

Measuring Social Impacts through a Shared Value Lens

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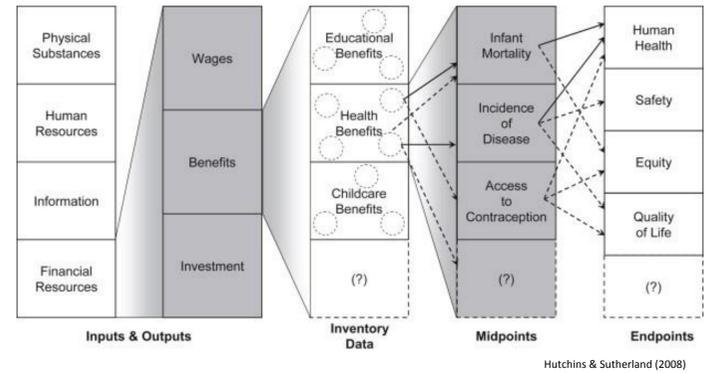
Motivations and Objectives

- At the center of every system are humans. There are humans that make decisions, strive for success, face harrowing challenges, and seek to make the world a bit better than they found it.
- The well-being of society and economic activity are inherently linked. Industrial development and corporate actions directly influence the lives of individuals living and working within proximate communities.
- Corporations specifically want to evaluate their performance with respect to social sustainability, but are unclear on the best way to go about doing so.
- This project attempts to assess how companies are currently assessing social impacts and how such processes can be both expanded and improved, to achieve realizable progress.



Social Life Cycle Assessment

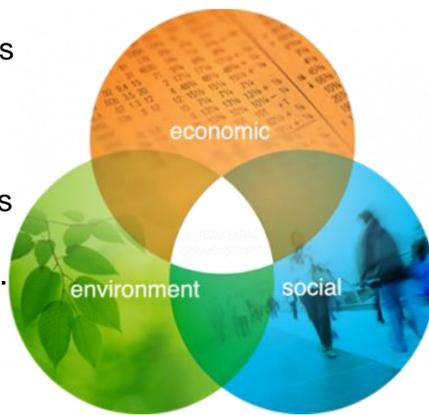
- Social Life Cycle Assessment (SLCA) attempts to evaluate the social sustainability of a given process, product, service, or supply chain. Though different frameworks are employed, SLCA quantifies impacts relating broadly to human health, equity, safety, and quality of life among others.



Hutchins & Sutherland (2008)

Corporate Social Responsibility

- Corporate Sustainability Reporting (CSR) is the primary mechanism by which companies report social impacts.
- Commonly used indicators of social sustainability have focused on describing the status quo (e.g. # of females percentage of local employees).
- In contrast, environmental indicators have focused on actions taken (e.g. investments made, greenhouse gas reductions, water savings).



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Creating Shared Value vs. CSR

- CSR programs emphasize company reputation as opposed to making sustainable goals integral to the companies mission.
- Creating Shared Value means that company decisions and investments are focused on the intersection between corporate performance and societal impacts.



Porter (2011)

Shared Value and Company Productivity

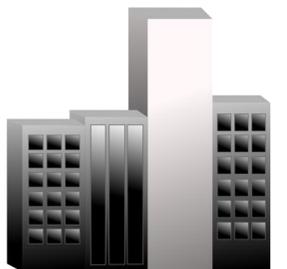
- A company's value chain includes the steps necessary to satisfy company requirements.
- Many factors influence the productivity of a value chain. When a factor is strained (i.e. employee health) productivity suffers.
- Making social and environmental issues an integral part of a company's mission can prevent productivity losses.



Porter (2011)

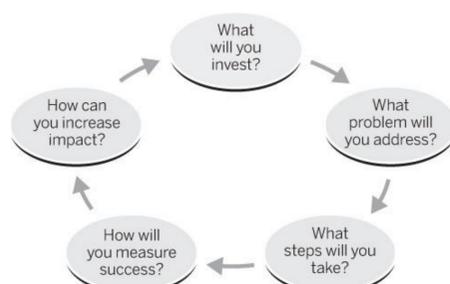
Ecosystem and Clusters

- For a company, enhanced productivity is greatly enabled by the presence of economic clusters – or regions where all parts of a value chain (suppliers, processors, distributors) can be found.
- Clusters also include institutions that can help to provide social and environmental services such as schools, health centers, utility companies, and regulatory organizations.
- By helping to build clusters in areas where they seek to do business, companies can create shared value. Cluster development can have both economic benefits for the firm while also providing social benefits to communities.



Assessing Social Impacts with Shared Value

- Several new frameworks such as the 'Social Impact Creation Cycle' have been proposed to guide companies in thinking about their broader influences on society.
- We can take such frameworks one step further by quantifying steps along the process and assessing the financial, social, and environmental implications of choosing to invest in shared value creation or not.
- Investments alone though do not suffice in the realm of social impact. Processes must be in place to ensure proposed outcomes are realized.



Epstein & Yuhas (2014)

Summary and Future Work

- Comparing how different companies approach social impact measurement will yield insight into how processes can be both standardized and improved.
- LMAS plans to partner with corporations to understand how shared value can be created.
- An optimization model will be derived that indicates what opportunities for investment are shown to have the highest potential along a company's value chain.
- Data can also be derived from companies who have integrated social and environmental outcomes into their core missions. LMAS will determine how internalizing such missions influences a firm's triple bottom line.