BEARS ON THE ROAD: [E] The Leapfrogging Route

THE LEAPFROGGING ROUTE: is the transition trajectory that should lead directly from a 'reactive' (level 2) to a 'proactive' (level 4) sustainability approach. The leapfrogging route is a **high-risk track** that rarely succeeds, however, due to the impact of external forces and influences on still insufficiently prepared individuals and organizations.

Regardless of the sincerity of sustainability intentions, external stakeholders will be suspicious of any company claiming to contribute to 'systemic' or 'transformative' change (at level 4) when that claim is not convincingly substantiated by a recognized track record of consistent sustainable practice. Critical stakeholders will suspect window-dressing and SDG-washing if organizational **strategy, operational practice and corporate conduct appear insufficiently aligned for meaningful outcomes**.

Organizations that opt for the leapfrogging track should hence critically ask themselves whether the requisite levels of (a) strategy integration, (b) operational coordination (functional alignment), (c) intrinsic drive and stamina, and (d) dynamic capabilities are in place to, in all reason, be able to deliver on 'level 4' ambitions and actually 'walk their talk' (see section 9.2.2, section 11.9 and Chapter 11 in *Principles of Sustainable Business*). The **reputational damage of not succeeding** can result in significant **strategic backlog** as well as diminished societal and **stakeholder trust**, which will not be easily regained.

In general, the more secure, logical and common route to follow is to establish sufficient internal alignment and adaptive capabilities first (route [C]), in order to build credibility and trust, societal legitimacy and vital stakeholder support in addressing complex sustainability challenges.

1. PERSONAL [MOTIVATIONAL] 'BEARS ON THE ROAD'

From a psychological point of view, route [E] appears a tempting option – especially for self-confident and entrepreneurial individuals with a strongly developed 'risk appetite'. The choice to leapfrog signals aspiration to others, while it concurrently provides the person in question a strong external incentive ('loss aversion') to live up to raised expectations and deliver. People close by will initially give aspirational individuals the benefit of the doubt. But in the end, people are judged mostly by their real-life actions and achievements, not by their good intentions and ambitious promises. To succeed on the leapfrogging route, individuals must assure themselves that they are willing and able to confront (unforeseen) risks and deal with a number of personal barriers and challenges first, including:

- ***Self-trust.*** Can you really trust yourself to stick to the espoused ambition – no matter the setbacks and difficulties – and not to fall back into a 'reactive' mental attitude? Prior positive experiences and achievements can help to confidently face the challenges ahead. However, self-doubt can kick in when unforeseen challenges relate to prior negative experiences in which one didn't handle problems too well, overwhelmed by their complexity, scale or duration.

- ***Authenticity.*** How to convince others of the sincerity of your intentions, without prior actions or achievements to show for? Actions speak louder than words, and others will need some kind of tangible foothold to believe in the genuineness of the sudden 'change of spirit'.

- ***Loyalty and commitment.*** In collaborating with others – a requirement for attaining 'level 4' ambitions – can people count on you to fulfill agreed upon joint responsibilities and not to 'free-ride', to accomplish tasks appropriately and with integrity, and to persevere in your commitment to shared goals – also in the face of complications and personal adversity? Mitigating the pitfalls involved with a leapfrog 'overstretch' may take up so much energy, that it could actually inhibit you from contributing properly. Eventually, it may force you to reconsider your earlier commitments, renege, or choose a different path. How to ensure that others don't bear the negative consequences of your possible lack of realism?

- ***Persistence and staying power.*** When results fail to materialize in the short run, are you capable of staying focused and still dedicate sufficient attention, time and energy to stay on track, in the persistent ambition to make real progress towards transformational goals? Or will the 'opportunity costs' of less challenging alternatives eventually tempt you to choose differently?

- ***Unrealistic pace.*** Are you conscious of your reasons for wanting to move fast, and to what extent are these motives rational? Is it a headlong rush for fear of missing out (bandwagon effect), external pressure to show conformity, feeling surpassed by the success of others (negative motivation)? Or does the jump forward stem from wanting to make the most of a narrow 'window of opportunity' to make a real difference (an entrepreneurial, positive motivation)?

- ***Optimism bias.*** People tend to project their current mindset and assumptions onto the future. They also have a tendency to find, believe and remember information that confirms their existing perceptions (confirmation bias). Both inclinations reinforce each other. As a result, individuals may overestimate the likelihood of 'good outcomes' and the actual value and robustness of their knowledge, skills and capabilities to fit a distinct setting (impact bias).

2. ORGANIZATIONAL [MOTIVATIONAL] 'BEARS ON THE ROAD'

Barriers along route [E] relate to the risk of an organizational 'overstretch': (a) an insufficient 'strategic and operational fit' to deliver on raised expectations, while (b) concurrently having to deal with the pressures of a dynamically changing business environment and critical societal stakeholders. Along with the bottlenecks described under route [C] and route [D], organizational challenges on the leapfrogging route [E] include:

- ***Trust gap.*** Organizations that find it difficult to implement their sustainability ambitions – or that do not take their commitments seriously – face societal scrutiny and distrust. Although 'talking-to-walk' can, in fact, be an intentional communication strategy to pave the way for the materialization of transformational aspirations, external stakeholders will equate a significant intention-realization gap with 'cheap PR' and green- or SDG-washing (see sections 9.2.2 and 11.9 in *Principles of Sustainable Business*). If tangible results trail behind for too long, organizations risk losing their societal license to operate/expand/experiment.

- ***Incoherence.*** If top management's sustainability ambitions and pace of transitioning are excessively out of sync with the organization's internal dynamics, pushing it will lead to operational frictions, resistance to change, and internal power battles. This will hamper achieving a more sustainable business model, rather than accelerate it. Decisions on the course and pace of change can only be effective when based on a thorough understanding of internal levers, barriers, transition phases and critical tipping points (see Chapter 11 in *Principles of Sustainable Business*).

- ***Lock-in.*** Overhasty or overly optimistic decisions regarding strategic course, pace, associated investments and value chain commitments create path dependencies and lock-ins that cannot be easily reverted – or only at a high cost. A too radical shift in course and pace may lead to substantially higher 'switching costs' than it generates 'switching benefits'. Any short-term gains from pursuing to become a frontrunner then risk being offset by the loss of strategic advantage in the longer run.

- ***Stakeholder engagement.*** Robust stakeholder relations are not built overnight. Neither is a coherent, authentic and convincing 'sustainable corporate story' (see section 10.6). It takes time to develop meaningful stakeholder relationships in which organizational dilemmas can be shared and addressed in a non-confrontational manner. Whereas the organization may insist on using terms like 'strategic stakeholder dialogue', 'meaningful participation' and 'partnerships', external stakeholders will persist in a sceptic 'show me/prove me' mindset as long as propagated corporate values and value proposition do not meet real-life performance and practice (see section 11.9 in *Principles of Sustainable Business*).

- ***Superfluousness in partnerships.*** How vital and attractive to other stakeholders is the company really when it comes to building coalitions for positive societal impact? The organization may be a 'willing' coalition member, but do other stakeholders consider it a *needed* strategic partner as well? Partnerships are founded on the logic that pooling complementary resources, capabilities and ways of organizing help to achieve shared objectives. But if your organization still lacks 'transformative capacity', an established reputation and proven good practice, what exactly does it have to contribute?

- ***Absorptive capacity.*** To be productive, the experiences and lessons learned from inter-organizational collaborative efforts need to be linked to core internal activities. Otherwise, strategic partnerships run the risk of becoming an isolated activity that will only be of limited relevance for the company's longer-term business case. Intra-organizational learning includes finding ways to internalize the operational, reputational and 'collaborative value' created by the partnership. Organization-internal capabilities, infrastructures, processes and routines must be in place to be able to embed the fruits of the collaboration into own operations. If, however, partnerships are entered into too hastily and without sufficient absorptive capacity to 'learn, adapt and apply', the organizational costs of engaging in partnerships will outweigh the benefits to be gained.

3. INTERNATIONALIZATION [MOTIVATIONAL] 'BEARS ON THE ROAD'

Internationalization approaches that follow route [E] to leapfrog towards a 'proactive' sustainability attitude, should reckon with risks and challenges that relate to 'international overstretch':

- ***New entry strategy.*** Entering a new host country may enable an organization to experiment with new concepts for positive societal impact, without the burden of long-established ties with reactive stakeholders or the limitations of a conservative home-country business ecosystem. New experiences can be gained from rolling out knowledge-seeking strategies in a country with a different sustainability/CSR regime. Nonetheless, the operational, strategic and sustainability risks attached to managing home-host country 'distance' should always be taken into account. Doing business in more advanced CSR regimes requires companies to be able to deal with more regulatory pressure. Doing business in less advanced CSR regimes comes with less regulatory pressure, but might add substantial normative and reputation-related CSR risks (see section 6.5.1 in *Principles of Sustainable Business*).

- ***Integration-responsiveness.*** To facilitate the implementation, upgrading and upscaling of an international sustainability ambition, managing a portfolio of countries requires an appropriate combination of 'integration' (efficiency) and 'local responsiveness' (proper contextualization). Hence the motto: 'Think Global, Act Local'. Getting the balance right is crucial. A 'global approach' of rolling out 'standardized' norms in all countries of operations may evoke accusations of 'ethical imperialism': i.e., superimposing norms, principles and practices on host-country stakeholders, irrespective of local customs and country-specific contexts. A 'multi-domestic' approach, on the other hand, is better equipped to be responsive to host-country contexts and local stakeholders, yet comes with vast coordination and span-of-control challenges. Furthermore, it may evoke accusations of 'moral relativism' and of being susceptible to local pressures to abide by lower sustainability standards (see section 10.4.3).

- ***Fragility***. An overly optimistic and rapid expansion strategy to seek and conquer new markets, exploit assets, or manage resources across borders can make an organization vulnerable to all sorts of forces and developments. The international environment is volatile. The larger and more diverse the country portfolio, the greater the span-of-control challenges and risks involved. Necessary corrections in order to restore strategic focus, operational performance and longer-term resilience can then be drastic. For instance, they might involve having to divest from certain activities in specific countries, reshoring, relocating operations or withdrawing from certain regions altogether.

- ***Global regulatory gaps*.** The international arena is a largely unregulated space. In many areas there are no internationally applicable laws but only norms, morals, principles, guidelines and voluntary initiatives to protect and preserve the common good. This regulatory void creates room for internationally operating companies to adopt higher, but also lowers standards of sustainability. Distinct internationalization logics suggest different conditions and options for using international positioning powers and spheres of influence as a force for positive change (see Chapter 10 of *Principles of Sustainable Business*). However, the international bargaining and competition area also consists of vested (short-term) interests pursuing to profit from a 'race to bottom', rather than supporting a 'race to the top' (see section 6.5.2). To succeed, leapfrogging strategies should hence reckon with countervailing and opportunistic forces.