

Master thesis

Theoretical and practical evidence about inner development for
leveraging sustainability transition in SMEs.

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Abstract

The increasing focus on environmental, social, and ethical issues has pushed businesses to adopt corporate sustainability practices. However, only implementing tools and practises does not lead to significant progress in solving sustainability issues. This transdisciplinary Master Thesis examines the role of personal inner development in driving transformative change towards sustainability in Small and Medium-sized Enterprises (SMEs). The Inner Development Goals framework is introduced as a means to achieve sustainable development goals, highlighting the importance of personal inner transformations. Leverage Points and Intellectual Capital theory is used to understand why and how to implement Inner development goals framework in the SME's context. The study recognizes the need for more research on organizational transformations aligned with the United Nations Sustainable Development Goals (SDGs) and provides insights into interventions that can facilitate transformative change in SMEs. The results include an evidence that transformative change towards sustainability in SMEs requires a shift in organizational values and mindset. Integrating the Inner Development Goals (IDGs) framework can facilitate this shift in SMEs by utilising it through the Intellectual Capital and leadership, that enables deeper connections with oneself, the ecosystem, and the community, leading to regenerative business practices.

Keywords: inner development, sustainability mindset, SME, systems thinking, Leverage Points, Intellectual Capital

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List of abbreviations

CCA - Climate Coaching Alliance
HC - Human capital
IDG - Inner development goals framework
NGO - Non-governmental organisation
RC - Relational capital
SC - Structural capital
SDG - Sustainable development goals
SME - Small- and medium-sized enterprises

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Problem Analysis

The challenge

Environmental, social, and ethical issues are driving economic and geopolitical agendas, and this influence is also evident in businesses and organizations. Corporate sustainability has emerged as a response to improve environmental, social, and ethical conditions and serves as a guide for achieving change at the organizational level. In addition, the challenges posed by climate change and the crossing of planetary boundaries necessitate innovation to protect future generations and ensure continued development. Business plays a crucial role in transitioning from the unsustainable "business as usual" model that has led to global environmental problems to new sustainable business models, corporate responsibility, and the creation of new value for customers. However, the implementation of effective measures to address current challenges has been lacking, resulting in slow progress (Fazey et al., 2018; Masson-Delmotte et al., 2019). The prevailing discourse on climate change has primarily focused on external factors such as socio-economic structures, governance dynamics, and technological advancements, as emphasized by Mundaca et al. (2019).

Small and Medium-sized Enterprises (SMEs) are vital for enhancing global socioeconomic prosperity and contribute to wealth creation and employment. They represent approximately 90% of all companies worldwide and have the potential to develop innovative solutions and experiment with addressing environmental issues and promoting sustainability in society. In the European Union, SMEs provide around 70% of employment, and 99.8% of all enterprises in Europe are small and medium-sized, with fewer than 250 employees and annual turnover below €50 million or balance sheet below €43 million (Matos et al., 2018). Thus, SMEs are a valuable part of, and even drivers of, technological development and structural change. However, they often face challenges such as limited access to resources and investments, as well as differing organizational structures and product service orientations compared to large enterprises (Álvarez Jaramillo et al., 2019; Rizos et al., 2016).

Many economies, particularly in developing nations, rely on SMEs as they contribute to economic efficiency and facilitate the utilization of idle resources such as commodities, capital, and labor, thereby improving industry efficiency (J. Makiwa & A. Steyn, 2020). SMEs have been documented to play a critical role in generating income, promoting social development, and positively impacting poverty reduction (Madanchian et al., 2016).

SMEs often differ from large companies in that they rely more on informal measures or small process steps rather than mature environmental management practices (Graafland & Smid, 2016; Lee et al., 2015)). Scholars argue that implementing sustainability innovations and green management practices can enhance the overall performance of organizations including financial (Agyabeng-Mensah & Tang, 2021; Chen, 2008; Malik et al., 2020; Wang et al., 2021). Proactive SMEs that embrace green management practices and eco-innovations can achieve sustainability in general (Bhatti et al., 2022). Furthermore, SMEs face pressure from new regulations, competition, and stakeholders to adopt more sustainable solutions and environmental management practices (Larrán Jorge et al., 2015). However, some SMEs prioritize financial performance over sustainability issues (Lopez-Torres, 2022) while others encounter challenges related to the implementation of sustainable practices and transitioning to green organizations, including resource constraints, high initial costs, and a lack of expertise (Álvarez Jaramillo et al., 2019).

In the pursuit of sustainability, a significant portion of change management has relied on an incremental approach, with transformative changes only being made during crisis situations. Consequently, most tools and practices designed to promote sustainability and environmental and social initiatives have focused on guiding incremental change. However, the urgency of climate change and social disruptions demands accelerated action towards sustainable development goals (Burnes, n.d., O'Brien, 2015). Incremental change and mere compliance with regulations maintain the status quo without fundamentally transforming the way we produce and consume (Heifetz, 2009; Nalau et al, 2015; Pelling, 2010). Scientists warn that the current system depletes planetary resources, contributes to environmental crises such as climate change and biodiversity loss, and fails to establish a just society. Nonetheless, current EU regulations such as Corporate Sustainability Reporting Directive (CSRD) (Directive 2022/2464) effectively pressure organizations to prioritize environmental considerations in their business practices. This institutional-level reorganization of the rules presents an opportunity to innovate approaches to sustainability within organizations and build resilience to challenges and environmental pressures, as suggested by Luthe's adaptive waves cycle (Figure 1) (Luthe & Wyss, 2015).

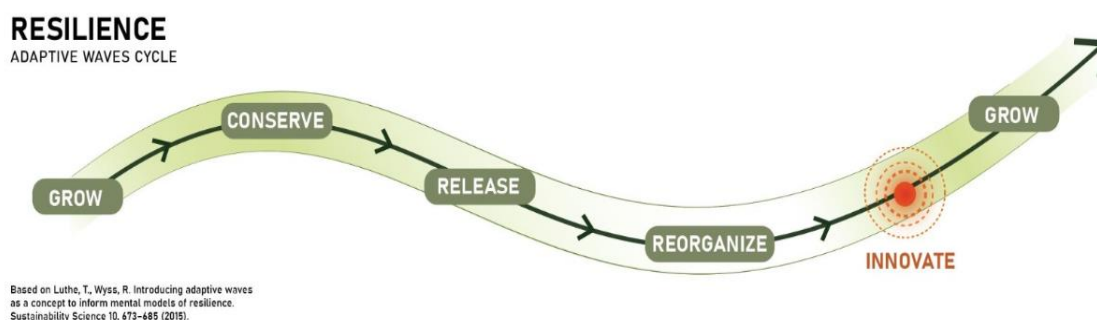


Figure 1. Adaptive cycles. Taken from Luthé & Wyss (2015)

To come through the transformational change, several challenges are faced by organisations. These challenges includes several dimensions. For example, creating circular business model in the organisation meet challenges that require collaboration with the new stakeholders for creating new products or new added value, reconfiguring the network, production and patterns; challenges with creating new profitable business model, satisfying customer needs with the new value; organisational challenges while enabling innovations on operational optimisations level and moving through organisational transformation to the systems building; creating spaces for innovation to explore, prototype and test (Guldmann et al, 2019).

There are various tools available to facilitate the implementation of change and innovations in sustainability practices, such as ecodesign, social innovations, the cradle to cradle framework, sustainability assessments, and supply chain management. For SMEs, navigating these different frameworks and principles can be challenging, especially without sufficient knowledge about sustainability and sustainability transformations. From the perspective of SMEs, the majority of challenges arise from a lack of resources. Meta-research on barriers to sustainability in SMEs often highlights the lack of resources, high initial costs of sustainable solutions, and a lack of expertise as common barriers(Álvarez Jaramillo et al., 2019). These barriers, combined with fears about an uncertain future and a preference for maintaining the status quo, hinder SMEs from undertaking sustainability transformations. Is there a way to address these challenges by adopting a different perspective?

Today, sustainability and environmental issues are no longer mere additions to organizational advantage but rather a crisis within the global system, as planetary boundaries are being exceeded, impeding access to resources necessary for societal well-being (Wamsler & Bristow, 2022). It is crucial to explore organizations from different dimension. The existing literature on corporate sustainability primarily focuses on the role of individuals, examining their influence on responsiveness to sustainability initiatives, congruence of values, and the role of sustainability managers as agents of change (Bentz & O'Brien, 2019). Some studies also delve into

managers' narratives of corporate greening (Sharma & Ruud, 2003). Klewitz's (2014) framework suggests that strategic sustainability behavior is fostered through product, process, and organizational innovations. However, there are still organizations that resist, react, or anticipate sustainability changes. Consequently, some scholars argue for the central role of mental model shifts and systems thinking instead of solely relying on tools (Maiteny, 2002; Wilber, 2001; O'Brien, 2018; Rimanoczy, 2014; Wamsler, 2018). There is a growing interest in comprehensively exploring the impact of individuals on sustainability-related behaviors and organizational sustainability performance, taking into account various factors such as spiritual aspects, human developmental stages, competences, and mental models, among others. Although research in this area is still limited, it is gaining momentum as there is an increasing desire to understand the influence of these factors on individuals' behavior and facilitate organizations' transition towards sustainability (Senge, et al., 2005; Scharmer, 2008; Ritz & Rimanoczy, 2021; Wamsler et al., 2021)

According to Alvino et al (2021), most studies on sustainability transitions primarily focus on the impacts of external factors, such as institutional pressure and regulations, as drivers for change, while neglecting the role of internal factors. Several researchers have pointed out that sustainability can be integrated into companies through innovations and the corporate culture, resulting in improved processes, enhanced relationships, and increased knowledge about environmental and social performance. Scholars argue that the prevailing external orientation should be complemented with an internal focus to enable sustainability transformation, which is also consistent with systems theory. Some researchers (Ritz & Rimanoczy, 2021; Pöllänenv et al., 2023; Reams et al., 2021; Wamsler, 2020; Wamsler & Brink, 2018; Wamsler & Restoy, 2020) also explore the necessary skills for effectively managing sustainability issues. However, despite this recognition, there is limited scientific knowledge available regarding the underlying reasons, specific internal dimensions that support sustainability, and tools for facilitating transformation in organisations.

With the aim to investigate the relationship between inner qualities and sustainability (UN General Assembly, 2015), Inner Development Goals framework(Reams et al., 2021) was created and has been recommended as an important framework to achieve Sustainable development goals in the European Parliament resolution of 23 June (2022). Public community become more interested in personal inner dimensions of transformations and Inner Green Deal NGO was created in Europe, Climate Psychology Alliance (n.d.) and Climate Coaching Alliance (n.d.). However, more research in the field of organizational transformations aimed at achieving United Nations 17 Sustainable Development Goals is needed.

Delimitation and the research question

The growing interest in the field of inner development for sustainability is evident among professionals and researchers, recognizing its significance in driving

sustainability transformations. Given the crucial role of Small and Medium-sized Enterprises (SMEs) in transition towards UN Sustainability goals (sustainability transition), it becomes intriguing to explore the underlying factors and address the perceived barriers hindering their progress towards sustainability by focusing on the human actors within SMEs. The increasing urgency to take action and implement transformative changes to address the ongoing environmental and social crises presents an opportunity for SMEs to adapt to external pressures and drive change. Addressing a lack of research connecting the inner development of human actors with sustainability transformations in SMEs, these considerations have shaped the following research question:

How inner dimension inclusion to the organisational system can enable\influence transformative change towards sustainability in SMEs?

SQ1. What is the current State of the Art on the topic of inner development for sustainability in SMEs?

SQ2. How inner development can influence sustainability transformation of SMEs?

SQ3. How to transfer inner development to SME's context?

By addressing the first sub-question, it becomes feasible to gather theoretical knowledge and empirical data, laying the foundation for further analysis despite the existing limited knowledge in this area. Exploring the second sub-question offers valuable insights into the interplay between the personal and organizational levels, allowing a deeper understanding of how the inner world of workers within SMEs influences their visible actions and the resulting outcomes in the organization. Additionally, investigating the third sub-question provides an opportunity to gain an understanding of the strategies and approaches that can be employed to effectively translate inner development into the context of SMEs, thereby enabling transformative change within these organizations.

THEORETICAL FRAMEWORK

In this chapter, the theories utilized for subsequent analysis are outlined and critically evaluated. Drawing on relevant theories and frameworks, a conceptual framework is developed to contextualize the theories and establish the foundation for analysis. Two theories, namely Intellectual Capital Theory and Leverage Points for intervening in systems, are introduced, offering multidisciplinary perspectives on systems transformation and organizational development. Furthermore, the Inner Development Framework is described, serving as a framework for personal-level change towards sustainability. Together they are used to create a theoretical framework to conduct the data analysis SQ2 and SQ3.

The theories and framework discussed above encompass three distinct perspectives on SMEs: the collective of individuals, the organization with valuable resources, and the system. Theories were chosen with the aims of (1) understanding the connection between inner development and transformative change in SME (2) create transdisciplinary research. These perspectives are intertwined, advocating for the promotion of sustainable change through the development of individuals, their values, and their ability to influence organizational culture, structures, and relationships. The merged framework serves as a comprehensive tool for navigating sustainability transition and addressing barriers within the SME context.

The Integrated Development Goals (IDG) framework is a relatively new approach that, when integrated with established theories, can unlock new opportunities for facilitating sustainability transitions in SMEs. In this regard, the upcoming chapter will begin by introducing the relevant theories and the IDG framework. Subsequently, the conceptual framework, which merges all three perspectives together, will be presented. This comprehensive conceptual framework aims to integrate the theories and IDG framework, providing a cohesive and holistic approach for guiding SMEs in their sustainability transition efforts. By combining these perspectives, the framework offers a novel perspective and potential solutions for advancing sustainability in the SME sector.

Leverage Points theory

This is a theory proposed by a prominent systems thinker and environmental scientist Meadows (1999) in the essay "Leverage Points: Places to Intervene in a System.". According to Meadows, Leverage Points are places within a system where a small change can have a big impact on the overall system. the essay "Leverage

Points: Places to Intervene in a System." These Leverage Points can create significant and lasting change in the system, in the range that the first is the strongest one and the last is the weakest:

Table 1. Leverage Points Meadows (1999)

No.	Leverage point	Description
1	Transcend the paradigms	Going beyond existing paradigms and embracing new ways of thinking can open up new possibilities and transformative changes in the system.
2	The mindset or paradigm out of which the system arises	Going beyond existing paradigms and embracing new ways of thinking can open up new possibilities and transformative changes in the system.
3	The goals of the system	Changing the goals of a system can influence the behaviour and actions of individuals and organizations within the system. Shifting the goal towards sustainability can inspire individuals and organizations to work towards sustainable solutions
4	The power to add, change, or evolve system structure	This leverage point involves changing the structure of the system itself. For example, introducing new policies or regulations can alter the behaviour of individuals and organizations, and ultimately lead to more sustainable outcomes.
5	The power to self-organize	This leverage point involves the ability of the system to self-organize and adapt to changes. By creating conditions that support self-organization, we can enable systems to adapt and respond to sustainability challenges more effectively.
6	The power to influence information flows:	This leverage point involves the ability to control and influence the flow of information within a system. By promoting transparency and access to information, we can increase awareness and understanding of sustainability issues and facilitate collective action. Changing the way information is gathered, shared, and used within the system can improve decision-making and promote effective action.

7	Reinforcing positive Feedback loops:	Identifying and strengthening positive feedback loops can amplify desired outcomes and reinforce system behaviour.
8	Balancing negative feedback loops	Identifying and adjusting negative feedback loops can help maintain stability and prevent the system from spiralling out of control.
9	The length of delays relative to the systems change	Understanding the timing and length of delays is crucial for identifying the optimal points for intervention and maximizing the leverage potential. By strategically addressing delays and minimizing their duration, interventions can be better aligned with the dynamics of the system, enhancing the potential for successful systems change.
10	Stock and Flow Structures	Modifying the structure and size of stocks and the rates of flow between them can alter the behaviour of the system.
11	Buffers	Adding or adjusting buffers, such as inventories or reserves, can help stabilize the system and reduce its vulnerability to shocks.
12	Constants, Parameters, and Numbers	Parameters are variables that can be adjusted within certain limits to influence the behaviour and performance of the system. Changing numbers, such as thresholds, targets, or performance indicators, can drive shifts in behaviour and guide decision-making processes.

Meadows (1999) categorized Leverage Points into two types: "shallow" points, where interventions are relatively easy but have limited potential for transformative change, and "deep" points, where interventions are more difficult but hold greater potential for transformative change. Abson et al. (2017) further simplified Meadows' 12 Leverage Points into four "realms of leverage." These realms represent increasingly deep levels of influence and include changes in parameters, feedbacks, system design, and intent. Abson et al. (2017) extensively discussed the nature of these different realms of leverage, emphasizing examples of deep Leverage Points.

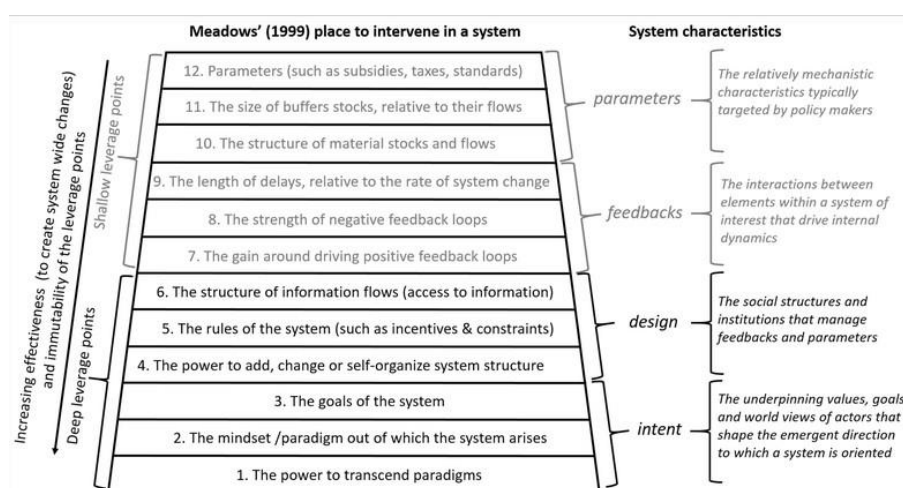


Figure 2. . Leverage Points Abson (2017)

The concept of Leverage Points offers a practical approach to addressing complex systems, including SMEs, by emphasizing the importance of holistic thinking and intervention. SMEs themselves can be considered as systems with interconnected elements, connections, and rules. Despite their relatively simple organizational structure, SMEs involve numerous tangible and intangible elements that influence one another.

The hierarchy of Leverage Points, proposed by Meadows and Abson and discussed by Fischer and Riechers (2019), encompasses a range of considerations, from causal factors to teleological aspects. Parameters and feedback loops fall under the realm of causality, while goals and paradigms fall under teleology. Integrating these perspectives within the Leverage Points meta-perspective provides a space for different modes of thinking, including backcasting from a desired endpoint.

By focusing on Leverage Points, practitioners and decision-makers can identify and target interventions that have the potential to bring about meaningful change within SMEs. Meadows argues that addressing only shallow Leverage Points is unlikely to lead to radical transformative change. However, she also acknowledges the challenges involved in acting on deep Leverage Points, despite the significant benefits that can be achieved. Fischer and Riechers (2019) provide theoretical reflections on Leverage Points and suggest that the Leverage Points perspective can be approached through various methodological approaches and fields, serving as a boundary object. Furthermore, its accessibility to a non-academic audience enhances its potential for influencing decision-making.

In the context of this research, the Leverage Points theory provides a perspective on driving systemic change within organizations, particularly SMEs. It

offers a framework for understanding and intervening in complex systems, guiding efforts toward sustainability transitions and overcoming barriers to change..

Intellectual Capital theory

The organizational system can be analyzed through the lens of the Resource-Based View (Aragón-Correa et al., 2008) and the concept of Intellectual Capital, which encompasses the intangible resources of a company. Recognizing that people are the most vital resource for a company (Alvino et al., 2021), the theory of Intellectual Capital has been developed around these intangible resources, which, according to previous studies Agostini (2017), hold greater value than tangible assets.

Intellectual Capital (IC) theory, a management theory, asserts that people, in terms of their skills, experiences, and knowledge, are the most crucial resource for any organization. Effective management of Intellectual Capital can help organizations address current and future business challenges, leading to competitive advantage and sustainability (Ferenhof, 2015). This theory is widely recognized in management disciplines as one of the most influential theories for explaining the relationship between corporate resources and organizational success. Recently, it has gained popularity as a tool for promoting sustainability (Boeske & Murray, 2022; Chen, 2008; Dumay & Garanina, 2013; Mastoris, 2016; Matos et al., 2018; Yong et al., 2022)

Intellectual Capital comprises the skills, experiences, and knowledge possessed by employees, along with the organization's information archives, contributing to long-term profitability. It encompasses the intangible assets of the organization, including human capital, relational capital, and structural capital, all of which drive competitiveness and value creation, that is represented on the Figure 3.

Human capital (hc) refers to the collective skills, knowledge, and engagement of an organization's personnel, encompassing both explicit and tacit knowledge. It includes the expertise, experiences, and capabilities of employees that contribute to the organization's performance.

Relational capital (rc) pertains to the formal and informal relationships established by the organization with external stakeholders. It encompasses information flows, knowledge partnerships, and collaborations with clients, audiences, and partners. The strength of these relationships is measured in terms of their breadth, channels, depth, and attachment.

Structural capital (sc), also known as organizational capital, encompasses the collective capabilities of the organization. It includes elements such as governance, values, culture, management philosophy, business processes, practices, research and development, intellectual property, performance metrics, and information systems.

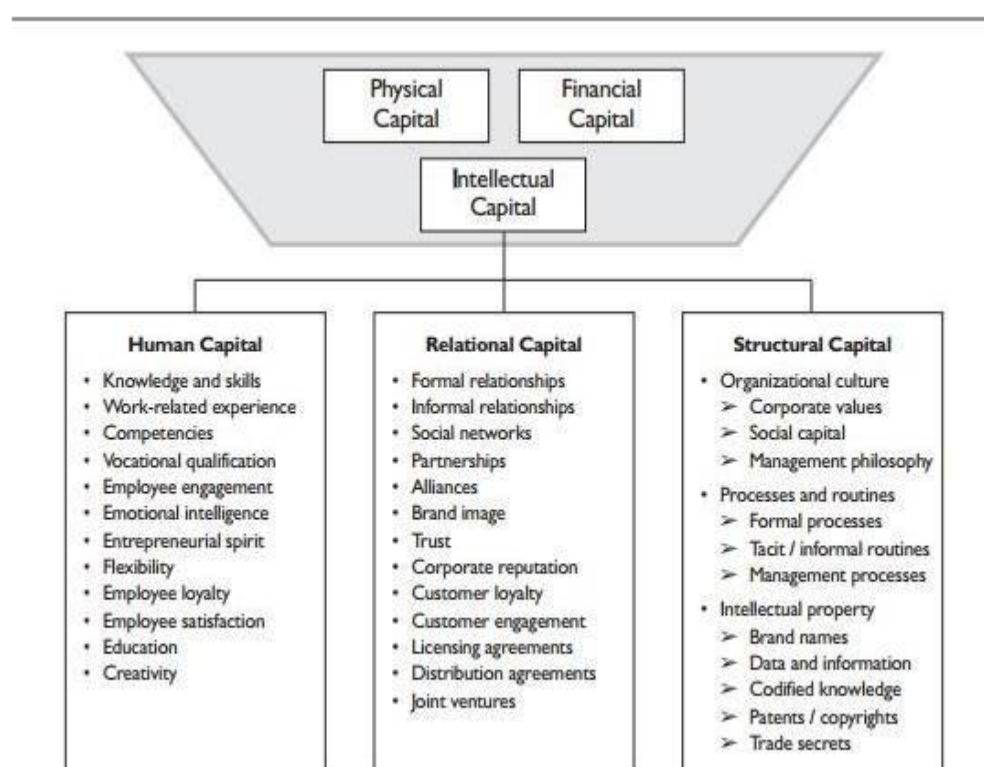


Figure 3. Intellectual Capital. Taken from <https://sites.google.com/site/piacapitalintellectual/intellectual-capital>

Unlike human capital, which resides within employees, structural capital remains within the organization and can be leveraged to enhance its competitive advantage, driving innovation and performance. Effective management and leveraging of Intellectual Capital, particularly structural capital, allow organizations to tap into their accumulated knowledge, systems, and processes, leading to sustainable success (Alvino et al., 2021; Matos et al., 2018).

Recent studies have emphasized the significance of Intellectual Capital (IC) in addressing various ecological, social, and demographic challenges faced by society (Dameri, 2015). Researchers have recognized that effectively managing Intellectual Capital and knowledge is crucial for sustainable business development and the long-term viability of organizations (Massaro et al., 2018; Ferenhof, 2015). By adopting a systematic approach to IC management, organizations can proactively address present and future business challenges, thereby increasing their chances of achieving sustainable business goals (Matos et al., 2018).

In the context of this research, the IC theory is employed to comprehend the intangible resources within the SME system that serve as Leverage Points. It provides a framework to systematically understand where interventions can be made within the organizational system, acting as a bridge between individuals and the organization.

Inner development goals framework

As it was stated before, the strongest leverage point for changing the system to sustainable development is identified as a change in mindset and paradigms, which is deeply connected to the values and worldviews of individuals. In response to the need for inner transformation to foster sustainable development, the Inner Development Goals framework (IDG) was developed by organizations such as the Ekskäret Foundation, The New Division, and 29k (Inner Development Goals, n.d.). The IDG framework proposes transformative skills for sustainable development that can guide individuals' actions towards sustainability.

The IDG framework emerged from the recognition of a blind spot hindering progress towards creating a sustainable global society. The complexity of sustainability issues requires cognitive and emotional skills that are often not acquired through general education, limiting individuals' ability to drive and navigate change. By engaging both practitioners and researchers, the framework was designed to bridge the gap between theory and practice and draw insights from both domains. This collaborative approach facilitated a comprehensive exploration of the competencies and qualities needed to address complex sustainability challenges, leading to a holistic understanding of the topic and providing practical guidance for sustainability management (Reams et al., 2021).

Prominent scholars in leadership and adult development, including Robert Kegan, Susanne Cook Greuter, Bonnitta Roy, Aftab Omer, Bence Ganti, and Jonathan Reams, contributed their theoretical perspectives on the skills and personal qualities required to effectively address global challenges (Reams et al., 2021). The methodology employed in developing the IDG framework involved five workshops with 80 participants, during which a survey was developed and subsequently completed by 861 practitioners and scientists. The data collected from these surveys were analyzed by two independent researchers, resulting in the final framework that was formulated for enhanced communication purposes in April 2021 (Reams et al., 2021).



Figure 4. IDG framework. Taken from <https://www.innerdevelopmentgoals.org/resources>

This framework provides 23 competences, divided into 5 dimensions: “being” – relation to self, “thinking” – cognitive skills, “relating” – relation to others and the world, “collaborating” – social skills and “acting” – skills that creates change in outer world. The details are provided in Table 2.

Table 2. Inner development goals framework description.

Dimension	Competency	description
Being Cultivating inner life, developing and deepening relationship to thoughts, feelings and body that makes present, intentional and nonreactive when facing complexity	Inner compass	Having a deeply felt sense of responsibility and commitment to values and purposes relating to the good of the whole
	Integrity and Authenticity	A commitment and ability to act with sincerity, honesty and integrity
	Openness and learning mindset	Having a basic mindset of curiosity and a willingness to be vulnerable and embrace change and grow
	Self-awareness	Ability to be in reflective contact with own thoughts, feelings and

		desires; having a realistic self-image and ability to regulate oneself
	Presence	Ability to be in the here and now, without judgement
Thinking Developing our cognitive skills by taking different perspectives, evaluating information and making sense of the world as an interconnected whole is essential for wise decision-making	Critical thinking	Skills in critically reviewing the validity of views, evidence and plans
	Complexity awareness	Understanding of and skills in working with complex and systemic conditions and causalities
	Perspective skills	Skills in seeking, understanding and actively making use of insights from contrasting perspectives.
	Sense-making	Skills in seeing patterns, structuring the unknown and being able to consciously create stories
	Long term orientation and visioning	Long-term orientation and ability to formulate and sustain commitment to visions relating to the larger context.
Relating - Caring for others and the world: Appreciating, caring for and feeling connected to others, such as neighbours, future generations or the biosphere, helps us create more just and sustainable	Appreciation	Relating to others and to the world with a basic sense of appreciation, gratitude and joy.
	Connectedness	Having a keen sense of being connected with and/or being a part of a larger whole, such as a community, humanity or global ecosystem

systems and societies for everyone	Humility	Being able to act in accordance with the needs of the situation without concern for one's own importance.
	Empathy and compassion	Ability to relate to others, oneself and nature with kindness, empathy and compassion and address related suffering.
Collaborating - Social skills: To make progress on shared concerns, we need to develop our abilities to include, hold space and communicate with stakeholders with different values, skills and competencies.	Communication skills	Ability to really listen to others, to foster genuine dialogue, to advocate own views skilfully, to manage conflicts constructively and to adapt communication to diverse groups.
	Co-creation skills	Skills and motivation to build, develop and facilitate collaborative relationships with diverse stakeholders, characterized by psychological safety and genuine co-creation
	Inclusive mindset and intercultural competence	Willingness and competence to embrace diversity and include people and collectives with different views and backgrounds.
	Trust	Ability to show trust and to create and maintain trusting relationships.
	Mobilization skills	Skills in inspiring and mobilizing others to engage in shared purposes.

Acting - Driving change: Qualities such as courage and optimism help us acquire true agency, break old patterns, generate original ideas and act with persistence in uncertain times.	Courage	Ability to stand up for values, make decisions, take decisive action and, if need be, challenge and disrupt existing structures and views.
	Creativity	Ability to generate and develop original ideas, innovate and being willing to disrupt conventional patterns.
	Optimism	Ability to sustain and communicate a sense of hope, positive attitude and confidence in the possibility of meaningful change
	Perseverance	Ability to sustain engagement and remain determined and patient even when efforts take a long time to bear fruit.

As the Inner Development Goals (IDG) framework is relatively new, there is limited research available on its implementation and assessment. However, the framework demonstrates validity and reliability through its transparent description of the research process in the IDG program report (Reams et al., 2021). The methods employed in developing the framework included both qualitative and quantitative approaches, with five workshops and two surveys conducted. The data sources encompassed participants from various occupations, such as organizational consultants, managers, leadership development professionals, HR managers, researchers, social entrepreneurs, and sustainability managers. The survey data were independently coded by two researchers, providing a form of triangulation and enhancing the reliability of the framework.

While the authors acknowledge that there are deeper patterns of interconnection among different skills and qualities, their goal was to create an easily understandable and applicable framework. Although the framework can be used in organizational and collective contexts (Inner Development Goals Phase 2 Research Report, n.d.), the initial version primarily focused on individuals. To facilitate implementation and exploration of the Inner Development goals, the IDG

team created a library of tools by the end of 2022. These tools can be utilized in organizational meetings and training sessions, with most requiring facilitation. However, there are also several self-directed methods suggested for individual development across all dimensions of IDG.

The IDG framework provides a valuable foundation for addressing the Leverage Points identified in the Meadows framework. By cultivating awareness, compassion, and courage, individuals and organizations can develop the inner conditions necessary to identify and effectively address the most relevant Leverage Points in their specific context. Further exploration of how this framework can be combined with other theories will be described in the conceptual framework.

Conceptual framework

According to Meadows, the deepest Leverage Points for creating change are mental shifts and the power to transcend paradigms. By focusing on these Leverage Points, fewer resources are needed to bring about change. In the context of SMEs with limited resources, investing in the development of Intellectual Capital and inner development can create the leverage necessary to overcome barriers to sustainability. This suggests that barriers associated with resource limitations can potentially be overcome. Additionally, the perspective on resources can be changed.

It can be argued that the shift to new mental models and paradigms, which are more adaptive to current sustainability challenges, is initiated by individuals before it becomes collective knowledge within an SME. Another assumption is that with new mental models, the lack of certain resources would not be perceived as a barrier to sustainability. The Inner Development Goals (IDGs) framework can help facilitate this mental shift and also cultivate the skills necessary to connect with one's inner self.

The IDG framework guides individuals towards a state of being that fosters the cultivation of skills, knowledge, senses, and competences for sustainability. By transcending traditional understandings of value, profits, and competitiveness, the framework supports the development of new mental models. However, the IDG framework not only facilitates this mental shift but also encompasses the skills and competences required for sustainability.

Intellectual Capital theory clarifies organizational resources beyond financial aspects, which are often perceived as lacking in SMEs and can pose barriers to sustainability transformations. Furthermore, it provides insights into where organizational transformation can be leveraged, using the IDG framework, to encompass not only human capital but also structural and relational capital. The IDGs serve as a framework for developing competences for sustainable development, which can be considered a part of Intellectual Capital. However, the hypothesis is that in order to guide sustainability transformations and create a truly transformational effect throughout the organization, the IDGs should be

incorporated into the organizational DNA, including corporate culture, processes, innovation capabilities, and relationships with stakeholders and clients.

This can be visualized as a vortex of different levels of Leverage Points, where the deep Leverage Points are supported by two dimensions: the IDGs and Intellectual Capital. The IDGs provide guidance on what needs to be developed within organizations to create leverage at specific points, while Intellectual Capital represents the areas where the IDGs should be applied. This can be illustrated as a vortex of different levels of the Leverage Points, where deep Leverage Points are supported by two dimensions: IDGs and IC. IDG here represents a guidance, what is needed to be developed in organisations in order to create the leverage at particular points. IC here represents the places where IDGs should be applied.

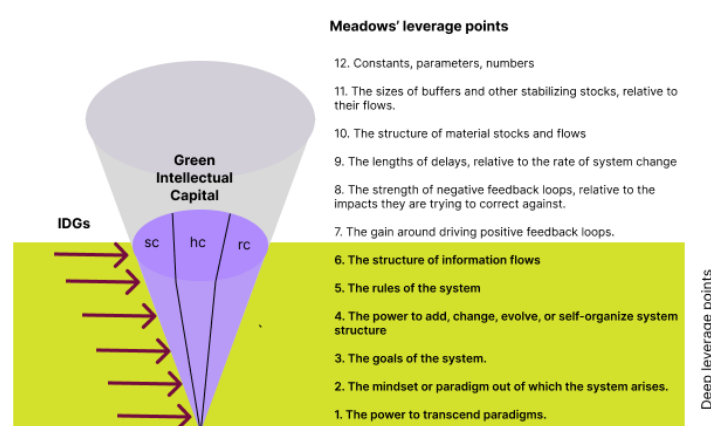


Figure 5. Conceptual framework.

The relations between three capitals, Leverage Points and IDGs and their elements can be more interconnected, complicated and nested. However, to ensure clear communication, they would be used reductively in this research. While applying this theory in the organisational context, several critical replies from practitioners were received, that this is an old and ineffective way of looking into organisations, trying to put in the boxes interrelated aspects.

From this perspective – inner development for sustainability is essential part of the inner and outer transformations which enables the change in organisations, including SME. While the framework makes logical connections between Intellectual Capital theory, Leverage Points, and inner development goals, the empirical evidence to support these connections is further needed. Without empirical validation, it is difficult to determine whether the framework is effective in facilitating sustainability transitions.

This conceptual framework is applied in two ways. First of all, it is used as a basis for the interview guide and further thematic analysis. Secondly, the data for

SQ3 is analysed using this conceptual framework to create the new one, simplified and adjusted to practical experience, that can be used by SMEs or further research.

METHODOLOGY

Philosophical roots of this study connect to Pragmatism Philosophy. According to them, reality is complex and there are multiple forms of reality. At its core, pragmatism focuses on the practicality and usefulness of beliefs, theories, and knowledge. It emphasizes the need to understand ideas in terms of their practical implications and real-world consequences. *“The world is thus changed through reason and action and there is an inseparable link between human knowing and human action.”* (Goldkuhl, 2012). The researcher's intention, was to explore the interrelation of several disciplines and create a transdisciplinary research approach in the fields of sustainability transition, organizational development, and adult development, using systems thinking. The research question was addressed through an abductive iterative approach, which involved the creation of a theoretical framework, data collection, and analysis using qualitative methods such as literature review, semi-structured interviews, and field work.

The availability of data became a crucial factor that influenced the research design, leading to several changes compared to the initial versions and ideas. The research was conducted in four phases:

Phase 1: The preliminary research design focused on Nordic SMEs, with the assumption that relevant cases could be studied using quantitative methods. A literature review was conducted to understand barriers to sustainability in SMEs, and two exploratory interviews were carried out.

Phase 2: An integrative literature review was conducted on the influence of mindset, mental models, knowledge management, and personal competences. The selected theories were applied to create an interview guide for semi-structured exploratory interviews and a survey. The researcher also attended a conference on climate coaching to gain practical knowledge about implementing new mindsets in organizational leaders, using the field notes method.

Phase 3: The preliminary research design, which initially relied on quantitative data, was changed due to the inability to obtain relevant data and receive critique from the interview participants regarding the approach. Six additional semi-structured interviews were conducted, and the data from the interviews and field notes was analyzed and coded. A new conceptual framework was developed based on the analyzed data to address the research question.

Phase 4: The analysis and results were validated by the participants and key researchers in the field. To further validate the research findings and minimize researcher bias, two leading researchers in the field of mindset and sustainability

were consulted. The use of triangulation in methods, including literature review, semi-structured interviews, and field notes, also contributed to the research's reliability.

Literature review

To answer the first sub-question, a literature review was conducted to explore existing knowledge and literature on sustainability mindsets and personal development of change agents, with a specific focus on SMEs. The literature review followed an integrated approach, which involves gathering, synthesizing, and critically reviewing previously conducted research in the field. By incorporating integrated review methodologies, the aim was to ensure a rigorous and comprehensive examination of the relevant literature in the emerging field of study, as well as to develop a broader understanding of the topic (Snyder, 2019).

To maintain transparency and clarity, specific criteria were established for the literature review process. These criteria included:

- Applying a language criterion to include only literature written in English.
- Developing a search string that encompassed the intended aim, relevant keywords, key concepts, and boolean expressions. This focused and precise search strategy ensured the retrieval of desired literature and knowledge, enhancing the transparency of the process.
- Including supporting literature from articles, books, and scientific papers, which could be identified through techniques like "snowballing" to expand the scope.
- Utilizing AI-based services such as Scispace and Elicit to find relevant literature based on the research question and keywords.
- Incorporating peer-reviewed articles to ensure the reliability and credibility of the selected texts for review.
- By adhering to these principles, the literature review aimed to establish a robust foundation for subsequent analysis, identifying research gaps, and facilitating discussions on sustainability mindsets and personal development of sustainability change agents in SMEs.

Critical reflections on the literature review process may include the consideration of additional criteria, such as using the CASP methodology (2019), to enhance the reliability of the research and conducting a systematic review to increase validity and provide better insights for practice. However, the primary goal of this literature review was to create a "State of the Art" understanding and acquire knowledge about the field of personal development for sustainability, while critically reflecting on the theoretical framework.

Semi-structured interviews

To answer the second and third sub-questions, semi-structured interviews were conducted. An interview guide was developed based on the conceptual framework, which can be found in Appendix A. However, not all questions from the interview guide were relevant to every participant, and the researcher's interest in exploring specific topics related to Inner Development Goals led to the emergence of new questions during the interviews. A total of eight interviews were conducted, each lasting approximately one hour.

To ensure a diverse range of perspectives, professionals with different backgrounds were selected as participants for the interviews. The recruitment of interviewees was carried out through LinkedIn and communities consisting of individuals working with mindfulness/executive coaches and/or organizational sustainability in SMEs. All participants had prior knowledge of the IDG framework and were able to reflect on its implementation in organizations and their own experiences using it. It is worth noting that one interviewee preferred to remain anonymous, so all names have been anonymized.

These semi-structured interviews allowed for a deeper exploration of the research topics, enabling the collection of rich qualitative data from participants with practical experience and insights related to the implementation of IDGs in SMEs.

Table 3. Interview participants

Profession	Number	Country	Date	Name
Sustainability consultants for SMEs	2	Denmark	February 30	Interview 1
		Germany	March 30	Interview 2
Regenerative solutions for SMEs specialists.	2	Germany	February 22	Interview 3
		South African Republic	March 3	Interview 4
Leadership and organizational wellbeing specialists with the focus on sustainable development	2	Slovenia	March 7	Interview 5
		Denmark	April 18	Interview 6
SME employees (HR and communication specialist)	2	Denmark	March 29	Interview 7
		Netherlands	March 13	Interview 8

The participants for the interviews were initially invited through a call on LinkedIn, which received nine replies. However, only four participants ultimately participated in the interviews. To expand the participant pool, transformational coaches were contacted through local IDG hubs with personalized messages. A total of 56 individuals were identified as relevant based on their LinkedIn profiles and their connection to sustainability and inner development/organizational development. Two of these individuals responded positively and agreed to participate. Due to the emerging nature of the field, it was challenging to find individuals or SMEs actively applying IDGs in an organizational context. Ultimately, two participants were recruited through personal networks.

The majority of the interviews were conducted online using the Microsoft Teams platform, while two interviews were conducted in person with participants from Aalborg. Conducting interviews online offered advantages such as increased accessibility and cost savings, as well as the ability to record and transcribe the interviews in real-time using Microsoft Teams. However, a potential disadvantage of online interviews is the potential for a more distant relationship between the interviewer and interviewee. It is important to note that English was used as the language for all interviews, which may not have been the native language for both the researcher and the participants. This could have potentially led to misunderstandings and misinterpretations during the interviews.

The semi-structured format of the interviews allowed for flexibility, enabling the interviewer to tailor each interview based on the participant's expertise while still adhering to the interview guide. Although it became evident after several interviews that the interview guide did not fully address the new research question, it was decided to maintain consistency in the data and keep the original guide unchanged.

The transcribed data from the interviews was coded using NVivo 12 software, applying a semantic approach that focused on explicit content. The coding was conducted deductively based on sub-questions and in relation to the conceptual framework that had been created. Additionally, inductive codes were generated based on emerging patterns in the data that aligned with the research design and discussions. Themes were generated, reviewed, and named based on the grouped codes according to Braun & Clark (2006), which guided the names organization of sections and sub-sections within the main chapters.

While complete elimination of researcher biases may not always be possible, the researcher actively acknowledged and addressed potential biases throughout the research process. Measures such as employing a structured interview guide, ensuring anonymity or confidentiality, using multiple data sources, and encouraging open and honest responses were implemented to minimize the impact of biases on the research findings.

Field notes

Attending the Climate Coaching Alliance (CCA) festival and gatherings served as a valuable supplement to the research, providing insights into current topics, methods, and challenges related to working with organizational leaders on climate change, sustainability, and social justice within the professional climate coaching community. The researcher attended the global festival in 2023, as well as two meetings with the CCA Australian branch (CCA ANZ, 2023) specifically focused on IDGs. Additionally, a meeting with Isabel Rimanoczy (CCA, 2023a), an expert on sustainability mindsets, took place. Recordings of the festival meetings were accessible through the CCA website, while the recordings of the meetings were disseminated through the newsletter.

During the conference, the researcher took scratch notes, capturing the discussions held in breakout rooms and including time references for easy retrieval of relevant information at a later stage according to Phillippi & Lauderdale (2018). Subsequently, the conference recordings were transcribed and utilized for further research purposes. The data obtained from these sources underwent coding and thematic analysis. Active participation in discussions and joint rooms during the fieldwork provided valuable insights into the dynamics within the professional executive coaching community and the challenges faced by practitioners in integrating the climate agenda into traditional coaching practices. This first-hand observation contributed to a better understanding of the interaction between society and professionals in this context, which is important for the field notes research.

While the conference did not specifically focus on SMEs, presentations and discussions related to organizations were considered relevant for analysis. The practitioner's presentations received particular attention from the researcher, as they provided valuable content for further analysis.

It is important to acknowledge the potential biases that may arise when making field notes, such as selection biases, confirmation biases, observer biases, and cultural biases. In this case, the main goal of using field notes was to support findings from other research methods and gain insights into approaches to organizational change towards sustainability through inner development. To mitigate biases, the researcher remained conscious of their potential presence and actively applied methodological rigor throughout the field notes process.

Overall, the utilization of field notes and participation in the CCA conference and meetings enhanced the comprehensiveness of qualitative findings and provided valuable insights into the professional coaching community's dynamics and challenges in addressing sustainability topics.

Research design

Overall, the research design of this study is presented on the Figure 6. To answer the research question, 3 sub-questions were developed. Literature review as a method was applied for answering SQ1. Conceptual framework, semi-structured interviews and field notes were applied to answer the SQ2 and SQ3. The results are presented separately. Findings and approach discussed in the discussion chapter.

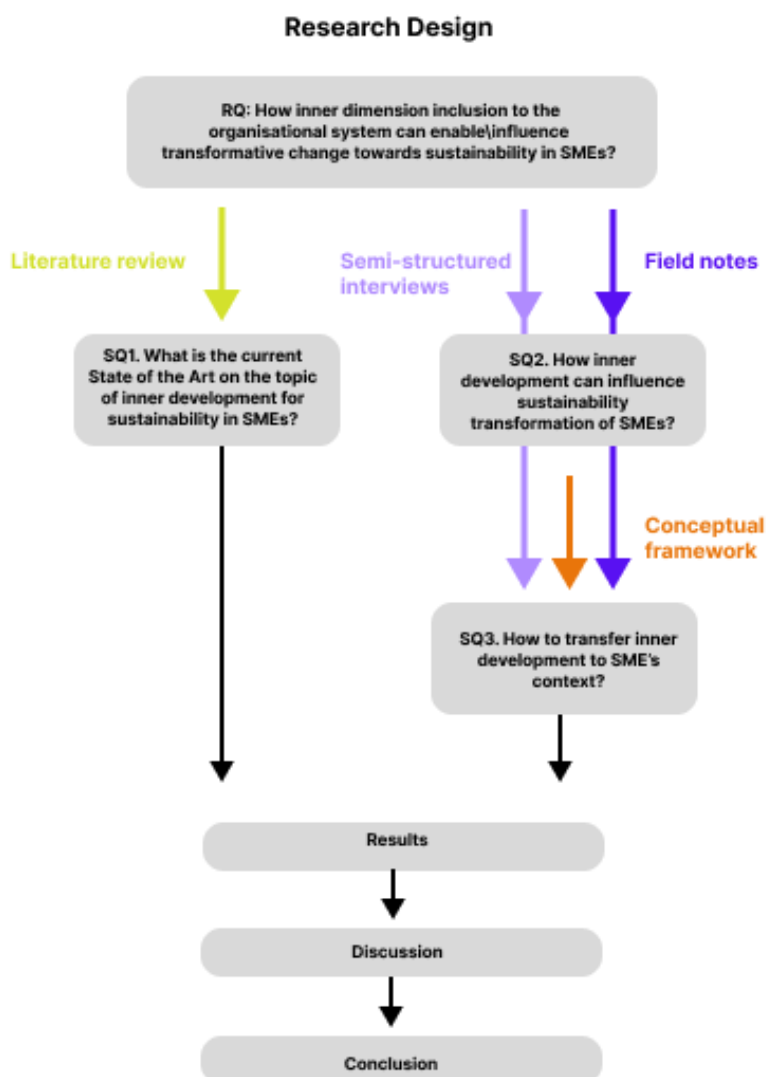


Figure 6. Research design

SQ1. What is the current State of the Art on the topic of inner development for sustainability in SMEs?

This literature review aims to examine the current state of the art in the topic of the inner development dimension in an organizational setting. Firstly, it will explore the connection between personal and organizational sustainability. Then, it will present particular aspects that influence the implementation of inner development in organizations for the sustainability of the organization, starting with mental models and leadership.

Personal sustainability, mindfulness, and sustainability

Scientists in the field of inner development work extensively with a systems perspective, emphasizing the need for a holistic understanding of the interconnectedness between social, environmental, and personal factors when addressing complex issues like climate change and sustainability (Adger et al., 2013; Ives et al., 2020; O'Brien, 2018; Woiwode et al., 2021). Systems thinking acknowledges the subjective nature of our perceptions and recognizes that our worldview structures and shapes every impression we receive (Arnold & Wade, 2015). Eisenstein (2018) and Leichenko & O'Brien (2019) also acknowledge the interconnectedness of climate change with other crises, such as social, health, and poverty issues, as well as inner mental states like consumerism, racism, elitism, and injustice. O'Brien (2018) suggests that effective and sustainable transformations require interventions in the practical, political, and personal spheres, implemented simultaneously in all three spheres. Transitioning from the organizational sphere to the personal sphere, both internal and external factors influence the capacity for

change. To avoid confusion, "internal" factors will refer to those within the organization, while "inner" factors will refer to those within individuals.

The personal sphere encompasses subjective beliefs, values, worldviews, and paradigms that serve as the core of our perception of systems and the world around us, as well as the defining and constituting elements of systems and structures (O'Brien, 2018). Furthermore, the inner dimension plays a significant role in shaping sustainability behaviors and attitudes. It represents both individual and shared understandings, defining what is individually and collectively imaginable, desirable, viable, and achievable. The influence of the personal sphere extends beyond individual experiences and has tangible and intangible impacts on the political and practical realms. It can shape how people and resources are treated in the present and future (O'Brien, 2018).

According to Wamsler et al. (2021), our inner states encompass our values, beliefs, emotions, and paradigms, thus impacting our relationship with ourselves and the world. In the context of sustainability worldviews, four crucial aspects have been identified as driving inner-outer transformations. These aspects include: 1) a sense of connectedness with human and non-human entities, influencing 2) altruism, and 3) non-materialistic/intrinsic and biospheric values. Together, these aspects can lead to 4) a sense of agency and associated perceptions of identity, care, influence, and responsibility. Numerous studies have emphasized the role of these four aspects in fostering inner transformations that result in external changes (Carmi & Arnon, 2014; Dietz et al., 2005; Ericson et al., 2014; Ives et al., 2018; Ramya & Baral, 2019; Thiermann & Sheate, 2021).

All these aspects can be enabled through the sustainability mindset. It has been defined by Kassel et al. (2018) as a broad **understanding of the ecosystem, with an introspective focus on personal values, and a higher self, having social sensitivity**. This suggests that a particular way of thinking and processing information appears when we transcend the current situation and grasp the wider perspective of the ecosystem and beneficial actions for the community.

Some researchers have explored the interplay between inner and external factors that lead to personal transformation, emphasizing the importance of interventions that support both spheres (Wahmsler et al., 2018; Scharmer, 2016). For example, Jacobson and colleagues (2020) conducted a study on the alignment of personal values and political structures in the context of changes in air travel. Hards (2011) examined the reciprocal relationship between values and communities of practice, viewing them as mutually constitutive. Rimanoczy (2014) highlights the significance of strong personal commitment to sustainability, personal mission, and social support in enabling organizational leaders to drive sustainability transformations in their organizations.

Inner development and organisations

When approaching systems perspective in organisations, scientists (Mollah et al., 2023; Zen, 2023; Subramanian & Suresh, 2022; Hansen et al., 2020) refer to Peter Senge (1990) in “The fifth discipline” book, that introduces a concept of learning organizations to successfully achieve organisational goals. According to Senge, the key element to enhance performance in organisations is mental models shift in leaders and employees as mental models are stable mental representations that give systems orientation for action in a complex environment. Mental models (mindset used as a synonym further) refer to the cognitive frameworks and representations that individuals use to interpret and understand the world around them. They are internalized mental structures that shape how people perceive, process, and make sense of information, experiences, and events. Mental models are formed through a combination of personal experiences, beliefs, values, knowledge, and cultural influences (Senge, 1990). Doyle and Ford (1998) pointed out that shift to the new mental model affects individuals’ behaviour by manipulating judgment, reasoning and problem solving, that leads to shift in behavioural responses.

Existing mental models of constant economic growth and winning competition are not relevant today, when we experience environmental, social and economical crises (Visser & Crane, 2012) as

“We can't solve problems by using the same kind of thinking we used when we created them”

- Albert Einstein

Thus, shifts in mental models are valuable to changing the way how organisations and individuals in organisations act in a sustainability direction (Sun & Hong, 2022)

According to Hielscher & Will (Hielscher, 2014) three aspects of this concept are particularly important for analyzing mental models of corporate sustainability. First, **mental models are deeply ingrained assumptions that can influence personal and organizational action**. Second, mental models **need to be embedded in a shared vision**. And third, **creating a shared vision requires dialogue** that helps teams to suspend assumptions and enter into a genuine “thinking together”. Mental models can be subject to change, but changing them requires collective efforts in safe dialogues to make them explicit and accessible for constructive criticism. Once a successful dialogue is established, teams and organizations can create a constructive shared vision with the potential to strengthen the commitment of all organizational members. What is considered as sustainability mental model will be described in the next section.

There were not found any papers that explored the inner development in SME's, that represents the gap in the literature, that this study aims to cover. However, there are some studies that explore the implementation of inner dimension in the organisational context. Barbieri et al. (2010) and Galleli et al. (2020) argue that

achieving organizational sustainability requires specific management models that enable firms to understand and conform to the principles of sustainability encompassing social, environmental, and economic dimensions. Inner development in management models can be related to the corporate spirituality (Fry, 2008). Creating safe spaces for reflection, learning, and co-creation, and building trust are key enabling factors for transformative skills and associated changes. (Ryan, 2016). It is important to include the trainings for the development of transformative skills into the training programs about the sustainability, that are conducted nowadays (Frank et al., 2019; Wamsler, 2020). Such trainings could include the contact with nature such as Nature-based learning programs (Baird et al., 2022) that present a distinctive approach to leadership development for organizational managers (Griestop et al., 2022).

Inner development of organisational leaders

According to Mazutis, (2014) leaders in the executive suite are increasingly open to and engaged in sustainability implementation efforts within their organizations. In the field of sustainability initiatives and research, it is widely recognized that organizational leadership plays a critical role in guiding organizations to address social and environmental stakeholder concerns through strategic decision-making (Ewest, 2021). Similarly, Testa et al (2016) highlights that the entrepreneur's personal attitude remains the most crucial driving factor in willingness and success of implementing environmental management practices, indicating that personal values play a pivotal role.

The personal sustainability mission, according to Rimanoczy (2014), comes in line with **social sensitivity**. The emotional impact of understanding significant social and environmental issues led managers to ponder the meaning of their lives, their role, and their contribution to the issue at hand. This is also supported by Neal (2008), who stated that **awareness** about the impact of industrial practices on the environment or communities becomes catalyst for deeper spiritual questioning. While, sensitivity can catalyse the change within the person, Kroth and Boverie (2000) observed that individuals in their research exhibited higher levels of motivation when they were aware of their purpose or had adopted it as their life mission. This finding highlights the potential importance of the **personal mission**, that is connected to the society and environment in organisational leaders for sustainability transformations in SMEs. In addition, leaders should have ability to navigate the groups in the dynamics of change, manage personal emotions related to complexity and complex problem-solving (Metcalf & Benn, 2013). Notably, several studies have demonstrated that individual and collective sustainability and wellbeing do not necessarily conflict but can be complementary (Brown & Kasser, 2005; Ericson et al., 2014).

To develop social and environmental sensitivity, personal mission, according to Rimanoczy, (2014), the ability to be self-awarded in the state of “**being**” is a critical

component of the paradigm shift. It encompasses the examination of values, the pursuit of purpose, introspective practices, and a sense of interconnectedness with the world, all of which are encompassed within the concept of spirituality. Self-realization, the appreciation of intangibles, pursuit of qualitative growth, commitment to the greater good, and contentment as part of the "being" orientation. According to Lopez, Martinez, & Specht, 2013 this is crucial for leaders who consider environmental and social needs and transcend the narrow focus of business and self-interest.

SQ2. HOW INNER DEVELOPMENT CAN INFLUENCE SUSTAINABILITY TRANSFORMATION OF ORGANISATIONS?

This chapter explores the potential of inner development to influence sustainability transformation in organizations. Starting from building connections between inner development and outer change, this chapter investigates the current mindset of SME leaders and employees towards sustainability and identifies the desired mindset for transformation. Referring to the deep Leverage Points such as mindset out of which system arise, power to transcend the paradigms and goals of the system, interventions that are relevant for transformative change are described.

The mindset out of which system arise. Current mental models in organisational managers

Human capability to create change stems from the mindset and mental models we hold. According to Interview 5 (personal communication, March 7, 2023) working with people's mindsets results in new behaviors that ultimately lead to innovations and sustainability solutions. The thematic analysis of the interviews and conference notes revealed that mental models formed a significant part of the data in this chapter. Two types of mindsets will be described in relation to organizational sustainability. One is the "business as usual" mindset, while the other represents the desired mindset for sustainability transition, based on the practical experience of experts in organizational well-being and sustainability. The data also includes theoretical ideas that participants found valuable and relevant.

The interviews with experts and the CCA meetings reveal that the current mindset of organizations is dominated by mechanized reductionism, capitalism, and a growth orientation. This mindset overlooks problems and fails to address sustainability challenges. According to Rimanoczy (CCA, 2023a), organizational management tends to focus on the surface-level sustainability challenges represented by SDGs, ESGs, customer satisfaction, regulations, benchmarks, liabilities, stakeholder expectations, supply chain issues, innovation challenges, and risks. However, these elements only represent shallow Leverage Points and cannot bring about transformative change in SMEs. The interviews also support the notion that when it comes to sustainability in organizations, it is often viewed from the perspective of financial profit or solving specific business problems, reinforcing positive feedback loops. However, this approach fails to address the root causes of sustainability issues, which lie in our paradigms and mindsets that shape the systems.

During the CCA meeting (CCA, 2023a), Rimanoczy emphasized that the mindsets creating problems with sustainability include not only how we think about nature (with the mental model that nature is an infinite provider of resources) and business (prioritizing financial returns, materialistic thinking), but also how we think in general (short-term focus, problem fragmentation, rational and linear thinking, siloed thinking), how we relate to others (limited stakeholder consideration,

individualism), and how we perceive action (avoiding emotions, fear of risks, seeking speedy actions).

These ideas about current mental models creating problems are supported by the interviewed participants, and five main narratives illustrating these notions are included in Table 4.

Table 4. Current mindset of SMEs leaders

Narratives	Quotes
<p>Capitalism and growth orientation. The value is seen for business only if there are more opportunities for the financial growth. The idea of growth or measuring growth.</p>	<p><i>"Everyone eats everything. Profit, people around are cogs and mashines."</i></p> <ul style="list-style-type: none"> - Interview 4, personal communication, March 3, 2023 <p><i>"In our paradigm which we are still having, it is growth. It is competition."</i></p> <ul style="list-style-type: none"> - Interview 3, personal communication, February 22, 2023 <p><i>"so much growth oriented and I... think that's a very important to get away from these quarterly reports on figures. "</i></p> <ul style="list-style-type: none"> - Interview 3, personal communication, February 22, 2023
<p>Mechanised reductionist thinking. Dividing everything into boxes and separating ourselves from others and nature. The reductionist analytical thinking focused on parts will not result in systemic changes.</p>	<p><i>"separation that looks at 4 areas, for example masculine, feminine, and the separation of those two and the left brain hemisphere and the right brain hemisphere, nature/human, inner and outer."</i></p> <ul style="list-style-type: none"> - Interview 8, personal communication, March 29, 2023 <p><i>"many leaders are burnt out because they have divorced themselves from nature and from the interconnectedness of who we are and where we are so."</i></p> <ul style="list-style-type: none"> - Interview 6, personal communication, April 18, 2023 <p><i>"If you're more mechanized and everything is about science, numbers it's all about the profit margin, then you miss this and the people around you."</i></p>

	<p>- Interview 4, personal communication, March 3, 2023</p>
Ignorance and crisis-motivated acting.	<p><i>"One quality that prevents SMEs from change is ignorance. It's also a human capability to ignore."</i></p> <p>- Interview 3, personal communication, February 22, 2023</p> <p><i>"energy crisis has risen, that has been pushing a lot."</i></p> <p>- Interview 8, personal communication, March 29, 2023</p>
Avoiding uncertainty and unknown	<p><i>"uncertainty is a laming factor. It's sort of paralyzing people. We are anxious because we don't know. Even now, after I've been working 30 years for this topic, we don't have a clear vision of what is next."</i></p> <p>- Interview 3, personal communication, February 22, 2023</p> <p><i>"Nobody knows to embrace uncertainty."</i></p> <p>- Interview 6, personal communication, April 18, 2023</p>

As a result, not only natural, but also social systems are under the threat. The wellbeing specialists talk about tendencies of the managers and people to worn out and suffer from the great resignation or quiet quitting (Interview 6, personal communication, April 18, 2023). People miss deeper sense of their work (Interview 6, personal communication, April 18, 2023), working in authentic organisation, connect their work with their life.

"the actions that people take that in the end have a huge influence on how they live, not only in the office, not only in working environments, but also what they take home"

- Interview 6, personal communication, April 18, 2023

And work in the regenerative oriented organisation helps them to create it

"When the whole thing about regenerative comes down to love, you have to be in a different part of your brain where you have more strategy and empathy and innovation, and

you are more connected to the community, both of which is your employees, but also the community around you and the small and medium enterprises are deeply entrenched."

- Interview 8, personal communication, March 29, 2023

According to specialists, regenerative businesses is possible when it's a leader's personal value. Interviews with sustainability consultants show that the purposeful regenerative business is a case only when it is a part of the personal value of the leader. Its becoming more clear for the practitioners that without change in the mindset, that is the result of inner work, achieving sustainability or regenerativity is not possible.

" It was her own value, history. So if sustainability is a value for leader, it is likely to spread on the company. "

- Interview 1, personal communication, February 30, 2023

"it's now clear that without changing ourselves and the way of thinking we cannot act differently and we have to act differently to reach those goals. "

- Interview 8, personal communication, March 29, 2023

"work with a mindset and behavior change will be then result in an intrinsic change. So, then they really wanna do bussiness differently and not because they are motivated by carrot or a stick."

- Interview 5, personal communication, March 7, 2023

Overall, this chapter explores the role of mindset and mental models in driving organizational sustainability. It highlights the the prevailing "business as usual" mindset, which represents the current dominant perspective from which systems emerge, as identified by Meadows' Leverage Points. The current organizational mindset, characterized by mechanized reductionism, capitalism, and a growth orientation, proves inadequate in addressing sustainability challenges.

The interviews conducted reveal five main narratives that contribute to this mindset: capitalism and growth orientation, mechanized reductionist thinking, ignorance and crisis-driven action, avoidance of uncertainty and the unknown. These mental models and patterns not only pose threats to natural and social systems but also lead to burnout and a lack of deeper purpose in the workplace. To achieve sustainability, a shift towards a regenerative and authentic mindset that aligns with personal values is necessary. The transformation of mindset plays a crucial role in fostering intrinsic motivation and driving meaningful change. Further exploration will be provided on the mindsets that can transcend the current paradigm.

Transcending the paradigms. Desired Mental models

SMEs leaders have the power to transform organisational values, culture and paradigms. In Table 5 presented the desired mindsets for SME leaders to enable transformative change towards sustainability. Some of the narratives in the interviews have clear similarities and parallels with the four aspects of inner-outer transformations proposed by Wamsler (2021) and illustrated in the previous chapter.

Table 5. Desired mindset. Narratives marked with * overlaps with Wamsler (2021)

Narratives	Quotes
<p>Ownership (*a sense of agency(4))</p>	<p><i>“Ownership... rather than someone like pointing your show lending like you need to change now.”</i></p> <ul style="list-style-type: none"> - Interview 8, personal communication, March 29, 2023 <p><i>“sense of purpose and value”</i></p> <ul style="list-style-type: none"> - Interview 1, personal communication, February 30, 2023 <p><i>“all jobs today are sustainability jobs... So no matter like what position you'll end up in, you'll kind of have a role to play for the greater whole.”</i></p> <ul style="list-style-type: none"> - Interview 8, personal communication, March 29, 2023
<p>Seeking the connections with empathy and love (*sense of connectedness(1))</p>	<p><i>“being able to connect with, for example, nature around us, like being able to understand why is it that we need to preserve this and. Can you able to connect with each other? Show empathy knowing this is not easy.”</i></p> <ul style="list-style-type: none"> - Interview 8, personal communication, March 29, 2023 <p><i>“You can do it this way [about economical motivation], but it's not been done in love.”</i></p> <ul style="list-style-type: none"> - Interview 4, personal communication, March 3, 2023 <p><i>“When the whole thing about regenerative comes down to love and love, you have to be in a different part of your brain where you have more strategy and empathy and innovation, and you are more connected to the community, both of which is your employees, but also the community around you and the small and medium enterprises are deeply entrenched.”</i></p> <ul style="list-style-type: none"> - Interview 8, personal communication, March 29, 2023

<p>Self-efficacy. Connecting our inner world and mental models with the results in the outer world</p>	<p><i>"I thought that 30 years of good science could address these problems. I was wrong. The top environmental problems are selfless, selfishness, greed and empathy. And to deal with these, we need a cultural and spiritual transformation. And we scientists don't know how to do that."</i></p> <ul style="list-style-type: none"> - Interview 6, personal communication, April 17, 2023 <p><i>"My experience is that sustainability starts and grows within humans."</i></p> <ul style="list-style-type: none"> - Interview 3, personal communication, March 3, 2023 <p><i>"With the ways we meet the challenges I think we will be stuck in old mental models or in the old ways of working that are not helpful. Some of the big challenges really need us to be stretched in ways of thinking, understanding, collaborating, being."</i></p> <ul style="list-style-type: none"> - Interview 5, personal communication, March 7, 2023 <p><i>"And you know, it's actually also positive in that sense, if it is as creating the problems, no doubt about that. But then we also have an opportunity to change it because we are the root cause. We can also change the root cause and that's kind of the positive side"</i></p> <ul style="list-style-type: none"> - Interview 8, personal communication, March 29, 2023
<p>Systems perspective and understanding the complex living systems</p>	<p><i>"Understanding that we are in ecosystems and shifting that away from a mechanized use of words to more of organic natural way of doing things, then the leader is naturally going to be more of a gardener, more of a fertilizer, more of an ecosystem and facilitator, and then the people within the system, stakeholders, employees."</i></p> <ul style="list-style-type: none"> - Interview 3, personal communication, March 13, 2023 <p><i>"keep on seeing this bigger picture of hey, you know, this is my, my tiny action is actually resulting in this and this and this and this in the bigger thing."</i></p> <ul style="list-style-type: none"> - Interview 7, personal communication, March 3, 2023 <p><i>"everything is systemically independent or dependent of each other"</i></p> <ul style="list-style-type: none"> - Interview 8, personal communication, March 29, 2023
<p>Questioning and critical thinking</p>	<p><i>"Ask questions. In a development of and how do we do that in a safe way? How do we work together? How do we grow? How do we work towards this beautiful vision? How do we see ourselves as interconnected? How do we shift away from it? Linear mindset"</i></p>

	<p><i>into this is complicated. It's complex. And how do we deal with it and and trust it? And the people in that space of that ecosystem understand that part of the garden, right?"</i></p> <ul style="list-style-type: none"> - Interview 4, personal communication, March 3, 2023 <p><i>"And how can we? How can we engage ourselves in this work? Every one of us? And how can we look at the ways we use ourselves and understand the world in order to stretch our minds?"</i></p> <ul style="list-style-type: none"> - Interview 6, personal communication, April 18, 2023
Abundance mindset and resilience	<p><i>"But it's a risk [sustainability transformation]. That can give dividends huge dividends if you're able to do it."</i></p> <ul style="list-style-type: none"> - Interview 4, personal communication, March 3, 2023 <p><i>"grow their resilience "</i></p> <ul style="list-style-type: none"> - Interview 6, personal communication, April 18, 2023
Innovative/Growth mindset	<p><i>"preventing people to innovate is maybe the lack of the growth mindset or or the some kind of processes in the company which make it difficult, you know, to to come up with the new ideas or or they just don't dare, you know, speaking up and telling the new ideas. "</i></p> <ul style="list-style-type: none"> - Interview 5, personal communication, March 7, 2023 <p><i>"Those has very innovative mindset and approach where it is OK to come for employees with the ideas and where employees are very self driven"</i></p> <ul style="list-style-type: none"> - Interview 1, personal communication, February 30, 2023
Regenerativity	<p><i>" I believe that we have already moved beyond sustainability to if we continue with sustainability, we can just sustain ourselves into extinction. So my passion is to work with leaders to wake them up and open them up to a different way of leading and being as facilitators of ecosystems where the shareholder is also the planet and reconnecting leaders."</i></p> <ul style="list-style-type: none"> - Interview 4, personal communication, March 3, 2023 <p><i>"if I should take it like kind of from top, I would say for me like the headline is is regenerative and sustainable leadership"</i></p> <ul style="list-style-type: none"> - Interview 8, personal communication, March 29, 2023

Based on the interviews, the desired mindset for sustainable transformation of organizations is rooted in a systemic understanding of complex living systems and

ecosystems. It values empathy, love, and connectedness with nature, community, and stakeholders. The leader in the sustainability transformation becomes a facilitator and ecosystem manager, while individuals become aware of how their small actions contribute to the bigger picture. They ask questions, embrace uncertainty, develop resilience, and take responsibility, understanding the connection between their inner system and the sustainability outcomes of their company. This shift moves away from a linear and mechanistic mindset towards a more organic and natural way of operating, where abundance is possible but requires cultural and spiritual transformation. The mindset shift towards sustainability is guided by good ethics, ownership, and a sense of purpose and value.

To achieve this mindset shift, it is important to recognize that we are part of a larger system and that our actions have ripple effects on the environment and society. CCA meetings emphasize the need for a holistic approach that acknowledges the interconnectedness of all things. O'Brien (CCA, 2023b) suggests that the worldview of sustainability leaders should be based on quantum mechanics, which challenges the mechanistic, deterministic, and materialist ways of thinking by reshaping our understanding of reality and relationships. When we fully grasp this, everything changes (CCA, 2023b).

Rimanoczy also supports the complementary thesis that when organizational leaders and change agents see their oneness with nature and become aware of their contribution to the world, they "cannot unsee" it (CCA, 2023a). This transformative process involves a shift in mindset from an individualistic ego-centric perspective to an eco-centric perspective, recognizing the interconnectedness of all parts of a system. Humility-building is highlighted as a key enabler of successful leadership development programs, creating opportunities for individuals to explore alternative ways of thinking and being and develop relationship-building skills, thus changing their management style (CCA, 2023c).

It is important to note, as emphasized by interview participants (Interview 3, personal communication, February 22, 2023; Interview 4, personal communication, March 3, 2023; Interview 5, personal communication, March 7, 2023,), that the process of transitioning from the current mindset to a sustainable one is not necessarily linear. Various interrelated factors, such as emotional and relational processes, influence the transformational journey. It recognizes the limitations of individual thinking and emphasizes the need for collective problem-solving. The enabling factors that support the mindshift in organizational leaders and organizations will be described in the next section.

Goals of the system. Inner development goals in SME

Awareness of sustainability issues does not always result in a mind shift towards sustainability. The interviews indicate that there are defensive mechanisms in the human brain that resist change (Interview 4, personal communication, March 3, 2023, Interview 6, personal communication, April 18, 2023). The Inner Development Goals (IDG) framework helps individuals become aware of their inner limitations, which can hinder deep sustainability transitions. The framework provides a set of competences that can be used to assess current employees, guide employee trainings, and develop leadership skills to adapt to the new reality with sustainability pressures in SMEs. However, the potential of this framework for application in organizations goes beyond these aspects, as supported by both the interview participants and CCA experts.

First and foremost, this framework enables agency and empowerment by inspiring actions that connect three essential aspects of human beings. As mentioned by Interview 3 (personal communication, March 3, 2023): *"It touches the hearts of the people."* Interview 8 (personal communication, March 29, 2023) highlights that IDGs represent a significant mind shift, urging us to value different things. Interview 7 (personal communication, March 13, 2023) emphasizes that it creates a broader awareness of self-leadership. Moreover, it is worth noting that the IDG framework is based on scientific research about human development (Interview 6, personal communication, April 18, 2023), which adds to its reliability and relevance for all individuals and lifelong learning (Interview 7, personal communication, March 13, 2023; Interview 6, personal communication, April 18, 2023; Interview 4, personal communication, March 3, 2023).

"They are lifelong learning. They actually are development of the human being. So while you have a business that is stuck in a 20th century model of business and organizational design. You cannot use IDGs then they just become a checklist of look how good we are.]"
- Interview 4, personal communication, March 3, 2023

Secondly, this framework can be easily understood and implemented in organizations with limited resources. The experts have noted that the framework focuses on skills that are easy to identify and can be learned (Interview 5, personal communication, March 7, 2023). It is also clear why these skills should be learned and how they can be integrated with other frameworks for sustainability strategy (Interview 2, personal communication, March 30, 2023; Interview 5, personal communication, March 7, 2023).

IDGs provide an opportunity to approach problems from a deeper perspective, rather than solely focusing on instrumental solutions. They encourage organizations to explore how they can evolve and what internal changes are necessary. While IDGs

do not provide direct answers to problem-solving, they create an opportunity to enhance the entire organizational system by offering hints to managers about what might be needed.

According to all the interviewees, IDGs are designed as a framework that cannot be implemented mechanistically, and they leave room for interpretation based on the organization's specific needs and challenges. Each organization can choose what is relevant to them at a given time, focusing on specific goals rather than trying to fulfill all of them (Interview 3, personal communication, March 3, 2023; Interview 7, personal communication, March 13, 2023; Interview 4, personal communication, March 3, 2023).

Moreover, since most companies are now familiar with the Sustainable Development Goals (SDGs), it becomes easier to establish connections between the goals of sustainable development and Inner Development Goals (Interview 7, personal communication, March 13, 2023; Interview 8, personal communication, March 29, 2023). This alignment allows organizations to see how their inner development efforts contribute to the broader global sustainability agenda.

“What is really important and what I like is that how the IDG talk about skills and that's always easier also for companies to identify.”

- Interview 7, personal communication, March 13, 2023

“There's a problem with, talking about the IDG's here as we've got a problem that critical thinking... the problem in business is you can be aware of it but you want an easy fix. That it teaches us not easy fixes.”

- Interview 4, personal communication, March 3, 2023

Lastly, it is important to note that this framework has the capacity to stretch mental models (Interview 6, personal communication, April 18, 2023) and offer a new perspective on sustainability or regenerativity. It acknowledges that comprehensive issues cannot be easily changed (Interview 4, personal communication, March 3, 2023) and emphasizes the importance of initiating change within ourselves in order to see the change in the world.

Through the analysis of the narratives, it becomes evident that the desired mental models align with the dimensions of IDGs. Sense-making overlaps with self-efficacy, inner compass aligns with ownership, complexity awareness reflects a systems perspective and understanding of complex living systems, critical thinking encompasses questioning and critical thinking skills, optimism relates to an abundance mindset and resilience, creativity and openness represent an innovative and growth mindset, and the relating dimension involves seeking connections with

empathy and love. Thus, it can be argued that IDGs have the ability to stretch mental models and incorporate the perspectives of desired mental models within organizations.

Furthermore, it was emphasized by the participants that the framework is comprehensive and no dimension is lacking for the development of SMEs. However, during the discussions, certain personal qualities beyond stretching mental models were highlighted. Courage, collaboration skills, self-awareness, being, relating, and empathy were mentioned as qualities needed for SME leaders, as illustrated in Table 6.

Table 6. Thematic analysis. Qualities that SME leaders should have for sustainability transformation in organisation.

	Subject	Number of mentions
How IDG should be used	leadership	8
Particularly important IDGs for SMEs leaders	courage	5
	collaboration	5
	self-awareness	5
	being	3
	relate	3
	empathy	3

Furthermore, it is important to note that all participants discussed IDGs as a leadership framework. While some considered it relevant for everyone in the organization (Interview 3, personal communication, March 3, 2023; Interview 7, personal communication, March 13, 2023), emphasizing that employees can use it for their self-development and contribute to sustainability efforts, others pointed out its particular relevance to management and the leadership team. They stressed that IDGs should be supported by the organizational leader to be implemented as part of the company culture. This aligns well with the framework presented in the conference as the YSC framework for inclusive leadership (CCA, 2023) and the literature discussed in the previous chapter.

In summary, Inner Development Goals can serve as an empowering instrument for sustainability in SMEs, challenging existing mental models and fostering sustainability leadership. It also guides the development of relevant skills necessary to initiate and sustain sustainability transformations in SMEs, including courage, collaboration, and self-awareness, which are often overlooked in SMEs today. Moreover, it was highlighted that the IDG framework can be easily adapted and applied within organizations. The upcoming chapter will provide further explanation on how to implement IDGs effectively in SMEs.

SQ3. HOW TO TRANSFER INNER DEVELOPMENT TO ORGANISATIONAL CONTEXT?

In this chapter, we will explore how the mental models and mindsets described in the previous chapter can be implemented within organizations and foster a shared vision. Additionally, we will examine how the IDGs framework can be translated into the context of sustainable leadership and organizational perspective. The insights obtained from interviews and conference notes will be integrated into the existing theoretical framework, allowing us to create a conceptual framework for mindful sustainability transition. Based on this conceptual framework, aiming to support them in their journey towards sustainable practices.

Bringing sustainability transformations into organisations

Based on the data obtained from the interviews, it is evident that the transformation towards desired mental models and new system goals is not a straightforward process. There is no universal solution or approach that can be applied to all organizations to facilitate the transition towards sustainability by changing mental models. However, based on the experiences of practitioners and the IC theory, certain insights and recommendations can be provided to leaders of SMEs as guidance for potential interventions.

Leadership

Leadership is closely intertwined with the initiatives of employees and stakeholders, as highlighted in Interview 3 (personal communication, March 3, 2023). Effective leadership entails not only leading oneself but also collaborating and cooperating with others to achieve shared goals. Actively and empathetically listening to others is a key skill for successful leadership, as mentioned by O'Brien during the conference (CCA, 2023b). This viewpoint is further supported by Interview 7 (personal communication, March 29, 2023) and Interview 3 (personal communication, March 3, 2023).

According to Interview 8 (personal communication, March 13, 2023), Interview 3 (personal communication, March 3, 2023), and Interview 4 (personal communication, March 3, 2023), leadership skills primarily involve effectively managing oneself. True leadership extends beyond external actions and requires deep self-understanding and a willingness to address personal blind spots. Leaders must develop self-awareness, identify areas where they may be lacking, and seek support through IDGs from consultants or coaches, as mentioned in Interview 4 (personal communication, March 3, 2023). Acknowledging and addressing these blind spots is crucial for personal growth and effective leadership. Interview 4 (personal communication, March 3, 2023) emphasizes that leadership is a profoundly personal journey that embodies the concept of investing in personal growth to foster self-awareness and emotional connection. By embarking on this journey, leaders undergo a transformation that not only benefits themselves but also enhances their ability to inspire and connect with others.

Inspiring and motivating employees to excel in their areas of expertise is a vital aspect of leadership. Effective leaders recognize the strengths and passions of their team members and empower them to utilize their talents to the fullest. This focus on individual potential creates a ripple effect, attracting more talented individuals and driving positive change within the organization. Interview 3 (personal communication, February 22, 2023), Interview 6 (personal communication, April 18,

2023), and Interview 1 (personal communication, February 30, 2023) liken leaders to being in the driver's seat of the organization, responsible for navigation. To bring leadership skills to life in the workplace, implementation is key. By integrating leadership practices into various aspects of the organization, clarity of purpose and desired outcomes is essential. Further sections will present other aspects of implementing IDGs in organizations.

It is possible that the role of caretaker of the IDGs is held by an employee rather than necessarily the CEO, provided that the person is properly trained, as mentioned in Interview 3 (personal communication, February 22, 2023). However, it is the responsibility of the management team to offer and organize such interventions and bring awareness to all personnel in the organization, as emphasized in Interview 8 (personal communication, March 13, 2023) and Interview 2 (personal communication, March 30, 2023). Strategic implementation should be undertaken to fulfil this responsibility.

“You can have concerned employees, but if you don't have it in your strategy as a company or an organization... people will not spend their time on it and it will not be something that you really succeed with. So you need to put it in your strategy. You need to grow it in your culture, maybe even have it as a part of your vision and ambition .”

--Interview 6, personal communication, April 18, 2023

Trainings

One of the key elements for implementing IDGs in organizations is through trainings. These trainings can serve multiple purposes, such as creating awareness about IDGs and their interrelations with sustainability, fostering the development of new mental models for SMEs, and nurturing personal leadership skills for sustainability. Interview 5 (personal communication, March 7, 2023) highlights that personal development is often neglected due to perceived time constraints or a focus on immediate financial gain. However, this mindset overlooks the long-term benefits of investing in personal growth.

It is important to note that financial resources alone do not determine the opportunities for personal development within a company, as mentioned in Interview 5 (personal communication, March 7, 2023). The company's mindset and culture also play a crucial role in facilitating personal development. A toxic work environment can undermine personal development goals, making them unsustainable. Transforming monthly staff meetings into platforms for cultivating leadership skills and infusing strategic planning with leadership principles can contribute to success in this area.

Creating a psychologically safe workplace where individuals are encouraged to collaborate and support one another is essential (Interview 4, personal communication, March 3, 2023). The corporate culture is currently facing significant challenges, including manager and employee burnout (Interview 6, personal communication, April 18, 2023), which presents an opportunity to rethink the culture and implement new supportive and safe elements that encompass all aspects of sustainability (Interview 5, personal communication, March 7, 2023). These elements, such as safety and culture, will be further elaborated.

Furthermore, examining sustainability within the company of relationships with others and oneself can be valuable, as expressed in Interview 7 (personal communication, March 29, 2023). This perspective opens up more opportunities for personal and professional well-being that can be applied in everyday life, independent of organizational constraints.

Design

Designing new approaches to organizational sustainability is a critical step in creating a common understanding and implementing new ideas that are relevant to organizations. The process of designing a sustainability strategy and implementing it is part of the transition process. As emphasized by participants in the interviews (Interview 2, personal communication, March 30, 2023; Interview 3, personal communication, February 2022, 2023; Interview 7, personal communication, March 29, 2023; Interview 4, personal communication, March 3, 2023; Interview 5, personal communication, March 7, 2023; Interview 6, personal communication, April 18, 2023), co-designing using a design thinking approach in a safe sharing environment is important. IDGs can be utilized to foster better connection, deeper introspection with the inner compass, critical thinking, and more, depending on what is relevant for a specific team at any given moment. This approach can be seen as a deep leverage point.

System design provides several opportunities for interventions. It involves creating incentives and constraints within the system, structuring information flows, and empowering individuals to effect change or self-organize the system. The significance of opportunities to share, access different perspectives, and connect with others to foster innovation and solve common challenges was highlighted during the conference (CCA, 2023d). Organizations facing similar challenges have the opportunity to collaborate and share solutions. Moreover, expertise-based leaders working in silos and individuals struggling with creativity can benefit from creating opportunities for interaction within the organization and with stakeholders.

Kim Levan (CCA, 2023e) emphasized that group meetings can build resilience and courage when connection, community, and self-compassion are enabled. IDG

principles can be utilized to design interaction rules during meetings and gatherings to facilitate a productive environment. Levan also highlighted the negative impacts of isolation and constant stress on cognitive functioning and overall health, emphasizing the importance of reducing stress levels in addressing major crises and promoting well-being in the face of challenges like the climate crisis.

Various spaces were introduced during the conference to promote sustainability change. These spaces provide opportunities for experiencing a flow state, engaging in safe peer coaching dialogues, and applying the PERMA model for well-being (CCA, 2023f; CCA, 2023d). Increasing the frequency of flow state experiences strengthens self-transcendent values and promotes a sense of connection with others and the world, aligning with the "Relate" dimension of IDGs. Integrating contemplative practices, creative hobbies, and physical activities can induce flow states and promote well-being within the working collective.

The PERMA model for well-being encompasses positive emotions, positive relationships, meaning, and accomplishment. Integrating these components into the sustainability management system is recommended (CCA, 2023f; CCA, 2023d). Skillful implementation of these elements can establish a connection between IDGs and key performance indicators for sustainability, aligning inner development with organizational performance and goals. It is important to consider formal structures and external support, as they have been identified as factors influencing the successful implementation of sustainability strategies in Italian SMEs, along with company culture and leadership.

Positive relationships and meaning can also be facilitated through peer coaching, as mentioned by Tom Blower (CCA, 2023c). Creating spaces with psychological safety and fostering a collaborative and innovative environment allows individuals to explore subjects outside their expertise. Building humility and providing opportunities for exploration are key enablers of sustainability transformations, considering the growing awareness of the need to engage with society and address existential threats at the organizational level.

Overall, IDGs can be introduced as a new perspective on sustainability within companies and can guide the design of sustainability strategies. Furthermore, IDGs can be used as principles to facilitate meetings, connect inner development to the sustainability management system, and more. The design of organizational structures that enable IDGs in SMEs can be co-created with organizational management and employees.

Culture

The interview participants have indicated that the Inner Development Goals (IDGs) framework is a suitable tool for designing a new culture in SMEs (Interview 6, personal communication, April 18, 2023; Interview 3, personal communication, March 3, 2023; Interview 5, personal communication, March 7, 2023). The role of CEO leadership is crucial in implementing IDGs and driving sustainability transformation. This involves leading by example and embodying the desired mindset, as well as fostering a culture of empathy, connectedness, and purpose. The CEO's responsibility is to empower and encourage their team to strive for excellence and work towards a shared vision of sustainability and abundance.

External support, such as coaching, can play a crucial role in facilitating leader development and transforming the organizational culture (CCA, 2023c; CCA, 2023e). While the specific process of changing organizational culture using IDGs was not discussed explicitly, it can be assumed that starting from connecting to values using the "being" dimension of IDGs and implementing new values and beliefs from the desired mindset will influence the rethinking of behavioral patterns, leading to the formation of a new organizational culture. As highlighted during the conference, hustle culture, competitive culture, and prioritizing operational activities do not provide a safe space for change in SMEs. IDGs bring awareness that there is an alternative way of conducting business.

System goals

IDGs can serve not only as a means of collective self-development for individuals or managers but also as organizational goals in themselves, that are embedded in the mission and vision (Interview 4, personal communication, March 3, 2023; Interview 6, personal communication, April 18, 2023). As mentioned in Interview 2 (personal communication, March 30, 2023) (key insights can be seen in the Box 1), when IDGs are incorporated into the business model, they become more tangible and relatable in specific projects. Also, Inner development goals can be taken as goals for organisational wellbeing (Interview 5, personal communication, March 7, 2023; Interview 6, personal communication, April 18, 2023). The interviewee emphasized the significance of dialogue and regular meetings with colleagues to discuss the implementation of IDGs within their organization. This highlights the importance of ongoing communication and collaboration to ensure that IDGs are effectively integrated into the organizational context. By fostering a culture of open dialogue and regular discussions, organizations can promote understanding, alignment, and active participation in the pursuit of IDGs.

Box 1. Example of the implementation of inner development goals in the organisation

Icondu is a German sustainability consulting organisation with a team of four. They created the simulation that helps to see the long term effects on sustainability and outcomes of organisational activities as well as provide methodological expertise. Once they were introduced to the Inner development goals, they found it important and relevant for their organisation.

They started to have meetings weekly with the whole team to discuss one IDG per meeting and how they can develop it more within the company. Since, they are the methodological sustainability consulting, they found *"Thinking"* IDG dimension as the most developed in their organisation. *"Collaborating"* and *"Being"* they consider as the dimensions where they actively working with IDGs externally. Taking advantage of their business model, they started to include the IDGs in their work with sustainability projects for their clients even without mentioning them particularly. When they work with the simulation, it opens for them the opportunity for *"long-term orientation and visioning"* and clearly shows for their clients the importance of being proactive and not only reply for a crises. At this point they found a chance to convince people and introduce IDGs. They also realised that they don't talk about their *"inner compass"* at the web-site a lot and want to rebuild the web page.

They work with IDGs for a year, however, it is difficult for them to track the change that happened in such small and open organisation. Nevertheless, they highlight that they externally talk about IDGs a lot, using storytelling, that would touch their target audience since they believe that sustainability is not about the knowledge.

Interview 2 (personal communication, March 30, 2023) also shared the factors that enable the implementation of IDG meetings in their company and become pioneers in using it in organisational context. And they are also embedded in the IDGs framework. These are open and authentic culture, simple organisational structure, and open and systems thinking mindset (*"thinking"* dimension). Each meeting they start form focusing on *"being"* dimension, asking themselves who are they at the meeting right now and focusing on the team (*"relating"* dimension). They create trustful environment (*"collaborating"* dimension) and let people firstly speak about their personal values. And after that, they are discussing together, based on the particular IDG they use for the meeting, how they can change the structure of the processes, to build the culture with the IDGs development (*"acting"* dimension).

Summarising, effective implementation of inner development requires personal development of the top management to be able to transcend the current paradigms and define new systems goals, fostering a culture of empathy and purpose, and

empowering the team to work towards a shared vision of sustainability and abundance. Developing strong personal skills, such as active listening and collaboration, is essential for effective leadership. It is the responsibility of the management team to offer training and organize events that promote awareness of IDGs and integrate them into the organization's strategy, culture, vision, and structure as an opportunity for transformative sustainability change.

Framework for implementation of inner development in organisations

In this section, further analysis of the implementation of IDGs will be provided. While the previous chapter presented systematic data analysis, the main focus here is on presenting and analyzing data to highlight the Intellectual Capital perspective and unfold the possible ways of implementing inner development in organizations, which were not mentioned by experts.

Nevertheless, it is evident from the interviews and fieldwork that the change starts with leadership. All three dimensions of Intellectual Capital can be utilized to implement IDGs in SMEs. Intellectual Capital components such as trainings, management processes, and employee engagement are part of SMEs' Intellectual Capital. Although relational capital was not specifically mentioned, the importance of maintaining relations with employees and stakeholders through active listening was emphasized in the leadership subsection. Based on thematic analysis, certain elements of Intellectual Capital were particularly highlighted, as shown in the provided picture. This framework can be used by SMEs to guide the implementation of inner development in the organization.

To implement inner development through human capital, a focus on soft skills and competences that contribute to organizational and personal well-being is necessary. Employee engagement and creating a space for open dialogue and peer coaching would also contribute to the introduction and implementation of IDGs, resulting in better relationships as a positive outcome. Implementing IDGs through human capital establishes the foundation for a new sustainability paradigm, as "*sustainability starts and grows within humans*" (Interview 3, personal communication, March 3, 2023).

There is also an opportunity to develop formal and informal relationships, social networks, partnerships, and trust as part of relational capital by incorporating IDGs into communication processes. The "Collaborating" dimension appears to be particularly relevant, but all dimensions should be considered, as they can bring new perspectives to external and internal connections and uncover new opportunities for relations as a resource for sustainability transformations.

Changes in structural capital are also important for implementing IDGs and fostering sustainability in SMEs since without it, IDGs and new mental models

cannot become shared values. Organizational culture plays a crucial role in this regard. Corporate values and management philosophy can be reinvented using IDGs, and IDGs can serve as values and philosophy themselves, becoming new goals of the system. Although it was not explicitly mentioned by participants, it was highlighted during the conference and in the literature that formal and informal processes, as well as routines, should be redesigned in the co-creation process to create physical spaces and routines that remind about IDGs. For example, Interview 3 (personal communication, March 3, 2023) mentioned the possibility of assigning a person responsible for grounding the team before a meeting or implementing the "talking stick" indigenous practice to give everyone a voice. Additionally, Icondu provided an example of implementing a weekly one-hour meeting, which can be done in formal or informal settings. Small changes such as dedicating 5 minutes to discuss a relevant IDG per meeting (CCA ANZ, 2023) can also be effective. Participants highlighted the importance of management style while implementing IDGs, as it is closely connected to the inner development of organizational leadership. Social capital, as part of organizational culture, is closely interrelated with relational capital, as it encompasses interconnected networks, shared norms, and mutual trust that enable and foster collaboration, cooperation, and coordination among individuals.

The implementation of IDGs and development of Intellectual Capital are interconnected. Embracing IDGs strengthens Intellectual Capital, and vice versa: the more Intellectual Capital is developed, the more likely IDGs can be implemented in organizations. The current Intellectual Capital, built on mechanistic and reductionist paradigms with a hustle culture, acts as a barrier for SMEs to implement IDGs. However, the iterative implementation of IDGs is expected to create positive feedback loops with Intellectual Capital development. Thus, as more SMEs engage in sustainability transition through inner development, they gain more Intellectual Capital resources.

It is important to note that leadership for inner development and inner development for leaders are not part of the Intellectual Capital theory. However, practitioners emphasize their crucial role in sustainability transitions for SMEs. By considering the inner development of SMEs' management, Intellectual Capital provides insights into important elements in organizational resources that enable sustainability change using the IDG framework. In summary, this can be illustrated as a star (Figure 7) with the inner development of the leader as the central point and elements such as culture, goals, organizational design, social capital, and human capital development through trainings as the angles of the star, as shown in the provided picture. According to systems thinking, all elements in this framework are interconnected and together create opportunities to implement several Leverage Points, from transcending paradigms to structuring information flows, thus creating transformative change in SMEs.

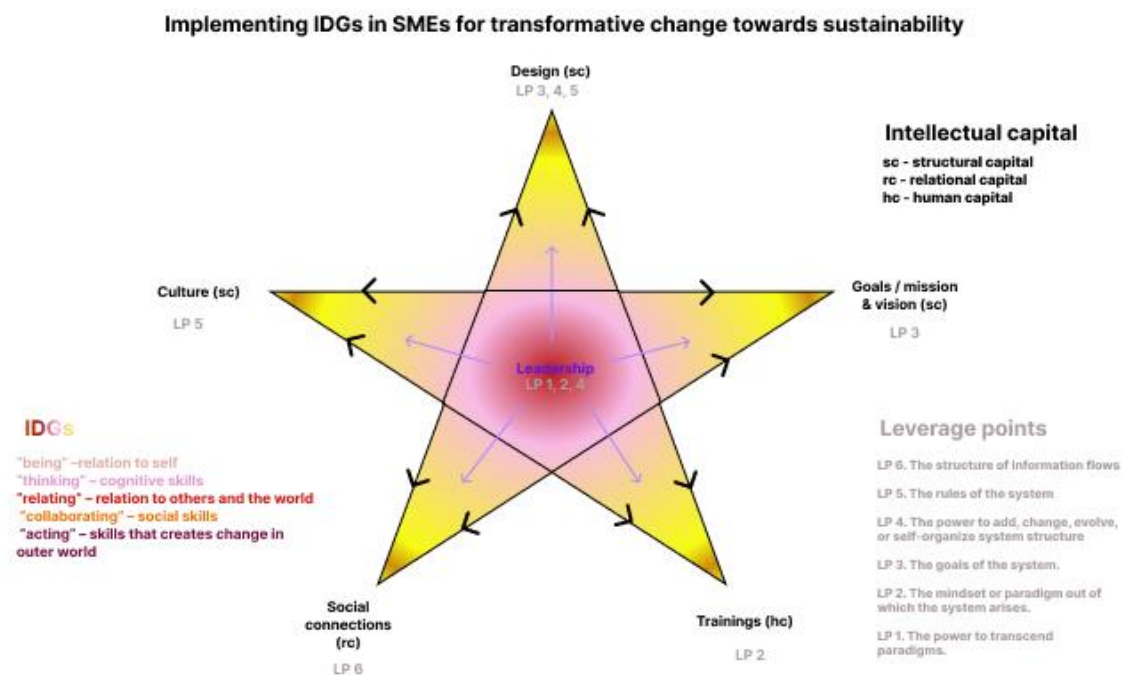


Figure 7. Framework for implementing IDGs in SMEs for transformative change towards sustainability

RESULTS

This chapter summarising findings from all three analyses, answering sub-questions.

What is the current State of the Art on the topic of inner development for sustainability?

The current state of the art on the topic of inner development for sustainability in SMEs reveals several key findings. First of all, there is a gap in understanding of the influence of inner development in organisations and organisational leadership, particularly, in SMEs. Researchers who explore inner development and sustainability emphasize the importance of a systems perspective, which recognizes the interconnectedness between social, environmental, and personal factors in addressing complex issues like climate change and sustainability as well as the interconnection between inner and outer world.

Secondly, the personal sphere plays a significant role in driving sustainable transformations. Personal beliefs, values, and paradigms shapes the perception of systems and attitudes towards sustainability. Thirdly, inner-outer transformations are driven by a sense of connectedness, altruism, non-materialistic values, and a sense of agency. Studies have shown the role of these aspects in promoting inner transformations that lead to outer change.

In organisations, mental models are creating the shared values and influences the actions. Creating shared visions through safe dialogues and collective efforts are vital for changing mental models.

To develop sustainability mindset or mental models understanding the ecosystem, personal values, and social sensitivity are important. Integrating ethical leadership, environmental consciousness, and systems thinking in organizational values and practices can foster a sustainability mindset. Additionally, spiritual leadership plays a critical role in guiding organizations towards sustainability. Leaders who exhibit personal commitment to sustainability and have a social mission can drive successful sustainability transformations in SMEs.

To implement inner development in organizations, specific management models that align with the principles of sustainability are necessary. Corporate spirituality, which combines profit with purpose and fosters a higher purpose in business, can be an enabling factor. Nature-based learning programs and regenerative practices that promote connectedness to nature have shown positive effects on leadership development and pro-environmental behavior.

The existing knowledge from the literature is supported by the interviews with practitioners, that work with organisational development, sustainability and wellbeing in SMEs.

How inner development can influence sustainability transformation of SMEs?

Through thematic analysis of interviews and conference notes, it becomes evident that mental models play a significant role in shaping the way organisations operate, since the change is not possible without changing mental models. This chapter identifies two opposite mindsets related to organizational sustainability: "business as usual" and "desired mindset" for sustainability transition based on experts' practical experiences with organizational wellbeing and sustainability, that gives an understanding of the reasons SMEs ignoring sustainability issues or act only incrementally and what mental models are needed to create transformative sustainability change. In addition, IDGs were explored with the goal of better understanding the role of the framework in organisational sustainability.

The findings highlight that the current mindset prevailing in organizations is dominated by mechanized reductionism, capitalism, and growth orientation, which

fail to address sustainability challenges. The study also uncovers various mental models that contribute to sustainability problems, including a fragmented and short-term focus, materialistic thinking, limited stakeholder consideration, and a fear of risks. The interviews provide insights into these mental models, with narratives emphasizing the dominance of capitalism, mechanized reductionist thinking, ignorance, avoidance of uncertainty, and an illusion of progress among organizational leaders. The consequences of these mental models are not limited to environmental degradation but also extend to social systems. Employees and managers experience burnout and a sense of detachment from their work, leading to phenomena like the quiet quitting.

Furthermore, the interviews emphasize the need for a mindset shift to achieve sustainability and regenerativity. Sustainability consultants highlight that personal values play a crucial role in driving purposeful regenerative businesses. It becomes clear that without a change in mindset, true sustainability and regenerativity cannot be achieved. This calls for a transformation in how leaders perceive their role and the importance of aligning personal values with organizational goals. The desired mindset includes:

1. **Ownership:** Leaders should have a sense of agency, purpose, and value, recognizing that all jobs today have a role to play in sustainability.
2. **Seeking connections with empathy and love:** This involves connecting with nature, understanding the need for preservation, and fostering empathy and love for others.
3. **Self-efficacy:** Sustainability starts and grows within individuals. Leaders should connect their inner world and mental models with the results in the outer world. Acknowledging hardships and showing empathy are important aspects.
4. **Systems perspective and understanding complex living systems:** Leaders need to recognize that everything is interconnected and shift from a mechanized mindset to a more organic and natural way of doing things. They should act as facilitators and gardeners, while stakeholders and employees become part of the system.
5. **Questioning and critical thinking:** Leaders should be brave to ask questions, embrace complexity, and trust themselves and employees as there is no one way to sustainability, they should reinvent and rethink the organisation through the questioning.
6. **Abundance mindset and resilience:** Taking risks and growing resilience are necessary for sustainability transformation.
7. **Innovative and Growth Mindset:** The change requires an innovative and growth mindset, in the atmosphere where employees feel empowered to share new ideas.
8. **Regenerativity:** Beyond sustainability, the focus should be on regenerative and sustainable leadership. Leaders should awaken to a different way of leading, emphasizing their role as facilitators of ecosystems and recognizing the planet as a stakeholder.

The desired mindset for sustainable transformation is rooted in good ethics, ownership, purpose, and value. It requires a systemic understanding of complex living systems and a shift away from a linear and mechanistic mindset. Leaders must embrace empathy, love, and connectedness with nature, community, and stakeholders. The mindset shift is a cultural and spiritual transformation that involves recognizing the ripple effects of individual actions and adopting a holistic approach. By embracing these desired mental models, organizations can foster a more sustainable future and contribute to long-term sustainable development.

Inner development goals framework challenges mental models and offers a new perspective on sustainability and regeneration. There is an overlap in the desired mental models and the competences that framework suggests, that supports its relevance. It is highlighted that it is particularly useful to stretch mental models and for organisational leadership. Participants note that it requires changing oneself before expecting change in the world. Courage, collaboration, self-awareness, being, relating, and empathy were highlighted as important qualities for SME leaders. It is important to note, that the leadership topic appeared as important during the interviews and it was not considered in the initial theoretical model

How to transfer inner development to SME's context?

This analysis explored the transformation towards sustainable mental models in SMEs. As it was mentioned, the change in SMEs starts from the leadership. Therefore, personal transformation of organisational leader using the IDGs is the first step to implementing IDGs in the organisation and sustainability transition. And then those four elements (trainings (hc), corporate culture (sc), organisational design (sc), system goals (sc) and social capital (rc)) could be used to experiment and create ripple effect. The analysis reveals several key findings regarding the implementation of sustainability transformations in organizations:

1. **Leadership:** Effective leadership is crucial for driving sustainability initiatives. It involves collaborating with employees and stakeholders, actively listening, and empathizing with others. Leadership also requires self-awareness and addressing personal blind spots. Leaders inspire and motivate employees, recognize their strengths, and empower them to contribute to organizational goals.
2. **Trainings:** Training programs play a significant role in creating awareness about inner development goals (IDGs), sustainability, and personal leadership skills. Companies should prioritize personal growth as it brings long-term benefits. Creating a psychologically safe workplace and integrating leadership practices into various aspects of the organization are essential for successful implementation.
3. **Design:** Designing organizational sustainability approaches involves co-designing strategies and utilizing design thinking methodologies. IDGs

can be used as principles to connect better, apply critical thinking, and deepen the understanding of the organization's inner compass. System design presents opportunities for interventions such as information flows, incentives, and constraints that can facilitate collaboration, innovation, and sharing of solutions.

4. Culture: The Inner Development Goals framework can be instrumental in designing new organizational cultures. CEO leadership plays a crucial role in fostering a culture of empathy, connectedness, and purpose. Coaching can help transform leadership and organizational culture. By aligning values and beliefs with desired mental models or IDGs, behavioral patterns can be rethought and new organisational culture for successful sustainability transformation is created.
5. System Goals: IDGs can be integrated as organizational goals themselves to achieve sustainability. IDGs can become a part of the business model and strategically used in the work with clients.

Overall, the successful implementation of inner development goals requires personal development among top management, a culture of empathy and purpose, and alignment with the organization's strategy, culture, vision, and structure. Leadership, trainings, design thinking, and cultural transformation are crucial elements for driving sustainability transformations within organizations.

DISCUSSION, REFLECTION, AND SUGGESTIONS FOR FURTHER RESEARCH

Research approach

It should be noted that the research approach and design for this study likely in great extent influenced the results of this study, as well as, probably, the confirmation bias of the researcher. The field of inner development for sustainability on organisational and societal level is multidisciplinary, with various terminology, that affected the literature review, that was conducted mainly using snow bowling technique, giving the researcher tunnel vision, where criticism is lacking. This is also supported by Wamsler (2021), who states that approaches related to the topic of inner development and sustainability change at hand are fragmented across various disciplines, each employing different terminology and having distinct ontological, epistemological, and ethical foundations. While the intention of this research was to understand this connection between inner development and organisational sustainability performance, and inspire further action and research in this field, future researchers or decision-makers can miss this research or find it confusing due to applying a lot of concepts from several disciplines and theoretical perspectives. It is also relevant to note, that the choice of the theories for initial conceptual framework can be not optimal, and it could be more relevant to choose another organisational theory that would be more focused on leadership.

It was also noted by the interviewees, that the research approach, while talking about systems perspective and new sustainability paradigm, should be more open and descriptive, rather than analytical as *“you can not put everything in the boxes (and measure)”*. With two of the interview participants, we touched the topic of the research approach, since it was criticised to be reductionist. Therefore, there is an open question on how to conduct the research, embracing the complexity and being clear for target audience, which is SME managers who mostly operate in the linear way. The suggestion is to conduct an action research or longitude study using mixed methods, that was not possible to choose as a methods for the research due to the time constraints.

In addition, this research journey influenced the researcher itself and become transformative. Therefore, it can be reflected, how mindfulness practices and conversations with professional coaches influenced the personal development of the researcher as well as outcomes of the research. Each of the visited conference sessions started from the grounding meditation and three of the interviewers brought practices from “*being*” IDG dimension at the interview. From the personal perspective, those brought deeper connection and more insight into conversation. It can be noticed that the research is subjective in some of the interpretations and analysis, that could influence reliability. However, the pragmatic research paradigm is not intent to describe subjective reality, rather one of the forms of reality. Therefore, it is interesting to explore further how Inner Development Goals implementation into the research philosophy would influence the results.

There is also valuable reflection on lack of Global South perspective in the research. While indigenous communities are inspirational for some of the interview participants as well as conference participants, their knowledge and perspectives are not acknowledged enough. In Interview 4, there were a reflection that from the one hand, in developing countries it is easier to connect to nature and wisdom of ancestors, since they lived in connection with nature few generations ago, however, from the other hand, SMEs there face more barriers, connected to political and economical conditions. Since SMEs are particularly important in developing countries, it can be valuable to focus on this context in the following research.

Lastly, participants with different backgrounds were interviewed that helped, from the one hand, get multiple perspectives and get more data, but from another hand, could lead to the wrong data interpretation. For example, during 3 interviews the definition of sustainability was different from the researcher’s definition. However, it was decided to continue the interview based on the definitions of the participants, and afterwards those interviews were analysed using only relevant to research question information.

Defining the progress

Difficulties with measuring the effectiveness of inner change and its influence to sustainability transformation, possibly, creates a barrier to make a research in this area. Most of the instruments for inner development and the research on the transcendent and transformative leadership for organisations and mental models were developed more than 30 years ago. However, this knowledge was not applied for the sustainability issues or was not popular, until it become clear that policies development and products and processes innovations is not enough, and transformation to circular and impactful business models is not happening on the necessary scale and level.

Despite, more scholars in the field of sustainability science and transitions recognise that inner development creates a leverage for sustainability transition, not only in organisational context, but also political and educational. However, there are lack of business cases that measure the progress in the actions, decisions taken,

external changes in organisations in the research. Most of the studies explore the change in mental models, worldviews and personal feelings. The correlation between inner change and factual material results are missing. Moreover, the researcher struggled to find the cases for this research, that was also influenced by the inability of SMEs to measure their own progress with including inner development in their organisations. While several founded organisations by the researches and organisations, where interview participants worked, found inner development relevant for the sustainability and wellbeing, it was impossible for them to participate in the research as a case study, as it was difficult to reflect on the results for sustainability transition. In addition, most of them talked that it is not possible to notice the significant progress since they just started the work with IDGs and experimented with it. Here Intellectual Capital theory can provide instruments to measure such progress in SMEs during the longitudinal study.

However, it is still can be not likely to understand which elements would influence more successful or less successful transformations. According to complex adaptive systems (CAS) theory (Waldrop, 1993), the overall behaviour of a CAS cannot be simply explained as the sum of its individual parts. It depends on the relationships and feedback among its components. As well as CAS outcomes are probabilistic and cannot be predicted with certainty. Moreover, the same initial conditions can lead to multiple possible outcomes in a CAS and different initial conditions can result in the same outcome within a CAS. Therefore, theoretical frameworks and models are not relevant in this context, thus, the role of the research should be adapted to create a value in such conditions. Moreover, the way how we define and measure results and progress in sustainability science field and significance of the progress should be discussed.

Overcoming the barriers towards sustainability in SMEs

The question of overcoming current barriers to sustainability transition that SMEs face needs more exploration as there can be a potential to overcome them or avoid using new mental models. Lack of the resources is the main barrier to sustainability in SMEs, however the research by Gray at al (2011) showed that coaching supports personal development in allocation of resources. From the Leverage point perspective, barriers are nested in the rules of the system and represent the constrain for SMEs to create transformative change in organisation. Those rules are dictated by the management theories from XX century, experience, functioning of the bigger societal systems. Those are difficult to change, however, there can be an opportunity for the change within the SME, using interventions described in this thesis. It also requires further investigation with bigger sample of professionals and experiments with SMEs as a longitudinal study.

This study contributes to the field by combining theoretical and practical evidence from the professionals that supports each other in the common message: with the current system design transformative change to sustainability is unlikely, however, there are opportunities to create new sustainability-oriented system out of

new paradigms. And it can be done in SMEs through leadership, trainings, changing organisational culture and structure and new mission, vision and goals. However, it is important to continue the research that would support or contradict the findings. In addition, this research collects those “desired mental models” for sustainability, that is overlapping with the existing research in the field, validating the results of other scholars. However, the initial intention of the research to explore how to overcome barriers to sustainability through inner development was not fulfilled and the question remains open for further investigation.

CONCLUSION

This study addresses the research question of how the inclusion of the inner dimension in the organizational system can enable and influence transformative change towards sustainability in SMEs. The analysis was conducted using an iterative approach, integrating literature review, semi-structured interviews, and field notes as methods. This chapter presents several key findings and their implications.

Firstly, both the literature and practical evidence emphasize the importance of systems thinking in SMEs. Systems thinking allows for a better understanding of the interconnectedness of key actors, processes, and resources within the organization. By recognizing these connections and navigating uncertainty, SMEs establish a foundation for transformative change towards sustainability. It is crucial to note that, from a systems perspective, the most impactful Leverage Points for change include transcending paradigms, mindsets that give rise to systems, and systems goals. Literature suggests that leadership plays a significant role in unfolding these Leverage Points. Through leadership, collective values, worldviews, and mental models in SMEs can be changed to enable a sustainable system.

However, as long as SME leaders and the collective maintain mental models rooted in capitalism, growth orientation, mechanized reductionist thinking, ignorance, crisis-driven action, avoidance of uncertainty and the unknown, and an illusion of progress, achieving transformative change towards sustainability in SMEs is not feasible. Managers and employees cannot act and make decisions differently without a shift in this way of thinking, as change is necessary to reach sustainability goals. The desired mindset for achieving sustainable development goals (SDGs) includes ownership, seeking connections with empathy and love, self-efficacy, a systems perspective, questioning and critical thinking, an abundance mindset, resilience, an innovative and growth mindset, and regenerativity.

Furthermore, the study highlights the relevance of the Inner Development Goals (IDGs) framework for leadership and implementing organizational systems in SMEs to facilitate transformative sustainability change. The integration of IDGs into the organization's strategy, culture, structure, as well as social capital and training, was identified as possible intervention approaches within the organizational system. Implementing IDGs in SMEs creates a positive feedback loop with the development of Intellectual Capital. Therefore, it is possible that the more SMEs implement IDGs, the more Intellectual Capital resources they create. Thus, the implementation of IDGs in organizations can lead not only to societal benefits associated with sustainability but also benefit the organization itself.

In response to the research question, it can be emphasized that transformative change towards sustainability in SMEs requires specific organizational values, referred to as "desired mental models". The results suggest that the traditional mechanized reductionist mindset driven by profit and competition is insufficient for addressing the complex challenges of sustainability. Instead, a new mindset is needed that values empathy, love, connection, abundance, and ownership, while embracing uncertainty and cultural and spiritual transformation. Current sustainability efforts often focus on shallow Leverage Points that do not address the core issues within the system causing sustainability problems. To enable change, action on deep Leverage Points is necessary, which in the SME system can manifest as the integration of the IDG framework in leaders' development, organizational culture, system design, goal definition, training, and social interactions. Integrating IDGs into SMEs can be beneficial not only for sustainability transitions but also for creating intangible resources within organizations and promoting well-being. Inner development can also foster a deeper sense of connection with oneself, the ecosystem, and the community, leading to a regenerative approach to business. However, the example of Icondu demonstrates the challenges of tracking change, and the transition process is not swift. Therefore, further investigation of this research question remains relevant.

The present study has several limitations that should be acknowledged. Firstly, the perspective of SME leaders was not included in the final research design, potentially introducing bias. This limitation was partially due to the lack of available data on the topic of IDG in SMEs, as it is a relatively novel concept with limited implementation and documented results in this context. Additionally, the selection criteria for interview participants included prior knowledge and experience with IDGs, which may have resulted in a bias towards individuals who were already familiar with and supportive of the framework.

Furthermore, a limitation of this study is the relatively small number of interview participants. While efforts were made to include diverse perspectives through the conference, a more comprehensive analysis of field notes from the conference discussions could have enhanced the generalizability of the data analysis. Another limitation is the lack of existing research data on IDGs in SMEs, which restricted the ability to compare and validate the findings against previous studies. The absence of a broader research context may have limited the depth of analysis and the ability to draw robust conclusions.

In conclusion, this study highlights the significance of including the inner dimension, shifting mindsets, and implementing IDGs in driving transformative change towards sustainability in SMEs. The findings offer valuable insights and practical implications for SME leaders, emphasizing the importance of personal development, organizational culture, and resource management in achieving long-term sustainability goals. Future research could further explore the implementation of IDGs in SMEs taking the point of departure from the limitations of this study: examine the influence of elements such as organizational design, management style, and stage of organizational development on sustainability transformation, evaluate the effectiveness of coaching programs in promoting inner development and

sustainability, understand how inner development creates the leverage to overcome barriers towards sustainability and reflect on research approaches and philosophies to address complex issues like sustainability transformations.

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APENDIX A

Interview guide “IDGs and SME”

Introduction

Ethical considerations and permission to record

- Please, introduce yourself (name, title, background)
- What makes you interested in the field of competences and mental models for systems transformations for sustainable development?
- How do you work with small and medium-sized enterprises?

Sustainability transition for SME

- What do you think distinguishing sustainability-driven SME from those who are arrogant to sustainability transformations?
- What prevents SMEs from changing towards sustainability while they have external drivers such as stakeholder pressures or regulations?

Competences

- What is the role of personal competences in driving sustainable changes in organization?
 - What is the role of the owner or CEO in the sustainability transformation?
 - What is the role of employees in the sustainability transformation?
- How mental models of leaders and employees influence the sustainability performance in SME?
- Which mental models are needed to successfully conduct sustainability transformation in SME?

Relations

- How relations with stakeholders influence sustainability transformation of SME?
- How internal relations influence sustainability transformation of SME?

Intangible assets

- How intangible assets influence sustainability transformation of SME?

IDGs

- What role IDG can have in sustainability transformations of SME?
- Considering the IDG framework, where do SME's leaders/employees have the most potential to develop new skills in order to achieve sustainability transformation of organization?
- How can organizations effectively implement inner development goals as part of their sustainability transformations?
- What supports successful implementation of IDGs in a company's culture?
- What challenges have you had in implementation of IDGs in your company?
 - What can you advise as a solution to address these challenges?

Finalization