# 4

# MOTIVATION FOR THE SUSTAINABILITY MINDSET

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## Part 1: the theories

### *Background*

According to the triple bottom line in corporate sustainability proposed by John Elkington (2004), the traditional bottom line (i.e., profit) is an important element alongside the environmental and social bottom lines. This clearly spells out that achieving corporate sustainability should benefit companies, environment and society. As making profit out of business is one of the three pillars in corporate sustainability (the other two are environment and society), for many business executives making profit (or benefits to companies) has been a strong motivation and legitimate mission to create and maximize shareholder value. Unfortunately, there is always a struggle between the short-term and the long-term because current sacrifices may be needed in exchange for benefits in the longer run: business sustainability is about time (Bansal and DesJardine, 2014). Therefore, motivation is actually a complex issue for practicing sustainability that is worthy of in-depth analysis.

Motivation is of utmost importance in the sustainability mindset model (Kassel, Rimanoczy & Mitchell, 2016) because it leads to business leaders' actions and then to their organization's actions. In the four different dimensions of the sustainability mindset model, namely Ecological World View, Systems Perspective, Emotional Intelligence and Spiritual Intelligence, each of them has its respective dimensional contexts of knowledge (thinking), values (being) and competency (doing). The real impact rests on the actual behavior, i.e., doing. In other words, even when business leaders and their subordinates are well versed in these dimensional contexts, it does not necessarily produce desired actions. The missing link is the motivation, in which there are many internal and external factors that could drive or deter actions. As practicality is at the top of the agenda in management education, most students are eager to learn not only the theories but also their application. Therefore, exploring motivation so as to bridge the gap between mindset and behavior would seem to be crucial in management education for applying concepts to practice.

## *Scope and limitations*

There are numerous frameworks and models of motivation, and this chapter will not describe each of them in detail. Instead, a holistic view is adopted encompassing different drivers (motivators) in motivation. For instance, although "motivation" is a subcomponent of the emotional intelligence content area in values dimension (Kassel, Rimanoczy & Mitchell, 2016), it is more about the intrinsic motivation in the sustainability mindset model. It refers to "the passion to work for reasons that go beyond money or status or a propensity to pursue goals with energy and persistence", but the extrinsic motivation like rewards and punishments also play an important role. In addition, motivation can be at the individual level and at the organizational level, so there are different sets of drivers to be considered before taking action. The selected theories and models cover the motivational issues at both individual and organizational levels and provide insights from different perspectives.

## *ESG reporting as a case study*

A case study approach is appropriate for students to grasp an abstract concept like motivation. Using Environmental, Social and Governance (ESG) reporting, cases can demonstrate the complexity of motivational issues, which allows students to experience the tough journey from a mindset to an action. ESG reporting is also known as sustainability reporting or corporate social responsibility (CSR) reporting, and in many countries it is already a semi-mandatory ("comply or explain") or mandatory requirement for listed companies to issue every year (e.g., U.S., U.K., Australia, China, South Africa, Singapore, Hong Kong, etc.; Hong Kong Exchange, 2015). ESG reporting is used as a case study to explore the motivational problem, especially with small and medium-sized enterprises (SMEs), because most of them may not have sufficient motivation to do ESG reporting due to lack of knowledge and vision (Bansal and DesJardine, 2014). The case study approach makes it easier for students to understand how the theories and concepts are applied in the real world.

## *A brief history of ESG reporting*

ESG reporting addresses the economic, environmental and governance issues. It is used to internalize and improve an organization's commitment to sustainable development in a way that can be shown to various stakeholders (Ioannou & Serafeim, 2014). Social reporting first appeared in The Netherlands and France in the 1970s, and this paved the way for environmental reporting in Austria, Switzerland and Germany (Buhr, 2007). In the 1980s, the negative screening approach based on social ethical performance (i.e., excluding companies based on certain criteria) was adopted by the UK and the US ethical investment funds (Harte, Lewis, & Owen, 1991). The US-based Coalition for Environmentally Responsible Economies (CERES) developed the CERES/Valdez Principles for a set of environmental reporting guidelines after the Exxon *Valdez* disaster in 1989 (Le Lievre, 2009). From the 1990s, riding on the trend of the development of other non-financial measures of firm value (e.g., Kaplan and Norton, 1992), the disclosure became more comprehensive. A well-known retailer, Body Shop International, published its first-ever Values Report in 1995, exemplifying the trend (Sillanpää, 1998). The United Nations Environment Program (UNEP) and CERES launched the Global Reporting Initiative (GRI) in 1997 to develop the triple bottom line reporting guidelines, aiming to make sustainability reporting as rigorous as financial reporting. A growing number of companies began to voluntarily report on sustainability issues starting in the 1990s (Burritt & Schaltegger, 2010). During the 2000s, the growing concern about social inequality and climate change put pressure on companies to disclosure their ESG issues (Kolk, 2003). The financial tsunami in 2008 elicited a general feeling of distrust regarding companies' ability to self-regulate (Roth, 2009), and different stakeholders demanded governments to require more stringent sustainability reporting.

The United Nations Principles for Responsible Investment (UNPRI) launched the sustainable stock exchange initiative, and UNPRI's investors asked the top 30 stock exchanges worldwide to encourage firms to adopt integrated reporting (PRI, 2006). In 2009, South Africa regulators decided to adopt mandatory integrated reporting, with the issuance of the King III Report on Corporate Governance. As of 1 March 2010, the Johannesburg Stock Exchange required companies to submit integrated ESG reports, the first of its kind (Eccles & Saltzman, 2011). Following the Gulf of Mexico oil spill in April 2010, the US government raised expectations for regulation on mandatory sustainability disclosure (White, 2012).

### *The impact of mandatory ESG reporting*

As per the research conducted by Ioannou and Serafeim (2014), who analyzed country and firm-level data from 58 countries, the results show that after the adoption of the mandatory sustainability reporting laws and regulations, the social responsibility of business leaders increases, and both sustainable development and employee training become a higher priority for companies. In addition, corporate governance and ethical practices are enhanced that reduce bribery and corruption and increase managerial credibility (Sullivan, 2009).

Doane (2002) believes that reporting should be regulated by the state in order to protect the citizens and to ensure that the appropriate information is provided. This belief was exhibited later, when Dawkins and Ngunjiri (2008) did a descriptive and comparative analysis of corporate social responsibility reporting in South Africa. In general, the frequency and level of ESG reporting in South African companies was significantly higher than that of the Fortune Global 100, which indicates a greater willingness to convey social responsibility in their disclosure practices. The success can be largely attributed to legal and regulatory measures that compel legitimate business practice (Dawkins and Ngunjiri, 2008).

Despite the successful implementation of mandatory ESG reporting in South Africa, businesses in South Africa have complained that the reporting requirements are too onerous and costly (Rensburg & Botha, 2014). In addition, some companies are disingenuous about sustainability reporting and provide superficial and/or misleading information, as demonstrated by high-profile scandals in recent years, for instance, Parmalat and Enron cases (Dawkins and Ngunjiri, 2008). The disingenuous act to report ESG information may be more serious for SMEs because most of them lack awareness and knowledge of sustainability (Bansal and DesJardine, 2014).

## *Global sustainability challenge*

There is substantial growth in the number of companies reporting their ESG activities. Corporate Register observed that the number of companies that produced CSR-sustainability (or ESG) reports had been growing from less than 2,000 in 2002 to more than 10,000 in 2015 (CorporateRegister.com). The increasing number of companies reporting ESG issues clearly shows the general acceptance of the triple bottom line (Elkington, 1997) as a mainstream practice, though there are a few opposing political views like libertarian and nationalism. The concept of the triple bottom line (economic, social and environmental accounting) requires that a company's responsibility expand to other stakeholders rather than just the shareholders. ESG reporting is a form of commitment made by commercial enterprises towards corporate social responsibility, taking care of social and environmental aspects in addition to economic profit. However, many CFOs and other senior executives are lax about reporting ESG issues. In fact, sustainability reporting has not yet penetrated the corporate world widely or deeply (Hoffelder, 2012).

Hong Kong is a major financial centre in the world and was ranked the first in the global initial public offering (IPO) rankings (*The Wall Street Journal*, 1 December 2015). Taking a closer look, the ESG reporting situation of Hong Kong is similar to that of the West. According to the Hong Kong Exchange (2011), many Hong Kong listed companies were not yet ready to report ESG issues. Hong Kong Exchange (2012) commented that among the 106 responses from the listed companies to the *Consultation Paper on ESG Reporting Guide* (published in December 2011), only 20 respondents (19%) were from issuers. This represents approximately only 1.3% of Hong Kong issuers.

Many companies initiate reporting in order to avoid being perceived as laggards in their sector. Others undertake reporting as a public-relations exercise or because their corporate customers have begun peppering them with questions about ESG performance – these are all defensive approaches (MacLean and Rebernak, 2007). Defensive approaches are a problem because the need to report is not linked to core business strategy and may lead to "green washing".

Though more and more companies report their ESG issues, the impact is superficial, not enough to create the real change of business discourse and paradigm (Ramus and Montiel, 2005). From the consultancy experience of the author, many senior executives of SMEs recognize and agree to the importance of ESG issues, but do not feel the urgency. The author considers that the reason is related to the mindset.

The mindsets are obstacles, a deep and structural challenge. The mindsets are heavily framed by the conventional education system that is overweighting economic benefits (i.e., shareholder orientation and short-termism; Amaeshi and Grayson, 2009). ESG reporting is generally viewed as a longer-term issue, and its urgency is not as immediate as getting a deal done yielding a huge profit.

### *Specific challenge to SMEs*

ESG reporting became mainstream in the last two decades, but it has not trickled down to many smaller companies (Hoffelder, 2012). The situation is worse in SMEs as ESG activities in the companies have still received relatively little attention, and there is a lack of know-how and experience to support the systematic integration of ESG practices in the management process (Dukauskaite, Jonkute, & Staniskis, 2011). ESG issues are complex and uncertain in terms of their boundary (i.e., what is in and what is out), which can make them very difficult to articulate (Amaeshi and Grayson, 2009). In addition, especially some SMEs do not think ESG issues relate to their core business and are reluctant to report due to the added costs and administrative burden, as per the *Consultation Conclusions on ESG Guide* (August 2012) issued by Hong Kong Exchange.

### *Theories and models for analysis*

In order to explore the motivational problem, some relevant theories and models are selected for investigating the different, both internal (intrinsic) and external (extrinsic), drivers. The intrinsic motivators act as a "pulling force" while the extrinsic motivators act as a "pushing force". It is important that these forces are complementary to drive action. The following models offer a more comprehensive view on the nature of motivation, both on the individual and corporate levels. The models on the individual level can be used to deeply understand decision makers' concerns, which in turn will affect organizational behavior. Therefore, the motivators at individual and corporate levels influence one another when making decisions.

### *Fogg's Behavior Model*

Fogg's Behavior Model (Fogg, 2009) focuses at the individual level (Figure 4.1). It shows that three elements – Motivation, Ability and Trigger – must converge at the same moment for a behavior to occur. Motivation and ability can be traded off (i.e.,

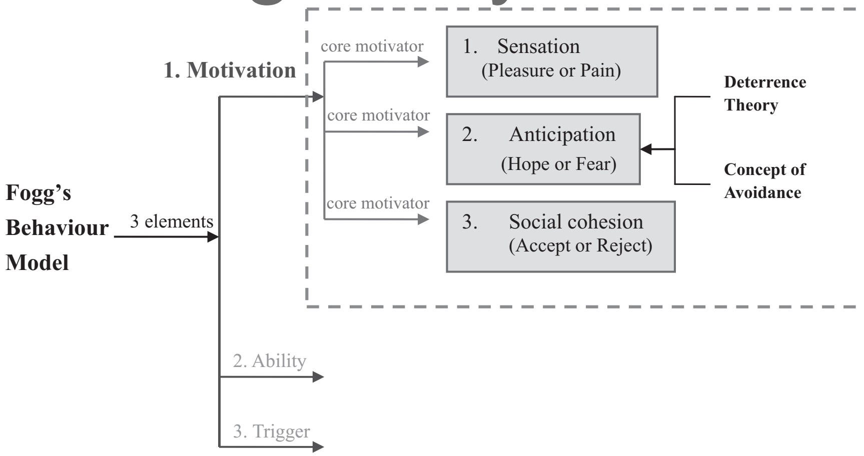


**FIGURE 4.1** Combination of Fogg's Behavior Model, deterrence theory and concept of avoidance

if motivation is very high, ability can be low(. The focus of the sustainability challenge in this analysis is motivation, so the element of motivation in Fogg's Behavior Model will be examined in detail.

Fogg's Behavior Model highlights three core motivators: (1) Sensation, (2) Anticipation, and (3) Social Cohesion. Each of these motivators has two sides: Pleasure/Pain for Sensation, Hope/Fear for Anticipation, and Acceptance/Rejection for Social Cohesion.

According to Fogg (2009), the core motivator #1, Sensation (Pleasure/Pain), is an intrinsic factor, it is a primitive response and it functions adaptively in the activities related to self-preservation and propagation of genes. The core motivator #2, Anticipation (Hope/Fear), is characterized by anticipation of an outcome (incident). It is an extrinsic factor because it is the result of an incident. Hope is the anticipation of something good happening, whereas Fear is the anticipation of something bad (e.g., loss). The core motivator #3, Social Cohesion (Acceptance/Rejection), controls much of social behavior and is an extrinsic factor. People are motivated to do things that win them social acceptance or avoid them being socially rejected. Both sides of each core motivator can either facilitate or prevent certain behaviors.

## *Deterrence theory and the concept of avoidance*

Deterrence theory and the concept of avoidance are used for further analyzing the core motivator #2, Anticipation (Hope/Fear). Classical deterrence theory was first formulated by Beccaria (1809) and Bentham (1843) and holds that crime is deterred by threat of punishment. Becker (1968) used economic theory and fiscal psychology to expand the deterrence theory. Becker's neo-classical deterrence theory contends that those considering an illegal act utilize probability of detection and financial value of the penalty to undertake a cost-benefit analysis of the crime.

The concept of avoidance is associated with the general theory of deterrence and is where offenders expend resources on activities to decrease both the chance of detection and any anticipated punishment by reducing the probability of that punishment, or by limiting the penalty if detected (Nussim and Tabbach, 2009). The extrinsic nature of core motivator #2, Anticipation, in Fogg's Behavior Model is connected with Deterrence Theory and Concept of Avoidance as they refer to external incidents; therefore they can be viewed together as a whole (Figure 4.1).

### *Stakeholder theory*

The interconnectivity in the modern economy makes the stakeholder view crucial for understanding different parties' thoughts and taking care of their concerns before making important decisions. In business, stakeholders may be divided into internal and external stakeholders. Internally, they are employees at different levels. Externally, they are shareholders, bankers, customers, suppliers, regulators, trade union, government, NGOs, etc. There are also some less visible but important stakeholders like nature and future generations.

Stakeholder theory presents and explains relationships that are observable in the real world (Donaldson & Preston, 1995). Information is viewed as a major element that can be used by an organisation to manage stakeholders to gain their support or distract their opposition (Gray, Owen, & Adams, 1996). Stakeholder theory tries to systematically articulate which stakeholder(s) deserve or require management attention. There is a right to obtain or an obligation to provide information if responsibility and accountability exist among an organisation and its stakeholders.

Stakeholder analysis starts with the identification of organisational stakeholders that have the right to information and prioritisation of their interest (Gray, 2001). Conflict may exist when it comes to deciding the recipients and the amount of information to be disclosed. There are also conflicting demands from stakeholders with different interests. According to Ullmann (1985), the more critical the stakeholders are to the success and viability of the organisation, the more likely that the organisation will satisfy their demands. In a broader perspective, when nature is understood as a critical stakeholder, as we depend on adequate ongoing natural resources and stable climate conditions to conduct business, it becomes another stakeholder to be satisfied.

## ***Analysis of the motivational problem***

According to the Hong Kong Trade and Development Council, SMEs are an important driving force in Hong Kong's economic development. As of December 2015, there were about 317,000 SMEs in Hong Kong. They constituted more than 98% of the territory's business units and accounted for about 46% of private sector employment. The current dilemma is that most SMEs do ESG reporting mainly as a compliance obligation (Arend, 2014). If the reporting is done on voluntary basis, it is not surprising that only a few will do it.

The deeper problem is the real effort and resources put into the reporting even when they do it. As mentioned previously, while many countries' stock exchanges already have the requirement to disclose ESG issues, most SMEs may only fulfil the minimum, and sustainable business practices are not effectively embedded into the operations and business models. The previously discussed conceptual frameworks can be applied to analyse the root causes of the problem and shed light on possible solutions.

### *From the perspectives of Fogg's Behavior Model, deterrence theory and the concept of avoidance*

As to Sensation (Pleasure/Pain), the first core motivator in Fogg's Behavior Model, "Pleasure" is perceived as fulfilling needs, and vice versa. ESG reporting is a more accepted practice for large companies as they may use it to enhance their image and branding. For customers, this creates a sense of loyalty, and for employees a sense of belonging to something they feel proud of. Of course, all of these contribute to the financial benefits to companies. In the case of SMEs, the way they feel the pleasure is to benefit from a good image of corporate citizenship, especially when they want to grow or sell products to larger companies, where stricter supply chain management is in place.

As for the second core motivator, Anticipation (Hope/Fear), key executives are responsible for the penalty if organizations do not comply with the ESG reporting requirement promulgated by stock exchanges. This could act as a "Fear" factor and explains why regulations are so important to drive the reporting action. However, the "Fear" factor may be diluted by the semi-mandatory requirement (i.e., "comply or explain") as some stock exchanges are adopting this, for example, Hong Kong. Under semi-mandatory requirement, no penalty of substance will be imposed for non-compliance. Of course, if companies do not report, they are required to explain the reasons in their annual reports, and they may become target companies for regulators to follow on.

A deeper insight can be obtained by using the Deterrence Theory and the concept of Avoidance: those non-compliant companies will try to deter the negative impacts of non-compliance, and the concept of avoidance suggests that issuing ESG reports could just be viewed as a cost to avoid being targeted by regulators. This may result in issuing a sloppy ESG report because the effort paid by the companies is limited by minimizing the expense on preparing ESG reports in order to achieve the maximum benefit (i.e., not being caught by regulators). This logic applies to SMEs, as they are listed, they need to comply and may be prone to do the same.

A substantiated conclusion can be drawn: that more and more companies, especially the large ones, report their ESG issues in order to build up their reputation (Gomer and Jones, 2010). From the perspective of the third core motivator, Social Cohesion (Acceptance/Rejection), this could create social pressure on key executives to follow. MacLean and Rebernak (2007) pointed out that in the short run many companies' real motive is driven by the defensive attitude (i.e., they do not want to be a laggard in their peer groups). To go further, a possible consequence could be "green washing", which eventually creates even more waste because "form" is now held up over "substance", and the resources might be spent on some ineffective or useless activities.

### *From the perspective of stakeholder theory*

In ESG reporting, stakeholder engagement is an important step for identifying the types of information required by different stakeholders. ESG reports are read not only by shareholders but also by other stakeholders because companies are accountable to different stakeholders in the society. Stakeholder theory explains the motivation from another angle. It is an extrinsic factor that focuses on the interaction among stakeholders, which motivates business leaders to take action in response to their stakeholders' preferences. The more influential the stakeholders are, the more power to influence the management they have.

In the case of ESG reporting, stakeholder theory can be further used to understand the detailed requirements of the stakeholders. Hence the managerial motivation to best respond to the ESG reporting comes from the most influential stakeholder(s). The importance of different stakeholders, their insights and preferences can be established by engaging the stakeholders. This echoes the competency (doing) dimension subcomponent of the Systems Perspective in the sustainability mindset model, as this dimension includes engagement with all relevant stakeholders. The following steps summarise the methodology of engaging stakeholders for ESG reporting:

1 *The key stakeholders and the company's perception of their power over the company may impact the decisions on what and who to disclose in the ESG report.* The company stakeholders can be identified by interviewing the management of the business after explaining the stakeholder definition to them. This process could be done by internal staff or external consultants; it depends on whether the company has the expertise. Then, management's views on the stakeholders' influence and the stakeholders' dependence on the company are collected and prioritized by using the "Stakeholder influence – dependency matrix" (Figure 4.2). As stakeholder engagement is a significant component in ESG reporting, students need to practise this process for application purpose.
2 Conduct in-depth face-to-face/telephone semi-structured interviews by using the sample ESG report content (Table 4.1) with the identified stakeholders to find out what they want to see most from the ESG report.
3 *Data obtained from the interviews is critically analysed; common trends and critical points are highlighted for further discussion.* For example, if "Customers" is the most important key stakeholder of the company, then "Product Responsibility" may be an area of higher concern in the ESG report, so the company is likely to put more effort in disclosing the performance in this area. If "Employees" are the most important stakeholder and their main concern is "Workplace Quality", then more disclosure

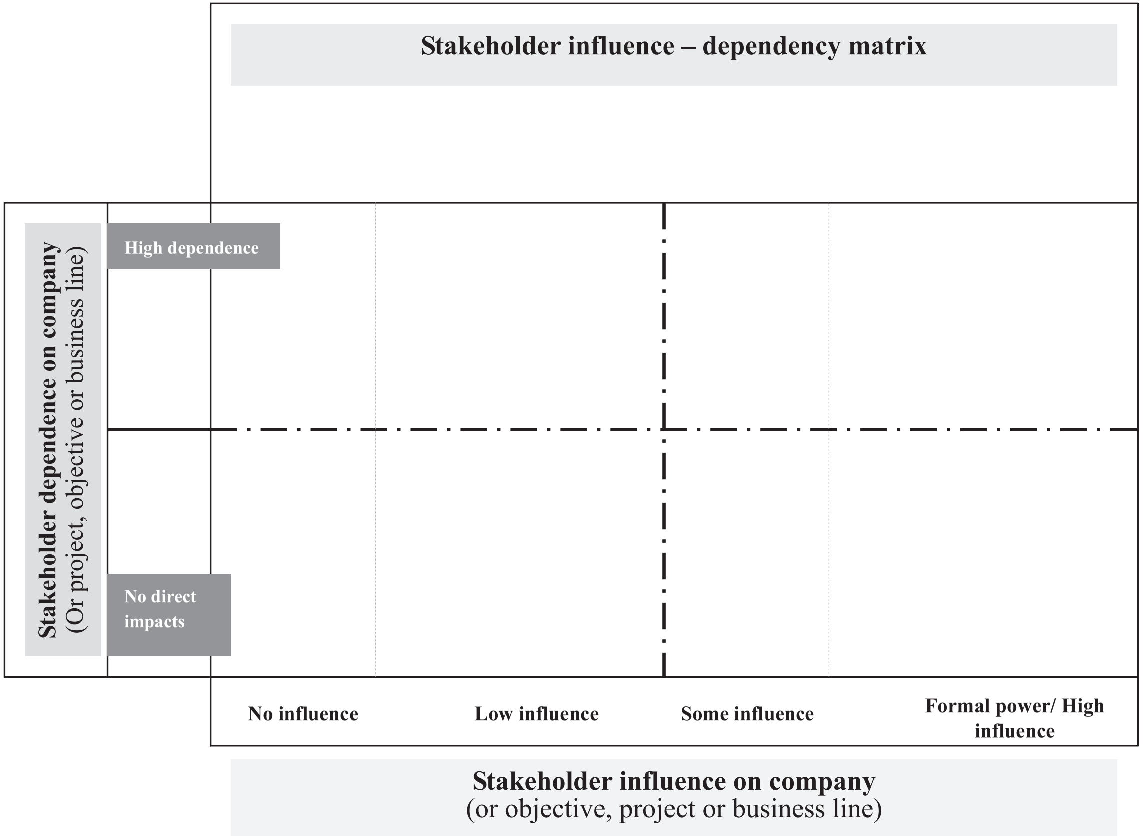


FIGURE 4.2 Stakeholder influence – dependency matrix

**TABLE 4.1** A sample of areas and aspects in ESG report content

| *Areas* | *Aspects* |
|---|---|
| **Workplace quality** | Working conditions |
| | Health and safety |
| | Development and training |
| | Labor standards |
| **Environmental protection** | Emissions |
| | Use of resources |
| | The environment and natural resources |
| **Operating practices** | Supply chain management |
| | Product responsibility |
| | Anti-corruption |
| **Community involvement** | Community investment |

should be on this area. As there are four aspects under this area, namely working conditions, health and safety, development and training and labor standards, further precise preference on the aspects can be identified through interviews.

The gist of stakeholder theory is to engage your stakeholders because motivation is believed to come from pleasing the stakeholders. This theory can be applied to different tasks, for example, strategy formulation, policy making and implementation. Through the stakeholder engagement process, the key stakeholders are identified and their requirements are clarified, which make the actions taken more focused and effective.

## *Issues and implications*

As for the three core motivators in Fogg's Behavior Model, the main issue lies in the power to facilitate or prevent certain behaviour. For example, the first core motivator, "Sensation" alone, may not be strong enough to facilitate the desired behaviour; the other two core motivators, "Anticipation" and/or "Social Cohesion", need to be used to reinforce the facilitation. Sometimes no single motivator works well alone. Although three motivators together may not always guarantee a success, the overall motivation is more enhanced than when no motivator is adopted.

According to the Model, the other two elements, Ability and Trigger, also play an important role because three elements, Motivation, Ability and Trigger, have to be in place for a behavior to occur. These three elements are mutually reinforcing over a period of time to reach incremental readiness to act (Schein, 2015). The implication for management is that a behavioral change does not originate in one single cause, but it is actually a combination of different elements. This also has an implication in management education: students are required to appreciate the interaction of multiple factors in motivation, and a systems-thinking point of view is needed.

Another management implication is that Motivation and Ability can be traded off (i.e., if motivation is very high, ability can be low). For example, if a person or an organization is motivated enough, they can quickly develop sustainability knowledge and skills. However, according to the author's experience, some complex issues may occur. For instance, if all the stakeholders' opinions support the importance of ESG reporting as a long-term benefit to the subject company, to a certain extent, this should have motivated the management to put more effort and resources in the reporting. But the management of SMEs may think that it could be delayed for a while (i.e., important but not urgent) because they generally cannot see the linkage between ESG reporting and its immediate benefits. It may be that they do not see the immediate threat of not reporting.

Reporting ESG issues as the "Pleasure" motivator seems not strong enough, and this leads us to the importance of the Fear motivator. If the ESG reporting is a semi-mandatory or mandatory one, it should motivate the management to change behaviors. The lack of motivation is characterized by complexity and is sometimes due to the failure to connect the short-term cost and the long-term benefit.

Freedman and Stagliano (1992) pointed out that there may be no single motivation for making a social disclosure; it is probably a consequence of each manager's particular perception of the world she faces. Therefore, understanding the key decision maker's perception of the factor that is of highest concern can lead us to figure out the most crucial motivator.

Stakeholder theory offers a good insight for motivating an organisation, and this theory can enable the students in management education to view the world from different perspectives. Van der Laan (2009) commented that there are two fundamental conceptions or factors forming the basis for organisational responses to solicited disclosure. The first is the amount of power the requesting stakeholder holds in the organisational environment, and the second is the extent to which the organisation perceives the duty to account to the requesting stakeholder. These two factors should be stressed and elaborated in management education. By beginning a stakeholder engagement process to identify key stakeholders and understand their preferred disclosures, organisational motivation can be enhanced.

Understanding management's perspective and motivations are truly helpful. For SMEs, it is common that the management is also the company's owner (e.g., a family-owned business). The decision making is highly centralised, and manager/owner preferences may be dominant and overriding. For example, if the management of a small listed company wants to further raise capital, then "attracting investors" will be viewed as the short-term top priority of the company. This could be a golden opportunity to bridge the long-term and short-term gap by showing that a good ESG report may help to attract institutional investors. Referring to the literature, Emelianova, Ferns, and Sethi (2008) commented that there was a recognition that public perception and trust in corporate messages will have significant long-term impacts. The impacts are on:

- a company's financial viability;
- its access to investment capital, especially from large institutional investors;

- its ability to attract and retain intellectual talent; and
- its ability to gain and sustain strategic competitive advantage in the marketplace.

Institutional investors are more and more interested in using ESG information for their portfolio decisions (Konigs and Schiereck, 2008). When asked if voluntary reporting is investor driven or initiated by the stock exchanges, about 90% were initiated by investors and around 10% were based on exchange effort (Thompson Jr, 2012). Good ESG performance can help companies save costs, enhance staff morale, build up corporate image, reduce risks, and all these are favourable to potential investors.

In a nutshell, linking up management's preference and ESG performance is highly effective to gain management's commitment. Of course, the key is to persuade the management of the linkage. This applies to companies of any size, but it is more prominent for SMEs because of their highly centralised structure. Most SMEs' decision making mainly rests on one key executive, who may be the founder or a major family member.

Last, but not least, practicality also serves as a major motivator, and it belongs to the second core motivator, Anticipation (Hope), in Fogg's Behavior Model. Extrapolating from this second core motivator, being detailed, concrete and quantifiable helps to create hope and make the hope more believable. Taking the example of the small listed company wanting to attract investors by using the ESG report, some practical issues should be outlined and communicated to the management team:

1 *A clear strategy of using the ESG report for attracting potential investors should be discussed with the top management by the internal or external sustainability consultant(s).* This can be achieved by a better communication of the ESG issues to potential investors. A proactive approach should be used when meeting with potential investors, especially institutional investors, by clearly linking the ESG issues to the company's competitive edge, risk management, retention of talents and corporate image, etc.
2 *Using the growth opportunity, always the investors' concern though not a definite result, to motivate the top management to integrate sustainability into their business strategy.* For instance, more resources are put into R&D to advance their production process to further cut down greenhouse gas emissions. This could lead them to outperform other competitors, meeting the future more stringent environmental regulations and create a stronger opportunity to export their products to other developed markets.
3 *Creating a clear mapping of ESG activities that save costs, manage risk and help in talent retention.* A very concrete picture is needed to show how the benefits of ESG activities link up with the company's core competence and competitive edge. This should be presented in a quantified manner showing the ESG report's economic value. The consequence of an ineffective ESG report should also be visualized and quantified.

## Conclusion

In order to motivate an organisation, we need to motivate the management and the individuals. This chapter discussed selected theories in relation to the sustainability mindset model, capturing both intrinsic and extrinsic motivators, at individual and corporate levels. Here is the summary of the main learning points:

1. It is usual that no single motivator alone can work well; it has to be a mix of all.
2. Understanding management's want is the first step toward articulating the logic of being sustainable and motivating them to allocate more resources in sustainability.
3. The common barrier of motivating people or organisations to practice sustainability is trading short-term costs for long-term benefits, especially for SME.
4. A linkage between the short-term costs and the benefits of sustainable practice must be shown to gain support from business leaders. This cost-benefit analysis has to be clearly spelt out. For instance, the upfront costs could be offset by short-term cost savings and long-term enhancement of corporate image and branding.
5. Systemic view is important in sustainability policies making and implementation. Stakeholder theory can be used to motivate decision makers and stakeholder engagement is a crucial process for success.
6. Being practical, detailed, concrete and quantifiable can create hope as well as increase the perception of the realisation of hope.

With respect to management education, motivating people is a critical issue for putting mindset to action. Students are encouraged to walk through the methodology through case studies to understand its application.

## Part 2: the teaching

### *Motivation for sustainability mindset – teaching at higher education*

This chapter focuses on the Knowing (Head) dimension of the sustainability mindset model. Theories, models and conceptual frameworks of motivation are presented with a case study of ESG reporting. The purpose is to make the abstract concepts more tangible for learning and applying. With the same thought, teaching conceptual texts has to be made interesting for motivating students to stay focused on, retain and apply the concepts learnt from the classroom. A case study approach can achieve the objectives of keeping focus and retaining the concepts.

The theory of motivation is taught in group discussions in class about motivational problems in case studies, for example, "how to motivate commercial firms to stop or prevent them from green washing?", "How to motivate SMEs to practice sustainability?" By applying the theory of Learning by Doing (Anzai and Simon, 1979), each student is required to do an individual project based on a real organization to investigate the existing/potential motivational problem(s) in practicing sustainability. This lets students learn the practicality aspect of enacting the sustainability mindset, which incorporates different dimensions by using different motivators.

The format of teaching this topic is twofold: (1) group discussion to share one another's viewpoints in class and (2) individual projects to let students explore the concepts in the context of the real world. The following sections detail the activities to be conducted in the learning process.

## *Group discussion*

A case is given to each student one week in advance of the lecture; the case is the brief of subject company's general background and the current status of their sustainability performance. After teaching all the theories and models in the first half of the class, a question will be posted, for example, "What might motivate the management to stop green washing?" It must be emphasized to the students that they use the theories and models in their analysis and in the structuring of their answers. The procedure for group discussion is as follows:

- Students are grouped in teams of four to six people each.
- Ten minutes are given for individual reflection.
- Then 30 minutes are allowed for group discussion and preparing the analysis and suggestions by writing on a flip chart.
- Each group sends a representative to present their work to the class in 10 minutes.
- After all groups have finished, it is "Challenge" time for each group – each group needs to spend not more than 5 minutes to answer two questions from the floor.
- The lecturer uses approximately 15 minutes for debriefing.
- Finally, each student has 5 minutes of quiet and personal time to write down the three most important things learnt today as a self-reflection.

Learning outcomes include the deeper understanding of the theories and models taught in class, more thinking and feedback exchanged during the group discussion.

## *Individual project*

The case study approach is again used in this learning-by-doing exercise. Each student needs to base the project on his/her own organisation or must pick an organisation to explore the motivational problem in sustainability. Each student critically analyses the sustainability issue(s) and challenge(s) within the organisation.

For instance, it could be "Lack of green office practices", "Lack of attention in regard to reducing dumping waste in landfills" or "Discrimination in certain areas", etc. The students need to collect relevant information and data from the organisation, interview relevant personnel and, if possible, make a site visit. The motivational problem has to be discussed in detail by using the theories and models taught in class.

The students are assessed on the degree of practicality and effectiveness for the motivational strategies they design for the organisation. The assessment methods include a 20-minute solo presentation with question-and-answer time, and if possible, the organisation is welcomed to join the presentation. Finally, a written report with no more than 3,000 words is required.

Learning outcomes include applying the theories and models by analysing real organisations, collecting primary information and data, encouraging interaction between the student and the organisation.

## Note

* SMEs herein this chapter refer to the small/medium capitalized listed companies. They are not constituent stocks of Hang Seng Index, and the top management is generally designated by the largest shareholder.

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