Jan Peter Balkenende: “Be the leader the future needs”

Ex Dutch PM says future depends on partnership for the Sustainable Development Goals — companies, governments, NGOs and civil society all working together.



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Prof. Dr. Jan Peter Balkenende is Minister of State and Former Prime Minister of the Netherlands, External Senior Advisor to Ernst & Young, and Professor Emeritus at Erasmus University Rotterdam.

From climate change to inequality, the challenges the world faces today are too intertwined

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and complex for any single person, company or government to tackle on its own. For that reason, the 17th Sustainable Development Goal (SDG) is Partnerships, recognizing that the achievement of all the other goals depends on multistakeholder partnerships, enlisting both the public and the private sectors, as well as civil society, in effecting real and lasting change.

Someone who embodies this philosophy is **Jan Peter Balkenende**. He started in academia before entering politics, forming four governments as Prime Minister of the Netherlands between 2002 and 2010 — a period also marked by global financial turmoil. Since then, he has taught at Erasmus University Rotterdam and advised on corporate responsibility for Ernst & Young. He also chairs the Dutch Sustainable Growth Coalition, formed by eight Dutch multinational companies to encourage partnership for the SDGs. In 2022, he was named Minister of State, an honorary function granted to a few exceptional public servants.

From this multidisciplinary, collaborative perspective, Balkenende came to IESE Barcelona in March 2023 to address the roles and responsibilities of business and leaders, as part of the annual Doing Good Doing Well conference. He also participated in a module of The Future of Capitalism course co-organized by IESE and Shizenkan University, Japan. Here he discusses what's needed for sustainable business growth.

How has your thinking evolved on this issue?

When I first studied economics in the '70s, I learned Frederick Winslow Taylor's theories for organizing labor in the most efficient way (the Principles of Scientific Management) and Milton Friedman's doctrine that "the business of business is business." I also learned about Elton Mayo's famous Hawthorne experiments on how lighting affected the productivity of workers, which shifted the managerial focus from treating workers as machines to relating to them as human beings. Much later I came across Michael Porter who said, yes, you must generate economic value, but you must also generate societal value — the concept of *shared value*. I am happier with that analysis because, given what's happening today, everywhere I go, from Africa to Asia, I see this growing need for cross-sector cooperation and collaboration — for creating *shared value*.

You pose three key questions, starting with *why*. Why sustainable business growth?

What keeps me busy and awake at night is the world in which we are living. I live in the

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Netherlands. More than a third of the country is below sea level. Arctic melting and rising sea levels are big issues for us, like for many in the world. How can anyone not be concerned about climate change and the consequences for our planet if we don't change our current production and consumption patterns? We must rethink our use of raw materials and natural resources. We must change from a linear economy to a circular economy. If not, the consequences will be catastrophic.

Inequality is another big issue. In his book *World Politics Since 1989*, Jonathan Holslag noted how the West failed to build up a real, sustainable and inclusive economy after the demise of the Soviet Union. Instead, we got environmental degradation, speculative capitalism, exploitation, authoritarianism and nationalism. Now we see terrible war in Ukraine. We see tensions between China and the United States.

In his encyclical "Laudato Si," Pope Francis talks about "care for our common home." I think he's right. We have an obligation to do the right things for society, for the next generation, for our planet. Anyone who denies it is going to run into serious difficulties.

So, *why* do we need sustainable business growth? I think the answer is rather obvious.

What can we do?

That's the next question: *what?* I've always been interested in the role of the corporation in society, even before I went into politics. I never believed that the government is there only for regulation and the company only for profit. I believe in a responsible society. I also believe in responsible business practices. Responsibility is key.

When I say "corporate responsibility," people often talk about giving money to charity — for cancer research, for universities, for hospitals, for theaters. They talk about "giving back." But the key question for me is not "Are you giving back?" The question is, "How did you make your money in the first place?" Because if you made your profits in an unsustainable way, then the story of "giving back" is not so nice.

Sustainability needs to be fully integrated into your business model. And for that, you must ask, "What's the purpose of my company? What are our values? What's our DNA?" Be honest about it: you can produce cigarettes in a sustainable way, but is producing cigarettes doing any good for society? Or maybe you use solar panels, but do you have good labor conditions? The point is, do you *really* question what you are doing? Are the products and services you offer *really* sustainable?

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And what does this mean for your key performance indicators (KPIs)? Do they reflect the full life cycle of your product? And if you have really done your homework, then you must do integrated reporting. An honest company is honest about its results. Do you let an external auditor check what you're doing? What's the real impact of your activities?

If you ask *what* your responsibility as a company is, it's not only what you do in your factory, it's about the whole value chain — from sourcing to labor conditions to how you finance. It's the strategy, the business model, the KPIs, reporting, and the values underpinning everything.

Partners for the goals: Jan Peter Balkenende with Paul Polman (left)

Which brings us to the third and final question: *how?*

Let me illustrate. I met Paul Polman back when he was appointed CEO of Unilever and I instantly felt a connection. We got to talking, which led to the establishment of the Dutch Sustainable Growth Coalition made up of very different companies but all with the conviction that we can learn from each other — about sustainable growth business models and the connection between financial performance and sustainability performance. We produce very practical reports on how we can contribute to the SDGs. And we organize conferences where we require the CEOs to bring a younger professional along with them, because they are the next generation. The point of all these activities is to find out what we can learn from each other.

Although we focus on the big corporations — because they have more money to spend, bigger departments, more people — we need smaller companies in this effort, too. It's not the size that matters so much as a willingness to change and be honest about it. It starts with a change of mindset, and then you can work together and achieve scale.

In the Netherlands, we see producers and traders in the textile sector, for example, coming together because of child labor. Similarly, construction companies are uniting around sustainable buildings. If you can build a consensus around common goals and common responsibilities to do things in a better way (this is essentially what the Universal Declaration of Human Rights does), then even competitors in the same industry can collaborate.

The World Business Council For Sustainable Development does something similar on a global scale. There's the Global Green Growth Institute. The European Round Table of Industrialists. Such cooperation is necessary to change mindsets until sustainability becomes mainstream,

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which is happening more and more, especially in Europe.

These days, I think many companies are aware you must have a good sustainability policy; the problem is the measurement tools are often traditional and one-sided: it's about cost savings and quarterly financial results, whereas we need new tools to measure societal performance and long-term value creation.

We also need to rethink the role of government, NGOs, civil society and education. A famous Dutch economist recently said, instead of only ever talking about economic transactions and self-interest, we should talk in terms of relations, and it should be taught from secondary school.

For all these issues, we need a global agenda. And we have one: the Sustainable Development Goals, namely SDG 17, which says we need to work in partnership; we need cross-sector collaboration.

A CEO once said, "You can never be successful in a world that fails." Which is true. How can you ever feel happy or be profitable if everything around you is collapsing? We all have a big responsibility to be the leaders the future needs. I'm convinced it's possible. But we will have to work for it and fight for it, never alone, but together.

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