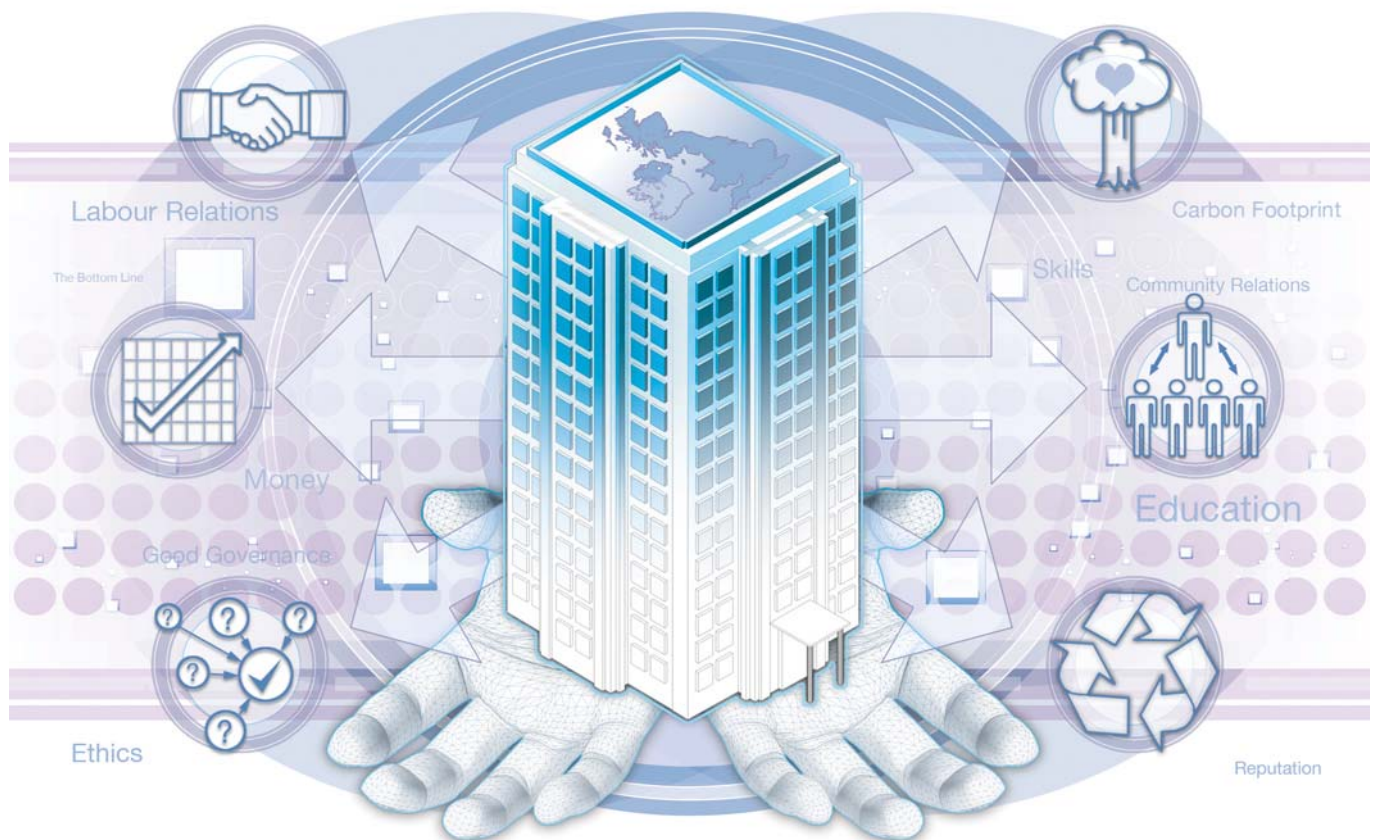


Action or Aspiration? Sustainability in the British workplace

A report from the Economist Intelligence Unit



sponsored by





Preface

Action or Aspiration? Sustainability in the British workplace is an Economist Intelligence Unit briefing paper, sponsored by BT, investigating what firms operating in the UK are doing to implement a culture of sustainability within their organisations.

The Economist Intelligence Unit bears sole responsibility for the content of this report. Our editorial team executed the online survey, conducted the interviews and wrote the report. The findings and views expressed in this report do not necessarily reflect the views of the sponsor.

The research drew on two main initiatives:

- The Economist Intelligence Unit conducted a wide-ranging online survey of senior executives from the UK in July and August 2007. In total, 194 executives took part;
- To supplement the survey results, we also conducted in-depth interviews with ten chief executive officers (CEOs), corporate responsibility directors and other senior executives from major companies across a range of sectors.

Sarah Murray was the author of the report and James Watson was the editor.

We would like to thank all the executives who participated in the survey and interviews for their time and insights.

October 2007



Action or Aspiration?

Sustainability in the British workplace

Executive summary

Today, most UK companies claim that sustainability and corporate responsibility is one of the key elements in their business strategy. Yet for many organisations, the challenge is to move that claim from the values expressed in a corporate mission statement or public relations (PR) campaign to the way that all their business activities are carried out.

Senior executive leadership is seen as essential, with the chief executive or chairman often championing sustainability. However, companies are also looking to find ways of making sustainability part of their corporate culture and of engaging staff at all levels so that employees view the company's day-to-day activities through a sustainability lens.

Sustainability and corporate responsibility covers a range of objectives that vary from sector to sector and include issues ranging from ethics and governance to reducing carbon emissions and water consumption, increasing recycling, managing labour conditions in supplier factories and stemming the spread of HIV/AIDS.

At the same time, for large British companies whose operations are geographically dispersed, the risks and opportunities associated with corporate responsibility and sustainability may depend on the region in which their business units are located, with climate change a pressing issue in one country and human rights or labour standards the most prominent concern in another.

For companies that are growing globally, therefore, the challenge is to balance a centralised, corporate approach with the need to give a certain amount of autonomy to local business units to shape their sustainability policies.

In this report we look at the challenges of implementing these initiatives across the workforces of large companies operating in the UK, and examine

some of the mechanisms for driving these strategies throughout the culture and operations of their organisations.

Key findings from this research include the following:

- **Companies still find it difficult to drive sustainability throughout their organisations.** Sustainability goals are typically not part of UK executives' overall responsibilities, with nine out of ten (91%) respondents claiming that their remuneration did not depend on hitting sustainability targets relevant to their role. Furthermore, three in four (75%) said that their responsibilities did not include specific sustainability goals. Moreover, 37% still see the most prominent evidence of their company's commitment to sustainability in mission statements, speeches, PR activities, and sales and marketing. Only 22% believe that these public statements are matched by "significant" effort made by their organisations internally.
- **The majority of British companies see sustainability in terms of their environmental and carbon footprint.** While many executives (67%) see ethical behaviour and corporate values as the issues that encompass sustainability in the context of their organisation, the majority (83%) identify environmental impact as the most prominent issue, with 63% highlighting their company's carbon footprint as the main concern. The focus on the environment is also reflected in executives' view on what constitutes their company's most prominent sustainability activity, with almost one-half (49%) identifying their environmental guidelines in this respect—ahead of any other activity.



● **Organisationally, sustainability has moved up the corporate hierarchy in many British firms.**

While positions such as chief sustainability officer remain rare, 65% of respondents said that the person responsible for this area reported to the board. In organisations in which there is senior-level responsibility for this area, it is often the chief executive or chairman (21%) who has responsibility for the company's sustainability strategies. However, the largest group of executives (25%) reported that there was no one in their organisation who held this responsibility. And for those firms that do have a senior executive leading the charge, far fewer lower-level managers (31%) have any interaction with that person, compared with CEOs and other C-level respondents (75%).

● **While UK companies claim that sustainability is a powerful recruitment and retention tool, the executives polled for this report are less sure.**

Nearly all respondents cited the scope of the role (95%) as the most important factor for them when considering a new position, followed by remuneration (78%) and working atmosphere (73%). Relative to this, just 21% saw the company's reputation for sustainability as a very important factor in their choice of employer, lower than any other option. The ability to recruit and retain staff is seen by only a modest proportion of respondents (18% and 17% respectively) as a benefit of corporate responsibility. And whereas about half (51%) of firms give their staff time off for corporate community activities or pro bono work, only about one in two of those executives eligible for such a scheme had ever participated in one—although this still meant an encouragingly high number of respondents had got involved (27%).

Who took the survey?

194 executives from the UK responded to the survey. The survey sample was very senior: all hailed from management functions, with 69% operating as CEOs and other C-level executives, or as senior vice-presidents, heads of business units and heads of departments.

The executives surveyed represented all key sectors of the UK economy, including financial services (26%), IT and technology (10%), manufacturing, construction and real estate (7%) and professional services (11%). Most of the organisations that they work for are large: 58% of executives operate within firms with annual revenue of at least £500m (US\$1bn). See the appendix at the end of this report for the full demographic breakdown.



Introduction

The pressures driving companies to manage the social and environmental footprint of their commercial activities are at an all-time high. First, the corporate sector is under greater public scrutiny than ever, with activists, non-governmental organisations and the media closely watching the behaviour of business. Moreover, growing numbers of businesses see opportunities in sustainability strategies, whether that means selling clean energy or delivering innovative products and services to low-income communities in the developing world.

The risks and opportunities vary widely from sector to sector. And while many companies once saw their sustainability policy as simply a case of issuing a statement of values from the chief executive or introducing a volunteering programme, many UK businesses have made progress on defining the sustainability issues that are material to their particular commercial operations.

For many, the challenge is now to establish a corporate culture in which sustainability is not an add-on or something that depends on the commitment of one individual, but is rather a mechanism allowing for all business decisions to be taken with social and environmental criteria in mind and where ethical behaviour is embedded in day-to-day operations.

This research suggests that many companies are struggling to instil this culture, with a commitment to sustainability often manifested through public statements alone. Some 37% of survey respondents say that they see mission statements, public relations (PR) and marketing efforts as the most prominent evidence of their company's sustainability efforts. Another 31% cite corporate charitable donations.

"The problem is that a lot of the hype exceeds the policies on the ground," says John Sauven, executive

What are the most prominent sustainability activities in your company? (% respondents)



Source: Economist Intelligence Unit survey, August 2007.

director of an environmental pressure group, Greenpeace UK. "And many of the policies that get announced are quite far off into the future. When you look at what companies are doing today to change things, that becomes a lot less impressive."

However, for those companies that have succeeded in moving beyond the rhetoric, the first step has been to identify the issues that are material to their business and the impact of their commercial activities. "It is getting a lot better, and companies now tend to get beneath the surface of the language quite quickly," says Seb Beloe, head of research and advocacy at SustainAbility, a British think-tank and strategy consultancy.

Vodafone, the UK-based mobile network operator, focuses on environmental issues that range from cutting its energy consumption to increasing the amount of recycling and reuse of its handsets and



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network equipment. Because the company outsources the manufacturing of this equipment to China and other countries, it also works with suppliers to ensure that their labour and environmental standards meet its ethical codes.

The company also sees opportunities in pursuing sustainability strategies. In Kenya it has launched a service that delivers banking transactions via mobile phones for people without access to traditional banks. "You can get the most positive impact on the world and society where you're doing business in a way that takes account of societal expectations," says Charlotte Grezo, director of corporate responsibility at Vodafone Group Services. "And profit-making makes it sustainable."

For Gavin Neath, country manager of consumer goods firm Unilever UK with group responsibility for corporate responsibility, a priority is the need to secure a "licence to operate" in the hundreds of countries in which Unilever makes and sells its products. "As we've expanded in the developing world, it's become even more important to behave in a way that builds the confidence of the local community and local governments," he says.

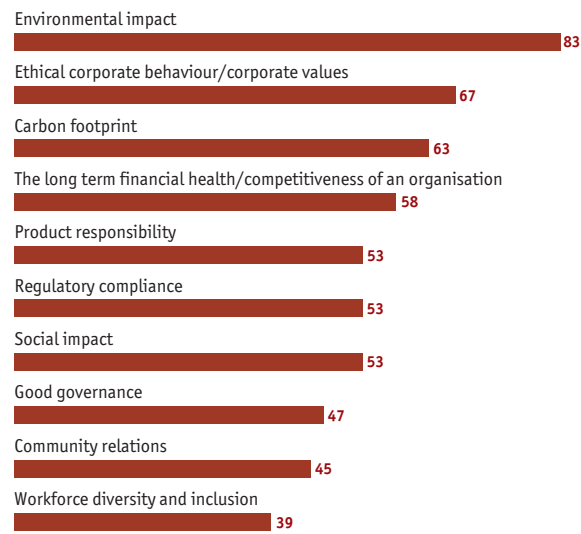
At Lloyds TSB, the definition of sustainability ranges from financial inclusion to diversity in the workplace. The bank also includes its codes of conduct in the "invitation to tender" documents sent out to potential suppliers.

Mike Fairey, the bank's deputy group chief executive, believes that defining the different areas of sustainability is important. "Mission statements tend to be a bit woolly and they can cover everything, so what we try and do is break each component down," he says.

But while interpretations of sustainability vary, two issues dominate the thinking of companies operating in the UK: the environment and climate change. "The change came with a combination of the Stern report and Al Gore's film [*An Inconvenient Truth*],"

Which of the following issues do you believe the term "sustainability" encompasses, in the context of your organisation?

(% respondents; top 10 of 15 options shown)



Source: Economist Intelligence Unit survey, August 2007.

says Julia Cleverdon, chief executive of Business in the Community, a leading corporate membership organisation. "That suddenly got really impressive senior people to treat this as a serious issue."

The survey results support this view. The biggest group of respondents (49%) identified the setting of specific environmental guidelines as the most prominent sustainability activity in their organisations, while the majority (83%) identified environmental impact as the most prominent issue for their organisation.

The focus on climate change is reflected in the content of corporate responsibility reports. In its twice-yearly survey of these reports, SustainAbility found that climate change was the only issue covered by the majority of companies in their reporting. "It is the only thing that spans across all sectors," says Seb Beloe. "Climate change has become a synonym for sustainability in some people's minds, so that inevitably rises to the top of the pile."



Top-down responsibility

If the corporate sector is becoming more adept at identifying the specific risks and opportunities associated with sustainability, it is also recognising that strong leadership is needed to address these issues and drive appropriate strategies throughout management and operations.

Leadership of this field is changing. Whereas five years ago responsibility for sustainability resided with everyone from the head of PR to the health and safety officer or the head of community relations, today companies increasingly have a head of corporate responsibility or chief sustainability officer.

In this survey only 7% of respondents said that the person responsible for sustainability was a PR executive, with only 3% indicating that the individual

was the health and safety officer and 1% identifying the head of philanthropy as the person with this role.

However, our research also indicates that many companies still lack leadership in this area. The largest group of respondents (25%) said that no one in their organisation held specific responsibility for sustainability.

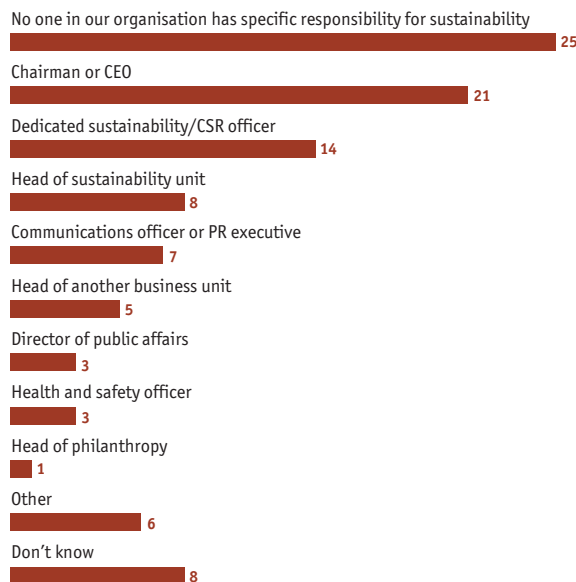
For those firms that do have a senior executive leading the charge, respondents acknowledge that they interact far more with their C-level peers than less senior managers—75% of senior respondents had collaborated with that person, compared with just 31% of junior executives. Although to some degree this is to be expected, it suggests that contact with the executives responsible for implementing sustainability drops off lower down the corporate hierarchy.

For organisations that have an individual overseeing their sustainability strategies, that person is often the chairman or chief executive (21%), with a smaller group (14%) having a dedicated sustainability or corporate responsibility officer.

At Unilever a senior executive heads the group’s corporate responsibility strategy: Gavin Neath, country manager of Unilever UK. “Historically this has been managed at a pretty senior level in this company,” says Mr Neath. “And because your overall corporate reputation can be so easily tarnished by doing things wrong or thoughtlessly, that becomes a board issue.”

When in 2006 Marks & Spencer, a food and clothing retailer, launched its Plan A—a set of commitments on environmental, social and ethical standards—it replaced its corporate social responsibility committee with one chaired by the company’s chief executive, Stuart Rose, called “How we do business”.

What position does the person responsible for sustainability in your company hold? (% respondents)



Source: Economist Intelligence Unit survey, August 2007.



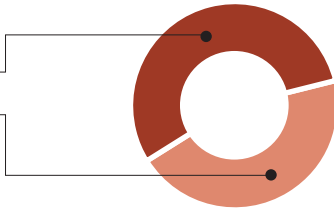
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Have you ever collaborated or interacted directly with the person responsible for sustainability in your company?
(% respondents)

All respondents

Yes **55**

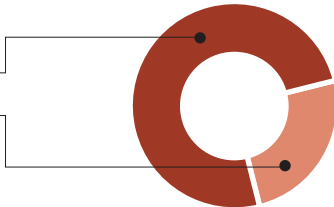
No **45**



C-level executives

Yes **75**

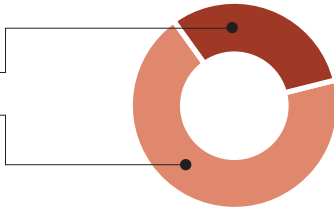
No **25**



Junior managers

Yes **31**

No **69**



Source: Economist Intelligence Unit survey, August 2007.

“It’s extremely important to have a supportive senior management,” says Ms Grezo. At Vodafone, she explains, the individual with ultimate responsibility for sustainability efforts is the chief executive, Arun Sarin. An executive committee reports to Simon Lewis, group corporate affairs director, and at group level there is a corporate responsibility team in each of Vodafone’s operating companies.

Although the sustainability officer may initiate and implement strategies, without active support from senior management their programmes will fail to become embedded in the company’s operations. “While the entry point to a company is often through a sustainability person, rarely do they have the decision-making power to change practices,” says SustainAbility’s Mr Beloe.

There is a danger, too, that even if companies

have strengthened their leadership in this area, if the corporate responsibility function becomes a silo, acting in isolation within the organisation, there will be little evidence of change.

“We’re creating a rod for our own back in making sustainability a separate issue,” says David Grayson, director of the Doughty Centre for Corporate Responsibility at Cranfield School of Management and former joint managing director of Business in the Community.

The companies that are most successfully driving sustainability throughout their organisations tend to draw their leadership in this area not just from a separate corporate responsibility unit, but also from the functional areas—whether compliance, human resources, research and development (R&D) or supply chain management—that are most closely linked to the specific ethical, social or environmental challenges they face.

Mr Beloe sees this reflected in the way that non-governmental organisations (NGOs) and activists want to interact with companies. “Increasingly, NGOs are not interested in engaging with the sustainability person,” he says. “They want to talk to the strategy director or the person in charge of a particular product or business line.”

At the same time, companies are trying to strike a balance between the championing of corporate responsibility at senior level and the need to give local business units the flexibility to develop their own programmes.

“Our role is to facilitate others and that’s how you get [sustainability] embedded as part of the business” says Rob Challis, global head of corporate responsibility at Man Group, an investment firm. “There has to be an element of leadership, example and handover, but we’re finding there are different cultural requirements depending on the geographies.”

In many companies, the corporate responsibility strategy is agreed by the executive committee and



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Diversity as sustainability

While many sustainability strategies focus on the external impact of a business on the environment or on the communities in which it operates, companies are also looking inwards at their own organisations to create a diverse workforce. In the Economist Intelligence Unit's survey, 39% of respondents identified workforce diversity and inclusion as one of the sustainability issues embraced by their organisation.

"A big area for Lloyds TSB is how we look at diversity generally," says Mike Fairey, the bank's deputy group chief executive. "In that context, we split it into how we develop our women through the organisation and provide equal opportunities for female employees, and how we [address issues like] ethnicity, disability and sexual orientation."

Companies have recognised the business benefits of promoting a more diverse workforce. For consumer-facing companies, for example, being able to tap

into the languages and lifestyles of the UK's increasingly multicultural society means they can develop goods and services that more closely meet customer expectations.

Julia Cleverdon, chief executive of Business in the Community, a corporate membership organisation, cites research conducted by a consultancy, Catalyst, which found that companies with more women in senior positions delivered a better financial performance. "Our Opportunity Now campaign team [which promotes gender equality in the workplace] was impressed with these results as they confirm our recent research in the UK. That's the latest bottom line," she says. "All of this is beginning to put the screws on some of the companies that haven't taken the gender issue seriously."

Moreover, an ageing workforce, coupled with the advent of age-discrimination legislation in the EU, means that companies need to find ways of ensuring older workers have a role to play in the business. Promoting age diversity also is good for business. B&Q, a do-it-yourself (DIY)

retailer, has found that having older people in its workforce increases sales and customer loyalty, since older people are seen as having some knowledge of DIY, which means that customers are comfortable asking their advice.

However, if the case for a diverse workforce is compelling, the means of delivering it are less obvious. Although many companies in certain industries are introducing policies such as flexible working for employees with children, big cultural shifts are also needed in order to transform the working environment, particularly at senior and boardroom level.

"It's about looking at definitions of high potential that don't exclude populations within the organisation," says Lesley Uren, chief executive of Jackson Samuel, a UK-based talent-management firm. "Now, these things are heavily scrutinised to make identification programmes that are inclusive. But some companies are better at it than others—some of the boardrooms I go into are still frighteningly white, male, Anglo-Saxon."

devolved down to local operating companies. KPMG, an auditing firm, has a central team implementing its corporate responsibility strategy nationally, while local forums have been established in each office to lead community investment and environmental initiatives.

Unilever's approach is similar. "We are now recognising that to really integrate this into the day-to-day activity of the business we have to get this on the agenda of our brands," says Mr Neath. In the past

few years Unilever has, he says, made efforts to get its brands to build sustainability issues into their way of doing business, as they would with marketing or research efforts.

"Because in the end, we're a branded consumer-goods business," he says. "And if you want things to happen inside the company, they have to be on the innovation, R&D and development agenda of our brands."



Culture counts

Once companies have established sustainability as part of the corporate hierarchy, the next challenge is to drive through the organisation a culture in which social and environmental responsibility and ethical behaviour are brought to bear on all commercial activities.

Our research indicates that, for many UK companies, the induction course and training delivered to employees is seen as a powerful tool in this respect. Almost one-half (46%) of respondents said that the induction course was used by their company to instil a culture of sustainability throughout the organisation, while 35% said that training for existing employees was utilised.

Some companies are looking more innovatively at staff participation in sustainability strategies. To engage employees in the company's carbon-reduction programme, Man Group runs interactive workshops

held during lunchtimes in which climate science is demonstrated and staff are shown how to go about reducing energy consumption in their day-to-day activities.

"The challenge is engaging people," says Man Group's Mr Challis. "You can create policies telling people to switch off computers—or you can engage them by saying: 'Here are good reasons why you might want to switch your computer off in the evenings'."

In addition, the company subsidises the cost of its employees offsetting their personal emissions. For example, environmental assessments of their homes are available at a wholesale cost. Mr Challis believes that this kind of initiative does a lot to raise awareness of the importance of workplace sustainability among staff. More than 20% of the company's global workforce has so far participated. "And we've had between 98% and 100% positive response to all aspects of the programme," says Mr Challis.

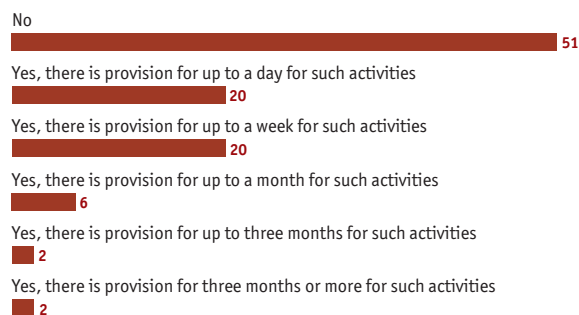
For some companies, a prominent part of the strategy is engaging staff in community or volunteering programmes. At Rolls-Royce, an

Which of the following does your organisation do to instill a culture of sustainability amongst its workforce? (% respondents)



Source: Economist Intelligence Unit survey, August 2007.

Does your company have a scheme in place that allows you time off from work to do community service or pro bono work, either on an annual basis or over a defined period of years? (% respondents)



Source: Economist Intelligence Unit survey, August 2007.



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engineering firm, programmes such as “Enthusiasm”—a community youth-work group—serve an additional purpose: training staff. The company even refers to these activities as “employee development through community involvement”.

Data from Volunteering England, an organisation that promotes improvements in the impact and accessibility of volunteering, points to the benefits for companies of community schemes. According to the organisation, six out of ten volunteers say that the activities give them an opportunity to learn new skills.

However, our research suggests that volunteering or community investment programmes are not present in all companies. More than one-half of respondents (51%) said that their company did not have any scheme allowing them to take time off to do community service or pro bono work.

Management has long been a powerful tool through which to engage staff in corporate strategies, whether these be new sales strategies or cost-cutting initiatives. Sustainability, too, is something on which some companies are starting to measure employee

Communicating internally

Companies have done much to broadcast their sustainability credentials to customers and investors, but for many companies internal communication remains an afterthought, barely extending beyond the public proclamations of corporate values. In the Economist Intelligence Unit’s survey, only 21% of respondents said that their company had consulted them before announcing a sustainability initiative externally.

Moreover, a large proportion of respondents (42%) said that the corporate mission statement was what their organisation used to create a culture of sustainability. A smaller group said that the annual sustainability report for customers and shareholders (33%) was used as a tool in this respect, while 28% identified internal newsletters and 21% a company website.

Some organisations do see internal marketing campaigns as an important way of engaging staff in the company’s sustainability agenda. “It starts with the values,” says Adrian Hosford, director of corporate responsibility at BT, a networked IT services company. “And you’ve got checks

and balances. But then communicate like crazy.”

One of the ways the company does this is through an interactive game for staff called the Better Business Game. The game presents a series of social and environmental dilemmas that players must manage while keeping an eye on company profitability.

Another innovative scheme is the carbon credit card launched in 2006 by British Sky Broadcasting. An intranet helps employees to manage their activities at work and at home in an environmentally friendly way, while the carbon credit card acts as a reward scheme, with points awarded for different activities or for submitting ideas on how the company can improve its environmental performance.

However, many companies are only just waking up to the need to communicate with staff in this way. “Historically, internal engagement on any sustainability subject has been appalling,” says Solitaire Townsend, managing director of Futerra, the sustainability communications firm that developed BT’s Better Business Game. “They assume staff know about their sustainability positioning and rarely is any measurement done.”

She argues that companies are focusing their time and resources on external communications, while employees are in fact their most important partners when implementing sustainability initiatives. Moreover, executives may have their own, well-formed views about subjects such as the environment and human rights.

“This is a specific audience that should be treated with the same level of professionalism as any other audience,” she says. “There’s no way a company would go out to a set of opinion formers without market research, tailored messages and a suitable budget. That’s lesson 101 of communications—and even those basics don’t get applied to internal audiences.”

Research indicates that the internal audience is an important one, with employees being seen as having great influence on corporate sustainability agendas. In a recent survey conducted by consultancy firm McKinsey¹, almost one-half of the chief executives polled identified employees as the stakeholders having the greatest impact on the way in which a company manages its social and environmental expectations.

1. *Shaping the New Rules of Competition: UN Global Compact Participant Mirror*, McKinsey & Company, July 2007



performance.

However, our research shows that many organisations are not yet using performance management as a staff-engagement tool. An overwhelming majority of respondents (91%) said that their remuneration was not dependent on hitting

certain sustainability targets within their role, while 75% had not been given any specific sustainability goals to achieve as part of their individual or team responsibilities. Moreover, only 22% of executives said that their company had ever consulted them on interpreting sustainability in the context of their job.



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The citizen employee

Ancedotal evidence suggests that a strong business case for embracing sustainability is the need to attract and retain top talent. Companies point to a new generation of employees who want to work for companies that they see as responsible members of society.

“If you just look at graduate expectations about the businesses they will go and work for, they are more strident, picky and knowledgeable,” says Business in the Community’s Ms Cleverdon. “They’re asking more questions about how businesses manage their impact on society in the workplace, environment and community than ever before.”

When it comes to retaining staff, many believe that a company’s reputation for social and environmental responsibility is a powerful motivational tool. “Everyone wants to strive for improvement,” says Kai Peters, chief executive of Ashridge Business School. “So brand-building, saving money and saving the

planet by improving manufacturing is really exciting for employees. And it’s very motivating if they feel their employer is supporting them and leading the way.”

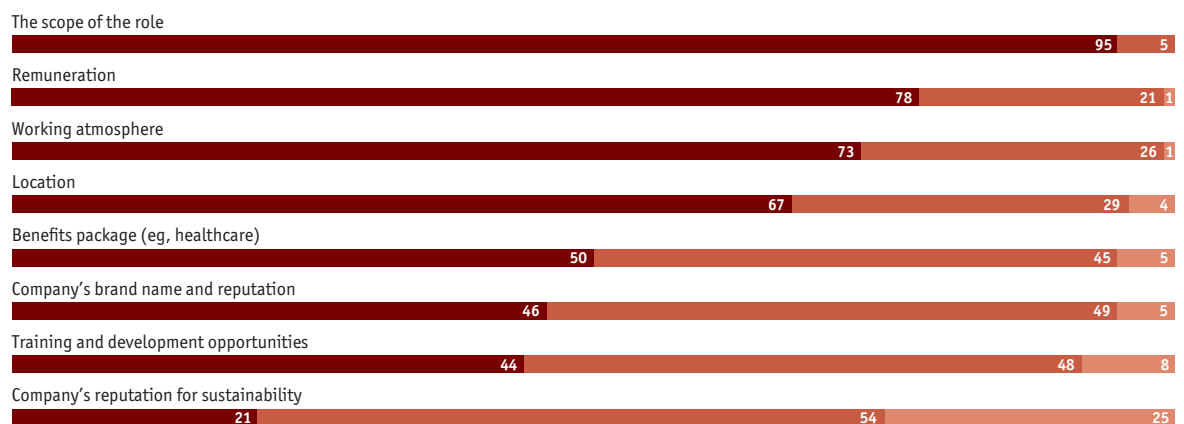
Yet our survey results indicate that, when it comes to what people consider when looking for a job, the salary and scope of a position is still the main attraction. Respondents cited the three most important factors when considering a new position to be the scope of the role (95%), remuneration (78%) and working atmosphere (73%). Only 21% cited the company’s reputation for sustainability as being a very important factor in their choice of employer.

However, when little difference exists between the salary and benefits being offered by different companies, performance on sustainability may be the deal-breaker for potential recruits. “Invariably the topic is always pay and opportunity,” says Lloyds TSB’s Mr Fairey. “But I find that environmental issues and corporate responsibility then come close by, whereas

If you were considering a role at a new company, how important would each of the following factors be in making your decision?

Rate on a scale from 1 to 3.
(% respondents)

1= Very important ■ 2=Moderately important ■ 3=Not important ■



Source: Economist Intelligence Unit survey, August 2007.



Back to school

One indication of the growing interest of employees in the sustainability credentials of their employers is the emerging demand on business school campuses for course materials that incorporate social or environmental topics.

Since 1998, the biennial Beyond Grey Pinstripes awards have tracked MBA programmes that incorporate social and environmental issues into research projects and curricula. Its most recent ranking in 2005 found that, among participating schools, the number requiring students to take one or more courses in ethics, corporate social responsibility, sustainability, or business and society had risen to 54%, up from 45% in 2003 and 34% in 2001.

In the UK, business schools are beefing up the sustainability content of their MBA programmes. At Cranfield School of Management, David Grayson, former joint managing director of Business in the Community (a corporate membership organisation), is leading the plan of the newly established Doughty Centre for Corporate Responsibility to weave corporate responsibility and sustainability topics into the core courses of the MBA programme.

At Oxford University's Saïd Business School, the one-year MBA programme will include a new course, "Tomorrow's leaders: twenty-first century challenges", part of which will consist of a two-day conference addressing topics such as energy security and climate change.

The MBA programme at Ashridge Business School has a compulsory two-week module that is designed to help managers to integrate corporate responsibility into their organisations, while Warwick Business School has a Corporate Citizenship Unit and includes in its MBA course content topics such as community investment, human rights, corporate governance, environmental policy and practice, and responsible supply chain management.

Even the UN is weighing in on the debate. The UN Global Compact Leaders Summit in Geneva, Switzerland, in July 2007 saw the launch of six "Principles for Responsible Business Education". The principles are designed to bring sustainability topics into management education.

Among the institutions that have helped to draft the principles are the British Academy of Management, the European Foundation for Management Development and the European Academy of Business in Society, as well as US-based institutions such as the Academy of Management and the

Association to Advance Collegiate Schools of Business.

The idea is that, through research, teaching and curriculum development, business schools will act as a catalyst for sustainability by teaching the corporate leaders of the future what it takes to run a business responsibly. Participating schools have also pledged to facilitate dialogue between educators, business, government, media and civil society on issues relating to social and environmental sustainability.

However, much of the pressure to bring more coursework focusing on sustainability into MBA programmes is coming from the students themselves. This is reflected in the growth of on-campus groups such as Net Impact, a US-based network of more than 7,000 MBA students and young professionals. Net Impact has expanded into the UK, with chapters at institutions such as Nottingham University Business School, London Business School and Manchester Business School.

"You just have to look at the growth of groups like Net Impact or the interest that the member companies of Business in the Community are reporting to see that young graduates are asking all sorts of questions about ethical issues and what companies' stance is on climate change and a whole range of issues," says Mr Grayson.

years ago they wouldn't have gone on the same page."

Moreover, as the range of activities carried out by companies broadens to address areas such as improving environmental protection or labour standards in developing countries, graduates who once might only have considered working in the non-

profit sector now realise that, in the private sector, they can make a difference while also making money.

"For some, the mating call of the Porsche will win out," says Mr Grayson. "But a significant proportion of people—and this is different to the past generation—don't think they have to make a trade-off."



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Conclusion

This research indicates that many companies are becoming more sophisticated in their interpretation of sustainability, and are moving away from mere rhetoric and public pronouncements with business initiatives that address issues such as climate change and poor labour standards in the developing world.

However, it is clear that a gap remains between what companies claim they are achieving in terms of managing their social and environmental impacts and the extent to which most executives feel involved in these activities. Only 22% of respondents to our survey rated as “significant” their company’s internal efforts on sustainability versus its public commitment.

The business case for companies to address social, environmental and ethical issues is becoming more compelling, with the private sector recognising the risks, such as potential damage to their reputation and brands, as well as the opportunities, such as the ability to compete when it comes to attracting and retaining top talent and the potential to make product

and process improvements.

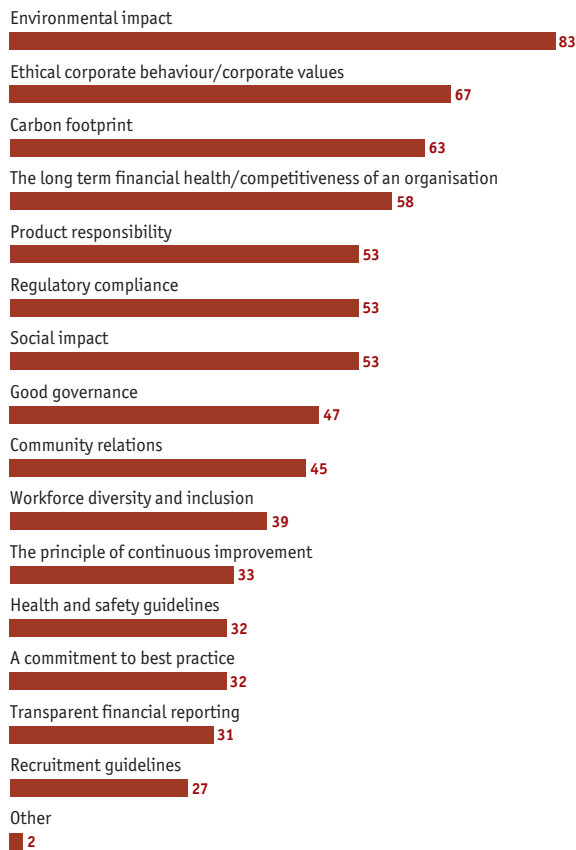
Senior executives have accepted the need to champion sustainability strategies, and in certain functional areas, such as supply chain management and R&D, social and environmental concerns are well integrated into operational thinking. Yet on a broader level companies still struggle to engage staff, and internal communications and performance management on sustainability remain weak.

Companies therefore need to devise programmes and strategies that do more to engage staff in sustainability through their day-to-day activities. As the public becomes better informed about and more interested in the ethical, social and environmental behaviour of the corporate sector, performance on sustainability will be not only what gives companies a competitive advantage but will also become the lens through which consumers, employees and investors judge companies’ brand reputation and potential for continued profitability.

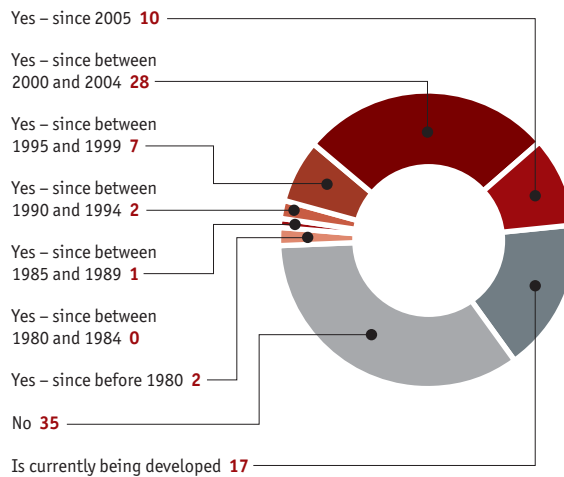
Appendix

In July and August 2007, The Economist Intelligence Unit surveyed 194 senior executives in the UK. Our sincere thanks go to all those who took part in the survey. Please note that not all answers add up to 100%, because of rounding or because respondents were able to provide multiple answers to some questions.

Which of the following issues do you believe the term “sustainability” encompasses, in the context of your organisation? Select all that apply.
 (% respondents)



Does your company produce a sustainability or corporate responsibility report—and approximately how long has it produced this for?
 (% respondents)



Appendix: Survey results

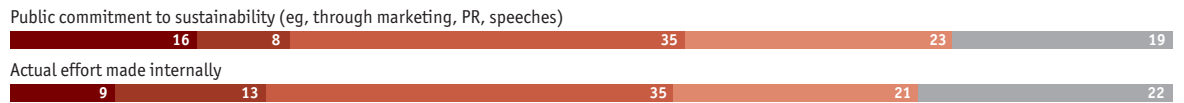
Action or Aspiration?

Sustainability in the British workplace

How would you rate your company's public commitment to sustainability versus the actual effort it makes within the organisation, in terms of the efforts it makes? Rate on a scale from 1 to 5

(% respondents)

1=No effort at all 2 3=Moderate effort 4 5=Significant effort

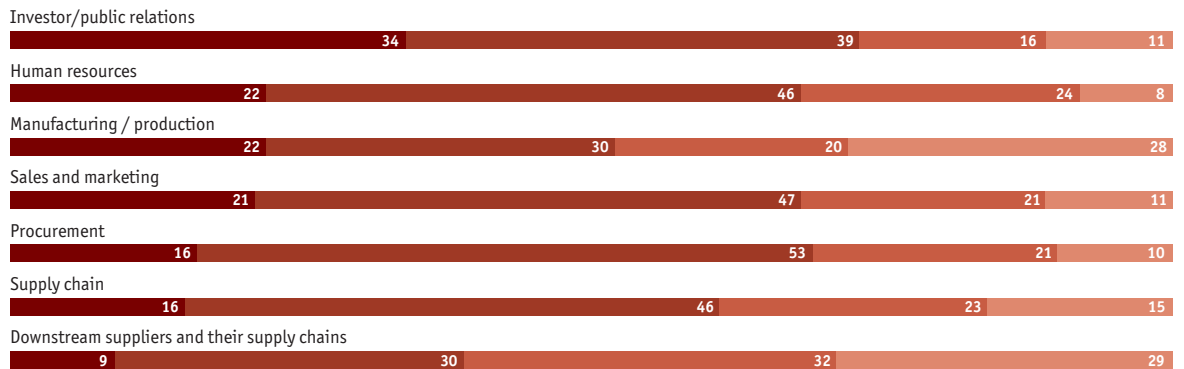


In your view, to what extent is your company's commitment to sustainable practices embedded within each of the following operations?

Rate on a scale from 1 to 3, where 1=Firmly embedded, 2=Moderately embedded and 3=Not embedded.

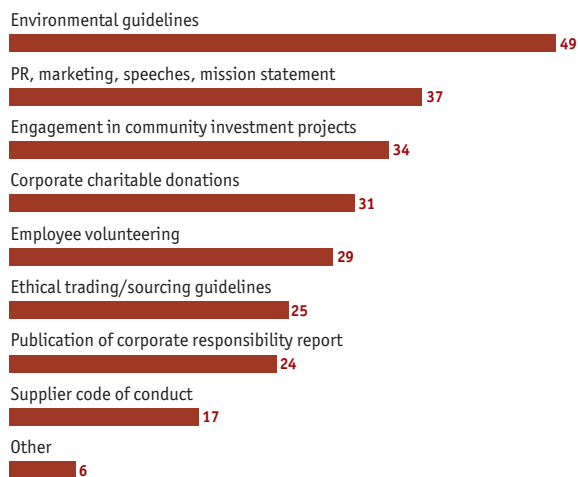
(% respondents)

1 Firmly embedded 2 Moderately embedded 3 Not embedded Don't know



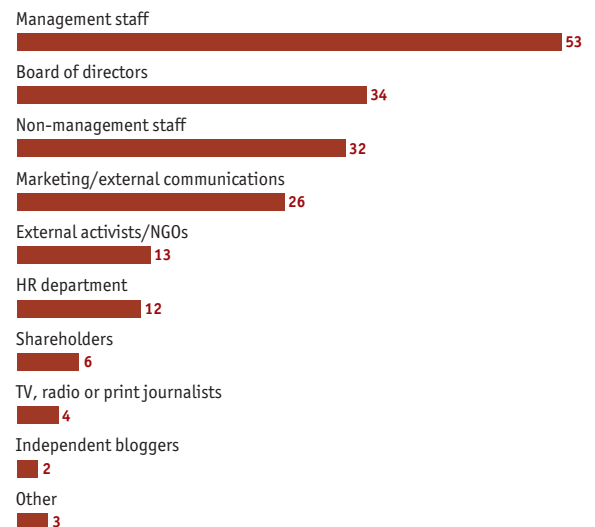
What are the most prominent sustainability activities in your company? Select up to three.

(% respondents)



Which of the following sets of individuals or groups do you believe works hardest to raise sustainability issues on your company's corporate agenda? Select the top two.

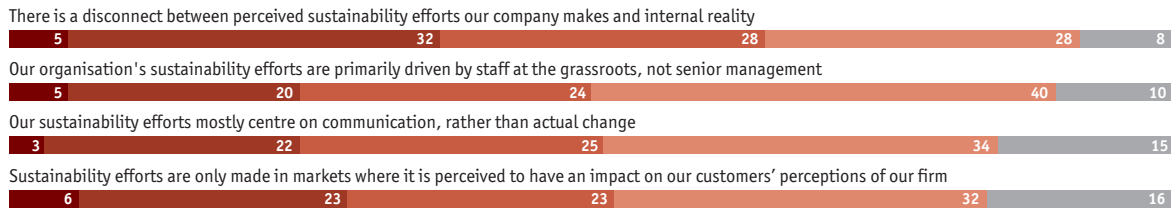
(% respondents)



To what extent do you agree or disagree with the following statements?

(% respondents)

Strongly agree ■ Agree ■ Neutral ■ Disagree ■ Strongly disagree ■

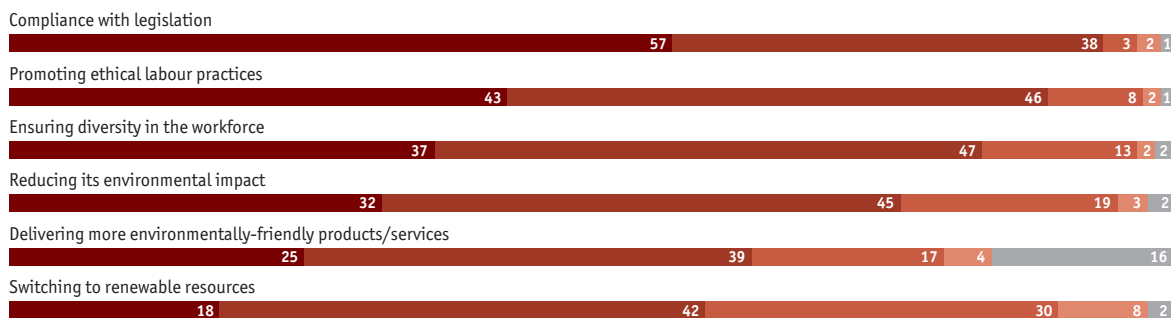


How good do you believe your organisation is at each of the following?

Rate on a scale from 1 to 3, where 1=Above average and 3=Below average.

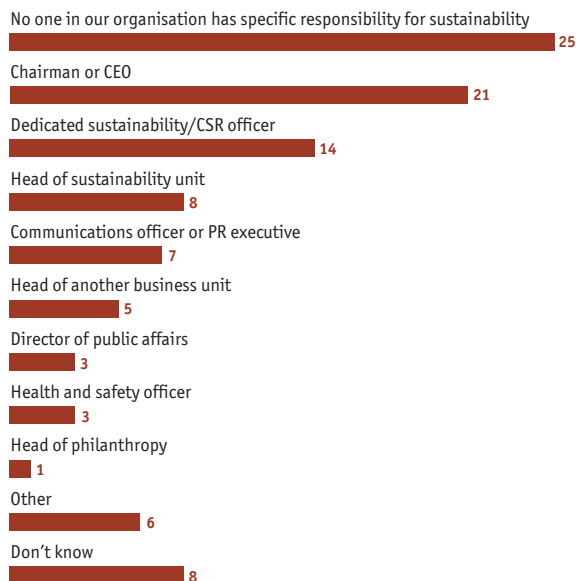
(% respondents)

1=Above average ■ 2=Average ■ 3=Below average ■ Don't know ■ Not applicable ■



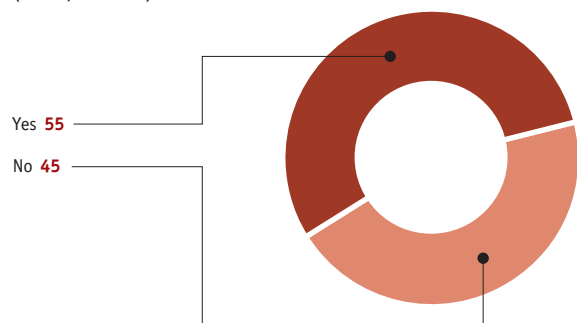
What position does the person responsible for sustainability in your company hold?

(% respondents)



Have you ever collaborated or interacted directly with the person responsible for sustainability in your company?

(% respondents)

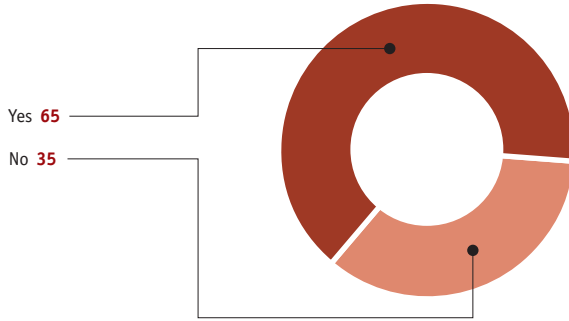


Appendix: Survey results

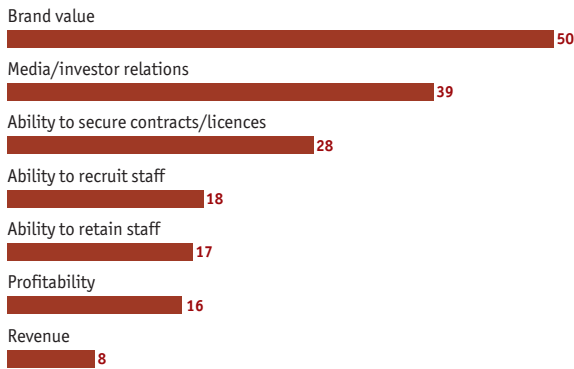
Action or Aspiration?

Sustainability in the British workplace

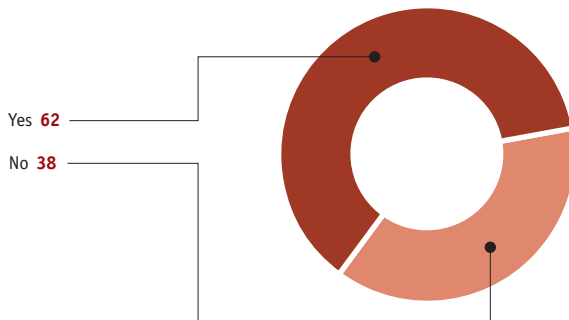
Does the person responsible for sustainability in your company report to the board?
(% respondents)



In which of the following has your organisation's sustainability efforts had the most impact? Select the top two.
(% respondents)



Would you consider yourself to be proud of the sustainability efforts that your organisation makes?
(% respondents)

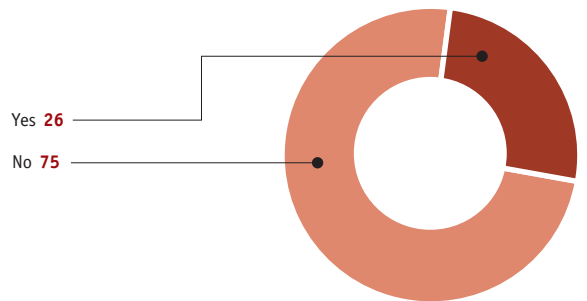


Which of the following does your organisation do to instill a culture of sustainability amongst its workforce?

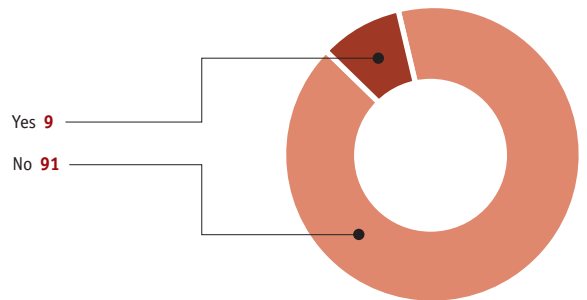
Select all that apply.
(% respondents)



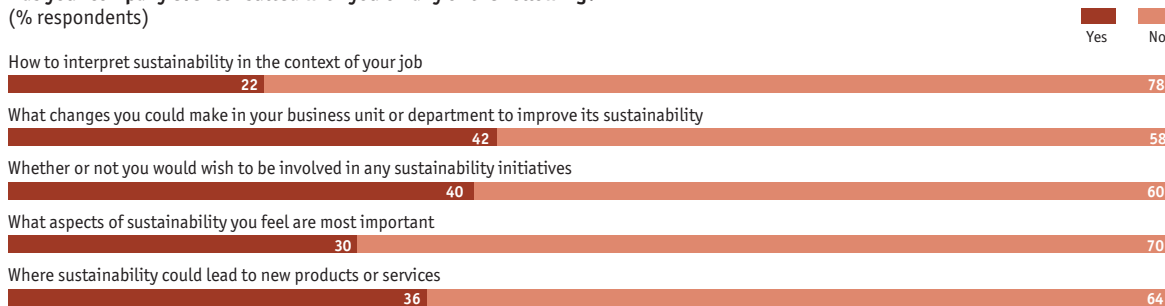
Have you or your team been given any specific sustainability goals to achieve, as part of your overall responsibilities?
(% respondents)



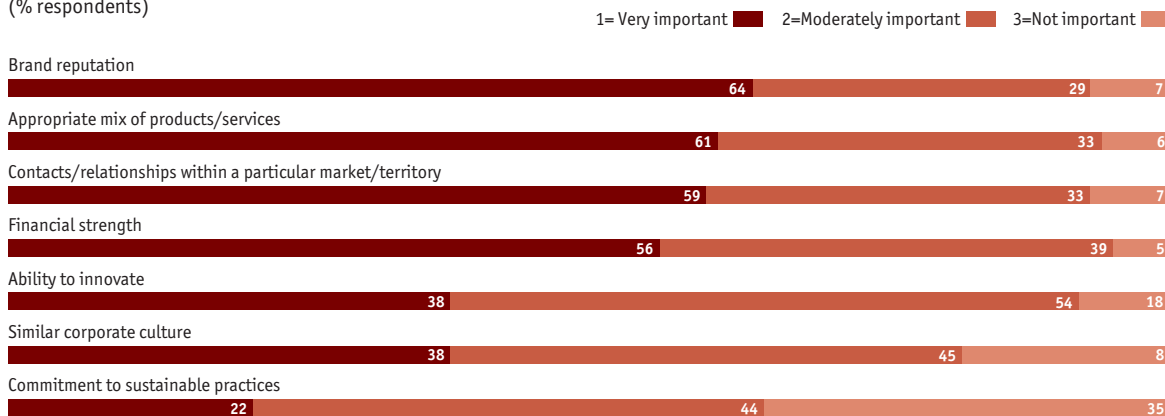
Is any aspect of your remuneration dependent on you hitting certain sustainability targets within your role?
(% respondents)



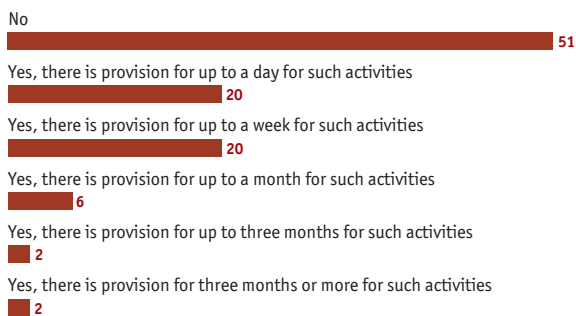
Has your company ever consulted with you on any of the following?
 (% respondents)



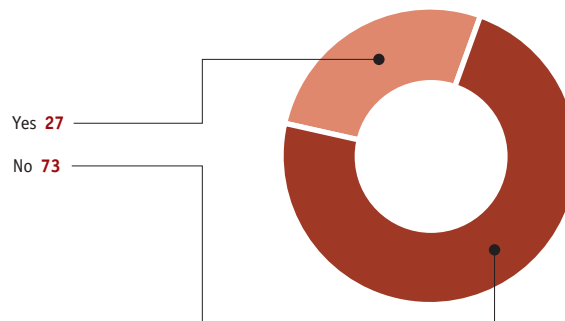
When deciding to partner or collaborate with a third party company, how important are the following attributes when making a decision about whom to partner with? Rate on a scale from 1 to 3.
 (% respondents)



Does your company have a scheme in place that allows you time off from work to do community service or pro bono work, either on an annual basis or over a defined period of years?
 (% respondents)



Have you ever taken part in such a scheme?
 (% respondents)



Appendix: Survey results

Action or Aspiration?

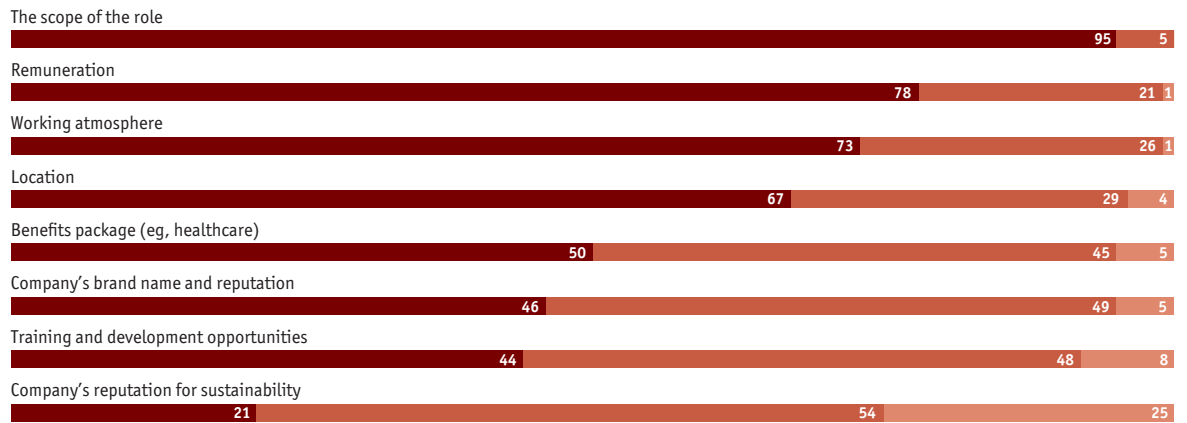
Sustainability in the British workplace

If you were considering a role at a new company, how important would each of the following factors be in making your decision?

Rate on a scale from 1 to 3.

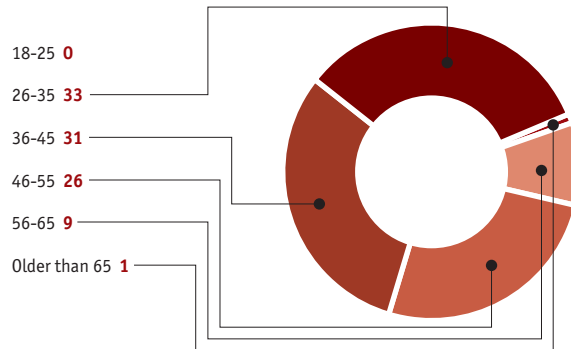
(% respondents)

1= Very important 2=Moderately important 3=Not important



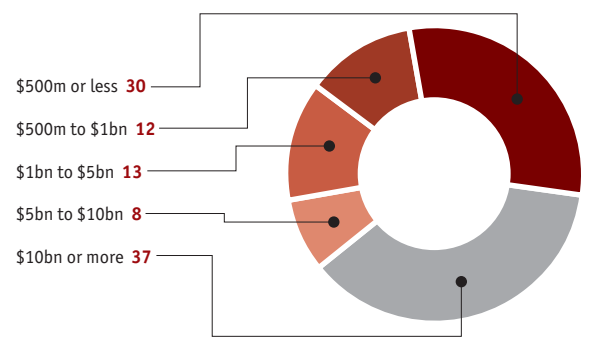
Which is your age group?

(% respondents)

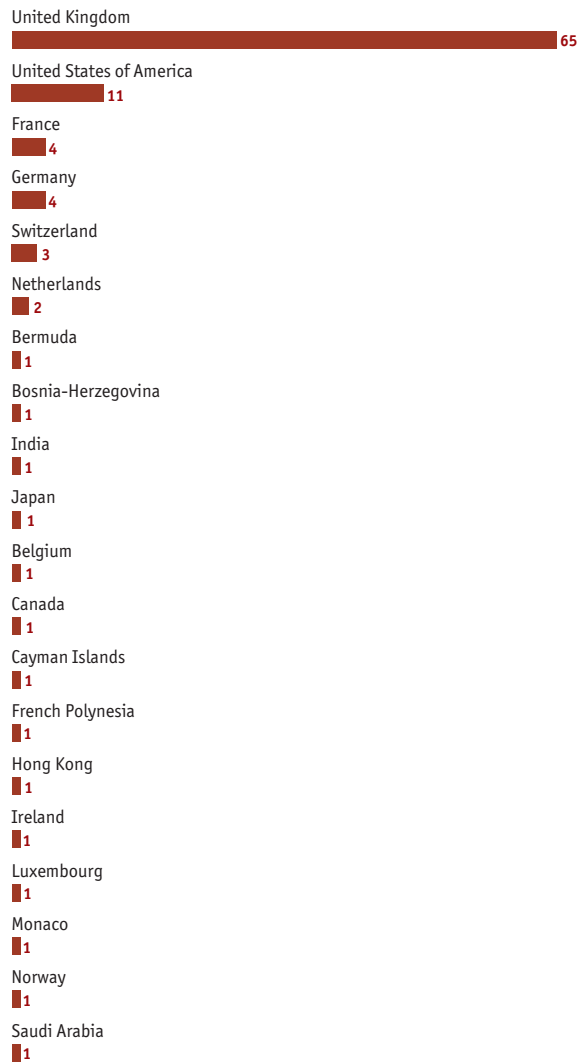


What are your company's annual global revenues in US dollars?

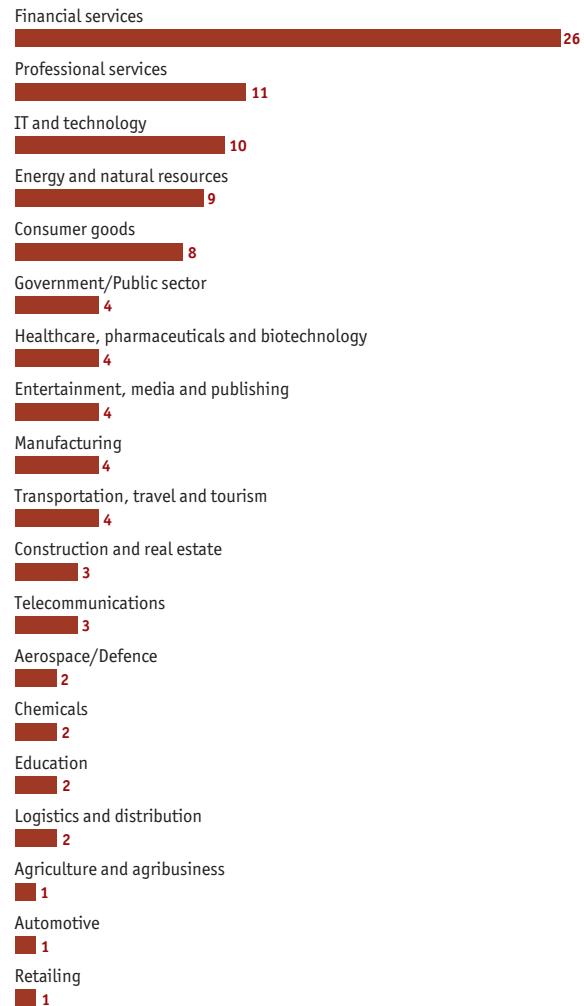
(% respondents)



Where is your organisation headquartered?
 (% respondents)



What is your primary industry?
 (% respondents)



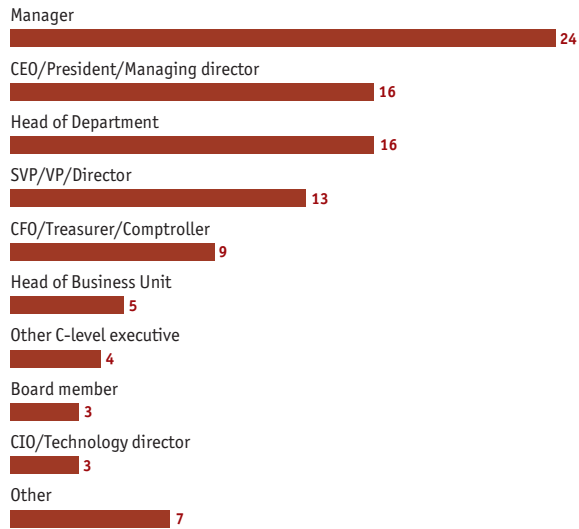
Appendix: Survey results

Action or Aspiration?

Sustainability in the British workplace

What is your title?

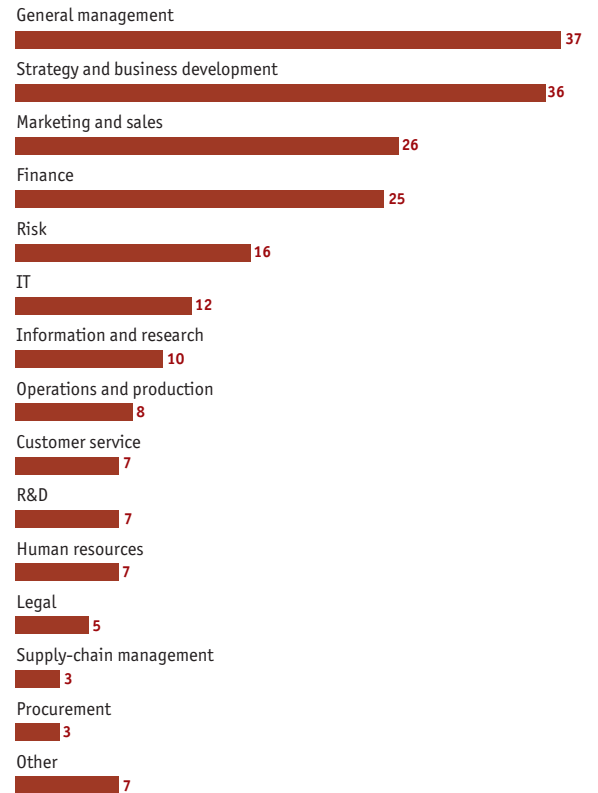
(% respondents)



What are your main functional roles?

Please choose no more than three functions.

(% respondents)



Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in the white paper.

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