATION OF SUSTAINABILITY MEASURES IN THE ORGANISATIONS

	YES 	NO 	DK ??
Consult the company stakeholders	50,4	27,5	22,1
Analyse what Sustainability elements are material/matters	53,3	29,2	17,5
Identify Sustainability risks & opportunities	54,9	26,9	18,2
Develop a Sustainability Strategy	53,7	27,9	18,4
Setting Managerial Sustainability objectives	47,7	31,3	21
Sustainability performance measurement and reporting	46,7	31,8	21,5

Q.16: Which among the following reporting tools, guidelines or due diligence does your organisation apply? - %

IMPLEMENTATION OF SUSTAINABILITY MEASURES IN THE ORGANISATIONS

	YES 	NO 	DK ??
The United Nations Global Compact	63,8	21,5	14,7
The OECD guidelines for multinational enterprises	48,8	34,0	17,2
ISO 26000	52,9	30,0	17,1
Global Reporting Initiative G4	47,4	31,1	21,5
Other international standards	54,2	25,3	20,5

We now focus on the section dedicated to Sustainable Leadership in practice (Chapter 4.7.). This investigates – through self-assessment and, in some cases, assessment of the companies' senior managers – Values, Beliefs and Behaviours, Managerial Skills and Competences, and Soft Skills.

It should be shown that the self-assessment technique could generate results bias due to the desirable response phenomenon.

Sustainable Leadership in Practice | Values

The so-called **Sustainable values** have not yet penetrated the corporate environment as expected, thus not yet determining an adequate level of emotional commitment required for the full implementation of Sustainable policies. Despite a qualified presence of Sustainable Leaders with strong inspirational connotations, true involvement (and the consequent driving forces) behind a radical change of course and thus business models, is not sufficiently prevalent.

Our study has proposed a set of key values which we strongly suggest evaluating as a tool to further develop this critical area (Section 2.5.2).

Below is a summary of the evidence produced in this area.

Shifting values, attitudes and behaviours represent the ground on which Sustainable growth is based, and whose long-term trends will play a key role in facilitating or hindering the transition.

Therefore, with this section we enter a mindset-oriented part of the survey that we consider crucial in order to analyse the gaps in the process of building Sustainable Leadership.

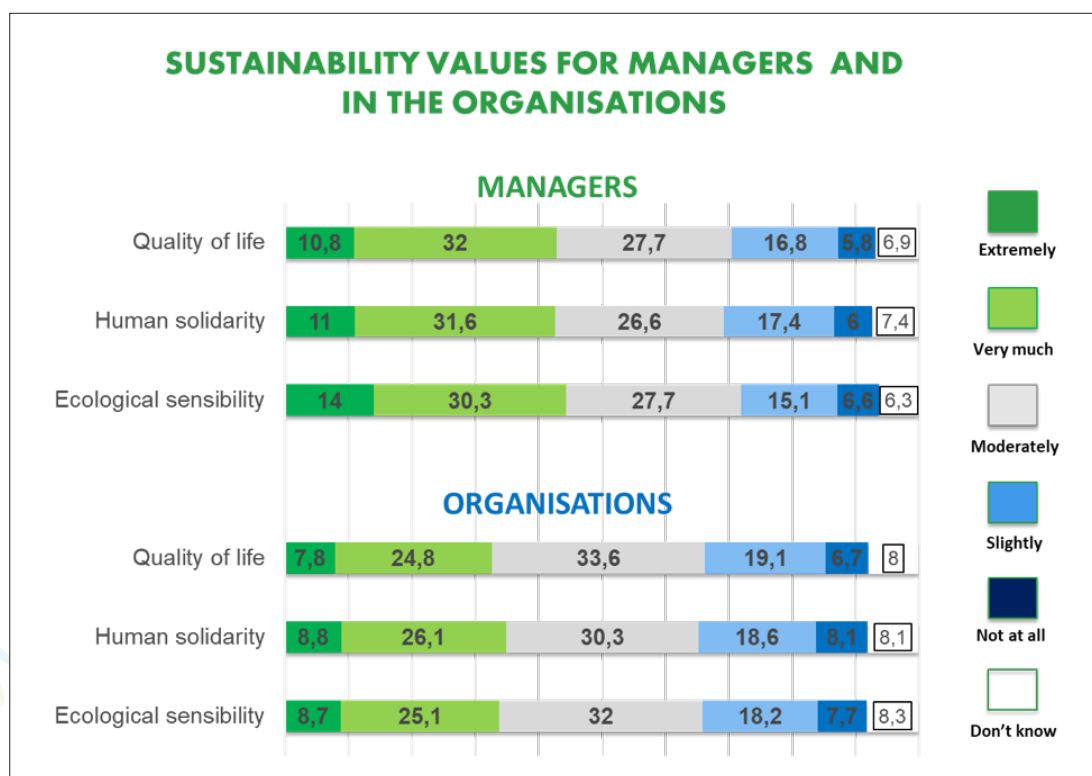
When asked to state levels of identification with the proposed Sustainability Values, managers show a moderate connection with them and, as individuals, a higher connection in comparison to what is achieved by the organisations; this might indicate, again, a positive attitude that is not fully made use of by companies.

On average, between 42 and 44% of managers identify themselves with Sustainability Values ("very much" or "extremely"), which cannot be considered a good result score. The same data drop at around 33-35% when they are referred to organisations.

These results shall not be considered positively, since the motivation needed for a profound transition process must be very strong and the identification with these values should be widely spread. Therefore, this area shows a possible gap onto which proper focus and concentration must be paid.

Q.18a: With respect to Sustainability values, how much would you identify with the following statements?

Q.18b: With respect to Sustainability values, how much would your organisation identify with the following statements?



Sustainable Leadership in Practice | Beliefs and Behaviours

The results on the **Sustainable Beliefs & Behaviours** practice are not always satisfactory, both in terms of the managers' self-assessment and their assessment of their company's senior management and the general environment of the organisation they belong to.

A methodological principle which can guide a policy of intervention in this area is indicated in the "Sustainable Leadership Pyramid" model to which our study relates. It is important to reiterate that this study also offers grids and equipment to enhance these skills, to contribute towards a proper setting for training policies.

Below is a summary of the findings in this area.

The scientific model to which this survey section is linked is Avery and Bergsteiner's "Sustainable Leadership Pyramid", which identifies Sustainable Leadership practices as opposed to the "Shareholder first" practices.

These approaches are diametrically opposing and provide distinctive behavioural sets. Sustainable practices are set up in a pyramid model which guides the managerial transition through three progressive steps: ***Foundation practices, Higher-level practices, and Key performance drivers***. In the survey design we selected 13 of the 23 behavioural approaches identified by this model and we found the following outcome.

"Sustainable" beliefs and behaviours as opposed to the "traditional" mindset

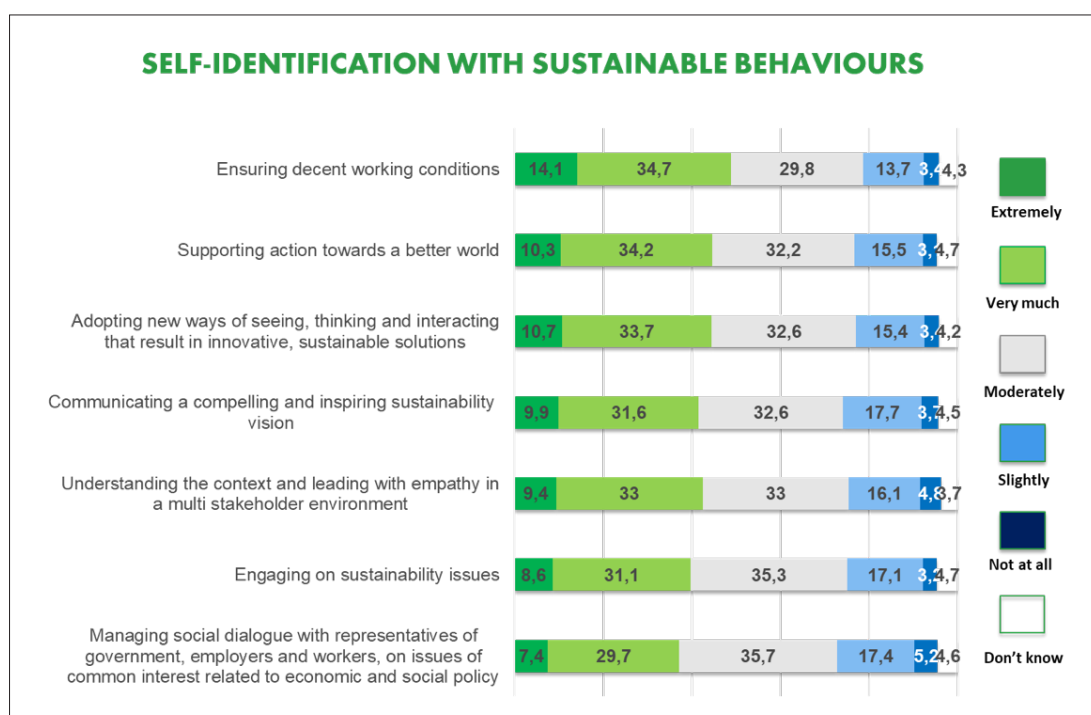
- In general, managers tend to position themselves into the "Sustainable" area as opposed to the "traditional" mindset (between 58% and 73%).
- No major gaps are recorded in attitudes between the "Foundation" approach and the "Higher-Level" approach on which, according to the model, it should be appropriate to focus after the first phase.
- On the other hand, a critical success factor is still under development: the "Emotionally committed staff" is yet to become a solid asset.

In the second part of this section we investigated the level of self-identification with specific sustainable behaviours.

Results show that 37% to 48% of managers provided a positive response, but here too we think that the level of self-identification with a sustainable leadership mindset could probably be significantly higher.

The evidence highlighted by the survey above, along with the main points given by the reference model, provide us with qualitative and quantitative material that is useful in the process of building sustainable beliefs and behaviours.

Q.20: To what extent would you say you recognise yourself in the following behaviours?



Sustainable Leadership in Practice | Managerial Skills and Competences

In terms of "Change management for Sustainability Leadership", our survey addresses specifically the "*Greening the Jobs*" framework, with focus on *Generic Skills* (both *Soft and Managerial*).

In the area related to **Generic Managerial Skills**, the score card highlighted a wide area for improvement.

- Less than 40% of managers self-rate positively, whereas more than 21% believe they are performing poorly or below average.
- Also, the incidence of quite flat, similar average scores across the various skills may indicate the respondents' inadequacy or lack of awareness to recognise the differences between the items.

We believe that these results indicate quite clearly how respondents assess themselves as not having the adequate sustainability managerial skills / competences required.

In this context, our study suggests a set of areas of intervention:

1. Ability to identify the main relevant impacts, both positive and negative, that the organisation generates on the entire ecosystem of stakeholders
2. Ability to see the Environmental, Social, Economic and Governance risks for the organisation and have the entrepreneurial skills to identify Environmental, Social, Economic and Governance opportunities for the organisation
3. Ability to develop and implement sustainable business models, that are designed not only to generate profit, but to integrate people and planet sustainability into long-term business strategies
4. Sustainability Communication skills, both internal and external, and cascading information to a wide range of professionals
5. Social dialogue and partnership ability with government, employers and worker representatives, on issues of common interest related to economic and social policy
6. Capacity to measure, account for and report sustainability.

Sustainable Leadership in Practice | Soft Skills

In order to properly investigate the Soft Skills area, this research is linked to the scientific contribution of Ashridge's research "Developing the Global Leader of Tomorrow", that defines three clusters of skills required by senior leaders for sustainability: context, complexity and connectedness.

- *Context Understanding* is the least solid area of Soft Skills among the three examined: around 40% in terms of "positive assessments" (good + excellent), with a strong presence of "average" responses (around 35%). Managers tend to rate both themselves and senior management equally.
- Meanwhile, when it comes to *Complexity Management*, the "positive" ratings increase but the self-rating is definitively higher (good + excellent around 50%) and the rating for senior management is significantly lower (about 45%).
- In *Connectedness Management*, the positive ratings are around 47%. The gap between self-assessment and senior assessment is not significant.

This suggests the idea that middle managers believe their senior management should be doing more and better Complexity management and, to a lesser extent, Connectedness actions.

Context understanding could be the priority training area for middle and senior management.

The results highlight a clear score balance for both the self-assessment and for senior management in most of the items; this generates an important assumption:

Middle managers probably do not have all the necessary tools or know-how to discern the differences between the various skills related to the complete set of skills needed for Context Understanding, Complexity Management and Connectedness Management.

As an overall result, the framework proposed to investigate the area of soft skills (context understanding, complexity management, connectedness management) can also be conveniently used to plan accurate training actions.

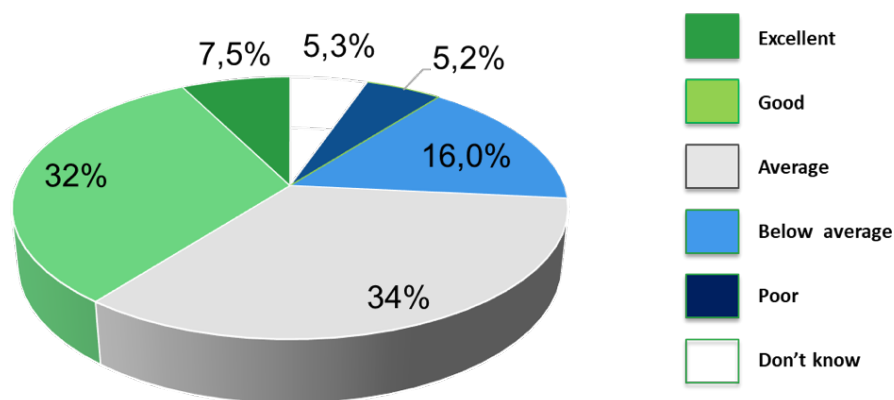
Generic Skills Summary

The following summary is provided as an overview of the Generic Skills (both Managerial and Soft):

- **Self-assessment.** In terms of Managerial Skills, positive responses (good or excellent) are below 40%, highlighting a need for adequate managerial training. In Soft Skills positive responses are a little higher, reaching 46%, but still suggests a need to improve such skills.
- **Senior management assessment.** Only 43% of answers on Soft Skills are positive; which further confirms the existence of a possible cultural gap to be filled with appropriate managerial training.
- As a **main statement**, the fact that around 50% of skills assessments (managerial or soft) are scored as medium/low, might highlight the important need to fill a gap area on both managerial and soft skills.



MANAGERIAL SKILLS & COMPETENCES SELF-ASSESSMENT - SUMMARY



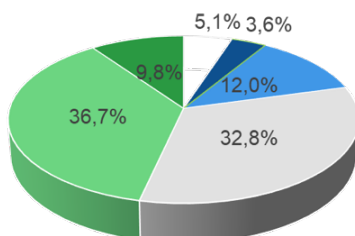
Q.21: How do you assess yourself in relation to the following skills & competences?

Q.22a: How do you assess yourself in relation to the following skills?

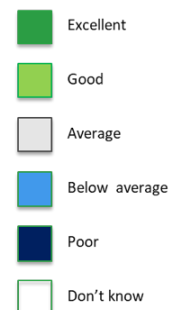
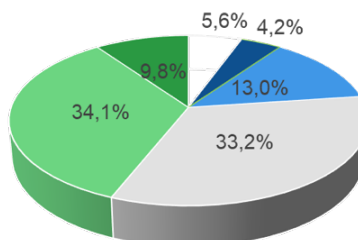
Q.22b: And how would you rate the Senior Management of the organisation you work for against the following skills?

SOFT SKILLS SUMMARY

SELF-ASSESSMENT Summary



ASSESSMENT of SENIOR MANAGERS Summary



Comparison of Countries

This research was conducted on a sample group of 1,529 European managers equally distributed across 6 countries: Denmark, France, Germany, Italy, Poland and Spain. This composition of the sample group allowed us to carry out a comparative analysis between the various countries.








As a general statement, the research found no particularly significant differences between countries in terms of knowledge of the various aspects of Sustainability and in terms of their values, behaviours, managerial skills and soft skills.

There is a slightly greater awareness, familiarity, knowledge of the themes and value orientation in Latin countries, particularly in Spain and Italy; while with regards to the possession of managerial skills and soft skills, the differences tend to decrease.

Q.6 - To what extent would you say you are familiar with the following areas which are related to Environmental Sustainability?

Q.8 - To what extent would you say you are familiar with the following areas which are related to Social Sustainability?

Q.10 - To what extent would you say you are familiar with the following areas of Economic Sustainability and Governance?

FAMILIARITY WITH MAIN CONCETS RELATED TO ESG IMPACTS							
Mean score (min.1-max.5)							
							
ENVIRONMENTAL	3,56	3,50	3,62	3,59	3,54	3,71	3,60
SOCIAL	3,60	3,55	3,64	3,64	3,55	3,71	3,62
ECONOMIC	3,36	3,38	3,34	3,37	3,28	3,44	3,35

We therefore highlight an important implication in terms of defining policies aimed at promoting the development of Sustainable Leadership: as a matter of fact, these policies can be effectively defined and implemented at European level, and a country-specific customisation is not required.

Conclusions

The transition from “Traditional Leadership” to “Sustainable Leadership” evidently involves a change management process, requiring a strenuous journey of capability-building.

This study is fully inserted in such context, with scope:

- To reveal the preparedness of European managers for the transition, both in terms of knowledge of the various aspects of Sustainability and in terms of Values, behaviours, managerial skills and soft skills;
- To identify any gaps on which to base a capacity-building policy of Sustainable Leadership.

Results of this research have highlighted that major qualitative and quantitative work is yet to be done in order to build a solid “Sustainable Leadership” approach, capable of influencing and managing the so-called “Sustainable Transformation”; the same results have clearly shown the specific action areas to be considered when defining Development Plans and Projects.

Furthermore, the results comparison between the countries involved has shown that there are no significant differences, and that these programmes can thus be suitably rolled out at European level.

Lastly, this research has defined a general reference framework on topics relating Business Sustainability, useful both for creating Sustainability Policies, and for defining a sustainable managers’ mindset.

Finally, this research has selected some reference scientific models that are useful in a call-to-action on Capacity Building in areas such as Values, Beliefs and Behaviours, Generic Managerial and Soft Skills.



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Co-funded by the European Union

The project "Sustainable Leadership for a Fair and Green Transition"
has received funding from the European Commission under grant
agreement No VS/2019/0338.

This document reflects only the author's view and the European
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