



# EXPLORING THE BARRIERS AND DRIVERS OF INTERNAL ALIGNMENT: AN INVESTIGATION OF BOARDS OF DIRECTORS AND ESG DEPARTMENTS

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## Background

- Sustainability strategies are becoming more prevalent in recent years, yet the success of these strategies differs a lot. How come?
- The success of a business strategy depends heavily on the consistency between the strategy formulated by top-executives and the execution of strategy by others – referred to as **'Alignment'**
- The benefits of alignment are clear. However, factors that contribute to building or breaking alignment have not been thoroughly researched.

## Objective

- **Objective:** Investigating the barriers and drivers of the process of building or maintaining alignment.
- **How?:** Evaluating the dynamics between Boards of Directors and ESG (sustainability) departments of multinational companies.
- **Research Question:** "What are the barriers/drivers for alignment between ESG departments and Boards of Directors in MNCs?"

## Introduction

- Boards of Directors provide strategic direction, operational departments executive the strategic vision.
- Alignment leads to positive business outcomes.
- Misalignment leads to negative business outcomes.

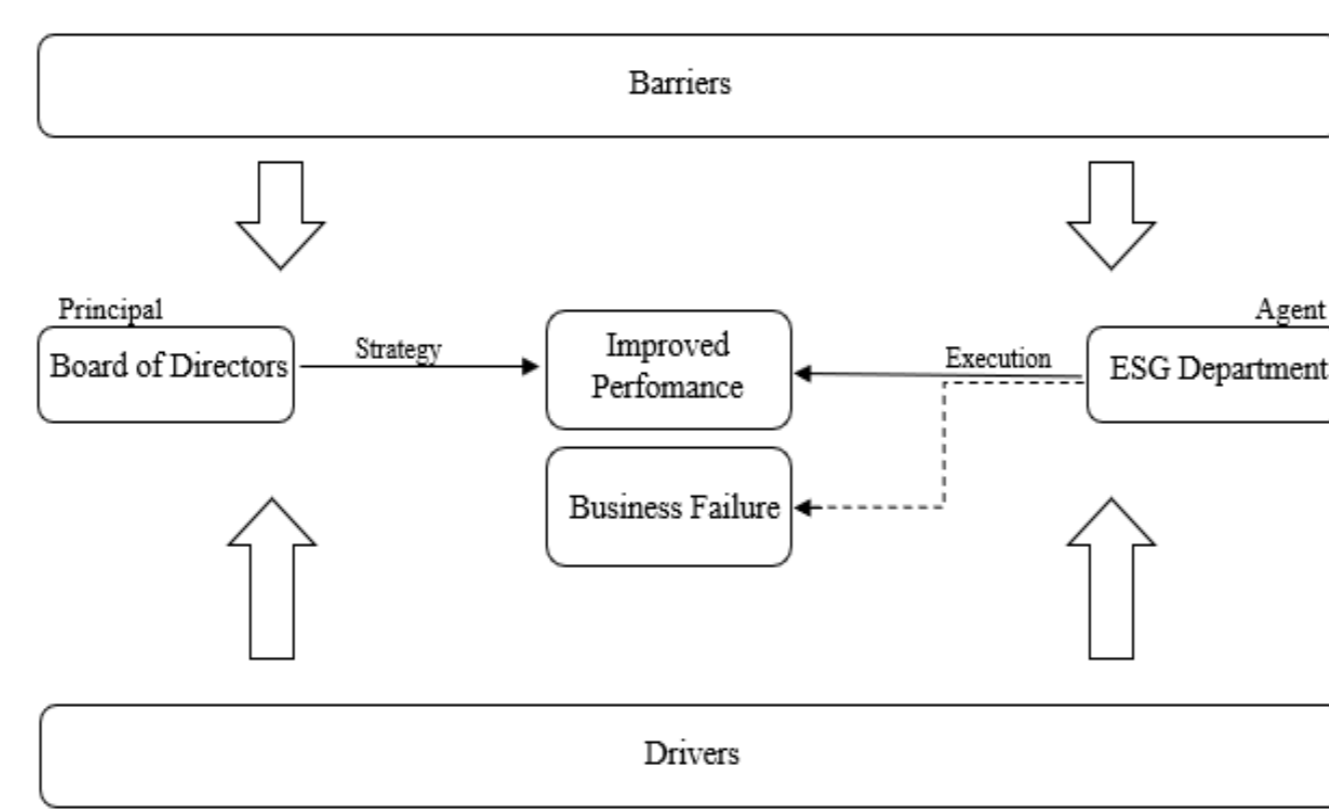


Figure 1. Conceptual model

## Methods

- Seven interviews were held with ESG professionals & experts.
- Questions on perceived alignment, best & worst practices.
- Qualitative data analysis.
  - Multiple rounds of pattern recognition & combination.

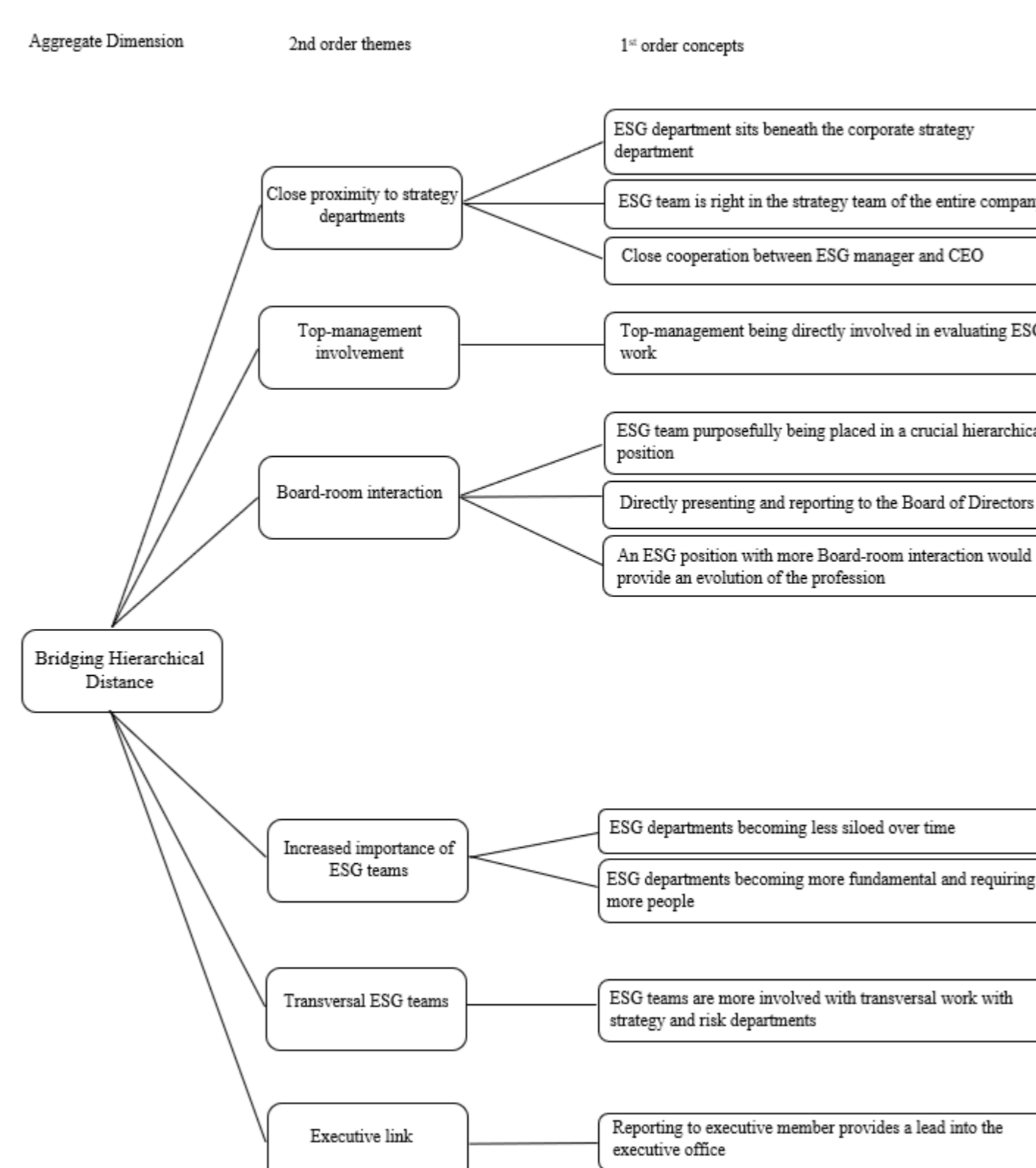


Figure 2. Coding tree

## Results

- **Two barriers to alignment:**
  - Complexity of the Sustainability Concept; and Conflicting Priorities
- **Four drivers to alignment:**
  - Bridging Hierarchical Distance; Strategic Influence; Engaged Leadership; and Communication

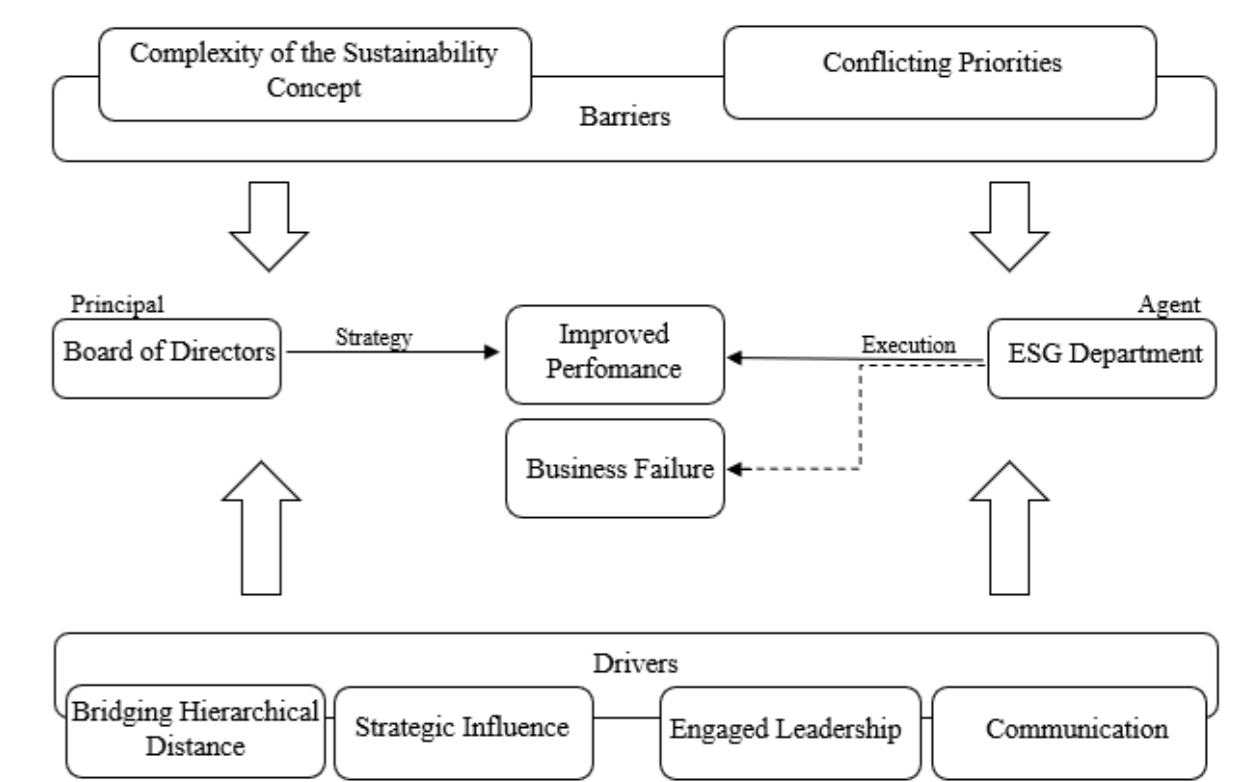


Figure 3. Alignment including its barriers and drivers

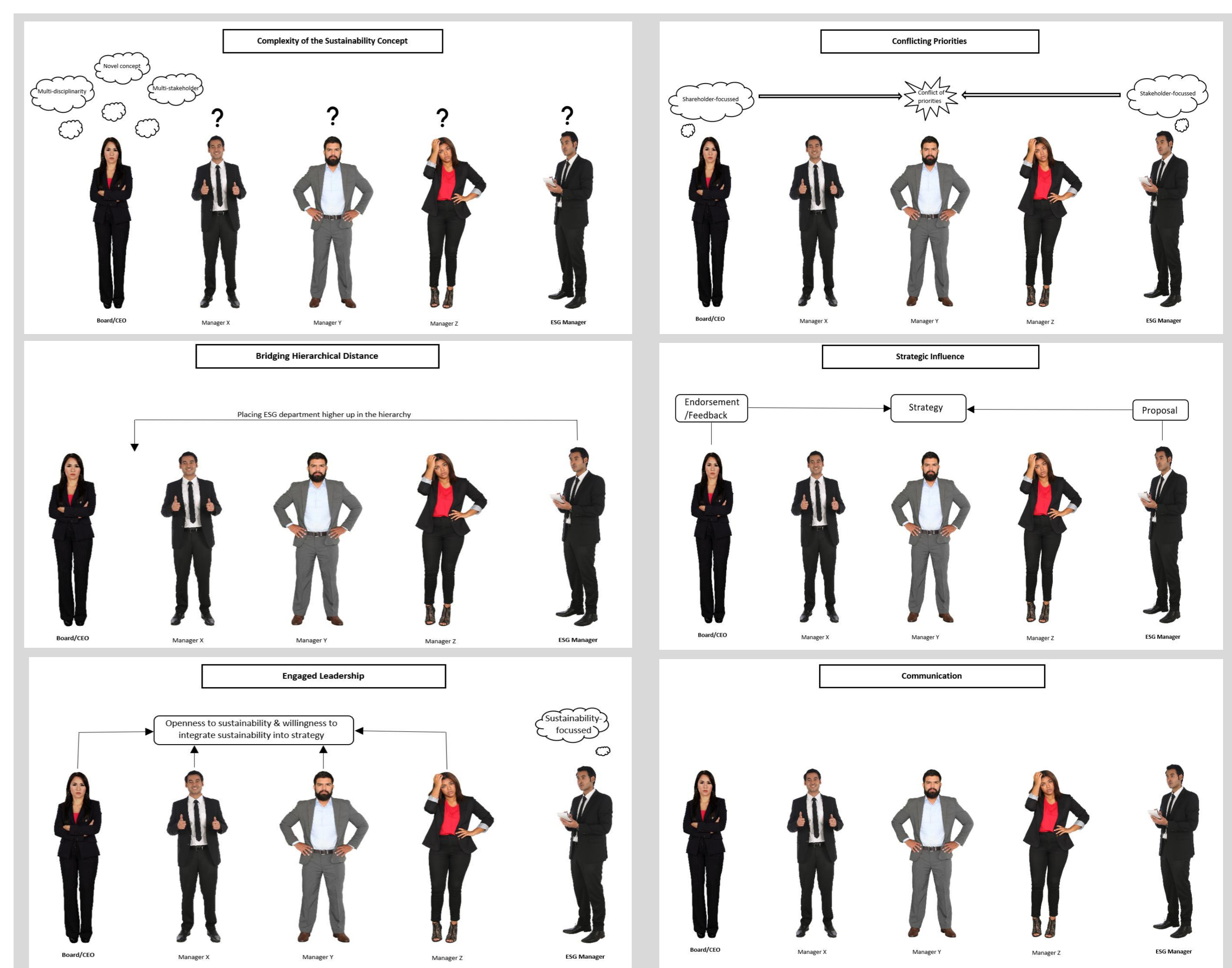


Figure 4. Alternative visualisation of results

## Discussion & Conclusions

- The results discussed above provide the answer to the research question.
- What does this contribute to literature and practice?
  - Advancing alignment theory with the aforementioned barriers and drivers.
  - Helping practitioners to build or maintain alignment.
- Where do we go from here?
  - Investigating the relative importance and interplay of the barriers and drivers.
  - Top-executives' internal conflict between engaging in sustainability and pleasing their shareholders.
  - Sustainability is still considered a difficult topic, even by dedicated professionals!

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