

research report june 2017

CHANGE BUSINESS FOR GOOD



# managers speak out on sustainability

how CSR is changing business

new angles

early  
strategies

# Executive Summary

## Managers Speak Out on Sustainability

### How CSR is changing business

This report lets us hear the voices of managers in international corporations and reveals their desire to take CSR into new territory, beyond compliance and brand image.

Surveyed during first quarter 2017, the 130 managers who participated in our research share an interest in sustainable business, each with a different personal experience and perspective. Half of them have direct responsibility for CSR, half do not. From 25 countries, a wide range of functions and 107 large companies, their voices combine to tell a compelling story about how far CSR has come in the last five years.

Part 1 of the report presents insights and analysis from the study in 5 thematic chapters. Part 2 sets out detailed findings in the order of the original questionnaire, with many verbatim citations. The identity of respondents and their companies has of course been protected to preserve confidentiality.

We specifically targeted senior and middle managers because this population is in contact with the widest range of a company's stakeholders. They have direct knowledge of top executives' priorities and they lead the teams charged with achieving the business objectives. At the same time they are in contact with suppliers, customers and local communities. We consider they are the real "change makers" in organisations. Their views on CSR and change are views that executive teams need to hear.

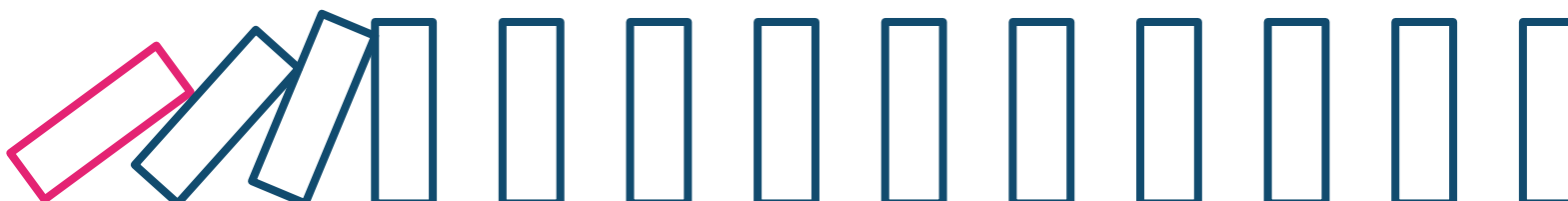
**These managers communicate with insight and lucidity their experience of leading CSR in business, their understanding of the barriers to change, their impatience with the business-as-usual corporate culture and the challenges of integrating sustainability. They emphasise the importance of external stakeholders and creating positive impacts. Their combination of optimism and pragmatism points the way ahead for establishing truly sustainable and responsible business.**

Some key findings cast light on the last 5 years of CSR and sustainability progress:

- **75%** believe the business case for sustainability is clearer today than 5 years ago
- **69%** of managers report that their companies aim to create new business models and transform (up from 30% five years ago)
- **83%** report that CSR has changed their jobs over the last 5 years
- **60%** say they now give more weight to human rights and ethics in their business decisions
- **56%** say that companies' vision and strategy have to be transformed for sustainability to work.

However...

- **64%** believe risk management and compliance remains the number one driver of CSR
- **54%** regret that the benefits and advantages of sustainability are not yet given enough weight by their executive teams
- **35%** suggest that the biggest barrier to change is the pressure for short-term results versus long-term thinking
- **38%** believe human rights have no or little relation to business responsibilities today.



# Executive Summary

Managers believe the impetus for change is coming from employees at all levels, not just top executives. They see their colleagues and teams at times challenged by the complexity of implementing CSR. They express frustration with those at the top who remain blind to the strategic importance of sustainability. They see many more people mobilized on sustainability than 5 years ago, more innovation of sustainable products and services, and growing importance of ethics and transparency. They reveal what is working well and less well, what have been the drivers of change and what obstacles are impeding progress today. There is a wealth of detail in what these experienced and forward-thinking managers have told us, much of it outspoken, surprising and thought-provoking.

The report distills a number of key messages and concrete actions that capture the can-do optimism and grounded realism of these managers:

- 1.** Large corporations have passed the **'tipping point'** on CSR, acknowledging the **business case** and its place on the strategic agenda.
- 2.** The old focus on CSR reporting to ensure **compliance** and enhance **corporate image** is evolving into a more integrated, transformative approach **via vision, strategy and innovation**.
- 3.** Companies are **integrating sustainability** into quality standards, innovation briefs, supply chain management and community relationships.
- 4.** Companies are **training employees** much more systematically on what sustainability is and why it matters.
- 5.** Managers see more business potential in CSR and have a stronger **desire to lead** change to make the impact of their companies' activities more positive.

**6.** Managers are impatient and frustrated that things are not moving fast enough towards full integration of sustainability into **decision-making** and **impact measurement**.

**7.** Moving beyond classic CSR will come through **explicit sponsorship of change** and pro-active leadership from top executives, together with **empowerment** of middle managers.

**8.** The key barriers and challenges to change are identified as **Short-term corporate culture**, **Top executive mindsets** and the **Complexity of transforming business models**:

- Corporate culture still dominated by short-term thinking and silos
- Top executive teams, still largely uneducated on sustainability and obsessed with narrow financial measures of success, are not walking the talk
- Stakeholder impacts and non-financial value need to be measured and managed with the same professionalism as traditional shareholder value.

