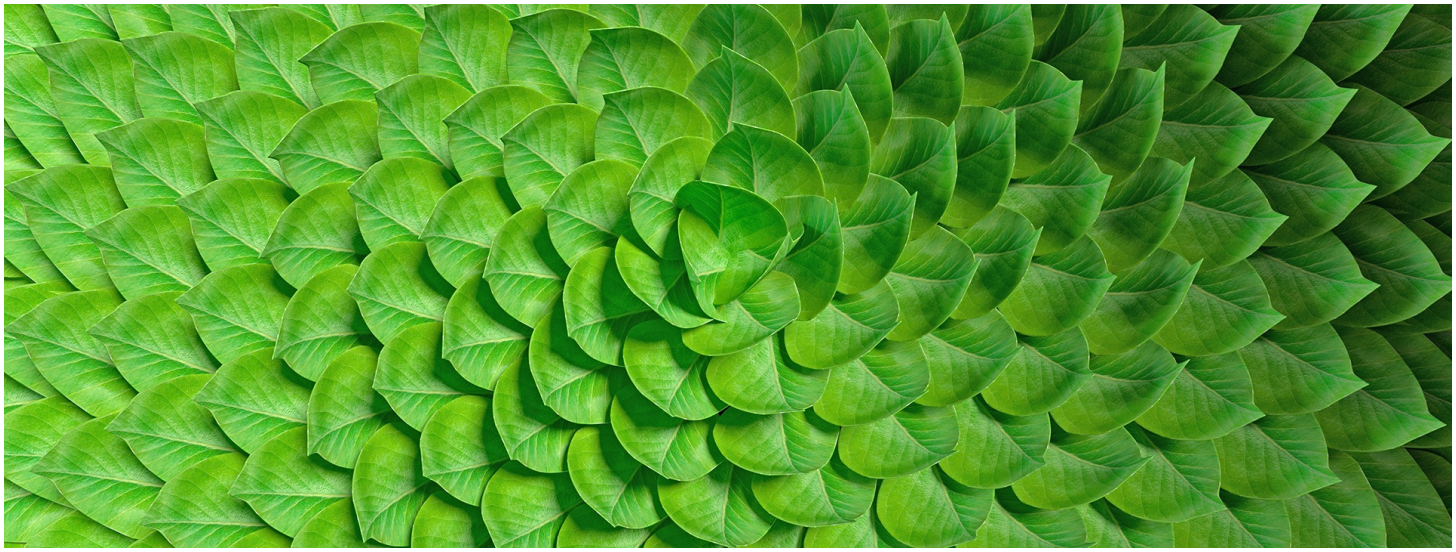
IBM Newsroom

New IBM Study Reveals Inadequate Data Hinders Progress Against Environmental, Social and Governance Goals

- Executives cite inadequate data (41%) as a top barrier holding back ESG progress

- Only 4 in 10 surveyed consumers feel they have enough data to make environmentally sustainable purchasing (41%) or employment (37%) decisions



ARMONK, N.Y., April 17, 2023 /PRNewswire/ -- A new global IBM (NYSE:IBM) Institute for Business Value (IBV) study, "The ESG conundrum," of executives and consumers reveals that while an increased focus on environmental sustainability remains a top priority for consumers and business executives, inadequate data is a key challenge for both groups when it comes to achieving personal and corporate Environmental, Social and Governance (ESG) goals.

The study* reveals that surveyed executives point to inadequate data (41%) as the biggest obstacle to their ESG progress, followed by regulatory barriers (39%), inconsistent standards (37%) and inadequate skills (36%). Without the ability to access, analyze and understand ESG data, companies struggle to deliver greater transparency to the consumer – a key stakeholder – and meet consumer expectations.

Seventy-four percent of surveyed executives believe that stakeholders understand their organizations' ESG objectives and performance, yet only about 4 in 10 surveyed consumers feel they have enough data to make environmentally sustainable purchasing (41%) or employment (37%) decisions.

"Consumer commitment to environmental sustainability and social responsibility has intensified with consumers voting with their wallets," said Jonathan Wright, Global Managing Partner Sustainability Services and Global Business Transformation, IBM Consulting. "As a majority of consumers choose to buy from and work for ESG leaders, businesses must prioritize transparency and break down barriers to ESG data."

Other study findings include:

Companies are investing in ESG and see it as good for business

- 76% of surveyed executives say ESG is central to their business strategy.
- Almost 3 in 4 surveyed executives (72%) view ESG as a revenue enabler rather than cost center, suggesting that contrary to popular opinion, ESG and profitability are not at odds.
- 76% of executive respondents agree or strongly agree that their organization focuses on achieving ESG outcomes, not just reporting requirements.

Consumer commitment to sustainability has intensified, but consumers don't feel they have sufficient information to make informed choices

- Roughly two-thirds of surveyed consumers say environmental sustainability (68%) and social responsibility (65%) are very or extremely important to them.
  - While more than half (51%) of respondents say cost of living increases have made environmentally sustainable decisions more difficult in the last 12 months, roughly 6 in 10 say at least half of their purchases were branded environmentally sustainable or socially responsible.
  - Only 1 in 3 surveyed consumers say they have sufficient information to make sustainable investing and saving decisions.

Executives admit their companies haven't made significant progress toward ESG goals, indicating data challenges impact their ability to measure progress and meet consumer demands

- 95% of surveyed executives say their organizations have developed ESG propositions; however, only 10% say that their organizations have made significant progress against them.
- Almost 3 in 4 surveyed executives (73%) say their organizations struggle to manage an overload of manual data, while 7 in 10 say they have difficulty consolidating or manipulating data.

The study highlights ESG leaders, a sub-set of respondents with greater maturity in operationalizing ESG, who are seeing higher revenue, improved profitability, deeper customer engagement by approaching ESG as a transparency play that creates strategic business opportunities. These role models provide a roadmap for organizations looking to overcome data-related challenges and create sustainable change that includes: automating ESG processes and reporting capabilities to keep data current; tapping AI for enhanced insights into performance, forward looking analysis, and scenario development; aligning with ecosystem partners on ESG metric definitions and standards; and proactively establishing ESG data governance principles with stakeholders.

"Data is the lifeblood of ESG. Now is the time for enterprises to act. By operationalizing ESG plans, enterprises are putting information in the hands of operators who can make informed business decisions that can improve their ESG impact on a daily basis," said Wright. "Organizations looking to increase stakeholder support and meet ESG reporting requirements should implement a sustainability roadmap that is inclusive of technologies, services and ecosystem partners that can position them for greater business success and help them address regulatory compliance," said Wright.

To view the full study, visit: https://ibm.co/esg-ultimatum

***Study Methodology**

The IBM Institute for Business Value (IBV) surveyed 2,500 executives from across 22 industries and 34 countries, delving into

their organizations' ESG strategy, approach, and operationalization; what benefits they expect from ESG initiatives; and how they weigh ESG against other business objectives. The IBV also surveyed more than 20,000 consumers across 34 countries about their attitudes toward sustainability and social responsibility, and how these beliefs influence shopping, investing, and career decisions.

About the IBM Institute for Business Value

The IBM Institute for Business Value, IBM's thought leadership think tank, combines global research and performance data with expertise from industry thinkers and leading academics to deliver insights that make business leaders smarter. For more world-class thought leadership, visit: www.ibm.com/ibv.

Media Contact:
Jamee Nelson
IBM External Relations
jamee.nelson@ibm.com

SOURCE IBM

---

https://stage.mediaroom.com/ibmnewsroom/2023-04-17-New-IBM-Study-Reveals-Inadequate-Data-Hinders-Progress-Against-Environmental,-Social-and-Governance-Goals