



The theoretical model

The Better Business Scan translates the theoretical framework outlined in Van Tulder's book *'Getting All the Motives Right'* (2018) into an online tool. The starting point of the framework are the motives that businesses have for sustainability, and the business case (intention) and business model (implementation) that companies adopt. This helps to understand the transitions that companies can make to higher levels of corporate sustainability and the motivational barriers that have to be tackled.

For companies that want to realize higher levels of sustainability, there is a dynamic between inside-out perspectives (e.g. performance-driven strategy) and outside-in perspectives (e.g. SDGs). The interaction between these two perspectives defines the success of the transition towards higher levels of corporate sustainability. Regardless the perspective, sustainability begins with intention. The intention consists of two types of motivations. Primary motives relate to the origin of the motivation, while secondary motivations define the aim and goal of the motivation. The primary motives can be intrinsic, extrinsic or mixed. Intrinsic motivation comes from individuals themselves (e.g. passion). Extrinsic motivation is linked to external influences and includes penalties and rewards. Secondary motivations present the dynamic and direction of the motivation. This can be tactical (short-term) or strategic (long-term).

Primary and secondary motivations interact and create a behavioral context which defines what drives an organization and why. There are four basic attitudes that result from the interaction between both motivations: passive, reactive, active and proactive. Passive is the classic business case and sees sustainability as a direct motivation for financial profit, for example through lower costs. The reactive attitude represents the defensive business case and approaches sustainability as a means to avoid financial loss. The active attitude is linked to the strategic business case. Here, sustainability is important for the long-term competitive position. Finally, the proactive attitude is characterized by the systemic business case in which system transitions for sustainability are envisioned. The four attitudes are depicted in Figure 1.

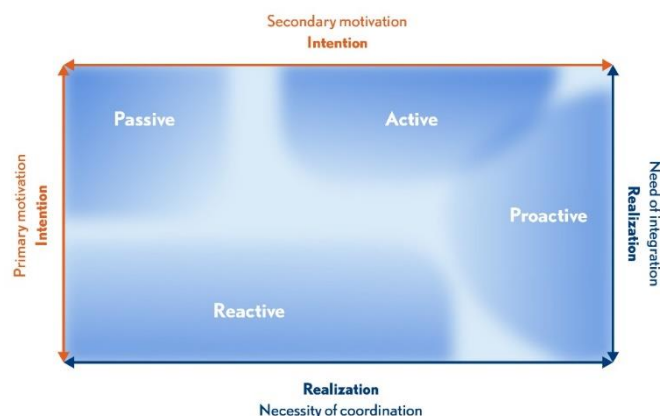


Figure 1. Basic attitudes for intention and realization

Similarly to the basic attitudes of intention, there are four typical stages of corporate sustainability: passive, reactive, active and proactive (see Figure 1). While the primary and secondary motivation scales together define the intention (i.e. the business case), the coordination and integration scales together determine the realization (i.e. the business model). Integration is the alignment of all elements of a business. The need for integration can be low, medium or high. Coordination defines how much coordination is necessary to operate. Here, a distinction can be made between low, mixed, and focus.

Research shows that it is often difficult to realize the intentions. Companies that try to make the transition to higher levels of sustainability find themselves in a minefield of intentions and realities (Van Tulder et al., 2014; Van Tulder, 2018). Mintzberg and Waters (1985) argued that moving from the intended to the realized strategy is not just a process of planning. There are a lot of non-intended effects and consequences. This results from the barriers that companies encounter in their transition to higher levels of sustainability. More than a hundred tipping points can be identified. Not addressing these tipping points will make the transition fragmented and poorly managed (Van Tulder, 2018). There are five dominant transition routes that are characterized by their own barriers: the activation route, the responsive route, the capability route, leapfrog route and the collaboration route (see Figure 2). Each route has its own conditions, stipulations, and challenges (Van Tulder, 2018).

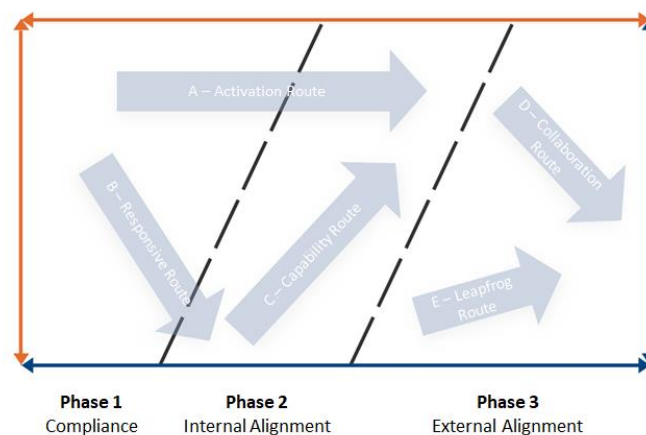


Figure 2. Five transition routes

For passive companies, a trigger event precedes the transition along the activation or responsive route. Companies on the activation route (from inactive to active) are intrinsically motivated to work on sustainability. The success of the transition depends on the degree to which the sustainability activities will be integrated throughout the whole company. The responsive route is taken by companies that are extrinsically motivated for sustainability. Stakeholder pressure and regulation are often the triggers to move away from the passive attitude. The challenge on this route is to take responsibility and change the business model. Reactive companies can become more active (capability route) or even immediately move towards a proactive attitude (leapfrog route). Companies on the capability route decrease their focus on reputation and costs. Instead, the sustainability activities become more strategic and integrated throughout the company. Developing a coherent sustainability strategy is the main challenge. The leapfrog route is positioned in-between the capability and collaboration route. Companies on this route spend little time on internal alignment (capability route) and start to work on external alignment. The challenge is to establish strategic partnerships that fit with the core activities of the company. However, it is more common that reactive companies move towards an active

attitude first. Active companies can take the collaboration route. These companies have integrated the sustainability activities in the company but realize that addressing sustainability challenges requires collaboration with other parties. Finding the right partners that fit with the business is the main challenge for these companies.

Each journey brings along leadership challenges (see Figure 3). The most effective leadership style depends, among others, on the transition route a company finds itself on. Passive organizations are often based on transactional leadership. This is a classical style: the leader rewards or punishes the follower. Companies on the responsive route can benefit most from charismatic leadership. A charismatic leader inspires followers with a strong vision. The capability route fits with servant, agile and strategic leadership. Servant leaders support their followers in their personal and professional development. The leader creates a learning environment in which the employees develop the capabilities required for sustainability. Agile leaders take the role of a coach that supports the autonomous teams in the company. Leaders collaborate with the employees and are not afraid to address societal issues. Strategic leadership does not focus on leadership 'within' the organization, but leadership 'of' the organization. The strategic leader incorporates sustainability into the core strategy, creates a purpose for the company and develops a new, broader value proposition. Important leadership styles on the activation route are 'ethical and moral' and 'strategic and visionary' leadership. Ethical and moral leaders lead by example and stimulate sustainable behavior. In strategic and visionary leadership, leaders inspire their followers and develop a clear vision that gives meaning to the organization. The challenge is to strategically connect this vision with the value proposition. For the collaboration route, the most promising leadership styles are transformational, thought and connected leadership. Transformational leadership involves inspiring followers, initiating organizational change and addressing the 'root-causes' of societal issues. Thought leaders are recognized as authorities in a certain field. These leaders do not only manage their employees but put societal issues on the agenda and take the lead in a sector or on a topic. Connected leaders seek the right partners to address to most material issues. The leadership challenge is to connect these issues to the core strategy and to make sure that there is internal and external alignment. Finally, companies on the leapfrog route benefit from a combination of servant and connected leadership. These leaders support their followers, connect with external parties and embrace societal goals, such as the Sustainable Development Goals, to facilitate the direct transition from the reactive to the proactive attitude. However, the risk is that the goals are embraced but not incorporated into the organization.

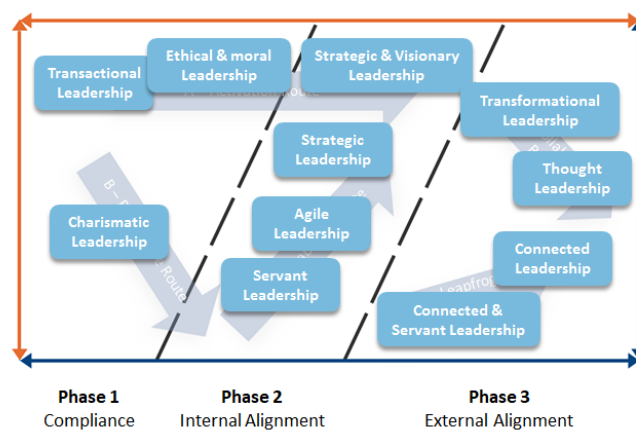


Figure 3. Leadership styles and challenges