Module 10
Governance Models and Purpose-Driven Entrepreneurship

START DSP
Entrepreneurship Education
Digital - Sustainable - Profitable

www.**startdsp**.eu

Module 10 Overview

This module is designed to provide an interactive exploration of ESG-aligned governance, risk management, digital ethics, and inclusive leadership.

Through this exploration, participants will learn how governance becomes a strategic driver of innovation, transparency, and long-term resilience.

01

Adaptive Governance for Purpose-Driven Enterprises

Introduction to Adaptive Governance for Purpose-Driven Enterprises

02

Leading with Integrity: Governance for Sustainable Digital Enterprises

Leading with Integrity: Governance for Sustainable Digital Enterprises

03

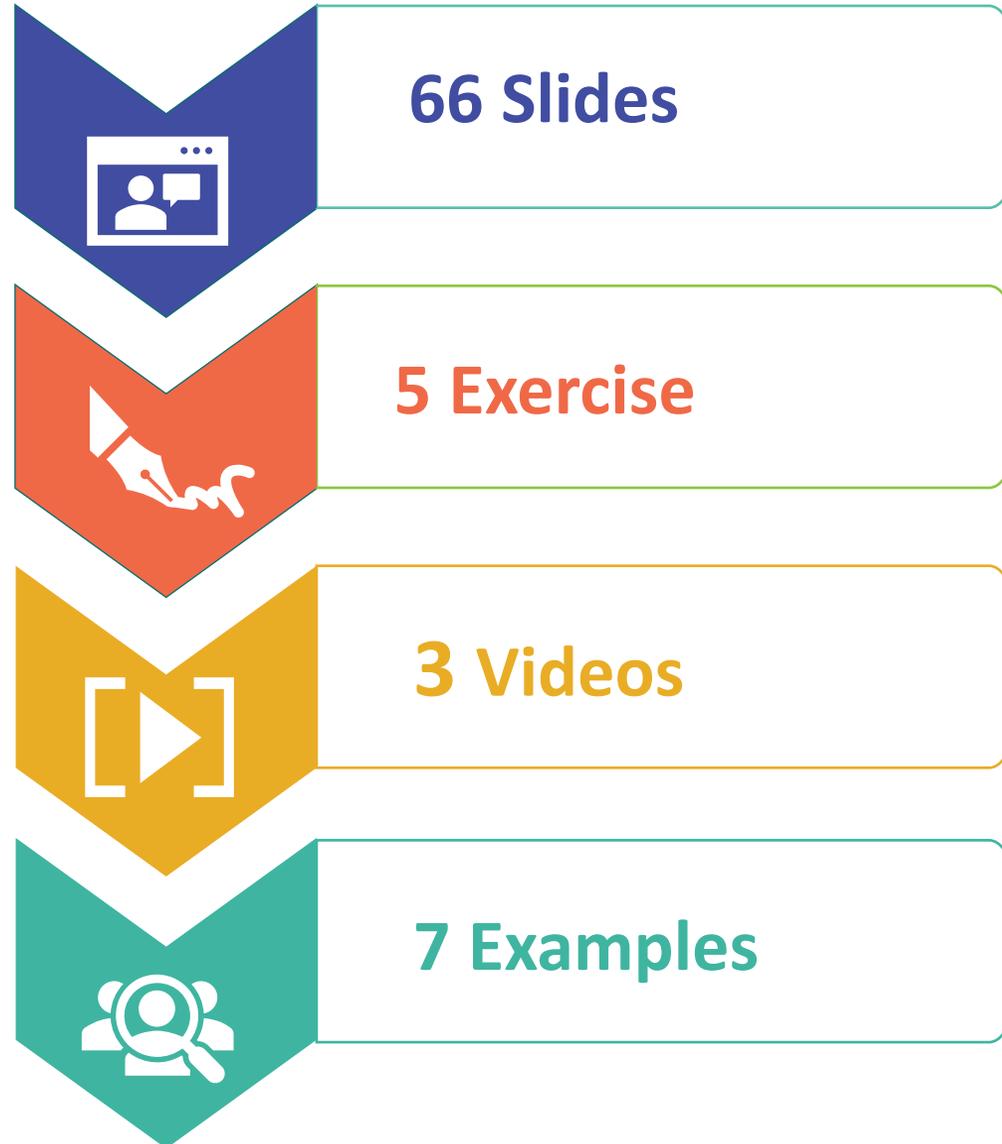## Building Resilience through Inclusive and Agile Governance

Design governance systems that can pivot in response to sustainability challenges, market shifts, or technological disruption.

Module 10 Interactive Learning Elements

66 Slides

5 Exercise

3 Videos

7 Examples

3 Digital Tools

5 Toolkits & Guides

12 Articles & Reports

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Competences Developed in Module 10

Business Skills

Ethical and Sustainable Thinking,
Mobilising Others,
Strategic Vision

Green Skills

Responsibility,
Systems Thinking,
Future-Oriented Action

Digital Skills

ESG Governance Platforms,
Data Transparency Tools

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Section **01**

Adaptive Governance for Purpose-Driven Enterprises

Adaptive Governance: beyond compliance

Governance is a living system that fosters resilience, adaptability, innovation, and ethical leadership, enabling organizations to thrive in changing environments.

What is Adaptive Governance? is a governance framework designed to respond effectively to dynamic, uncertain, and complex environments. Its core characteristics include:

Flexibility and Responsiveness:

It enables institutions to rapidly adjust strategies, policies, and structures when circumstances change.

Collaborative and Inclusive Decision-Making:

It encourages inclusive processes, involving diverse stakeholders to ensure legitimacy and resilience.

Context-Sensitive Application:

The style and degree of governance, ranging from control to outcome-oriented to agile, are customized to fit the specific situation.

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Adaptive Governance: Origins and Evolution

Historical Roots:

Adaptive governance emerged in the early 2000s in response to failures in managing environmental systems (e.g. climate change, water basins) through rigid, top-down control approaches.

Traditional Governance	Adaptive Governance
• Centralised, rigid • Rule-Based, compliance-heavy • Static Institutional design • Focus on efficiency & Control	• Polycentric, Flexible • Learning-based, experimental • Evolving, context-responsive • Focus on resilience, equity, long-term outcomes

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From Control to Learning

Why does Adaptive Governance matter?

Adaptive governance marks a shift from rigid, control-based systems toward learning-oriented and collaborative approaches.

It integrates **learning**, **participation**, and **ethical innovation** into governance practices. In a world facing climate crisis, AI disruption, and social fragmentation, adaptive governance enables organisations to:

- *Respond to ESG pressures*
- *Innovate ethically*
- *Align business with long-term societal goals*

| Continuous Learning | Polycentricity | Stakeholder Engagement | Responsiveness to Uncertainty |

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From Shareholder Primacy to Stakeholder Value

Why Inclusive Governance?

Traditional governance frameworks focused on shareholder returns have proven insufficient to address:

- Climate and ecological degradation
- Social inequality and erosion of trust
- Loss of legitimacy and long-term resilience
- Technological disruption and data ethics

It recognizes that organizations operate within living ecosystems of people, communities, technologies, and natural systems, all of which influence and are influenced by business actions.

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"Adaptive governance attempts to address uncertainty through continuous learning, involvement of multiple actors in decision-making processes and self-organisation of the governance system."

Rijke et al., 2012, p. 74

Who Are the Core Actors in Adaptive Governance?

Internal Stakeholders

- **Employees:** frontline agents of learning, innovation, ethics
- **Management & Boards:** strategic stewards of purpose and legitimacy
- **Founders/Stewards:** especially in steward-owned or mission-led enterprises

External Stakeholders

- **Communities:** local populations affected by company operations or value chains
- **Partners/Suppliers:** co-creators of value, especially in circular or regenerative ecosystems
- **Customers/Users:** participants in product evolution and ethical alignment
- **Regulators/Public Institutions:** enablers of standards, accountability, transparency

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Core Values of Inclusive Adaptive Governance

Inclusive adaptive governance's principles ensure that decision-making processes are not only resilient and responsive to change, but also fair, ethical, and inclusive of diverse stakeholder interests, from employees and communities to the environment and future generations.

Resilience

The ability of an organization or system to adapt, recover, and evolve in response to disruption or uncertainty.

Participation

Meaningful involvement of all stakeholders, employees, communities, customers, and partners, in decision-making processes.

Equity And Justice

Fairness in distributing benefits, risks, and opportunities across all stakeholders, ensuring no group is left behind.

Transparency

Open sharing of information, intentions, and results to build trust and allow informed stakeholder participation.

Core Values of Inclusive Adaptive Governance

📌 **Think about it:**

Which key characteristic of adaptive governance would you prioritize first in your context, and why?

Accountability

Clear responsibility for decisions, outcomes, and impacts, both internally and externally.

Trust & Long Termism

Building lasting relationships through integrity and a long-term vision that prioritizes future generations over short-term gains.

Ethical Leadership

Leaders model moral integrity, empathy, and responsibility, guiding their organizations toward purpose-driven and sustainable impact.

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Why Frameworks Matter: Making Adaptive Governance Work in Practice

Adaptive governance is only transformative when embedded into actual legal, strategic, and operational mechanisms.

By adopting such frameworks, organizations can legally commit to stakeholder governance, build legitimacy with customers and regulators, and establish feedback loops that foster learning, adaptability, and continuous improvement. **Why use frameworks?**

Structural models

They show *who decides what* and *who is responsible for what*. This helps make the organization fair and transparent.

Tools for accountability

They make sure people do what they say and keep improving. These tools help check performance and correct mistakes.

Metrics for ESG

They help measure real impact on the environment, society, and governance. Numbers and data make trust visible.

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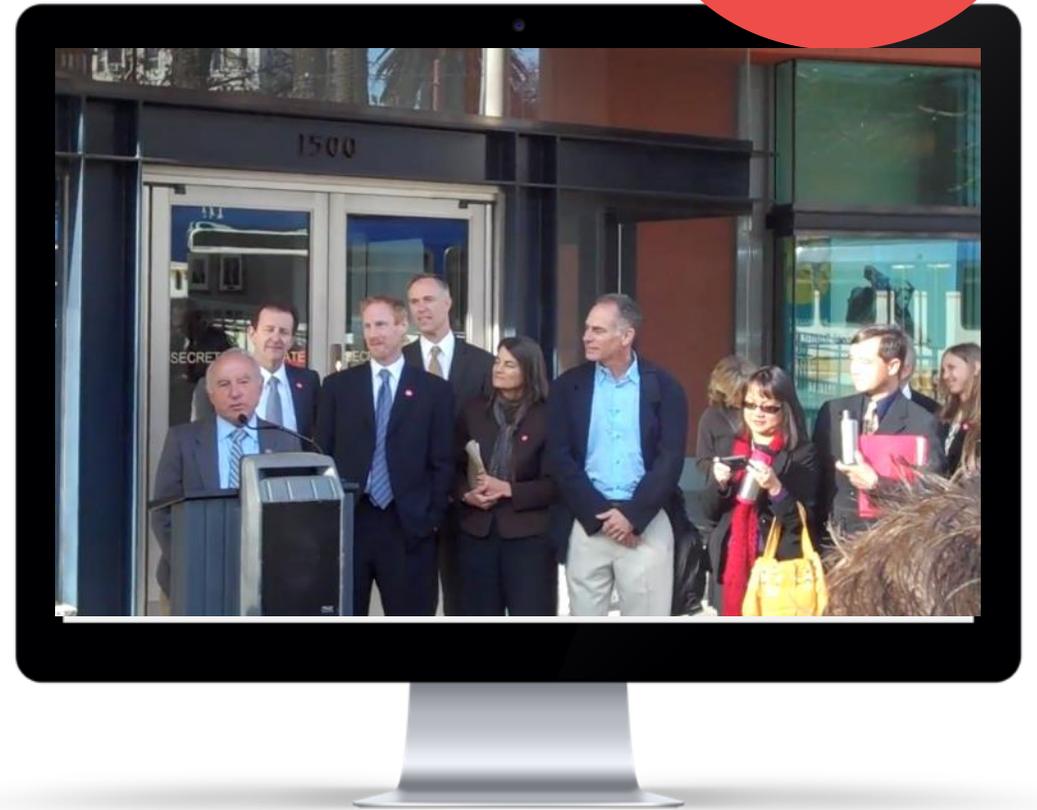
Benefit Corporations

A Benefit Corporations are a for-profit companies legally required to balance profit with purpose. Benefit corporations must consider the impact of their decisions on employees, customers, communities, and the environment.

Example:
Patagonia became one of the first benefit corporations in 2011, ensuring its mission:

"We're in business to save our home planet" is legally protected through succession and ownership changes.

B Corporation (Jan 4, 2012) Yvon Chouinard, Patagonia Founder, Remarks on Importance of Being a Benefit Corporation.
YouTube. https://www.youtube.com/watch?v=gm7wM5A7xcA

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B Lab Corporations

B Lab provides a structured, standardised framework that translates adaptive governance principles, such as stakeholder inclusion, transparency, and ethical leadership, into measurable, legal, and cultural practices within a company.

B Corporation (Jan 11, 2022) B Corp Movement: Transforming the global economy to benefit all people, communities, and the planet YouTube. https://www.youtube.com/watch?v=GP69PNzOO1U

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B Lab Corporations

How to use it?

1. Create a profile and self-assess your company across five categories:

- o **Governance:** Accountability, ethics, transparency.

- o **Workers:** Fair pay, safety, well-being.

- o **Community:** Local engagement, diversity, equity.

- o **Environment:** Climate impact, resource use, regeneration.

- o **Customers:** Impact of products/services, ethical marketing.

Behind the B:
What it Means
to be a B Corp

BEHIND THE B

https://www.youtube.com/channel/UC-VDwwCN-6Z3DGEzcrmvQtQ

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CASE STUDY

PlanA

Founded in 2017, Plan A is Europe's leading provider of corporate carbon accounting, decarbonisation, and CSRD reporting software.

https://plana.earth/product

Accelerate your sustainability journey to thrive in a green economy

Speak with our team and join the growing number of forward-thinking companies using Plan A to achieve their sustainability goals.

Your sustainability platform to manage emissions

Measure, report, and reduce your corporate carbon footprint with our certified sustainability platform and tailored support from leading experts.

planA https://plana.earth/

Turn decarbonisation into business results.

Your certified software for reliable emissions intelligence to measure, report and reduce your carbon footprint.

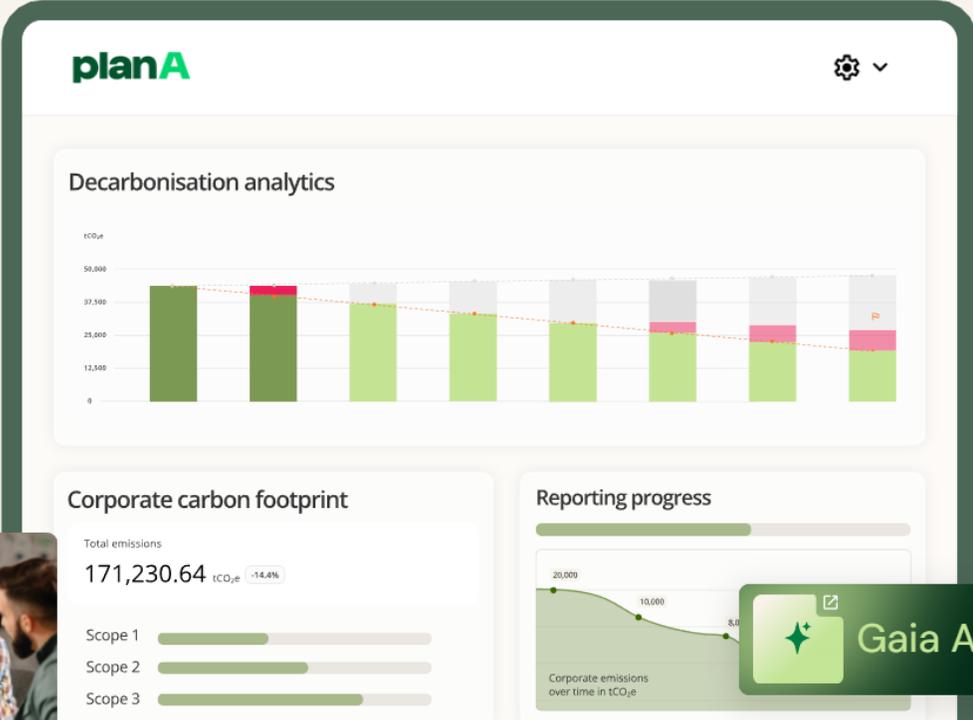[Request a demo]   [Explore the platform]

- Certified GHG Protocol compliant
- Developed by scientific experts
- AI-enhanced interface

planA

Decarbonisation analytics

tCO₂e

Corporate carbon footprint

Total emissions

171,230.64 tCO₂e -14.4%

Scope 1
Scope 2
Scope 3

Reporting progress

Corporate emissions over time in tCO₂e

Gaia AI

One platform to master your entire net-zero journey

① Carbon accounting

Measure and analyse your corporate carbon footprint with precision.

Learn more

② Carbon reporting

Disclose your sustainability progress with integrated carbon footprint reports.

Learn more

③ Decarbonisation

Achieve emission reductions through targeted actions and accurate forecasts.

Learn more

Emission per emission category

Total emissions
458,847.64 tCO₂e

Scope 1

Scope 2

Scope 3

Corporate carbon footprint report

📅 Select years

PDF
Download report

Analytics   Targets   Actions

Decarbonisation analytics

2030 – 1.5°C   68%   Scope 1&2&3   2023-2030

Emissions forecast

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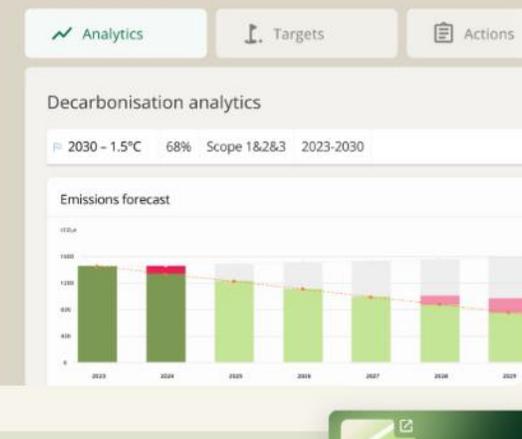
Case Study: PlanA

B Corp has been certified since 2022

→ **Governance:** Mission and stakeholder considerations are embedded in the corporate structure, guiding ethical, transparent, and impact-driven decisions.

→ **Workers:** Supports employee well-being, career growth, engagement, and inclusive practices.

→ **Community:** Contributes through diversity, equity, economic impact, civic engagement, and responsible supply chains.

→ **Customers:** Provides high-quality, ethical products and services that protect data and promote positive social outcomes.
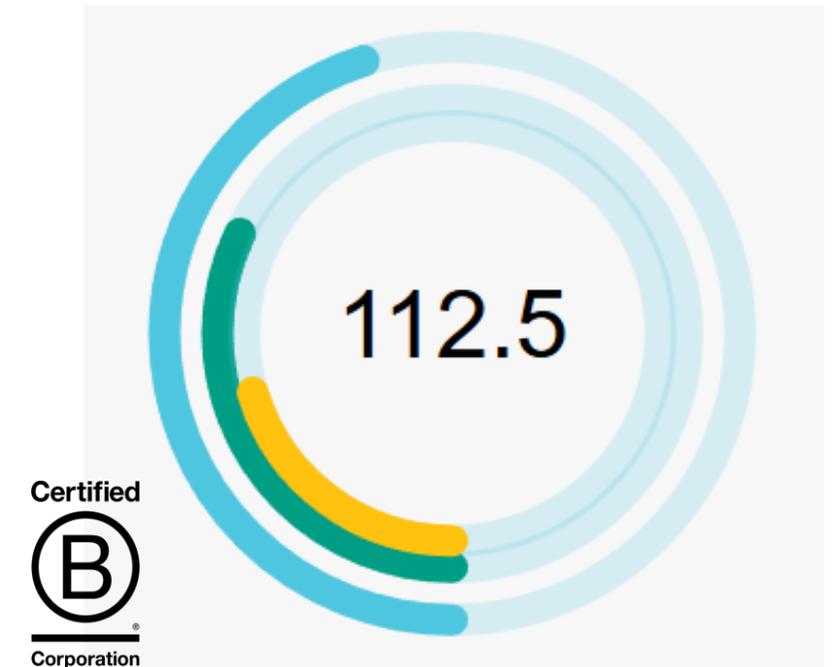
Certified
B
Corporation

112.5

112.5 Overall B Impact Score
80 Qualifies for B Corp Certification
50.9 Median Score for Ordinary Businesses

Source: B corporation

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Stewards Ownership

Stewards Ownership is a business ownership model in which control is held by mission-aligned stewards (often employees, founders, or long-term stakeholders) and profits are reinvested or distributed to advance the company's mission rather than external shareholders.

Core Principles:

1. Control remains with people directly involved in the company, not tradable on capital markets.
2. The company exists to fulfil its mission, with profit as a means not the primary goal.

Source: Stewards Ownership

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Stewards Ownership

Core Principles (contd):

3. Profits are reinvested or shared fairly with stakeholders.
4. Legal safeguards ensure the mission outlives individual owners or founders.

How to use it:

o Embed mission lock clauses in legal structure;
o Create a steward board representing employees, community, and mission experts.

Raise Awareness

Create Resources, Advise and Support

Activate Aligned Capital

Source: Stewards Ownership

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Digital Tool for Adaptive Governance

B Corp Certification: A free assessment tool that leverage ESG impact to go beyond profit, using stakeholder governance to adapt decisions for positive outcomes for workers, communities, the environment, and shareholders alike.

💬 How to Use It	✅ Benefits
❑ Complete the B Impact Assessment (free, confidential) ❑ Score at least 80 to meet standards ❑ Update legal documents to officially include workers, community, and environmental interests ❑ Verify and re-certify every 3 years	❑ Increase transparency and build stakeholder trust ❑ Legally commit to decisions benefiting all stakeholders ❑ Drive continuous improvement and market differentiation

💡 **TIP:** *Even if your company isn't fully compliant yet, starting the B Impact Assessment provides a roadmap and highlights key priorities for certification.*

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Stakeholder Mapping for a Green Digital Startup

Choose a company (from the options below or the ones you know) that uses digital tools (e.g., apps, platforms, AI) to promote environmental or social sustainability.

Task:

1. Describe the business What do they do? What makes them green and digital? Who do they serve?
2. Identify key actors and group them by internal (employees, founders, developers) and external (users, regulators, communities, environment)

Examples:

- **Too Good To Go:** app that reduces food waste by connecting users with unsold meals

- **Good On You:** digital rating platform promoting ethical fashion

- **Voi Technology:** micro-mobility app promoting low-carbon urban transport

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Stakeholder Mapping for a Green Digital Startup

Now think critically about how this company *might* be governed, based on what you observe from their website, communication, or public information:

- What do you think their **governance model** looks like? (e.g., centralized leadership, cooperative, stakeholder-led?)

- How do they **communicate decisions or values** publicly, do they seem transparent and trustworthy?

- Who do you think has **influence or decision-making power** (founders, investors, community partners)?

By the end of this exercise, you will understand how stakeholder-centered thinking supports adaptive governance and sustainable impact in digital green enterprises.

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Section **02**

Leading with Integrity: Governance for Sustainable Digital Enterprises

Ethical Leadership and its roots

''*Ethical leadership is vital not only for individual leaders but also for organizations, especially for the organizational culture, and its human capital*.'' *(Hubbard et al., 2025)*
For employees, it acts as a source of motivation, fostering a sense of being valued and respected, which in turn boosts productivity, encourages collaboration, and strengthens their commitment to the workplace.

Historical Roots

Ethical leadership dates to Aristotle, who taught that great leaders embody practical wisdom, virtue, and goodwill. These principles laid the foundation for viewing leadership as a moral responsibility.

The Evolution of Modern Ethical Leadership

Over time, ethical leadership has moved to modern practice, integrating fairness, transparency, and accountability into business.

Why is it Important

Ethical leadership strengthens organizational culture and human capital, motivating employees to feel valued and engaged. It builds trust with stakeholders and drives sustainable digital innovation.

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Ethical Leadership: Who is involved?

Leaders

- They carry the responsibility of setting the ethical tone in organizations.
- Their integrity, practical wisdom (phronesis), virtue (arete), and goodwill (eunoia) directly shape the culture, policies, and trust within the organization
- If leaders act ethically, they create transparency, fairness, and accountability; if not, they risk a gap between stated values and real behavior, leading to distrust.

Employees / Human Capital:

- They are the human core of the organisation, directly influenced by the leader's ethical stance.
- Ethical leadership motivates employees by making them feel valued and appreciated, which increases productivity, collaboration, and loyalty
- Followers also contribute by adopting and reinforcing ethical norms, creating a virtuous cycle that strengthens organizational culture.

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Impact of Ethical Leadership: What you should know

Ethical leadership strengthens both interpersonal trust (between individuals) and collective trust (within the organisation), creating a high-trust environment that boosts collaboration, morale, and long-term performance.

Interpersonal Trust

Defined as the belief in another person's competence, honesty, and reliability, along with a willingness to be vulnerable.

Interpersonal Trust has two dimensions:

1. Cognitive trust (based on rational judgment of competence and reliability).
2. Affective trust (emotional bonds and mutual care that strengthen cooperation). Drives teamwork, collaboration, and openness to feedback.

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Impact of Ethical Leadership: What you should know

Ethical leadership builds organisational success by fostering trust and commitment, motivating employees, and creating a culture of fairness, transparency, and accountability.

Think about it:

What steps should a good leader take to build and sustain collective trust within their team or organisation?

Collective Trust

- A shared group property, formed when employees collectively perceive leaders and peers as trustworthy
- Builds organisational climate marked by openness, dependability, and accountability.
- Strong collective trust leads to higher team performance, better decision-making, and improved organizational outcomes.

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Ethical Leadership in the Digital Era

Ethical leadership in today's digital era means guiding the use of AI, blockchain, and big data responsibly, ensuring that technological innovation aligns with moral values, stakeholder trust, and organizational purpose.

Digital Transformation & Leadership

- ✓ AI, blockchain, and big data are reshaping decision-making, transparency, and efficiency.
- ✓ Leaders must ensure these tools are applied fairly and transparently, avoiding bias and misuse.

Embedding Organizational Values

- ✓ Ethical leaders use technology to strengthen, not undermine, core organizational values.
- ✓ Builds trust among employees, customers, and partners, turning change into sustainable progress.

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What is Digital Ethics and why is it important to know?

Historical Roots
Originally emerging as "rhetorical ethics" in the early days of the internet (Porter, 1998), digital ethics evolved as privacy, copyright, authorship, and online identity issues became central to communication in new digital ecosystems.

Over time, the shift moved from personal accountability toward collective responsibility for public welfare.

Digital ethics refers to the principles and frameworks that guide responsible behavior, decision-making, and accountability in the use, design, and governance of digital technologies, including AI, big data, and online platforms.

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Core Principles of Digital Ethics

Digital ethics is not an abstract ideal: it is a practical governance framework that ensures technology fosters trust, fairness, and sustainability in a digitally transforming world.

01.
Responsibility & Accountability

Technology leaders, platforms, and users must consider the social impact of design and use choices, not just technical efficiency.

02.
Transparency & Trust

Systems should be designed to minimize harm, respect user rights, and clearly communicate how data and algorithms are used.

03. Ethical Governance

Platforms and organizations should embed shared values (inclusivity, fairness, justice) rather than only relying on rule enforcement.

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Why Digital Ethics Matters in Governance

Digital ethics is about actively creating trust, fairness, and sustainability in a digital-first world, making organisations more resilient and competitive

Protects Stakeholder Rights

→ **Privacy:** AI and big data collect sensitive personal information; without ethical safeguards, misuse can lead to exploitation or discrimination.

→ **Fairness:** Ethical governance addresses algorithmic bias (e.g., biased hiring tools or loan approvals) to ensure equal treatment.

Builds Trust & Legitimacy

→ Trust is the currency of the digital economy. If users or partners suspect unethical data use, confidence erodes quickly.

→ Transparency in AI decision-making (explainable AI) and blockchain record-keeping fosters legitimacy

Ensures Compliance with ESG Frameworks

→ Ethical digital governance supports the Environmental pillar.

→ Strengthens the Social pillar by protecting rights and ensuring diversity in digital access.

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EU-Level Policies for a Green-Digital Future

Across Europe, policymakers are shaping frameworks that link digital innovation with sustainability goals.

These policies set the rules and incentives for how businesses design, produce, and market their products in a way that supports both competitiveness and climate action.

These policies together link digital innovation with sustainability goals, ensuring businesses use technology to reduce environmental impact while staying competitive.

European Climate Law

Circular Economy Action Plan (CEAP)

Digital Product Passport (DPP)
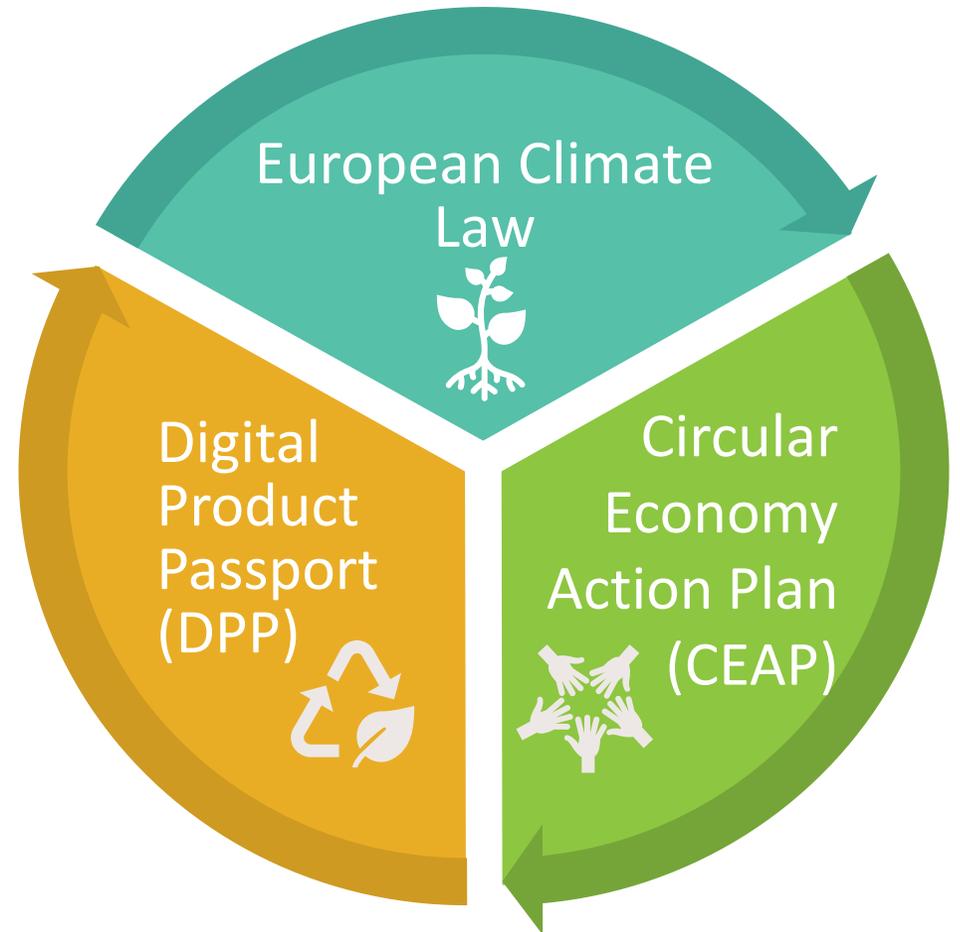
EU-Level Policies for a Green-Digital Future

These EU policies set the rules and opportunities for sustainable growth, helping businesses stay compliant, competitive, and trusted in the green-digital economy.

European Climate Law

Legally commits the EU to climate neutrality by 2050 and at least a 55% reduction in emissions by 2030; Provides the binding framework for all other EU green initiatives.

Circular Economy Action Plan (CEAP)

Promotes sustainable product design, longer lifespans, and recyclability; Focuses on reducing waste and creating closed-loop supply chains.

Example: Digital Product Passport (DPP)

A digital record containing key sustainability and lifecycle data for products; Helps businesses, consumers, and regulators track products' origins, materials, and recyclability.

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EU Artificial Intelligence Act

The EU AI Act is a new legislation on Artificial Intelligence by the European Commission. It lays the foundations for the regulation of EU within the European Union.

How to use it?
The EU AI Act consists of 12 main titles and each of the titles contains a sef ot Articles.

The Regulation establishes:
- Common rules for the use and placement of AI in the EU,
- Bans on harmful AI practices,
- Strict requirements for high-risk systems,
- Transparency obligations for certain AI uses
- And many more…

EU AI ACT

EU AI Act

Proposal for a
Regulation of the European Parliament and of the Council Laying Down Harmonsed Rules on Artificial Intelligence (Artificial Intelligence Act) and Amending Certain Union Legislative Acts

2021/0106 (COD)

European Commission

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Why EU Frameworks Matter for Green-Digital Future

EU frameworks embed ethical leadership into law, linking digital innovation with responsibility and transparency.

The Climate Law and CEAP anchor the green transition, while tools like the DPP connect technology with circular economy goals.

Together, they ensure AI, blockchain, and big data are used to reduce emissions, extend product lifecycles, and minimize waste.

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CASE STUDY
ilek

ilek is a French supplier of green energy for residential customers and small professionals. ilek stands out in the sector through a certified supply policy with 100% renewable energy producers, a short-circuit energy sales model and a human and individual customer relationship.

https://www.ilek.fr/

ilek

Green energy, truly green, at the best price

Switching to ilek makes a big difference.
Sign up in 5 minutes for green electricity and green gas.

Case Study ilek

Green energy, truly green...

At the best price* for you

100% renewable, 100% produced in France.

At the best price* for them

local producers, women and men who are committed on a daily basis to the energy transition.

At the best price* for all of us

You will receive advice on how to reduce your consumption.

*Learn more

Governance 15.0

Governance evaluates a company's overall mission, engagement around its social/environmental impact, ethics, and transparency. This section also evaluates the ability of a company to protect their mission and formally consider stakeholders in decision making through their corporate structure (e.g. benefit corporation) or corporate governing documents.

Mission & Engagement	2.7
Ethics & Transparency	2.2
+ Mission Locked	10

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.
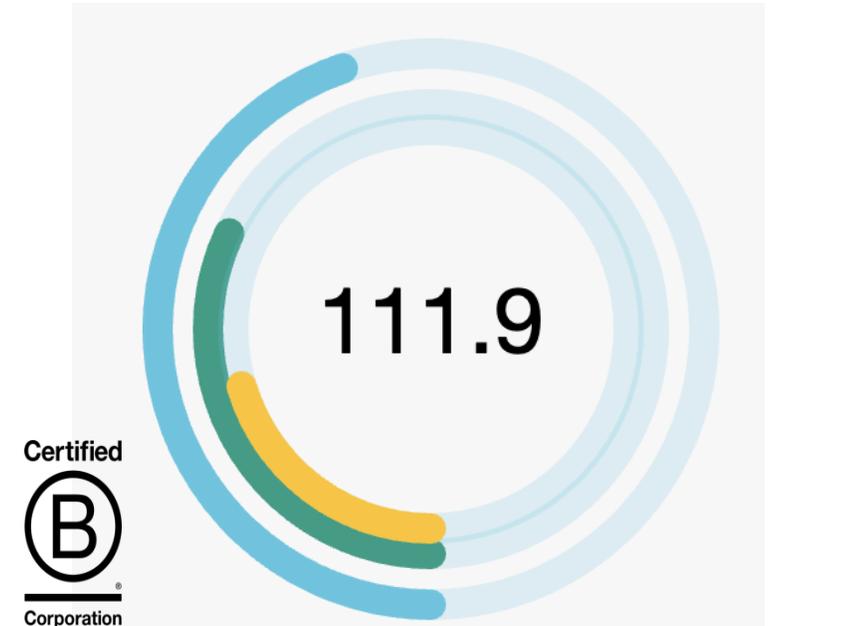
tion

Case Study: ilek

Ilek's digital energy platform connects consumers directly with local renewable energy producers.

ilek reflects the Start-DSP vision by integrating digital innovation (its online energy market place), sustainability (100% renewable energy and CO_2 reduction goals), and entrepreneurship (a scalable, community-driven business with fair producer compensation).

As a case, it demonstrates how the GreenComp, DigiComp, and EntreCompframeworks converge in practice, making it highly relevant for entrepreneurship education under Start-DSP.

https://www.bcorporation.net/en-us/find-a-b-corp/company/ilek/

111.9

Certified B Corporation

111.8 Overall B Impact Score
80 Qualifies for B Corp Certification
50.9 Median Score for Ordinary Businesses

Source: B corporation

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TrustArc (Supporting Digital Tool)

TrustArc (formerly TRUSTe) is a privacy compliance technology company founded in 1997 and headquartered in California. It provides a unified SaaS platform and expert services that help global businesses manage data privacy programs, certify compliance, govern risk, and build trust with customers and partners

Benefits:
→ Operational Efficiency
→ Risk Reduction
→ Regulatory Coverage
→ Trust & Consumer Experience
→ Expertise & Insights

Link: https://trustarc.com/

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Exercise: Develop a 5-Point Digital Ethics Code of Conduct For Your Company

Step 1. Identify the organization's mission and ESG goals.

Step 2. Select 5 guiding principles that address ethical leadership, digital risk, and sustainability.

Step 3. Draft one actionable statement for each principle (e.g., "We ensure AI systems are transparent and explainable to all stakeholders").

Step 4. Share drafts with peers and refine based on feedback.

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Exercise: Develop a 5-Point Digital Ethics Code of Conduct For Your Company

This exercise enables learners to apply ethical leadership principles by co-creating a concise and actionable Digital Ethics Code of Conduct.

➢ How do the chosen principles align with your organization's mission and ESG goals?

➢ Which risks (ethical, digital, or environmental) did you find most difficult to address, and why?

➢ How might cultural or regional contexts influence the design of a Digital Ethics Code of Conduct?

Outcome:

A 5-point Digital Ethics Code of Conduct that integrates ethical leadership, digital governance, and sustainability principles.

A clearer understanding of how to operationalize digital ethics in governance frameworks.
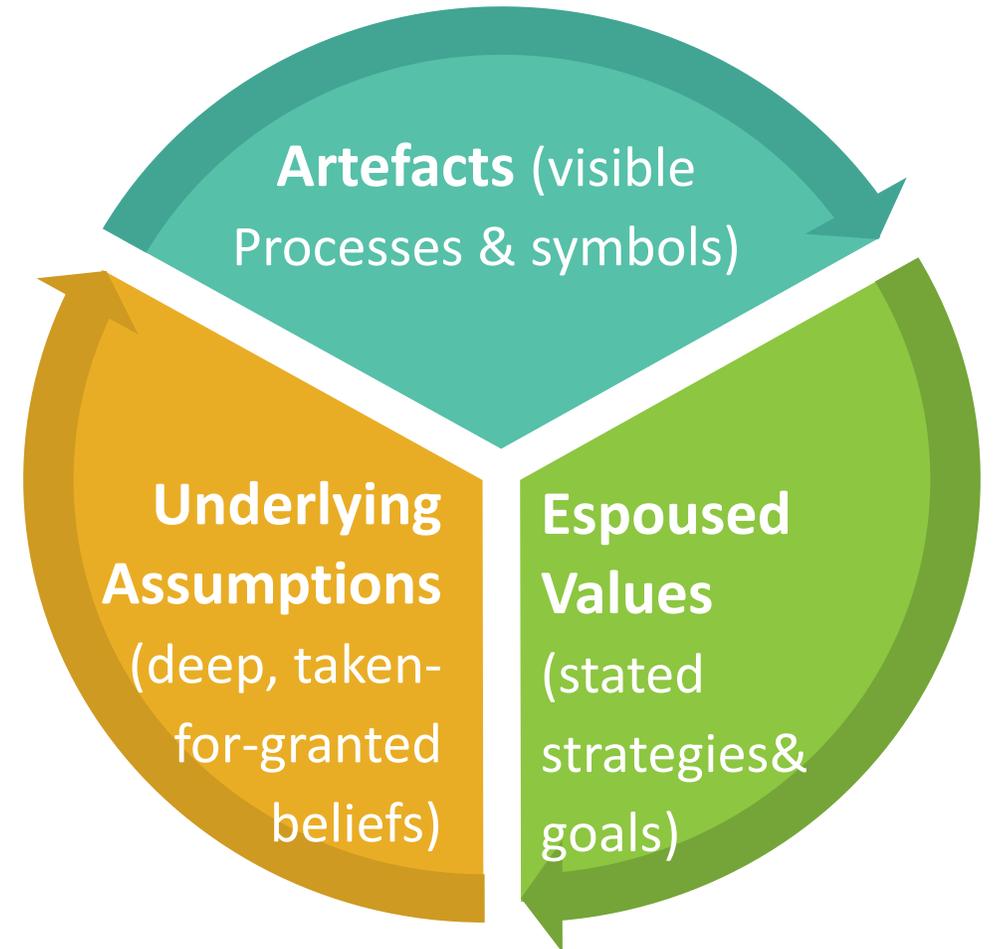
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Section 03

Building Resilience through Inclusive and Agile Governance

Organizational Culture and Change

Edgar Schein, a leading organizational psychologist, developed one of the most influential models of organizational culture, highlighting how deeply embedded values and assumptions shape how organizations behave and respond to change.

Read more: "Organizational Culture and Leadership" by Edgar H. Schein, 2010

Artefacts (visible Processes & symbols)

Underlying Assumptions (deep, taken-for-granted beliefs)

Espoused Values (stated strategies& goals)

Organizational Culture and Change

Successful change depends on recognizing and aligning organizational culture with new demands.

- Culture is shared ways of thinking and acting that shape how organization respond to disruption.

- Acts as both enabler (supporting innovation, sustainability, digital ethics and barrier, creating resistance of misaligned.

Management Courses, Mike Clayton. 2021. Edgar Schein: The Master of Organizational Culture
YouTube. https://www.youtube.com/watch?v=TMqTN4fGb1k

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Cultural Dimensions and Change Management

Another interesting author speaking about organizational culture is Geert Hofstede, a leading scholar in cross-cultural management, he proposes framework how national cultures influence the way organizations respond to change.

Hofstede's Cultural Dimensions Framework

Part 1

Power Distance

The ability of an organization or system to adapt, recover, and evolve in response to disruption or uncertainty.

Individualism vs Collectivism

Meaningful involvement of all stakeholders, employees, communities, customers, and partners, in decision-making processes.

Masculinity vs Femininity

Fairness in distributing benefits, risks, and opportunities across all stakeholders, ensuring no group is left behind.

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Cultural Dimensions and Change Management

Hofstede's framework is especially relevant for small and medium enterprises(SMEs), which often mirror the cultural values of their country. Understanding these dimensions helps explain why the same change initiative succeeds in one context but faces resistance in another.

Part 2

Uncertainty Avoidance

The level of comfort people have with ambiguity, risk, and unstructured situations.

Long vs Short term orientation

The extent to which a culture values future-oriented virtues like perseverance versus present or past-oriented values like tradition and social obligations.

Indulgence vs Restraint

The degree to which a society allows or suppresses the gratification of basic human desires related to enjoying life and having fun.

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Understanding Change and Why It Matters

Successful change in SMEs depends on recognising and aligning organisational culture with new demands.

What is Change?

Transition from current to future desirable state;
Driven by external pressures and internal governance needs.

Why It Matters (for SMEs)?

70% of change efforts fail without structured management;
Environmental crises + new regulations demand agile and mission-oriented governance.

Change as Opportunity

Adaptive governance systems improve resilience, competitiveness, and trust; Encourages SMEs to experiment with new technologies.

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Change management models help leaders
design governance systems that are:

Inclusive
Resilient
Agile

Navigating Change in Governance Systems

- Effective change is not just a matter of intention, it requires structured, step-by-step approaches that guide organizations through uncertainty.

- Structured change frameworks provide leaders with the tools to steer their institutions through uncertainty and transformation.

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Let's speak about **two widely used models of change management**

01

Kotter's 8-Step Model: a strategic roadmap for large-scale organizational transformation>

John P. Kotter's model (1996) outlines eight sequential steps to successfully implement organizational change. It is particularly useful for complex, large-scale transitions, such as digital restructuring or climate adaptation planning.

02

ADKAR Model: a people-centered approach focused on individual change

Developed by Prosci, the ADKAR Model focuses on individual change as the foundation for organizational transformation.

Especially effective in SMEs or decentralized governance systems, it provides a step-by-step method for building internal readiness.

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Kotter's 8-Step Change Management Model

1. Create a sense of urgency

2. Build a guiding coalition

3. Form a strategic vision

4. Communicate the vision

5. Empower others to act on the vision

6. Generate short-term wins

7. Consolidate improvements & drive more change

8. Anchor the new changes

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ADKAR Modell

Awareness

Understand
the need for change

Desire

Support
and participate in
the change

Knowledge

Learn how
to change

Ability

Apply new skills
and behaviours

Reinforcement

Sustain the change
overtime

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Tools & Mechanisms to Evaluate Change

360-Degree Feedback	**After-Action Reviews (AARs)**	**Balanced Scorecards (BSC)**
Purpose: Captures perspectives from peers, subordinates, and managers.	**Purpose:** Captures perspectives from peers, subordinates, and managers.	**Purpose:** Aligns metrics across strategy, processes, and people.
Application: Builds leadership accountability and cultural alignment in SMEs.	**Application:** Builds leadership accountability and cultural alignment in SMEs.	**Application:** Tracks digital and sustainability KPIs, balancing short- and long-term goals.

Together, these tools provide a balanced approach to evaluating change. capturing leadership behavior, organizational learning, strategic alignment, and readiness for future challenges ensuring that governance remains both agile and accountable.

Digital Tool

Country Comparison Tool

The Culture Factor's Country Comparison Tool lets users compare national cultures across multiple dimensions, such as power distance, individualism, and uncertainty avoidance, based on Hofstede's cultural framework.

Benefits:

- Quick Insights
- Cross-Cultural Awareness
- Decision Support
- Team Alignment
- Global Strategy

Link: https://www.theculturefactor.com/country-comparison-tool?countries=

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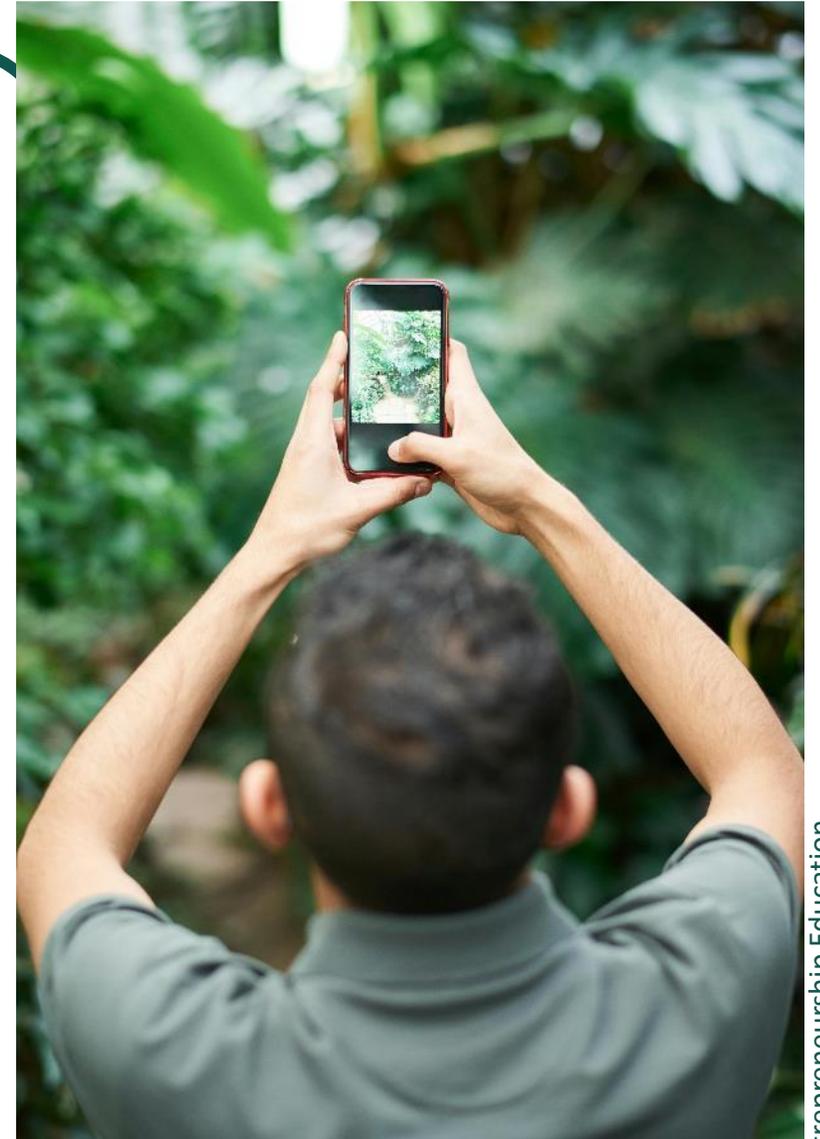
Why Evaluation Matters in Change Management

Evaluation is not the end of change, it is a continuous cycle that keeps governance resilient, adaptive, and ethical.

Performance & Effectiveness
- Identifies what is working and what is not;
- Provides evidence to adjust strategies in real-time;
- Ensures goals for green and digital transitions are met.

Accountability & Transparency
- Builds trust with stakeholders by showing results;
- Strengthens legitimacy of governance decisions;
- Demonstrates ethical responsibility in data-driven change.

Learning & Adaptation
- Embeds continuous learning into governance systems;
- Encourages inclusivity and diverse participation;
- Prevents unintended harm and fosters long-term cultural change.

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Case Study: Refurbed

Refurbed is a Vienna-based online marketplacee that connects consumers with high-quality, professionally refurbished electronics.

Refurbed addresses a persistent problem: many consumers view pre-owned electronics with scepticism due to uncertain quality, limited warranties, and poor transparency. To overcome this, Refurbed has built a two-sided marketplace where:

- **Refurbishers are vetted** and required to follow a standardised, multi-step refurbishment process that covers testing, repairs, and quality grading.
- **Consumers are protected** by warranties, return policies, and clear product information, reducing perceived risk and fostering trust.
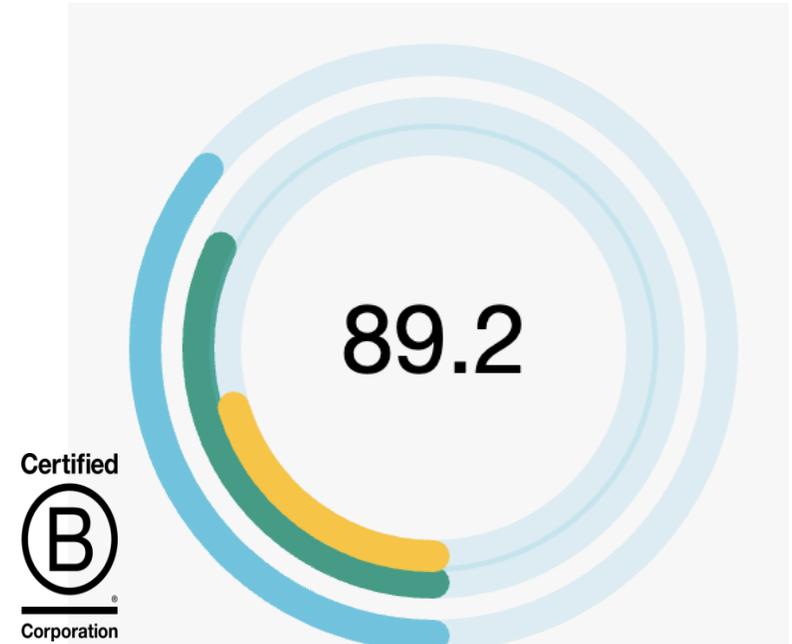
89.2

Certified **B** Corporation

89.2 Overall B Impact Score
80 Qualifies for B Corp Certification
50.9 Median Score for Ordinary Businesses

Source: B corporation

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Exercise: Develop a Change Management Model For Your Company

Apply change management model and make your company more ESG friendly

Imagine you are the leadership team of a small or medium-sized tech enterprise. You are successful in the digital space but want to integrate environmental, social, and governance (ESG) principles into your strategy, culture, and operations.

Outcome:

1. Designed a structured change management plan for ESG transformation;
2. Identified cultural and governance shifts needed for sustainable impact.

Exercise: Develop Change Management Model For Your Company

Step 1. Select a Change Management Model (Kotter's 8-Step Framework or the ADKAR Model)

Step 2. Map the transformation journey from your current state to a future where ESG is embedded in culture and governance

Step 3. Identify cultural enablers and barriers that might affect the transformation

Step 4. Integrate governance actions (include policies, processes, and leadership practices that support ESG goals)

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Exercise: Develop Change Management Model For Your Company

Reflection Questions

- How will you create urgency or build awareness about the need for ESG integration?

- What steps will you take to align organizational culture with ESG values?

- What barriers might arise, and how will you address them?

- How will you measure success during and after the change?

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Conclusion

What You have Achieved

In a nutshell, you have achieved:

→ a deeper understanding of what ethical and inclusive governance means in practice
→ a clear grasp of how leadership integrity shapes trust and accountability,
→ the confidence to make a change in your organisation.

Together, these steps show how **Ethical Leadership**, **Adaptive Governance** and **Collective Trust (culture & collaboration)** intersect to build organizations that are both **responsible and future-ready.**

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Module 10: Conclusion

What You Have Learnt:

Section 1: We explored how to shift from shareholder to stakeholder models, how adaptive governance works and build trust through inclusive leadership.

Section 2: We examined ethical leadership and digital transformation, focusing on how governance must adapt to AI, blockchain, and data ethics: balancing innovation with accountability.

Section 3: We focused on change, resilience, and risk: introducing structural models like ADKAR and Kotter's 8 Step Model, showing how feedback mechanisms build agility into governance systems.

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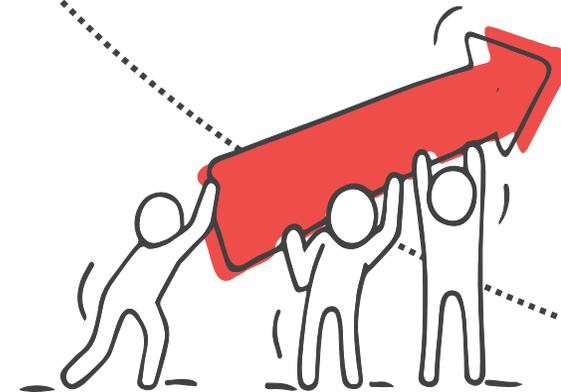
Well Done

Congratulations!

You have finished the course!

You have Completed...Module 10

Section 1. Adaptive Governance for Purpose-Driven Enterprises

Section 2. Leading with Integrity: Governance for Sustainable Digital Enterprises

Section 3. Building Resilience through Inclusive and Agile Governance

The End