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Note on Climate Change as an Organizational Challenge

Developing a corporate climate change strategy is not primarily a technological or economic challenge, but is more importantly an organizational and cultural challenge.[1] While technological and economic activity may be the direct cause of our environmental and social problems, it is the culture of the organization that guides the development of that activity. Corporate leaders must focus on developing an organizational culture that will fully engage the issue and find innovative ways to integrate it within the structures of the firm. Therefore, realizing the strategic benefits in addressing climate change requires a change in the foundational elements of the organization, most notably the reward structures, hiring and selection processes, training procedures and organizational structure. Companies must engage workers as partners in identifying and enacting new and innovative strategies.

Ultimately, an effective strategy must focus on diffusing responsibilities for climate action throughout the organization, but especially to the departments best able to address it. Climate strategy can be directed to any one of a number of functional areas (see **Figure 1**),[2] each designed to address a set of external considerations and internal resources because they share a common language and set of perspectives.

Legal departments typically treat climate change as one of regulatory compliance and legal protection; marketing departments typically treat the issue as one of external presentation and consumer appeal; operations departments typically treat the issue as one of material acquisition, production and distribution. In each case, the climate change issue requires a mitigation strategy (emission reduction) and an adaptation strategy (response to the physical impacts). And in each case, climate change transforms the work roles and functions of the department that address it, as well as the overall organization. As such, successful adoption requires a careful process of organizational change management.