B E S T

boosting environmental and social topics

IO3: Impact Assessment

Curriculum report for social impact assessment

V

Social Impact Management

1st version – 29 September 2022

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

Contents

List of Figures

List of Tables

1. Why Social Impact Assessment / Measurement is necessary?

The aim of this curriculum report on 'BEST Module V: Social Impact Assessment' is to provide adequate knowledge and tools for the disposal of 'social managers' who aims for initiating a social change in their professional environments. For this purpose, It is important to provide available definitions for what social impact may mean for different stakeholders. The GECES[1] 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)"*

On the level of businesses and corporates, the governing document is ISO 26000 International Standard (Iso, 2017). ISO 26000 defines social responsibility as the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that:

- contributes to sustainable development, including the health and welfare of society,
- takes into account the expectations of stakeholders,
- in compliance with applicable law and consistent with international norms of behaviour,
- integrated throughout the organization and practised in its relationships. Relationships refer to an organization's activities within its sphere of influence[2].

It is acknowledged that such effects should be measured and compared in a 'common' language. On the other hand, there are numerous frameworks that supports measuring social impact (ranging from global reporting schemes to specific measurement tools). Then, this document provides a brief overview and comparison of available frameworks (with specific references to Social Impact Management Module IV) and a proposal for measuring social impact on an organizational (and on product) level.

There are several benefits for a company to measure and be aware of their social impacts. First of all, the social impact value has become more liquid with a higher return on investment than ever especially in the real estate market (that drive social change, such as mixed-income housing, community and educational facilities, and co-working spaces) (reference?). Secondly, sustainability initiatives have multiple impacts (other than environmental outcomes) that are not straight-forward to report. At this point, social impacts are considered as more relevant to public but harder to measure

[1] Euclid Network. (2020). GECES (Commission Expert Group on the Social Economy and Social enterprises). https://euclidnetwork.eu/. Geraadpleegd op 30 november 2021, van https://euclidnetwork.eu/2020/09/geces/

[2] Sphere of Influence refers to the range of relationships through which the organization has the ability to affect the decisions or activities of others – that is, its owners, customers, workers, suppliers, … .

(when compared to environmental indicators). As a result, measuring social impacts may also support environmental initiatives to display more convincing and comprehensive results.

On the other hand, there are multiple challenges with measuring and interpreting the social impacts. There is a need for guidelines, standards, key performance indicators (KPI, or rather keep people interested!) together with sectoral best-practices and case studies.

In the scope of the circular economy, social assessment is not yet a well-developed or often applied practice. Walker et al. (2021) mentions several challenges and most are related to the difficulty of measuring social indicators. The most frequently observed reason for not including social assessment was the lack of knowledge to execute one, followed by the complexity of the methodology, the lack of a standardised method, the available methods not being 'best practice' for social assessment, and the unavailability of supply chain intel. Regarding SMEs, low personnel number may further explain the lack of resources to include social assessment.

As in all emerging frameworks, there are opportunities and threats about practice.

- Discussion with BEST partners
- Data sources
- Expanding methodologies

2. State-of-the-art literature

ISO 26000 is an International Standard (Iso, 2017) provides guidance and recommendations about how any organization can structure, evaluate, and improve its Social Responsibility and thus contribute to sustainable environmental, social and economic development, including stakeholder relationships and community impacts. The standard has established guidelines and principles for Corporate Social Responsibility but it does not provide specific requirements.

The standard incorporates real-life experiences of its contributors and builds on international norms and agreements related to Social Responsibility such as UN Sustainable Development Goals, UN Global Compact derived from UN Declaration of Human Rights, UN Working Group on Business & Human Rights, ILO International Labour Org., OECD Guidelines, GRI Global Reporting. ISO 26000 can be used by any organization, from large multi-national corporations and industries to SME's, for public sector (social housing, health, education, etc.), civil society organisations (foundations, charities and NGOs), service and financial industries.

The standard contains seven CSR principles and core topics (see Figure 1). The principles are accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for the rule of law, respect for international norms of behaviour and respect for human rights. Stakeholder engagement and communication in each of these principles is crucial.

Figure 1: Holistic integrated approach of the 7 Core Subjects in ISO 26000

Most of the frameworks dwell on similar core principles and in the next section, a review of available frameworks is presented in this section for comparative reasons.

2.1 Frameworks for social impact assessment

Among the frameworks that were provided in previous modules, Economy of Common Good (ECG) (Blachfellner et al., 2017), Economy of Communion (EoC) (Bruni & Zamagni, 2004; Golin & Parolin, 2006) and Doughnut Economy are selected together with the social life cycle assessment (sLCA) in order to cover wide range of:

- Approaches:
  - Process based ECG, sLCA
  - Relationship EoC
  - Impact based Doughnut
- Focus:
  - Product sLCA
  - Organization EoC, SOLCA
  - Society ECG

2.2 Social, Organizational Life Cycle Assessment

Social performance of is one of the pillars of sustainability framework (together with environmental and economic performance). The method is based on a life cycle approach. The assessment of social performance differs from the assessment of economic and ecological aspects in that it requires both quantitative and descriptive approaches. Where methods leading to a quantitative result are not available for assessment criteria and indicators, a checklist-approach is adopted to make the descriptive approach quantifiable. There is not a governing standard specifically, but sLCA follows the ISO 14040 framework. On the other hand, there has been efforts since 2009 on developing the 'Guidelines for Social Life Cycle Assessment of Products and Organizations' (UNEP, 2020).

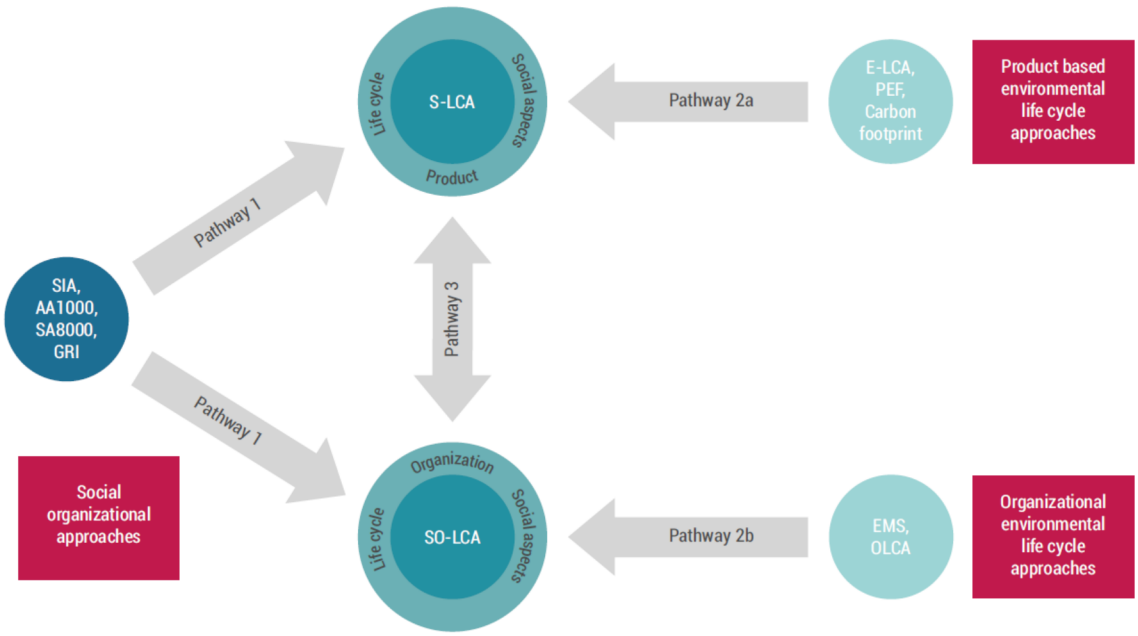

Figure 2: Relationship between S(O)-LCA and other reporting schemes (UNEP, 2020)

The goal of a sLCA is to quantify the social performance of the object of assessment by means of the compilation and application of information relevant to a description of the social quality of the object. For this quantification, the method utilizes the categorization of stakeholders and impact categories that are provided in below Figure 3.

Stakeholder categories	Worker	Local community	Value chain actors (not including consumers)	Consumer	Society	Children
Subcategories	1. Freedom of association and collective barganing 2. Child lbor 3. Fair salary 4. Working hours 5. Forced labor 6. Equal opportunities / discrimination 7. Health and safety 8. Social benefits / social security 9. Employment relationship 10. Sexual harassment 11. Smallholders including farmers	1. Access to material resources 2. Access to immaterial resources 3. Delocalization and migration 4. Cultural heritage 5. Safe and healthy living conditions 6. Respect of indigenous rights 7. Community engagement 8. Local employment 9. Secure living conditions	1. Fair competition 2. Promoting social responsibility 3. Supplier relationships 4. Respect of intellectual property rights 5. Wealth distribution	1. Health and safety 2. Feedback mechanism 3. Consumer privacy 4. Transparency 5. End-of-life responsibility	1. Public commitments to sustainability issues 2. Contribution to economic development 3. Prevention and mitigation of armed conflicts 4. Technology development 5. Corruption 6. Ethical treatment of animals 7. Poverty alleviation	1. Education provided in the local community 2. Health issues for children as consumers 3. Children concerns regarding marketing practices

Figure 3: Stakeholder and impact categories in sLCA

Similar to sLCA, there are research efforts to provide guidance on organizational LCA (UNEP, 2015). This methodology is capable of serving multiple goals at the same time (e.g., identifying environmental hotspots throughout the value chain, tracking environmental performance over time, supporting strategic decisions, and informing corporate sustainability reporting). One goal that O-LCA cannot currently fulfill is externally communicating comparisons between different organizations.

Another effort is to evaluate different life cycle phases of an organization (see Figure 4). In a cycle of birth, climax and fall when organizational performance is considered, it is natural that different stakeholders and impact categories should be focused throughout time. On the other hand, the aspect of time and lifecycle phases are not in the scope of this study.

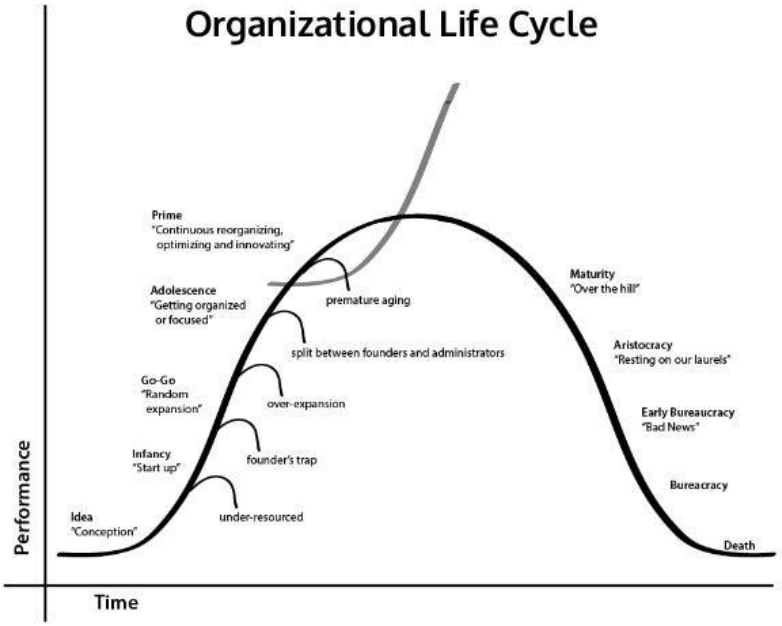

Figure 4: Life cycle of an organization

2.3 Framework overview

In this subsection, the selected frameworks (sLCA, ECG, EoC) are compared according to three characteristics:

- Coverage of stakeholders categories (Y axis)
- Availability of impact categories (X axis)

As shown in Table 1, the frameworks are displayed on a matrix and some gaps and potential features that can be used by other frameworks were immediately visible. To achieve this table, the rainbow scoring is reflected on a matrix and two significant changes were applied in order to provide a better comparison:

- Colour scheme of EoC Rainbow score is adopted for all frameworks
- Impact categories of ECG is adopted for sLCA.

For reflecting the rainbow scoring to a matrix, a keyword analysis was conducted on description of each available category. It should also be mentioned that in the original sLCA framework there is no categorization of impact categories (but each stakeholder category possess a list of impact categories).

Table 1. Complementarity of social impact assessment frameworks

Social Organizational Life Cycle (product / organization)

Stakeholder	Human dignity	Solidarity & social justice	Environmental sustainability	Transparency & co-determination
Worker	Health & Safety Child labor Forced labor Sexual harassment	Occupational improvement Working hours Equal opportunity Freedom of association Fair salary Social benefits/security		Employment relationships
Local Community	Safety & healthy living conditions Respect of indigenious rights Delocalization and migration Cultural heritage	Secure living conditions Local employment	Access to material resources Access to immaterial resources	Community engagement
Value chain actors	Fair competition Supplier relationships	Promoting social responsibility Wealth distribution		Intellectural property rights
Consumer	Health & Safety Consumer privacy		End of life responsibility	Feedback mechanism Transparency
Society	Ethical treatment of animals Poverty alleviation	Contribution to economic development Prevention of armed conflicts	Commitment to sustainability Technology development	Corruption
Childeren	Education Health issues as consumer			Concerns regarding marketing
Owners				
Public administration				

Economy of Common Good Matrix (societal)

Stakeholder	Human dignity	Solidarity & social justice	Environmental sustainability	Transparency & co-determination
Employees	C1: Human dignity in the workplace and working environment C2: Self-determined working arrangements C3: Environmentally-friendly behaviourofstaff C4: Co-determination and transpare			
Local community				
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 & co-determinati			
Customer	D1: Ethical customer relations D2: Cooperationandsolidarity withothercompanies D3: Impact onthe environment ofthe use anddisposal ofproc D4: Customerparticipationandprod			
Social environment	E1: Purpose ofproducts and services and theireffects on society E2: Contribution to the community E3: Reduction of environmental impact E4: Social co-determination and tra			
Children				
Owners	B1: Ethical position in relation to financial resources B2: Social position in relation to financial resources B3: Use offunds in relation to social and environmental impa B4: Ownership and co-determinatio			
Public administration				

Economy of Communion - Rainbow Scoring (organization)

Stakeholder	Economy	Relational Capital	Corporate culture	Social Environmetal Quality	Human Capital	Intellectual Capital	Communication
Employees	New job opportunities Salaries Benefits	Friendship	training people involved in company life legidity	Work climate analysis Well-being and health responsible andlessstressful workplaces	Working community / places	Networking setup / training	Employee participation
Local community							
Suppliers		Production		product quality certification Environmental impact			External participation
Customer		Client satistaction					Dialogue forms
Civil Society	Social initiatives Cultural initiatives	Social initiatives Cultural initiatives					
Children							
Owners	Risk as source of profit		Definition ofdistinctive strategic and operative elements ofcorporate culture Transparency	company quality certification	Infrastructure Corporate image		Partner participation
Public administration	Taxation						

Below are the most significant findings from the comparative study on:

- Stakeholder categories:
  - Governance and children are the least represented stakeholder categories.
  - Most commonly represented categories are: worker (employees), suppliers, customer and society.
  - Local community and society tend to merge with each other.
- Impact categories:
  - Environmental aspects in sLCA are neglected due to the fact that environmental LCA (eLCA) complements sLCA.
  - There is a correlation between the categorization of impact categories (and the colour scheme of EoC and ECG).
  - Categorization of ECG can be applied on sLCA.
- Focus:
  - Due to the correlation on impact categories, the selected frameworks consequently provide a set of indicators on:
    - Product level (sLCA)
    - Organization and Society level (ECG and EoC)

Based on these observations, this study proposes utilization of a larger set of categories and indicators to enable SME and social managers explore a wide range of impact assessment. Overall, this yield eight stakeholder category and more than 30 impact categories. Each framework also have a detailed suggestion for specific indicators that should be reviewed for each impact category. The table can also be found in Annex A in an excel format.

In the next section, proposed method is explained in detail together with two practical tools for guiding the curriculum conduction.

3. Methodology

In the context of literature review, this study aims to provide a framework with a large scope for social impact assessment. For a successful impact assessment skill and knowledge of a Social Manager, following hypotheses are adopted:

- A sustainability product/service level impact assessment does not necessarily initiate a social change in the organization
- An organizational level assessment does not guarantee an immediate change to the products (due to low detail focus on processes, impact of sub-contractors beyond control and supply-chain factors).
- Both organizational and product level assessments are necessary to empower a social and environmental change at a societal level.

In this description, there is not a sharp differentiation between an organization and their product, as each reflects the other. Hence, it may be beneficial to let the assessor / social manager decide (together with stakeholders) to identify stakeholder and impact categories from a wide range of selection. The focus of assessment may include both product and organizational level social impacts.

It is also important to mention that, above hypotheses assumes that the financial support for production and organization is suitable for sustainability. Financial aspects are not in the scope of this curriculum. Below hypothesis can be included for a further study:

- Any product or organization that does not have a just financial support cannot be considered as sustainable.

The methodology aims to equip future social managers with adequate frameworks and tools in order to trigger change within their SMEs. For this, this document provides a workshop setting to identify important stakeholder categories, to select impact categories together with relevant indicators. Secondly, a calculation template that can be used after data collection is provided for impact assessment

3.1 Goal and scoping

The purpose of the method is to provide the social manager in an SME with a wide-range of approaches and impact categories to enable them to identify the expectations and priorities together with the organization.

It is advisable to check whether the SME already adopts an existing framework or not. Two approaches can be followed depending on this condition:

- If yes: conduct gap analysis (based on Table 1) and use the proposed method to improve existing social assessment framework
- If no: follow the next steps and guide SME for a suitable social framework

As a preparation for this method, a thorough stakeholder mapping as suggested in Module III.Because the next steps require presence of multiple stakeholders for a better representations of outcomes.

3.2 Selection of stakeholder and impact categories

This methodology depends on complementarity of three frameworks as provided in Table 1. The social manager is encouraged to explore the stakeholder categories and related impact categories in a workshop setting explained in this section and also provided in Annex B. Then the ultimate outcome is to achieve a set of indicators that are measurable and realistic (follow SMART principles).

3.2.1. Workshop format (Tool I)

The workshop is designed at an online platform (Miro) that can also be utilized in a real-life setting with panels and sticky notes. Ideally, it should include participation of the main stakeholders and SME representatives. The aim is to collect the expert opinion of the stakeholder group in a structured way. This should be achieved by participatory observations by external experts. The workshop is designed in three consecutive sessions:

- Introduction for the workshop (methodology frame) 20 mins
- Category & Indicator selection (indicator frame) 40 mins
- Ranking of impact categories (optional) 20 mins
- Match impact categories with process (optional) 20 mins

In the introduction, the practical points about the workshop should be briefly provided: if online, the platform should be explained or if in person, the panels and color-codes (if any) should be mentioned. Afterwards, the context and the goal of the workshop should be given.

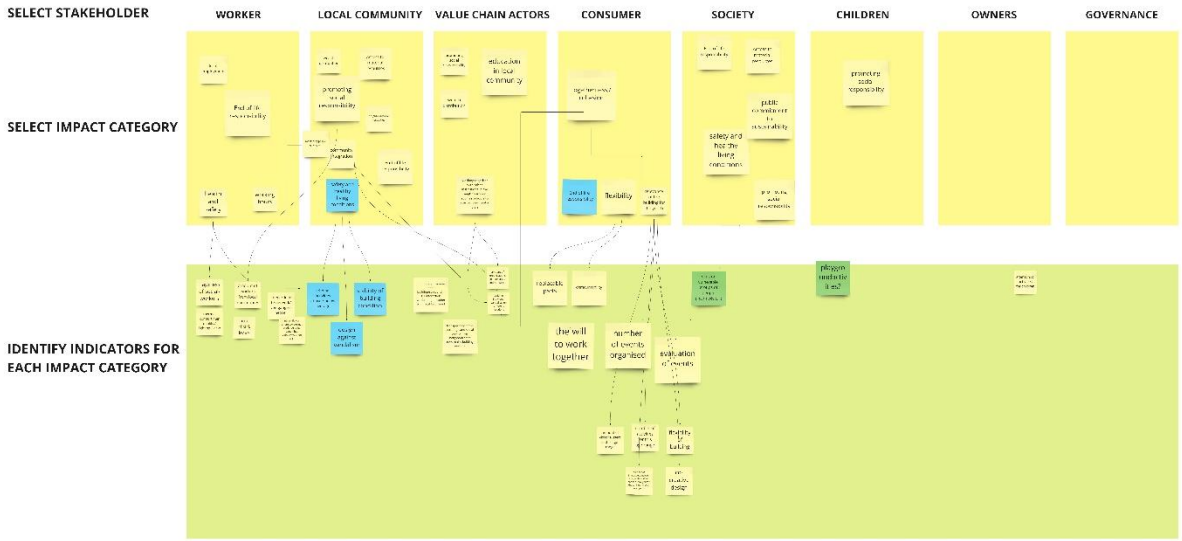

Figure 5: Stakeholder / impact category / indicator identification

After an introductory session, the participants are requested to use Table 1 and select the impact categories that have importance for their business and locate them under respective stakeholder categories as seen in Figure 5. During this session, it is useful to explain about the description of stakeholder and impact categories to the participants.

It is recommended to select significantly important stakeholder categories and focus on these as a priority. It is important to mention that, all impact categories will need one or more specific indicators of which measurable data should either be available or easy to collect. The more impact indicators you have, the more data collection will be necessary.

Following this step, the group should start working on coming up with specific indicators for measuring selected impacts. During this process, it is important for the Social Manager to review the acquired indicators and check the existing frameworks for correct terminology. It is important to have at least two indicators for each impact category.

Table 2. An example of workshop results (impact category and indicator selection)

Worker	Local Community	Value Chain Actors
Health and safety	Safety & healthy living conditions	Wealth distribution
Working hours	Local employment	Promoting social responsibility
Equal opportunity	Access to material resources	Local materials
Use of easy techniques	(Inexhaustible source of	Transparency Co-
Ease of assembly	materials)	determination in decisions
Instruction methods	Cultural heritage	
Learning while working	Affordability	
Available resources	Local materials	
	Community acceptance	
	(Community engagement)	
	Trust in new technologies	
	Local neighbourhood planning	
	Policy integration	

Worker

Sub-category	Indicator	Notes
Health and safety	Number of sick leave days Job satisfaction Risk of accidents	
Working hours Equal opportunity	Limited to 8 hrs / day Social economy use Re-skilling Reintegration in labour market	
Learning while working	Number of internal courses	This item can be combined with equal opportunity.
Use of easy techniques Ease of assembly Instruction methods Available resources	No indicators provided	These sub-categories can be considered under equal opportunity or learning while working.

It is possible that there may be several sub-category suggestions that are not present in the sLCA guidelines (marked with grey font). There are two sides of utilizing new categories: (i) social impact assessment is going to have a higher relevance to the object (ii) the more new subcategories used, less likely that there will be other comparable studies in the literature. Nevertheless, having categories that are in line with the purposes of object is an asset as long as these categories are measurable. Measurability can be assessed depending on the number and characteristic (qualitative / quantitative) of indicators. On the other hand, it is also observed that some of the new impact categories can be considered under the existing categories.

It is also possible to provide a ranking among the impact categories. Weighting is an optional feature in all LCA studies, which may put focus on significantly more important matters.

After the workshops, the first activity for data collection is to conduct questionnaires for products/processes/organizations. There are several validated questionnaires in the existing frameworks. In case of a new impact category to be utilized, one or more questions should be drafted with a basis on validated questionnaires.

3.3 Social impact assessment (calculation sheet – Tool II)

Depending on the input from workshops and questionnaires, now it should be possible to calculate the social impact of a product or organization. In Table 3, a template for social impact calculation is provided in which, only four of the stakeholder categories (worker, community, society and consumer) are included. For these stakeholders, 13 impact categories are selected for demonstrative purposes.

Table 3. Calculation sheet for social impact assessment

Calculation sheet for social impact assessment							
Scenario/Investment Description							
Stakeholder	Impact category	Indicators	Survey 1-5 Likert Scale	Normalized Value	Weight factor	Weighted normal	Average Weighted normal
Worker	Health & Safety		2.6	-0.25	1.00	-0.25	0.19
	Working hours		3.5	0.25	0.80	0.20	
	Equal opportunity		4.0	0.5	0.80	0.40	
	Occupational improvement		4.0	0.5	0.80	0.40	
Local Community	Safety & healthy living conditions		5.0	1	1.00	1.00	0.42
	Access to material resources		4.0	0.5	0.90	0.45	
	Community engagement		3.5	0.25	0.90	0.23	
	Local employment		3.0	0	0.90	0.00	
Society	End of life responsibility		4.0	0.5	0.90	0.45	0.53
	Commitment to sustainability		4.5	0.75	0.80	0.60	
Consumer	Transparency		3.0	0	0.70	0.00	-0.18
	End of life responsibility		2.0	-0.5	0.70	-0.35	
Value Chain Actors	Fair competitiaon		3.0	0	0.70	0.00	0.00
	Wealth distrubition						
Children	Education		3.0	0	0.70	0.00	0.00
	Health issues						
Owners	Risk as source of profit		3.0	0	0.70	0.00	0.00
	Company quality certification						
Governance	Transparency		3.0	0	0.70	0.00	0.00

In the calculation, certain weighting factors derived from the workshop. These weight factors are supposed to reflect the current perspective of the experts. It is foreseen that the weighting factors could be different depending on the purpose of the study or experts included. They are also subject to change depending on the future developments.

The questionnaire responses can be quantified based on a Likert scale (from 1-to-5). The scale implies that a significant positive social impact is denoted with 5, a score of 3 refers to a neutral state where there is not any impact, and 1 refers to a significantly negative social impact. Then, these figures were normalized to a scale between -1 and 1 in order to be comparable with other social LCA studies as suggested in the guidelines (UNEP, 2020).

The normalized values can also be weighted and then be grouped according to each stakeholder category. In the end, a score between 1 and -1 for selected categories were achieved. The calculation sheet can be found in Annex C.

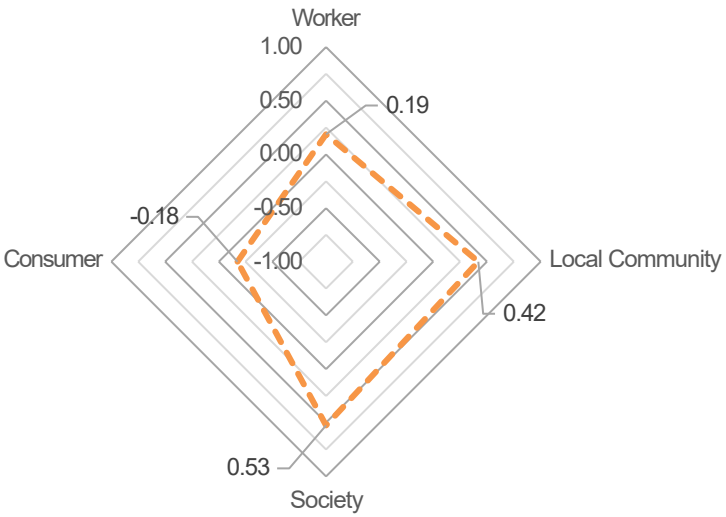

Figure 6: Visual display of the social impact assessment (for 4 stakeholder categories)

3.4 Data sources

Data sources for social impact assessment most often depend on qualitative methods such as interviews and surveys. On the other hand, there are also quantitative sources that depend on economical frameworks.

Social Hotspot database (SHDB, 2021) was utilized to calculate the impact during the production phase. The data is an input-output economic database with a supply chain based model. It can be used on a product, organization, industry or country level. The database is used to provide certificates on cradle-to-cradle approval on Social Fairness and ILFI living product challenge.

The database links supply chain (from supplier to user) with several social risks. The risks are represented with a unit of worker hours. The calculation method, namely Social Hotspots Index (SHI) include more than a hundred indicators but mainly, these are categorized under 5 impact categories and 25 subcategories as such:

- Labour rights & decent work,
- Human rights,
- Health and safety,
- Governance,
- Community.

It is a database currently under development which implies that the methodology does not provide a single comprehensive approach as of yet. The level of detail in the database is also not at the same level (material) of an environmental database. The indicators that are utilized in the software are not precisely the same with those that are suggested in the guidelines (UNEP, 2020). For these reasons, the evaluation with SHDB is considered only complementary to this study.

4. Conclusions

- A larger framework could be helpful for the BEST Social manager.
- Multi-stakeholder workshops are key for co-creating a tailor-made social assessment framework.
- Organizational and product level assessments are necessary to trigger a social / environmental transformation of an SME.

References

Blachfellner, M., Drosg-Plöckinger, A., Fieber, S., Hofielen, G., Knakrügge, L., Kofranek, M., Koloo, S., Loy, C., Rüther, C., Sennes, D., Sörgel, R., & Teriete, M. (2017). *FULL baLance sheet 5.0 Publisher: The Matrix Development Team Publisher: Matrix Development Team*.

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

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

Iso. (2017). *Using ISO 26000:2010 in management systems IWA 26:2017(E) ii COPYRIGHT PROTECTED DOCUMENT*. www.iso.org

SHDB. (2021). *Social Hotspot Database*. http://socialhotspot.org/

UNEP. (2015). *Guidance on Organizational life cycle assessment*. www.lifecycleinitiative.org

UNEP. (2020). *Guidelines for Social Life Cycle Assessment of Products and Organizations, United Nations Environment Programme.*

Walker, A. M., Opferkuch, K., Roos Lindgreen, E., Simboli, A., Vermeulen, W. J. V., & Raggi, A. (2021). Assessing the social sustainability of circular economy practices: Industry perspectives from Italy and the Netherlands. *Sustainable Production and Consumption*, *27*, 831–844. https://doi.org/10.1016/j.spc.2021.01.030

Annexes

Annex A

Comparison overview

Annex B

Social Impact Assessment-BEST, Online Whiteboard for Visual Collaboration (miro.com)

Annex C

Calculation excel sheets

B E S T

boosting environmental and social topics

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