

FORRESTER®

# Seize The CSR Opportunity

The State Of Corporate CSR  
And How To Propel It Forward

A FORRESTER CONSULTING THOUGHT LEADERSHIP PAPER COMMISSIONED BY IVALUA, SEPTEMBER 2021

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## Executive Summary

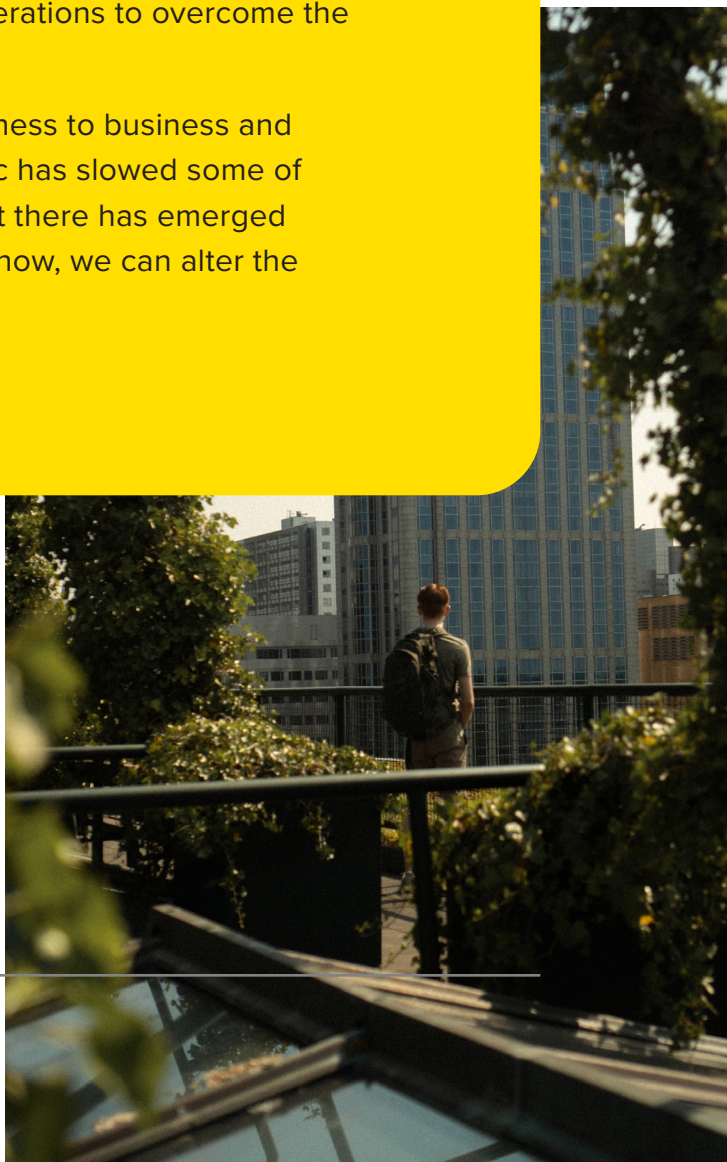
How businesses spend their money can affect issues around the globe. Corporate social responsibility (CSR), which reflects businesses' commitment to operate in a manner that meets or exceeds the ethical, legal, and commercial public expectations, can help make the world better. It's also increasingly critical to business results. Many government policies require it and consumers continue to choose brands based on CSR values.

As a result, businesses have started to prioritize CSR initiatives over the last few years. To accelerate results, business leaders should learn what strategies have the greatest impact.

In June 2021, Ivalua commissioned Forrester Consulting to evaluate the initiatives, approach, challenges, and key actions organizations are taking to improve their CSR performance. Forrester conducted an online survey with 467 finance, procurement, and supply chain respondents to explore this topic. This study sheds light on organizations' approach to developing strategies for CSR and the role of supply chain operations to overcome the challenges that emerge.

We found that priorities and approaches vary business to business and much progress remains to be made. The pandemic has slowed some of the momentum toward combatting CSR issues. But there has emerged a newfound sense of determination that, if we act now, we can alter the course of climate change and improve society.

**Key Findings** →



## Key Findings

**CSR has risen to prominence, but official targets and policies are lacking.** The majority of organizations view each CSR priority as important. While 67% of respondents reported their organizations directly measure CSR performance, many have yet to define official targets or policies. Overall, sustainability is the top priority with 33% of respondents' organizations defining sustainable policies. Social and ethical priorities are close behind but still lag.

**CSR is no longer a tradeoff — it's good for business.**

Businesses have realized a broad set of benefits from their CSR initiatives. While the top benefits realized are qualitative like improved supplier relationships and brand image, many have realized quantitative benefits. For example, 69% reported their organizations realized increased sales as a result of CSR initiatives.

**Transparency and collaboration challenges hold businesses back.** The inability to effectively assess individual supplier CSR performance and measure supply chain performance are top impediments to progress. This is followed by a lack of systems to enable effective, scalable collaboration.

**The most effective strategies involve empowering suppliers.**

Leading businesses are setting clear targets for suppliers, giving more flexibility in how targets are met, and empowering suppliers with digital collaboration tools. This minimizes any trade-off on cost with digitizing collaboration to improve information sharing and progress tracking the most effective strategy.



## CSR's Importance Grows Beyond Sustainability

Disruptions to business operations and global supply chains caused by disasters have led business leaders to adapt to a series of risk events, many of which were engendered or magnified by climate change. The way organizations respond to the climate crisis is a defining moment that will be remembered for decades.

As governments, businesses, and citizens look to rebuild, they're paying more attention to CSR initiatives. CSR's scope has grown to include important issues other than the environment, though. This includes fair trade, ethical employment, corruption prevention, and more. However, progress is slow and many obstacles remain.

This study sheds light on the perspectives of global business leaders and their approach to improving their firm's CSR performance. Our survey found that a diverse number of CSR initiatives are "Very important" to firms (see Figure 1). Yet only 30% of respondents reported that their organizations have official policies or targets defined for them.

In APAC, sustainability initiatives are considered to be "Very important" by **64% of respondents**. In comparison, 57% in EU and 55% in NA considered sustainability "Very important."

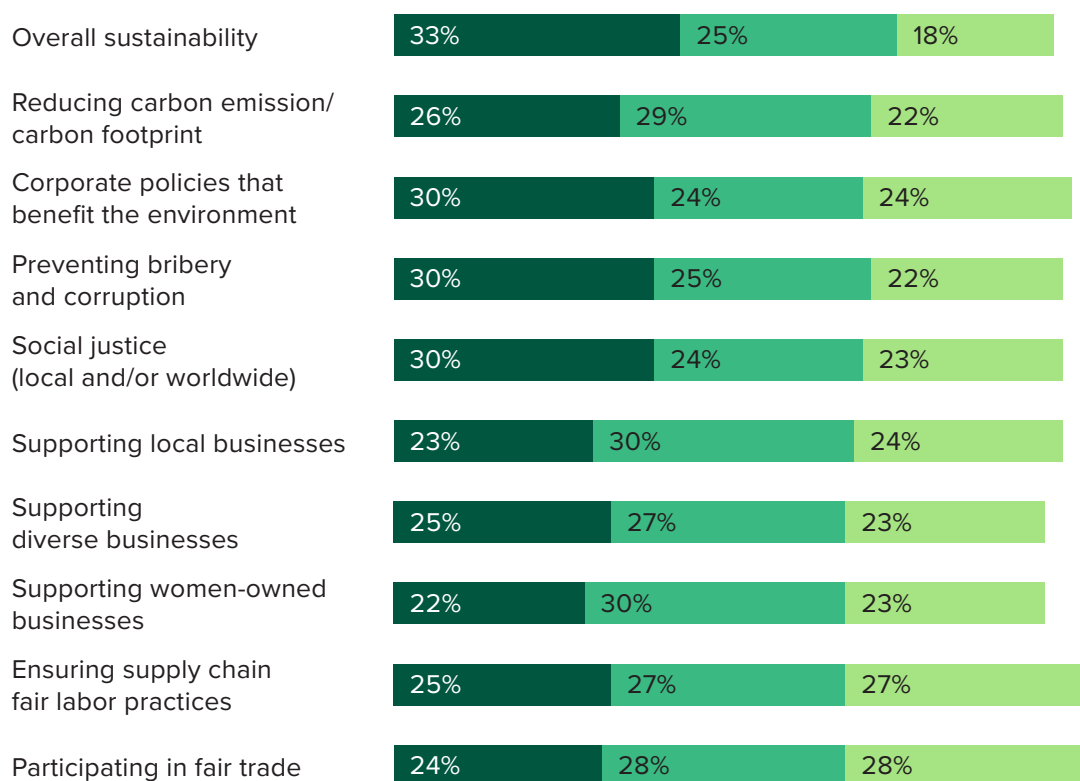
A diverse set of CSR initiatives are considered "Very important," but **environmental issues** stand out.



**Figure 1**

**“How important are the following corporate social responsibility (CSR) priorities in your organization?”**

- Very important with official defined policies and/or defined targets
- Very important but no official policies/defined targets
- Moderately important



Base: 467 director level or above decision-makers responsible for finance, procurement, and/or supply chain

Note: Showing top 10

Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, August 2021

## Businesses Want To Improve CSR Performance

Managing the systemic risks of climate change requires short- and long-term adaptations, including new sustainable business models. Corporate sustainability programs can help slow the rate of global warming and its associated impacts, while also protecting the natural resources, suppliers, communities, and ecosystems on which products and services rely.

Many organizations focus on their social purpose and defining a set of corporate values. Now is the time to make good on their CSR commitments.

As the world pivots to a low-carbon economy, governments issue new legislation, and consumers increasingly favor brands whose values they align with, the risks of inaction are significant: Employees and customers can revolt, competitors pull ahead, and financial institutions divest based on CSR performance. Our survey revealed that businesses are taking a broad set of key actions to achieve their CSR objectives (see Figure 2):

- **Being all-inclusive with the wider business to boost CSR performance.** Before businesses can meet their CSR objectives, they must increase CSR practice participation in their local and regional locations (45%). This will ensure that the wider business is armed with a crisis management plan, emergency ready, and able to maintain operations in times of crisis. Other initiatives that help the wider business are the development of a workplace health and safety program (36%) and the creation of a dedicated sustainability function (36%) that the business can rely on.
- **Ensuring business partners meet sustainability and social responsibility practices.** For CSR action to be considered a business imperative, organizations must ensure their affiliations and partners meet sustainability and social business practices as well (40%). Similarly, when onboarding new business partners, screening them for conflicting practices separates CSR-serious businesses (37%). In fact, survey respondents showed signs of distancing themselves from business partners that do not meet sustainability and social objectives (37%).

- **Increasing transparency of CSR efforts.** The evidence is clear and strong: A company's approach to moral, social, and environmental values is a component for success. Both consumers and employees look for alignment between business values and their own beliefs. This notion reinforces the need for transparency on sustainability efforts (39%) through clear communication and a defined set of corporate values integrated into the organization's brand and strategy (37%).

**Figure 2**

**“What are the key actions your organization is taking to achieve your CSR objectives?”**

(Select all that apply.)



Base: 467 director level or above decision-makers responsible for finance, procurement, and/or supply chain

Note: Showing top 10

Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, August 2021



Interestingly, as the data reveals, there isn't one core action organizations prioritize to achieve their CSR objectives. Businesses typically approach CSR in three steps: 1) understand, 2) reduce, and 3) adapt. But our data shows that plans differ across — and even within — industries, depending on the company's customers, products, services, and operations.

Manufacturing, CPG, finance, retail, and healthcare industries focus on increasing transparency and auditing their current business partners. Tech vendors and the telco industry focus on redesigning products to reduce their carbon footprint and integrating a defined set of corporate values.

**BUSINESS LEADERS ADMIT THEIR CSR PROGRAMS  
HAVE ROOM FOR IMPROVEMENT**

To explore the strengths of the companies surveyed, we sought to understand how well-equipped organizations are in meeting their CSR objectives across various dimensions. In aggregate, seven out of ten decision-makers cited their organizations had the resources, skills, structure, and alignment across the business, while eight out of ten respondents said their organizations had the technology they needed to succeed (see Figure 3). Yet, paradoxically, only four out of ten respondents rated their organizations as “Excellent” in respect to their “Very important” CSR objectives.

This begs the question, why aren't businesses doing more to address these key priorities?



**Figure 3**

**“To what extent do the following help your organization achieve your CSR objectives?”**

(Showing “Agree”)



**85%**

We have the technology we need.



**76%**

We have the resources we need.



**76%**

We have the right skill sets among our employees.



**73%**

Procurement has the right incentive structure/KPIs.



**73%**

We have the needed alignment across the business.

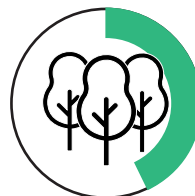
**“How would you rank your organization’s current performance against your very important CSR objectives?”**

(Showing “Excellent”)



**46%**

Preventing bribery and corruption



**43%**

Overall sustainability



**43%**

Supporting veteran owned businesses



**43%**

Carbon emission reductions/ carbon footprint



**41%**

Participate in fair trade

Base: 467 director level or above decision-makers responsible for finance, procurement, and/or supply chain

Note: Showing top 5

Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, August 2021

## Transparency And Collaboration Challenges Hold Businesses Back

If organizations indicate they have the tools, people, and technology to succeed that means one thing: unfulfilled potential. To make a real impact, businesses' need to incorporate CSR risks and opportunities into their operating models and strategy. Our survey found that many of the obstacles to progress arise from inadequate and/or unreliable data.

The most powerful tool all organizations have is their data, and CSR is a journey that requires continuous data monitoring, input, and shared responsibilities that circulate throughout the business.

The majority of stakeholders recognize the value and impact of data on their organizations' CSR journey, but lack adequate measurement and assessment capabilities. Survey respondents revealed the primary obstacles that prevent their organizations in improving their CSR performance include (see Figure 4):

# 59%

of respondents believed company CSR mandates/policies can boost CSR improvement.

- **The inability to assess individual and overall supplier performance.** Businesses that don't analyze environmental data from their business partners or direct operations will falter in their quest to improve their sustainability efforts (40%). Having this data can improve organizational resilience, limiting exposure to climate hazards and changing market dynamics. The same applies to data on social and ethical priorities, such as child labor and diversity.
- **A lack of systems to enable effective, scalable collaboration.** The success of the business is largely dependent on technology and how it is harnessed. Even though 85% of decision-makers said their organizations have the technology to improve CSR performance, one of the main challenges organizations face is the ability effectively collaborate. They are either not leveraging their systems properly or

unaware that technology is available that can enable effective, scalable collaboration. Trust is earned through consistent performance and transparency. It enables the open sharing of goals, roadmaps, and performance metrics. Yet, organizations struggle to make sense of it all due to cumbersome systems that hinder collaboration (35%).

The industries that struggled the most with assessing individual and overall supplier performance were **finance** (44%) and **technology** (41%).

- **A short amount of time to address and measure performance.** If an organization hasn't already invested in sustainability management to support data collection, analysis, performance management, and reporting, then they will struggle to measure performance in a short amount of time (34%).

**Figure 4**

**“What are the primary obstacles to improving CSR performance today?”**

(Select top 3.)



Base: 467 director level or above decision-makers responsible for finance, procurement, and/or supply chain  
Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, August 2021

## CSR Is No Longer A Tradeoff — It's Actually Good For Business

CSR should no longer be treated as an afterthought or a distraction from other initiatives to increase profitability. Business leaders are realizing broad and significant benefits from their CSR initiatives, and this will only increase as programs mature and the market increasingly rewards CSR progress. Businesses are acutely aware of what to improve and they're reaping the rewards (see Figure 5):

- **Less pressure on cost reduction improves CSR performance.** When organizations benchmark their posture with dedicated third-party services and partners, energy efficiency upgrades save on operating costs in the long run and immediately move the needle forward on sustainability performance (67%).
- **Improved supplier relationships.** Business leaders must create an information advantage — the ability to process and use data and expertise rapidly — to be competitive in today's business environment and increase collaboration across the business and with partners. Most companies are still in the early stages of their efforts to connect the entire value chain, but our survey reveals that businesses have experienced improved supplier relationships over the past year as a result of their CSR initiatives (72%).
- **Improved perception and reputation.** Social responsibility is a complex challenge that requires full business transformation from sourcing and supply chains to daily client interactions. CMOs may initiate the conversation because they realize that marketing can be used not only to preserve brand reputation (69%) but also to highlight their company's positive performance to make real change happen across the value chain. But the reality of the work happens behind the scenes with chief procurement and chief sustainability officers.
- **Increased sales opportunities.** The benefits of CSR initiatives extend beyond qualitative ones. Our survey showed businesses have realized more sales opportunities through their CSR initiatives.



**Figure 5**

**“How would each of the following impact procurement’s ability to improve CSR performance in your organization?”**

- Significantly improve
- Slightly improve

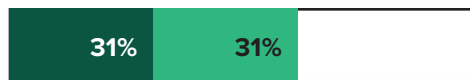
Less pressure on cost reduction



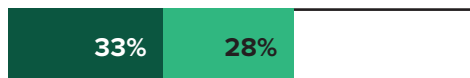
Greater autonomy in supplier selection



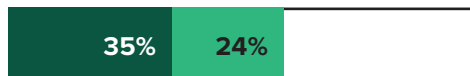
Systems to enable more effective supplier collaboration



Better third-party data on supplier CSR performance



Company CSR mandates/policies



**“Over the past year, which benefits has your organization realized from your CSR initiatives?”**

- Major benefits realized
- Some benefits realized

Improved supplier relationships



Better support of fundamental company values



Improved brand image



Increased sales



Compliance with legislation/regulations



Base: 467 director level or above decision-makers responsible for finance, procurement, and/or supply chain

Note: Showing top 5

Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, August 2021

As supply chains take on a more strategic role in business resilience and growth, today's procurement and supply chain leaders must make the cultural shift to demonstrate value beyond cost savings. Firms that embody CSR initiatives within their cultural DNA will recover quickly, resiliently, and even profitably from unforeseen risk and disruption.

Only

**20%**

of manufacturing/automotive respondents said less pressure on costs would significantly improve CSR performance.



# Collaboration Is Key To Minimizing Remaining Trade-Offs

While there need not be an overall trade-off between cost and CSR performance, compromises must be made in specific cases. Striking the right balance between cost and performance is key to overall success. Leading firms accomplish this by (see Figure 6):

- Prescreening supplier based on CSR thresholds and competitively bidding to minimize any cost impact.
- Providing suppliers greater flexibility in how they meet requirements to help increase savings compared to a more rigid approach excluding CSR requirements.
- Digitizing collaboration throughout the supplier lifecycle from sourcing and beyond to improve results. This was the top strategy to balancing CSR performance and cost, indicated by 57% of respondents.

It’s important to note that these are not mutually exclusive. On the contrary, they are complementary and all three should be applied.

**Figure 6**

**“What strategies are most successful in balancing CSR performance and cost?”**

(Select top 3.)



Base: 467 director level or above decision-makers responsible for finance, procurement, and/or supply chain  
Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, August 2021

## Forward-Looking Firms Empower Suppliers To Meet Sustainability Initiatives

Sustainability-focused companies have seen better financial results relative to their peers, even during the COVID-19 pandemic.<sup>1</sup> Businesses' impact on the environment does not stop at their front door. As more organizations rely on partners to augment or replace their supply chain processes, procurement leaders must recognize that their suppliers are also major contributors to their company's footprint.

The survey results reinforced the importance of supplier collaboration, which is key to not just minimizing trade-offs but also maximizing overall CSR performance. The most effective strategies involve setting requirements and then giving suppliers the flexibility to deliver, enabling collaboration along the way. In fact, our survey respondents are doing exactly that and more (see Figure 7). Successful organizations are:

- **Increasing supplier flexibility to meet requirements.** Addressing supply chains is among the most important elements to optimize and reduce overall emissions. Survey respondents reported that their organizations are providing suppliers with more flexibility to meet their requirements (59%) as it's important to accurately measure the depth of each organization's full impact on the environment.
- **Digitizing supplier collaboration.** Digitizing the supply chain equates to more efficient, agile, and customer-focused processes (58%). In fact, digitizing supplier collaboration can increase planning, execution, logistics visibility, smart warehousing, and more.
- **Setting a minimum sustainability qualification for selecting suppliers.** If suppliers cannot meet sustainability requirements, is it really worth the short-term profits over a long-term environmental impact? Organizations are setting minimum thresholds for suppliers to meet sustainability requirements (58%).

The telco industry is more likely to struggle with measuring overall supply chain CSR performance (46%) than any other industry.



**Figure 7**

**“How effective have the following supplier strategies been in improving sustainability?”**

● Major improvements

● Some improvements

Giving suppliers more flexibility in how they meet our requirements

24%

35%

Digitizing supplier collaboration

25%

33%

Setting minimum sustainability qualification criteria for any new suppliers during selection

23%

34%

Improving supplier reporting capabilities

25%

32%

Increasing weighting of sustainability criteria in supplier selection

23%

31%

Leveraging third party sustainability scores/certifications when selecting which suppliers to work with

24%

30%

Imposing sustainability improvement goals on suppliers

24%

28%

Collaboratively setting sustainability improvement goals with suppliers

23%

29%

Specifying specific actions suppliers must take to improve sustainability

18%

33%

Base: 467 director level or above decision-makers responsible for finance, procurement, and/or supply chain

Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, August 2021



**TECHNOLOGY IS A KEY ENABLER, EFFECTIVE IN A BROAD SET OF WAYS**

Procurement and supply chain functions must address a widening array of priorities with intense pressure on their own costs. They can only do that if they have access to modern, advanced software.

Businesses can apply advanced technologies to fundamentally rethink their supply chains, enhance real-time understanding of activity in complex supply networks, and leverage continuous CSR planning to optimize the balance of cost against risk and agility of their production footprint.

Our survey revealed that organizations use technology to support and improve CSR performance, namely by tracking supplier performance (47%), flagging suppliers that don't meet CSR objectives (46%) and improve collaboration with internal stakeholders (45%) (see Figure 8).

**Figure 8**

**“How can technology best support and improve CSR performance?”**

 Extremely effective

Support tracking of supplier CSR performance improvements

47%

Proactively flag suppliers not meeting CSR objectives

46%

Improve collaboration with internal stakeholders on requirements and objectives

45%

Base: 467 director level or above decision-makers responsible for finance, procurement, and/or supply chain  
Note: Showing top 3  
Source: A commissioned study conducted by Forrester Consulting on behalf of Ivalua, August 2021

**Key Recommendations →**

## Key Recommendations

All organizations must strive to improve their CSR performance; inaction isn't an option. Even if you're a business leader who believes your organization performs well, you may be mistaken. Customers and competitors continue to raise the CSR bar.

Forrester's in-depth survey of business leaders yielded several important recommendations for how to achieve and maintain CSR excellence:

### **Put CSR at the heart of business transformation.**

Successful CSR programs aren't merely marketing campaigns; they are CEO-driven transformations that the entire organization supports. Whether it involves redesigning products, converting linear supply chains into circular economies, or paying more to suppliers with higher CSR ratings, you need every business function to embrace and action this business imperative.

### **Continually measure performance against multiple CSR goals.**

A realistic assessment will help make the business case for increased investment in CSR improvement initiatives. Progress in one area may trigger a shift in focus, such as an organization with a low carbon footprint prioritizing diverse employment or anti-corruption. All businesses have room to improve and, as the old adage goes, you can't improve what you can't measure.

### **Embrace and enable collaboration.**

CSR progress requires a coordinated effort across internal functions and, critically, with suppliers. Enabling effective, scalable collaboration is essential to aligning the organization and driving continuous progress. Digitization is key to providing the scale, transparency, and ability to share information and ideas with suppliers and other relevant stakeholders.

## Aggregate supplier data so you can identify and track improvement opportunities.

Many enterprises use supplier risk and performance management platforms or a broader supplier value management suite to provide a holistic view of their ecosystem.<sup>2</sup> Combine data from suppliers' survey responses with external data sources, such as community-based supplier data providers.



## Appendix A: Methodology

In this study, Forrester conducted an online survey of 467 business decision-makers from organizations across the globe to evaluate how organizations are tackling corporate social responsibility (CSR). Survey participants included decision-makers in procurement in various industries, including CPG, finance, telecommunications, technology, and manufacturing/automotive. The study began in March 2021 and was completed in August 2021.

## Appendix B: Demographics

REGION	
EU	46%
NA	33%
APAC	21%

TOP 6 INDUSTRIES	
CPG	22%
Finance	22%
Telecommunications	12%
Technology vendors	11%
Manufacturing/automotive	11%
Retail	11%

CSR RESPONSIBILITY	
Final decision-maker for my organization's CSR strategy	42%
Part of a team of decision-makers for my organization's CSR strategy	37%
Influences decisions and have knowledge of my organization's CSR strategy	21%

NUMBER OF EMPLOYEES	
500 to 999 employees	25%
1,000 to 4,999	37%
5,000 to 19,999	25%
20,000 or more	13%

LEVEL OF RESPONSIBILITY	
I have global procurement responsibility.	31%
I have regional procurement responsibility.	35%
I have divisional procurement responsibility.	26%
I have departmental, business unit responsibility.	8%

POSITION OF RESPONDENT	
C-level executive	22%
VP	37%
Director	41%

## Appendix C: Endnotes

<sup>1</sup> Source: "Factors Driving The ROI Of Sustainability," Forrester Research, Inc., April 22, 2021.

<sup>2</sup> Source: "Now Tech: Supplier Risk And Performance Management, Q2 2020," Forrester Research, Inc., June 29, 2020; Duncan Jones, "AI-Powered Supplier Value Management (SVM) Software Will Liberate And Empower Procurement Professionals," Forrester Blogs (<https://go.forrester.com/blogs/ai-powered-supplier-value-management-svm-software-will-liberate-and-empower-procurement-professionals/>).



An aerial photograph of a coastal landscape. On the left, white-capped waves break onto a sandy beach. To the right of the beach is a dense, green forested area. A paved road runs horizontally across the lower portion of the image, with a small white car visible on it. The word "FORRESTER" is centered in the image in a white serif font.

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