

BEST

*boosting environmental
and social topics*

IO3: Impact Assessment

Curriculum report for social impact assessment

IV

Social Impact Management

With the support of the
Erasmus+ Programme
of the European Union



The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Contents

1. Why Social Impact management?	1
2. Step O: Motivation: values and policies	3
2.1 Frameworks related to governance structure and legal entities	3
2.1.1 Social Economy sector	3
2.1.2 Cooperative structure	3
2.1.3 Steward Ownership structure	4
2.2 Frameworks related to values and motivations	5
2.2.1 The Doughnut Economy	5
2.2.2 The Economy for the Common Good	5
2.2.3 The Economy of Communion	6
3. Step one: problems: challenges & assumptions	7
4. Step two: transition: system thinking & Theory of Change `	7
5. Step three: Stakeholders: chart & sphere of influence	8
6. Step four: changes: mission and (social) business canvas model.....	9
7. Step 5: Measuring: Measurement & Validation (refers to module 5)	9
8. Conclusions	9
References	10
Annexes.....	11

List of figures

Figure 1: the cycle for social impact management	1
Figure 2: focus of the management cycle	2
Figure 3: logo steward ownership	4
Figure 4: The Doughnut Economy	5
Figure 5: The Common Good Matrix	6
Figure 6: The Economy of Communion (Rainbow Score)	7

Abbreviations

CSR	Corporate social responsibility
ECG	Economy for the Common Good
EoC	Economy of Communion
GRI	Global Reporting Initiative
LCA	Life cycle assessment
SIM	Social Impact Management

1. Why Social Impact management?

Next to providing adequate knowledge on what Social Impact is and how it can be defined, to inspire ‘social impact managers’, it’s important to translate such theories to practises within organizations and companies. But first, let’s repeat the definition of Social Impact. The GECES¹ expert group on Social Economy and Social enterprises provided the following definition to measuring social impact in 2014:

“The reflection of social outcomes as measurement, both long-term and short-term, adjusted for the effects achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement) and for effects declining over time (drop off)”

Social impacts are considered relevant to the public at large and certainly to specific stakeholder groups, either subjected to influence or exercising influence onto any particular entity or to a subsystem of entities. Although Social Impact seems harder to measure when compared to environmental indicators, such measurement is part of the ESG standard which will lead companies and organizations to also report on Social Impact. As a result, measuring social impacts may also support environmental initiatives to display more comprehensive results convincingly. Workshop four of the BEST curriculum provides a brief introduction to five-plus-one steps of the cycle for Social Impact Management. And before all else, we start with values and motivations.

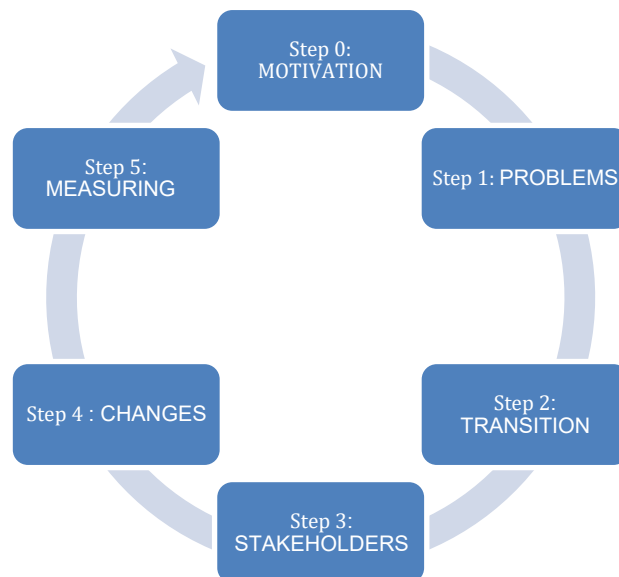


Figure 1: the cycle for social impact management

¹ Euclid Network. (2020). GECES (Commission Expert Group on the Social Economy and Social enterprises). <https://euclidnetwork.eu/>. Seen on 30th of November 2021, <https://euclidnetwork.eu/2020/09/geces/>

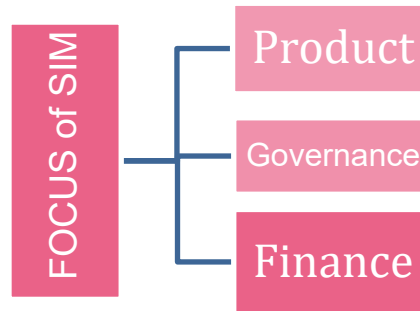


Figure 2: focus of the management cycle

According to ESG standards, it is not only important to report on ecological and social indicators, but it is as important to connect these measuring methods and outcomes to the scope of the focus of the organization. Therefore, Social Impact Management has not only a focus on the product (such as the LCA method) but also a strong link to both the financial and governance structures and practices. Thus, the congruency exists between intrinsic and extrinsic motivations and the actions on the level of product, project, company, and finance. Next to the values of the impact driven organization, the policies such as the European Green deal or the European Pillar of Social Rights are strong motivations for Social Impact Management.



Figure 3: European Pillar of Social Rights

2. Step O: Motivation: values and policies

What makes a company or organization impact driven, value driven or a social impact enterprise? It all starts with values (intrinsic) and policies (extrinsic). The question then is, how do you translate those values into a framework, a strategy, and a toolbox? But first: how would you categorize your organization, in terms of governance, legal entity and in terms of impact driven strategy. Do you work for a hybrid between a purely non-profit and a purely profit driven organization?

2.1 Frameworks related to governance structure and legal entities

2.1.1 Social Economy sector

In Flanders, the Social Economy largely coincides with the sector of ‘social employment’, which is a narrow definition. On the European level, however, the Social Economy has a broader scope. Since the social economy is rooted in civil society and has a strong social commitment, these enterprises and organisations offer innovative solutions to the main economic, social, and environmental challenges of our time. (Social Economy Europe).

2.1.2 Cooperative structure

In the narrative of the Social Economy (in Flanders) and more broadly the Civil Economy in Europe, the cooperative structure and governance is gaining track. The seven ICA principles are at the heart of what constitutes a genuine cooperative:

1. Voluntary and Open Membership

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible;

benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. Education, Training, and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

(ICA website)

2.1.3 Steward Ownership structure

The Steward Ownership structure is a more recent phenomena, made famous by the (former) owners of the brand (and production) company Patagonia. To date there are very few examples in the European context of this practise, due to legal and financial constraints and uncertainties (quote from strategy & leaders?). In Flanders, a cooperative called 'strategy and leaders' are working on the tools for implementing such a strategy in for profit, but value driven companies (and their owners).



Figure 4: logo steward ownership

2.2 Frameworks related to values and motivations

2.2.1 The Doughnut Economy

The Doughnut Economy, is a model developed by Kate Raworth (in a book with the same title) and its shape is the result of a ‘ecological ceiling’ comprised of 8 planetary boundaries we shouldn’t cross (or have crossed) and a floor of human rights and goals for human dignity, as described by the SDG’s. It is within the boundaries of the Doughnut people, planet can thrive, including economic activities.

It is a model that strongly relates to macro-economic models for global justice and feminist economics. Late into the research period, DEAL (Doughnut Economy Action Lab) launched an instrument called ‘Doughnut for enterprises’, but we could not integrate it into the curriculum. This is subject to further development.

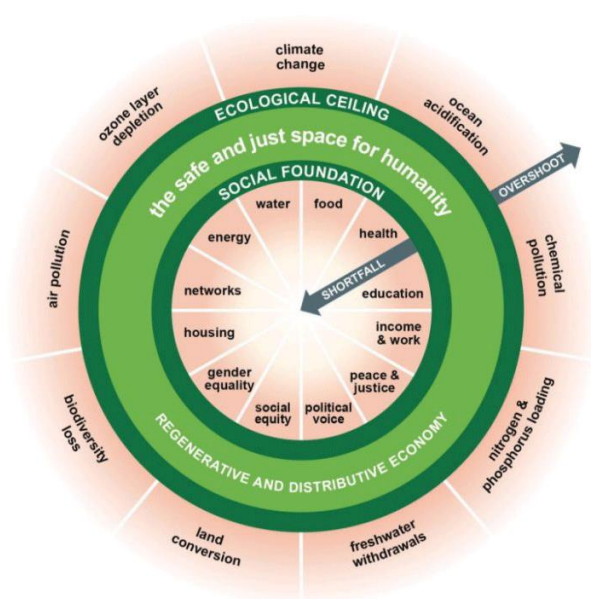


Figure 5: The Doughnut Economy

2.2.2 The Economy for the Common Good

The economy for the Common Good is a civic movement, based on the insights of Christian Felber’s book by the same name. It led, amongst other things, to the continuous development of the Common Good Matrix, an instrument for managing common good practices and measuring Social and Environmental impacts (ESG compliant). The matrix comprises of 4 ‘values’ (to be translated to impact categories) and 5 stakeholder categories, which in turn translate into 20 subsets of questions and indicators. It is a model that strongly related to civil economy, policy making and societal impact strategies.

COMMON GOOD MATRIX 5.0



VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
B: OWNERS, EQUITY, AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to social and environmental impacts	B4 Ownership and co-determination
C: EMPLOYEES, INCLUDING CO-WORKING EMPLOYERS	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally-friendly behaviour of staff	C4 Co-determination and transparency within the organisation
D: CUSTOMERS AND OTHER COMPANIES	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

Figure 6: The Common Good Matrix

2.2.3 The Economy of Communion

The Economy of Communion is born out of the Focolare movement, with headquarters in Italy, in 1991 because of a call to action from Chiara Lubich, the founder of this Christian movement. The focus of the EoC framework is on relation capital and the goal is on poverty alleviation. The model is set up as a 'rainbow' with seven dimensions to consider when managing a company or organization. Together the rainbow colours come together is a 'white light' of insight and enlightenment in terms of intentional positive social impact. The model draws not only on the Christian humanistic paradigm but looks at modern social and ecological issues as well. It focusses on the organization itself and the more immediate community.

All three frameworks are complementary to each other. We can look at them in a concentric way in terms of scope, from broad and global (Doughnut) to societal (Common Good) to organizational and interpersonal (EoC).

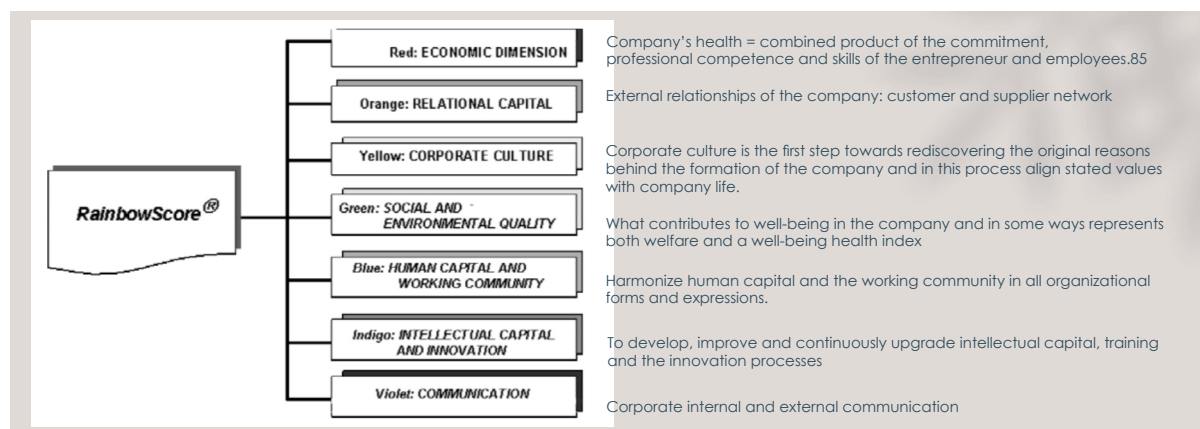


Figure 7: The Economy of Communion (Rainbow Score)

3. Step one: problems: challenges & assumptions

The challenges ahead are complex and there's ambiguity on how to address them. To be able to measure impacts of mitigation and adaptation to the climate crisis amongst others, the Corporate Sustainability Directive (CSRD) states that all EU located companies must have sustainability reporting (from 2025 onwards) if they have more than 250 employees on average, the value of their balance sheet is over 20 million Euro and/or the net-revenue is 40 million or more.

Both on the European policy level and on the level of any given organization, or person for that matter, the strategies chosen to address major social and ecological challenges have a number of underlying assumptions. Before jumping into action, it is important to know what those assumptions are. The problem tree is one of many tools to analyse the problem beyond the obvious cause and effect logic. Again, non-linear thinking and broadening the scope in time, space and to other stakeholders lead to much more adequate analysis and therefore more innovative solutions. In using such methods as the problem tree, one can then better define, in a holistic approach, which topics (or domains) and the impact categories need to be addressed, also in terms of materiality. The ISO 26000 approach shows such an integral approach.

4. Step two: transition: system thinking & Theory of Change`

When Donella Meadows became co-author of the Report entitled 'Limits to Growth', she could not have imagined the significance of that book. Subsequently she dedicated her life to 'systems thinking', as a scientific method, as a metric and as a lifestyle choice.

The Cobra story illustrates very well the difference between linear thinking and system thinking. Linear thinking often leads to unintended and undesirable outcomes, whereas system thinking seems to lead more sustainable, desirable, and intentional outcomes.

Systems thinking is not so much about the observable anecdotic events, as it is about the patterns behind them, which form patterns that shape a map. Using system thinking a variety

of types of maps can be made up, of which the Iceberg Model is amongst the most famous.

The iceberg model illustrates very well the method of system thinking. What you see and observe is the tip of the iceberg. But when you have a lot of data and/or observations, you can start to see trends and patterns. These patterns are not ‘accidental’ but illustrate the underlying structures that make up the architecture of a system. Those structures are, intentionally or not, designed with certain mental models in mind. A simple example: if you think that a certain ‘type’ of person is poor or stupid, you will design policies for that stakeholder group based on that mental model. By informing ourselves as well as by contribution of a multitude of relevant stakeholders, the quality of the architecture of a system can be hugely improved because it is not based on just one person’s mental models. The Theory of Change is the most common tool among non-profits, foundations, and governments to model, design and evaluate social impact. It maps the causal linkages between activities and their anticipated effects that lead step by step to the desired result. If you look at the subsequent steps in a ToC, it might seem a linear, straightforward process using this tool. But that is not the case.

Typically, a Theory of Change starts with end goal. Which problem do you want to solve? Which problem is solved using your product or service. What is your desired impact on the community, society, and the world at large? How about the future and the voiceless?

5. Step three: Stakeholders: chart & sphere of influence

This brings us to step three of the management cycle, the stakeholders. The mapping of stakeholders is not merely listing all ‘the people our organization has a relationship with’. Such a list is a typical example of linear thinking. A map of stakeholders always has a particular focus. It is a dynamic instrument and needs to be created involving relevant stakeholders (or representatives thereof). It evolves and is evaluated regularly. It has several dimensions on the chart that both relevant to the focus and to each other, but no more than four. For example, ‘distance to the organisation (in terms of involvement or in geographic terms) is related to the dimension of a negative or positive appreciation of the relationship. These are axes on the stakeholder chart on which a stakeholder can be positioned. This in turn leads to defining the sphere of influence of the organization.

The sphere of influence has basically three dimensions: control, influence, and concern. It defines the scope and the quality of the relationship with stakeholders. But it can also be defined as the geographical and socio-economic scope of the influences from and towards the organization. In this context, the concept is not used in its geopolitical definition.

Another tool to establish the ‘right’ stakeholder for the ‘right’ project, is to use the Quadruple Helix, also known as the Quintuple Helix, depending on the definition. Basically, you can list any stakeholder participating in any of the processes in one of four or five categories: academia, government, industry, and community (quadruple helix) or add ‘environment’ for a quintuple helix, which takes in account social and environmental perspectives.

6. Step four: changes: mission and (social) business canvas model

Now we come to the implementation of actions. To select the actions, it's important to know the relationship between the mission and how the operations contribute to the mission. To do so, we've created an exercise that does exactly that. From a mission statement of an organization and a Business Canvas Model of the same organization, participants take on the role of stakeholder of that organization and investigate to what degree the actions in daily operations contribute to the desired impacts. Once that is established, some actions can be defined to change or optimize the outcome of the process. In doing so, the organization becomes more sustainable, and more mission driven.

Each action is to be categorized under the impact category (the theme or topic for impact). Once the impact categories are defined and prove to be relevant (materiality), we can go to the next step of defining the impact indicators.

7. Step 5: Measuring: Measurement & Validation (refers to module 5)

To define the impact indicators, it is important that actions are clearly defined, that they are part of the relevant impact categories and that each impact category is 'matched' with the relevant stakeholder categories. This exercise leads to a matrix that clearly indicates what is to be measured, why and how.

The next step is to define the indicators for measurement and assure the possibility of collecting qualitative data.

The next workshop, measuring and validating impact, describes those next steps.

8. Conclusions

This part of the curriculum is quite elaborate and could be seen as the 'fractal' of the curriculum (five workshops). The first three workshops of the curriculum are translated from a global and macro-economic level to Steps 1, 2 and 3 of the management cycle. Step 4 of the management cycle is the actual implementation phase of the actions. Step 5 of the management cycle coincides with workshop 5, which is the measurement and validation phase of the management cycle.

In terms of methodology, workshop 4 is too heavily loaded with concepts and content. For practical reasons, it is recommended to 'spread' the content over several workshops, depending on the organizations ability to absorb the content and its willingness to implement it.

Therefore, we must distinguish between the need for information and awareness raising information for organizations in the phase of starting to invest in social (and environmental) impact and the need for education and training for the implementation phase in an organization that already is 'ready' to act.

The modularity of the curriculum of the curriculum allows for such a flexibility

References

Bruni, L., & Zamagni, S. (2004). *The “Economy of Communion”: Inspirations and Achievements*.

Golin, E., & Parolin, G. (2006). *4 Rainbow Score®: A Strategic Approach for Multi-dimensional Value*.

Felber, Christian (2010). *Economy for the Common Good*

Raworth, Kate (2017). *Doughnut Economy*

Meadows, Donella (2008). *Thinking in Systems*

Stroh, David Peter (2015). *Systems Thinking for Social Change*

EVPA : <https://www.evpa.ngo/>

Benoit, Catherine., Mazijn, Bernard., United Nations Environment Programme., CIRAI G.,

Interuniversity Research Centre for the Life Cycle of Products, P. and Services., & Canadian Electronic

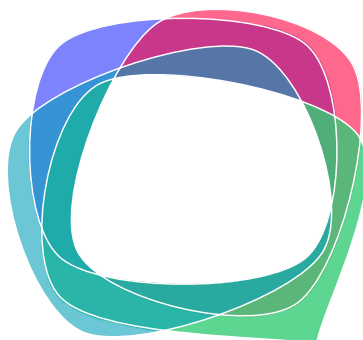
Library. (2009). *Guidelines for social life cycle assessment of products*. United Nations Environment

Programme.

Annexes

Annex GLOSSARY

Impact subcategory	It is a constituent of an impact category that is assigned to a stakeholder group, for example “Health and Safety” for the stakeholder group “Workers”. Multiple subcategories, possibly across various stakeholder groups, may be part of an overarching impact category
Impact category	A social impact category is a class that covers certain social issues of interest to stakeholders and decision makers. In practice, impact categories are logical groupings of S-LCA (subcategory) results.
Impact indicator	An indicator that represents a (social) impact, linked to a particular impact category, and in that context, can be called an “impact (sub)category indicator”.
Life cycle impact assessment	Phase of an S-LCA that aims at understanding and evaluating the magnitude and significance of the impacts for a product system throughout the life cycle of the product. Adapted from ISO 14040 (2006)
Qualitative indicator	Qualitative indicators are nominative; they provide information on a particular issue using words. For instance, text describing the measures taken by an enterprise to manage stress.
Quantitative indicator	A quantitative indicator is a description of the issue assessed using numbers, e.g. number of accidents by unit process.
Social performance	Social performance refers to the principles, practices, and outcomes of businesses’ relationships with people, organizations, institutions, communities, and societies in terms of the deliberate actions of businesses toward these stakeholders as well as the unintended externalities of business activity measured against a known standard (Wood, 2016). Commonly, social performance is measured at the inventory indicator level.
Stakeholder	Individual or group that has an interest in any activities or decisions of an organization. (ISO 26000, 2008)
Stakeholder category	Cluster of stakeholders that are expected to have similar interests due to their similar relationship to the investigated product system.
Supply chain	A supply chain, or logistics network, is the system of organizations, people, technology, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities transform natural resources, raw materials, and components into a finished product that is delivered to the end customer. In sophisticated supply chain systems used products may re-enter the supply chain at any point where residual value is recyclable. Supply chains link value chains.
System boundary	System scope = system boundary: set of criteria specifying which unit processes are part of a product system. ISO 14040 (2006)
Weighting	Converting and possibly aggregating indicator results across impact categories using numerical factors based on value-choices; data prior to weighting should remain available. ISO 14040 (2006)



BEST

*boosting environmental
and social topics*



[Attribution-NonCommercial-ShareAlike
4.0 International \(CC BY-NC-SA 4.0\)](https://creativecommons.org/licenses/by-nc-sa/4.0/)

With the support of the
Erasmus+ Programme
of the European Union



The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.