

Perception is reality:

Closing stakeholder consensus gaps to shape sustainable organizations

A supplement to Shaping the Sustainable Organization

In collaboration with the **World Economic Forum**



The opportunity of greater stakeholder alignment

A new era of business competitiveness is emerging. Success will be determined by the ability of leadership teams to transform their organizations via the twin engines of technology and sustainability. This change demands a new set of individual and organizational capabilities that fuse environmental and social impact with shareholder value. But new research suggests that a critical element of the equation—cultivating closer stakeholder relationships—remains largely untapped.

The bonds between sustainability and financial performance are strengthening. Leadership teams see revenues growing where they build products and services to address social challenges. They see costs falling when they increase employee engagement and use resources more efficiently. Their organizations thrive in environments that foster compassion, loyalty and trust.

But for this relationship to become symbiotic, organizations need to become truly stakeholder-centric. This requires a new set of leadership qualities that we call the [five elements of responsible leadership](#): stakeholder inclusion; emotion & intuition; mission & purpose; technology & innovation; and intellect & insight. However, these diverse qualities are not yet embedded widely across organizations, and some remain resistant to change.

Our research confirms that many leadership teams have yet to fully commit to engaging with and learning from the people they are trying to help and influence.

This exacerbates the [current lack of good sustainability data](#), leading to “consensus gaps” developing between what organizations *do* and what stakeholders *want*.

It would be easy to downplay these gaps; after all, leadership teams have deep proprietary knowledge about how their businesses operate. But sustainability is different—because stakeholder perception *is* reality. The employee determines whether she feels included; the customer if he feels valued; the supplier if they feel supported. And consensus gaps weaken the link between sustainability and profitability.

Our analysis shows that when executives and employees are strongly aligned on their organization’s sustainability performance, companies are growing 13% faster than their competitors, on average.

As stakeholder voices grow louder and more insistent on sustainability and equity, the opportunity cost of failing to close consensus gaps increases. It’s concerning that **less than half of stakeholders we surveyed trust leadership teams to “walk the talk” on sustainability**. And where they lack the communication channels or psychological safety to speak out, executives are unlikely to get a true read on their sentiments, making consensus gaps even harder to identify and close.



The opportunity is clear: sustainability has become a powerful source of competitive advantage. But to unlock it, leadership teams need to build stronger stakeholder relationships at the core of their organizations, underpinned by technologies that allow them to quickly gauge and interpret different perspectives. Only then can they shape truly sustainable organizations that deliver financial value in tandem with positive environmental and social impact.

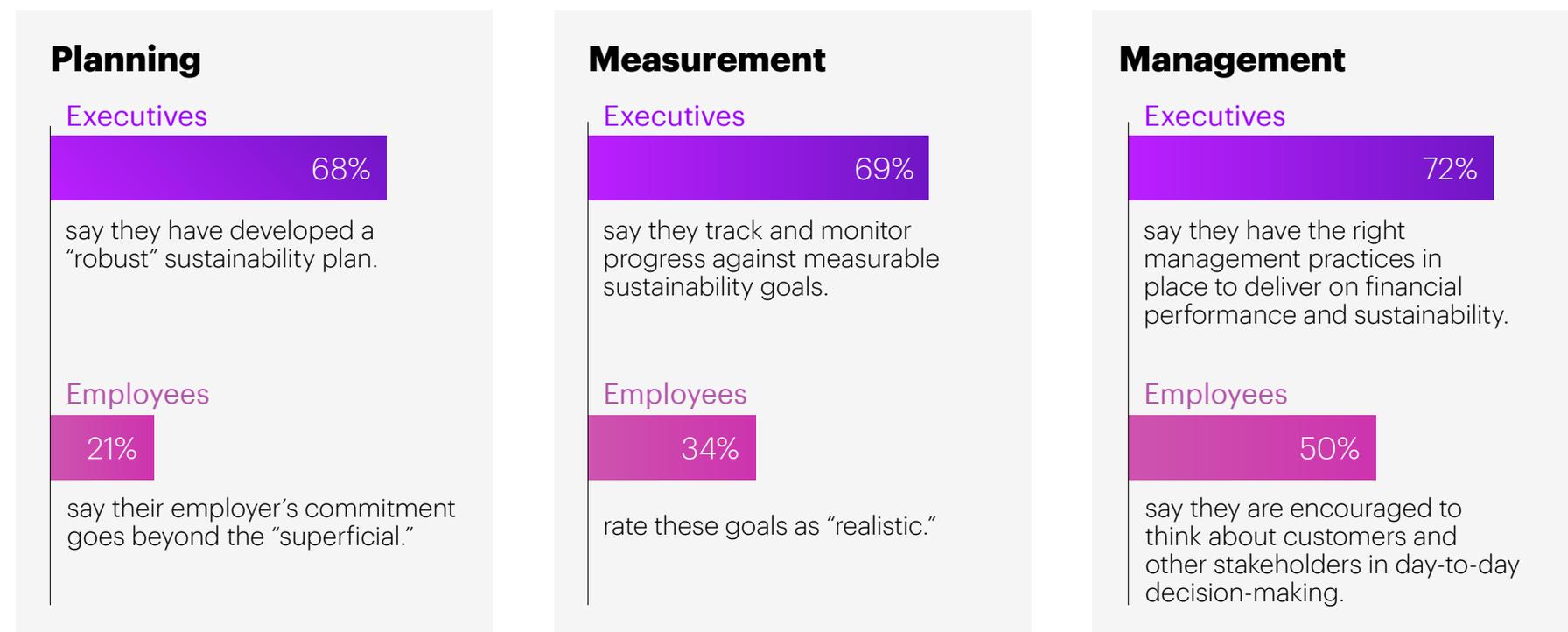


Are executives overconfident on sustainability?

Becoming truly sustainable requires fundamental organizational change. In [Shaping the Sustainable Organization](#), we show how leadership teams can elevate environmental and social impact from “bolted-on” to “built-in” by strengthening their organizations’ Sustainability DNA.

Initial market testing of our framework was positive. However, while it showed that leadership teams and stakeholders are aligned on the importance of sustainability, it pointed to a potential disconnect between them on the extent to which the necessary transformation is underway. To test this, we ran surveys of approximately 1,500 executives and 2,500 employees, customers and local community citizens^a in 11 markets.

Our analysis reveals that while leadership teams are broadly convinced that they are on track to operate more sustainably, employees—an important stakeholder group as key change-makers in organizations—tend to disagree:



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Source: Executive (N=1,496) and employee (N=2,535) surveys.

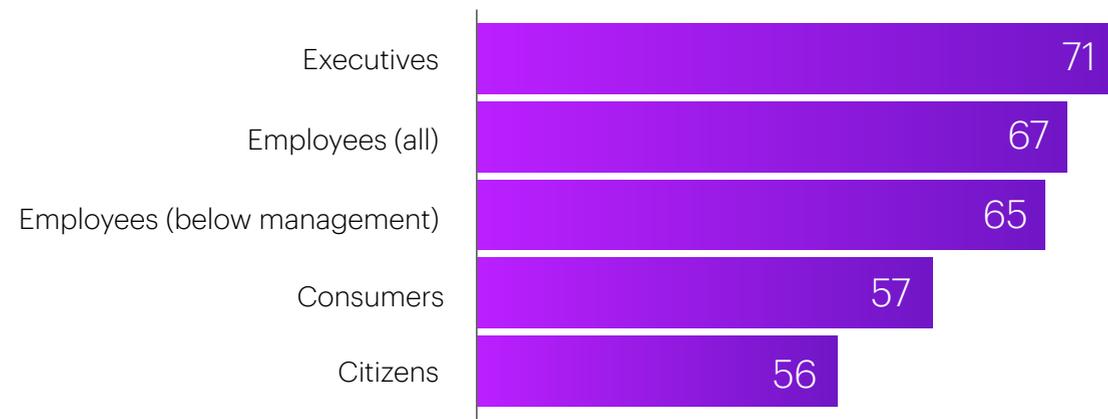
Figure 1

^aWe ran a single survey in which employees were randomly assigned to answer a second set of questions as either a customer or local community citizen. See “About the research” for more detail.

The apparent overconfidence of leadership teams is also evident when we asked them to grade their organizations' overall sustainability performance. Our analysis reveals that executives score their organizations 71/100 on average. This number falls for employees overall (67), and again for those below manager level (65). Customers (57) and local community citizens (56) are even less enthusiastic. The inference is that the further stakeholders are from the management core, the more their perspectives diverge—increasing the risk that relevant insights are not factored into organizational decision making.

Executives rate the sustainability performance of their organizations higher than other stakeholders

Sustainability performance perception score (Max=100)



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Figure 2

Source: Accenture analysis of executive and employee/consumer/citizen surveys.

Note: Respondents were asked a series of questions relating to the 21 practices and 10 enablers from our Sustainability DNA model. Executive and employee scores were calculated from 23 questions; consumer and citizen scores from 10 questions.

“In the past, it was challenging to marry financial incentives with the sustainability agenda. But we have now aligned our commercial strategy to be more sustainable. This is critical to unlocking long-term sustained shareholder value.”

Hriday Ravindranath

Chief Product & Digital Officer, BT's Global Business



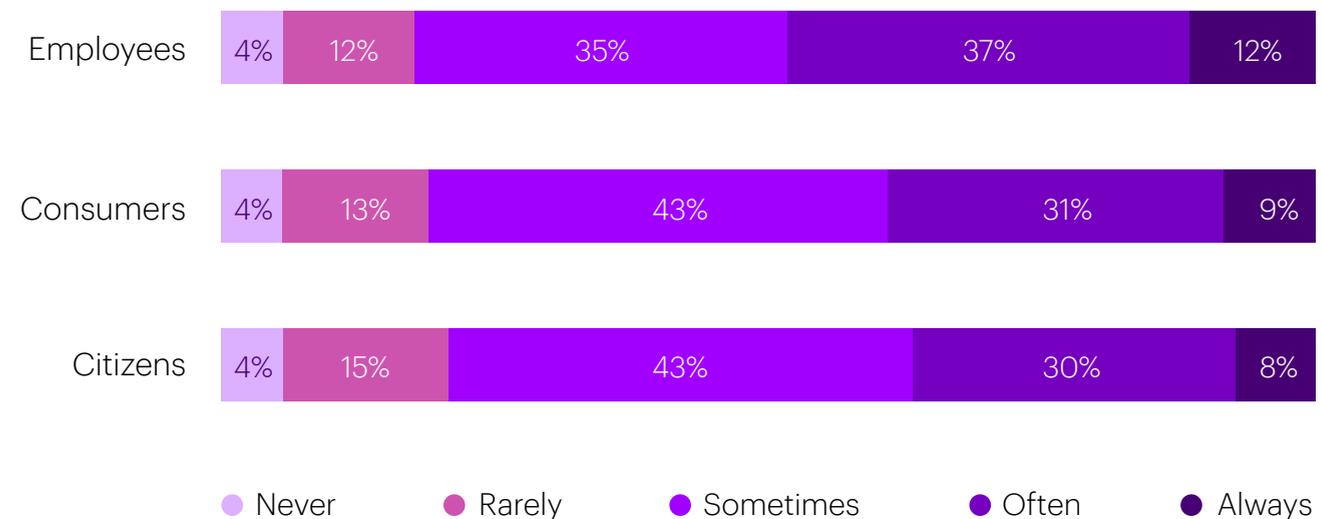
Consensus gaps limit stakeholder trust

Disparate perceptions of sustainability performance matter. The 2022 Edelman Trust Barometer^v indicates that while people trust business more than any other institution, they expect companies to do more to address societal problems. Half of respondents say businesses are not doing enough to tackle climate change (52%) and economic inequality (49%).

Our survey confirms that relatively few stakeholders have complete faith in the sustainability promises that leadership teams make. **Just under half of employees (49%) believe senior leaders “walk the talk” on sustainability “often” or “always”.** This falls to 40% of consumers and 38% of local community citizens.

Stakeholder trust in business sustainability commitments is low

How often do the companies you work for / buy from / interact with locally translate sustainability commitments into positive social and environmental action?



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Figure 3

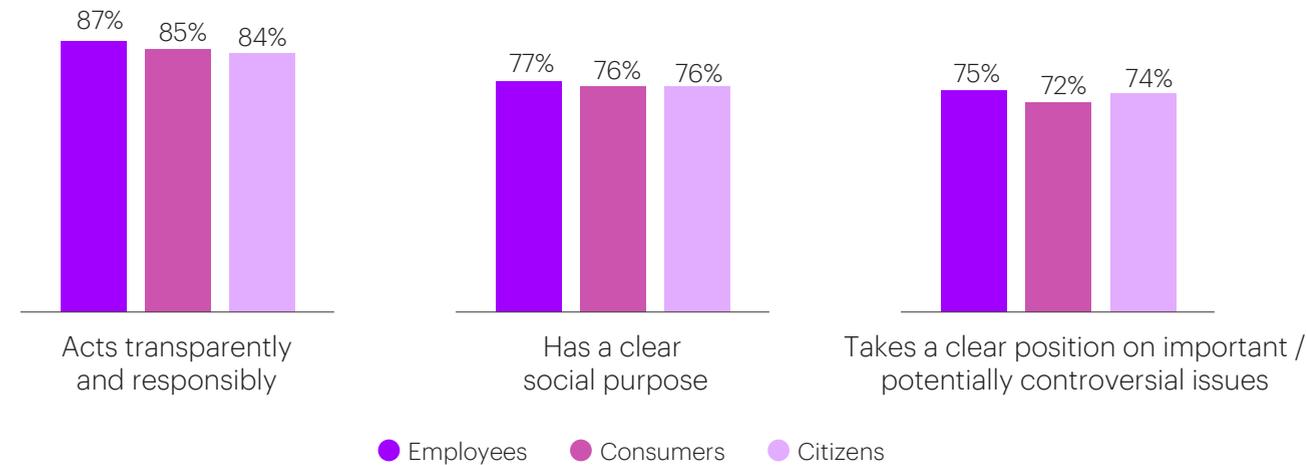
Source: Employee/customer/citizen survey (N=2,408); excludes “Don’t know/Not applicable” responses.

Note: Respondents to the employee survey were randomly assigned to answer questions as consumers and citizens. See “About the research” for further detail.

The credibility and authenticity of company sustainability commitments should concern leadership teams—especially as stakeholder perspectives become ever more important. Most executives see the influence of consumers (71%), employees (67%), investors (67%) and local communities (64%) increasing on their organizations’ activities over the next three years. And stakeholders are growing more insistent that organizations meet their expectations in areas such as having a clear social purpose and speaking out on controversial issues [see Figure 4].

Key stakeholder sustainability priorities

Percentage of each group that say the following are important in the companies they work for (employees), buy from (consumers) or that operate in their local area (citizens):



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Figure 4

Source: Employee/customer/citizen survey (N=2,535).

For example, a recent Accenture studyⁱ found that a lack of transparency and trust weighs on disability inclusion in the workplace; 84% of executives say employees feel “safe” being open about physical disabilities in the workplace—but just 24% of employees with disabilities surveyed actually are.

However, asking stakeholders for feedback may not be enough. If employees lack the psychological safety to speak out, then consensus gaps will likely remain hidden. Tellingly, just 55% of employees say senior leaders understand what they “need and want” in their working lives.

Simply put, many leadership teams are failing to deepen these increasingly important human relationships. They aren’t fully committing to engaging with and learning from the diverse stakeholders they represent.

“Today more than ever, with the demands on all of us to evolve faster, it is critical to understand the day-to-day practicalities of stakeholders’ lives—not simply their opinion of what we are already doing.”

Vasu Vats

Vice President, Xeljanz Global Commercial Lead, Pfizer



Sustainability remains a second-tier priority

So, what is stopping leadership teams from closing these consensus gaps?

Our analysis reveals that shaping more sustainable and equitable organizations continues to present a major challenge.

The results from our executive survey suggest leadership teams are aware of the need to operate more sustainably and equitably:



say it's a "business imperative."



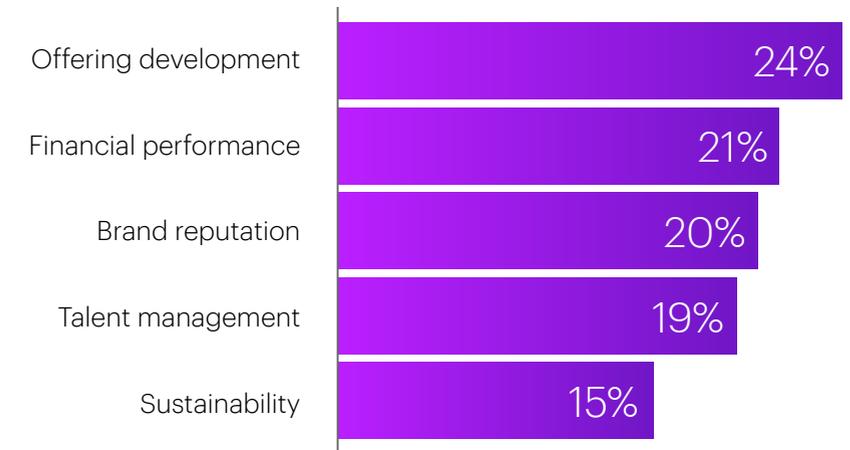
recognize that it requires "fundamental organizational change" to become a sustainable business.

However, **58% also believe operating more sustainably involves a trade-off with growth.** As such, sustainability remains a second-tier priority, in urgent need of more visibility, data and resources. When forced to choose, evidence suggests executives continue to focus on more traditional concerns [see Figure 5].^b

Broadening and improving what the company sells ("offering development") is the top priority for almost a quarter of respondents (24%), followed by financial performance (21%), brand reputation (20%) and talent management (19%). **Sustainability—which encompasses workplace culture, workforce diversity, societal challenges and environmental impact—is the top priority for just 15% of executives.**

Sustainability trails other organizational priorities

Top business priorities (percentage of executives):



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Figure 5

Source: Executive survey (N=1,496).

Note: Respondents were presented with 17 priorities which we then assigned to five buckets. Graph shows the weighted average for each bucket. See "About the research" for further detail.

^bWe used MaxDiff analysis, a survey-based research technique used to mitigate bias when quantifying preferences.

The impact is clear: **just 25% of executives say they have put sustainability goals in place systematically across their entire organization**, while 19% say they are standard practice in “parts of the organization.”

This leaves more than half (56%) of organizations piloting, discussing or holding back from setting sustainability goals.^c It is a figure that undermines executive claims to have sustainability under control and suggests many are nervous about being held accountable for progress.

When asked what is stopping them, 43% of executives cite accessing the right technology at the right cost. Technology and sustainability often go hand-in-hand, however. For example, a recent BT/Accenture reportⁱⁱ showed how smart technology could cut the link between rising data traffic and emissions, reducing the carbon footprint of the ICT sector by as much as 40% by 2030.

A further 41% of execs fear the impact on growth. In fact, over one third identify sustainability as an “operating expense” (34%)

compared to 22% who see it as a “cost of goods sold” (i.e., a revenue driver). Yet our [previous analysis](#) shows that organizations with the strongest Sustainability DNA—those that embed sustainability at the core—enjoy EBITDA^d margins 21% above those of their less committed competitors on average.ⁱⁱⁱ

Measurement emerges as another key barrier (41%). This aligns with a recent [Accenture report](#) which found that just a quarter of finance leaders feel they have access to clear, reliable sustainability data.^{iv}

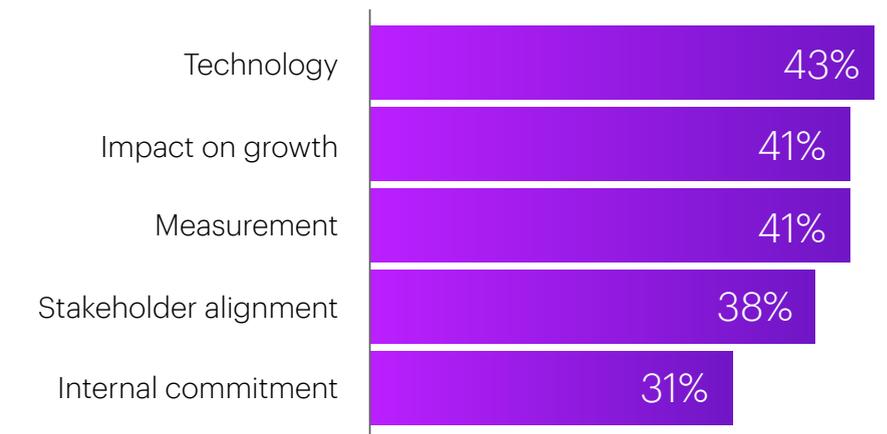
“Trade-offs between moving fast and moving far need to be carefully managed. The bigger the change you want to make, the more people you need to consider—not just your stakeholders but their constituents who have their own views and challenges.”

Caroline Malcolm

Formerly Head of Global Blockchain Policy Centre, OECD

Technology access and growth concerns limit tangible action on sustainability

Key barriers to developing sustainability goals (percentage of executives):



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Figure 6

Source: Executive survey (N=1,496).

^c Figures based on N=1,432 executive responses; excludes “Don’t know.”

^d Earnings Before Interest Taxes Depreciation and Amortization.

The opportunity cost of persistent consensus gaps

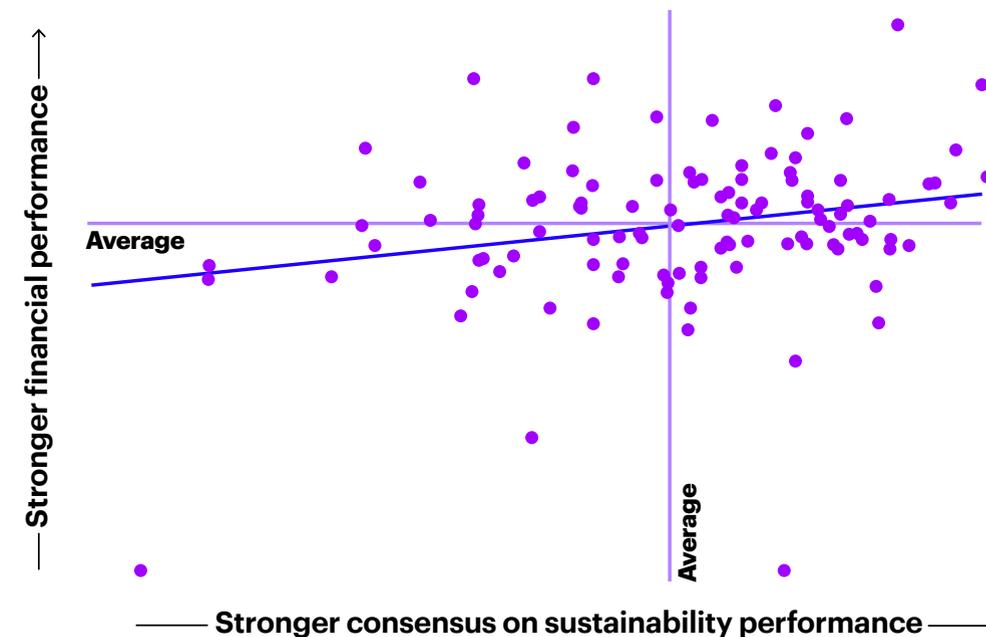
This lack of focus comes at a price. Sustainability can drive profitability in a myriad of ways, from boosting customer loyalty to improving employee productivity. But to unlock its potential, leadership teams need to understand what stakeholders need and want—and then to embed their perspectives into day-to-day decision making. This is highly unlikely to happen in a vacuum.

Our analysis confirms that companies with better executive-employee alignment on the strength of their sustainability performance tend to be growing faster than their peers [see Figure 7].

In fact, companies with stronger positive alignment between executives and employees (top quartile) are financially outperforming those where alignment is weakest (bottom quartile) by 13%.

Stronger consensus on sustainability performance is associated with better financial performance

Positive sustainability consensus vs financial performance:



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Figure 7

Source: Accenture analysis of executive and employee surveys.

Notes: The X-axis is a composite index of executive and employee perceptions of sustainability performance, and the gap between the two. The Y-axis is a composite index of self-reported revenues and EBITDA growth over the past 3 years. Each datapoint shows a group of companies of the same size, in the same industry. See “About the research” for further detail.

“Organizations which encourage an open, ongoing conversation around employee health and wellbeing are at a competitive advantage. No one wants to have to feel really sick before they are cared for—but smart use of technologies such as AI and data science can help us to move from treating symptoms to treating causes, leading to a healthier, happier, more productive workforce.”

Dr. Maliha Hashmi
Prominent Health Leader, Kingdom of Saudi Arabia



Building consensus with stakeholders

Given the impact consensus gaps can have on business performance, how should companies respond?

Design of a credible sustainability strategy should be based on building closer stakeholder relationships. To meet this challenge, leadership teams must strengthen the Sustainability DNA of their organizations—that is, 21 sustainability management practices identified by Accenture and the World Economic Forum in [Shaping the Sustainable Organization](#).

Stronger Sustainability DNA provides the insights and mechanisms needed to inform robust, stakeholder-centric decision making. It also fosters the transparency and communication stakeholders are demanding, and can lead to unlocking both stakeholder and shareholder value. To that end, we recommend organizations embark on a continuous, three-stage cycle of change that places stakeholders at the core.

Diagnose

Understand the strength of your Sustainability DNA from diverse perspectives

- Make your initial diagnosis as broad and as objective as possible: Collect, analyze and curate the data to identify specific consensus gaps.
- This might include mining existing stakeholder feedback datasets such as customer satisfaction and employee engagement surveys, and other value chain data.
- Tools such as the [“Sustainable Organization Diagnostic”](#) could be taken by multiple stakeholder groups to provide a holistic picture.

Define

Identify key interventions to boost stakeholder alignment and the key actors of change

- Identify how to close specific consensus gaps and who will make it happen.
- Actively solicit stakeholder feedback to draft and refine interventions to build shared ownership and accountability.
- The people responsible for making change happen should lean on open, two-way communication channels with stakeholders.

Develop

Build a roadmap for sustainable and equitable change with clear KPIs to balance value and impact

- Set out your plan to close consensus gaps, highlighting the key milestones, goals and dependencies to meet the needs of multiple stakeholders.
- Guided by an ethos of radical transparency, you should resist the urge to report only on positive achievements.
- Instead, keep stakeholders involved by asking them to collaborate on unforeseen bumps in the road, using interactive tech to interrogate the data and iterate on the path forward.

How leadership teams identify and close consensus gaps

Merck

Merck wanted to understand why their 2 milliliters vials of BRIDION were vastly outselling the 5ml alternatives. After spending time with anesthesia professionals in the operating room, they found that most were using a single 2ml vial to avoid waste and control cost—even if the patient’s weight suggested they should use more.

This presented a patient safety concern that would also have commercial implications, so Merck decided to discount the price of the 5ml vial to be less than two 2ml vials. Overall sales subsequently outstripped the forecast by 300%—and dosing compliance increased significantly.

Conrod Kelly, Managing Director at MSD^e Chile:

“A key element of responsible leadership is challenging the status quo. But disruption should be based on insights derived from spending time observing and listening to customers versus asking them to respond to questions based on assumptions we have already made about them.”

^eMerck is known as MSD outside North America

M-KOPA

When M-KOPA expanded their asset financing platform from Kenya and Uganda to Nigeria, they were confident it would be a success. During the pilot phase, the company launched the same product proposition they had in East Africa but soon received sales agent and customer feedback on how to tweak the proposition to local preferences—particularly on contract length and payment frequency.

So, M-KOPA adjusted their standard terms. And they then entered Ghana with a much stronger stakeholder engagement strategy, including active, open communications channels between sales agents and management, proposition experimentation and customer focus groups/satisfaction surveys.

Mayur Patel, Chief Commercial Officer at M-KOPA:

“We were convinced internally that there was no proposition like ours in the market. But we should have incorporated changes to align with local preferences sooner. Even if you are convinced you are bringing a new innovation to the market, consumer preferences are strong. We were too slow at the beginning to really listen to what our sales agents in Nigeria were saying.”

SoftBank Investment Advisers

SoftBank Investment Advisers (SBIA) recognized that its investment pipeline for its inaugural Vision Fund was not diverse—it contained too few founders who were women, from ethnic minorities or from other underrepresented groups. One of the key issues was scale: Many of these entrepreneurs’ funding requirements were well below the Fund’s \$100m investment threshold. This meant SoftBank’s investment teams were being shut out of growing sectors such as FemTech—and that many founders from underrepresented groups were not able to access their expertise.

So, in 2020 SBIA launched the ‘Emerge’ accelerator in the U.S. to better reach and support early-stage founders from an array of underrepresented backgrounds. While Emerge was greeted with an enthusiastic response, the program’s architects, including the black investors on the advisory team, quickly identified that coaching and network building was not enough. They subsequently pivoted Emerge to a funded model to close the gap and tackle the accusation of “over-mentoring and under-funding” head-on.

Catherine Lenson, Managing Partner & Chief People Officer at SoftBank Investment Advisers:

“Entrepreneurs, especially the most recent generation of founders, are discerning about the investors on their capital tables. We see this in the questions they are asking investors about their social purpose credentials. My sense is that every founder will have passed on at least one investor because their values didn’t align.”

Appendix: **About the research**

Surveys

This research draws on two surveys conducted in October and November 2021. The surveys were fielded in:

- **11 markets:** Australia, Brazil, China, France, Germany, India, Japan, South Africa, Spain, UK, US.
- **15 industries:** Automotive, Banking, Chemicals, Communications & Media, Consumer Goods & Services, Energy, Health, High-Tech, Insurance, Industrial Equipment, Life Sciences, Retail, Software & Platforms, Travel, Utilities.

The executive survey was completed by N=1,496 individuals in the C-Suite or one level below and the employee survey by a broadly representative spread of N= 2,535 people in employment below the C-suite. All respondents worked for companies with +USD 500m annual revenues.

Respondents to the employee survey were randomly assigned to answer three questions as either a “consumer” (N=1,268) or a “citizen” (N=1,267). Those assigned to consumers were asked to think about a specific brand that they regularly buy from/use; for citizens, a specific company that operates in their local area.

Modelling

Step 1: We matched executive and employee survey responses using industry and size-variable information. This exercise produced 111 datapoints.

Step 2: We used the self-reported revenues and profits measures (equally weighted) to calculate an index of financial performance. This informs the Y-axis on Figure 7.

Step 3: We created a sustainability performance index score using 23 questions answered by both executives and employees. To score high on the index, executives and employees must agree that their organizations are performing well on sustainability. It is calculated as follows:

$$(\text{Executive score} + \text{Employee score} - |\text{Executive score} - \text{Employee score}|) / 2$$

Step 4: We segmented the sustainability performance index into quartiles. We then compared the financial performance index scores of the top quartile with the bottom quartile. Those in the top scored 13% higher on average than those in the bottom.

Appendix: **About the research**

Response aggregation

Executive priorities [see Figure 5 on p.8].

Respondents were presented with 17 priorities using the MaxDiff method to mitigate bias. As the respondent cycled through groups of five priorities, they were asked to select their “most” and “least” important.

We grouped the 17 priorities into five buckets:

- **Financial performance:** Growing profits; Growing market share; Reducing costs; Maximizing shareholder/owner returns.
- **Offering development:** Improving product/service/content quality; Developing new products/services/content; Driving innovation.
- **Brand reputation:** Increasing responsiveness to customer needs; Building the brand/reputation of your organization; Expanding into new geographic markets.
- **Sustainability:** Reducing the environmental impact of your operations; Building a more inclusive workplace environment/culture; Solving major challenges in society; Increasing workforce diversity; Increasing leadership diversity.
- **Talent:** Retaining your best people/talent; Improving employee productivity.

Chart shows the total weighted preference of each bucket.



Sustainability goal challenges [see Figure 6 on p.9].

Respondents were presented with 10 potential challenges which we assigned to five buckets:

- **Measurement:** Uncertainty on return on investment (ROI); Difficulty in measuring impact across the value chain.
- **Technology:** Affordability of the technology required; Lack of expertise in deploying technology for sustainability.
- **Impact on growth:** Concern that operating more sustainably will reduce profitability; Concern that we will lose customers/clients.
- **Stakeholder alignment:** Difficulty in understanding different stakeholder perspectives; Difficulty in balancing different stakeholder perspectives.
- **Internal commitment:** Lack of employee engagement; Lack of senior executive commitment.

Chart shows the percentage citing one or more challenges in each bucket.



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Scan the QR code to read the full report and access the Sustainable Organization diagnostic

Acknowledgements

The authors thank members of the World Economic Forum's Global Shapers Community and the Forum of Young Global Leaders, as well as other experts and business leaders, for their insights and contributions.

In particular, we acknowledge the support of Wadia Ait Hamza, head of The Global Shapers Community, Mariah Levin, head of The Forum of Young Global Leaders and Erica Viegas, Partnership Manager with the Forum Foundations.

We also thank the Young Global Leaders and Global Shapers for their time and insights; in particular: Pam Chan (Chief Investment Officer and Global Head of the Alternative Solutions Group, BlackRock); Conrod Kelly (Managing Director of MSD Chile, MSD/Merck & Co.); Catherine Lenson (Managing Partner and Chief People Officer, SoftBank Investment Advisers); Caroline Malcolm (formerly Head of Global Blockchain Policy Centre, OECD); Gabriel Marcolongo (Founder and CEO, Incluyeme.com); Mayur Patel (Chief Commercial Officer, M-KOPA); Hriday Ravindranath (Chief Product & Digital Officer, BT's Global Business); Vasu Vats (Vice President and Xeljanz Global Commercial Lead, Pfizer).

We also thank Dr. Maliha Hashmi, Prominent Health Leader in the Kingdom of Saudi Arabia and one of the top seven female health leaders in the MENA region.

For their support and assistance, we also thank the following individuals from Accenture:

- **Project director:** Matthew Robinson
- **Project leads:** Dominic King & Cyrus Suntook
- **Core team:** Gerry Farkova, Veronica Filgueira, Joanne Kaufman, Matthew McGuinness, Carrie McWilliams, Sandra Najem, Joshua Rhodes, Linda Ringnald, Daniel Shropshall, Guillaume Simon
- **Additional insights:** Samantha Barber, Debra McCormack, Ilhan Scheer

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- ii BT/Accenture (2021); "[Harnessing data to empower a sustainable future](#)"
- iii Accenture (2021); "[Shaping the Sustainable Organization](#)"
- iv Accenture (2022); "[Measuring Sustainability. Creating Value](#)"
- v Edelman (2022); "[Edelman Trust Barometer 2022](#)"

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