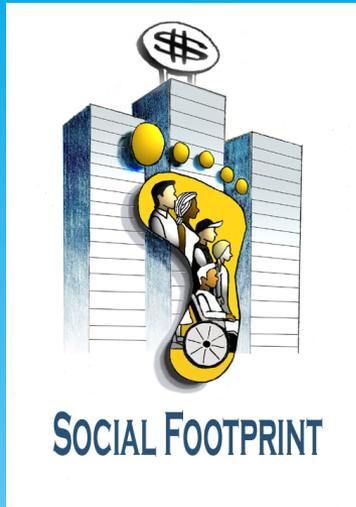


The Social Footprint Method

Measuring Social Sustainability as
Impacts on *Anthro Capitals*

Center for Sustainable Organizations
Updated March, 2014 – DRAFT 10.0





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“A sustainable society would not freeze into permanence the current inequitable patterns of distribution. It would certainly not permit the persistence of poverty. To do so would not be sustainable for two reasons. First, the poor would not and should not stand for it. Second, keeping any part of the population in poverty would not, except under dire coercive measures, allow the population to stabilize.”

Meadows, Meadows, and Randers
Beyond the Limits, 1992

*The Social Footprint Method is dedicated to
the memory of Donella (Dana) Meadows*

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1. Introducing the Social Footprint Method

What Is the Social Footprint?

- * A measurement and reporting method that organizations can use to measure, manage and report their social sustainability performance
- * A product of a new school of sustainability theory and practice:
 - * An application of *context-based sustainability*
 - * Measures organizational impacts on the quality and sufficiency of vital *anthro capitals* (human, social and constructed capital)
 - * Helps to fully operationalize the Triple Bottom Line
- * Measures and reports organizational impacts on anthro capital relative to norms, standards, or thresholds for what such impacts would have to be in order to be sustainable
- * An implementation of what GRI calls ‘sustainability context’

What Is The Footprint's Philosophy?

1. Conceptually committed to a quantitative and context-based approach to sustainability: performance measured relative to *standards* of performance (i.e., relative to thresholds tied to human well-being)
2. Conceptually committed to *anthro capital** as the *thing* organizations can and do have impact on, the effects of which determine whether or not their activities or operations are socially sustainable
3. Practical: Confines measurement and reporting to organizational boundaries, just as financial reports do – not life cycle oriented

*Note: We use the term 'anthro capital' to refer to the combination of *human*, *social*, and *constructed* capitals. All three include embedded intellectual capital.



2. The *Context-Based Approach* to Sustainability

What is the *Context-Based Approach*?

- * The result of a lesson taken from environmental sustainability tools: *that the sustainability of human activity is a function of what its impacts are on the carrying capacities of natural capital*
- * If we generalize that principle, we can say that behaviors of all kinds can be measured on a scale of sustainability, according to their impacts on *vital capitals* of one kind or another
- * Thus, in the case of the Social Footprint, we look at organizational behaviors and we evaluate their impacts on *human, social and constructed capitals* (or what we call “anthro capitals”) – *anthro*, because unlike natural capital, the others are *anthropogenic*

cont.

The Context-Based Approach (cont.)

- To assess sustainability performance, then, we must compare impacts on vital capitals to norms, standards, or thresholds for what such impacts would have to be in order to be sustainable
 - We ask: *Is the behavior sustainable relative to the impact it is having on the stocks and flows of vital capitals?*
 - And because we are comparing one thing to another — X with Y — we can express the comparison in the form of a quotient: X over Y
- Context-based metrics are *quotients* — e.g., an ecological case:
 - A geographical region produces 10 million gallons of renewable freshwater per year, an ecological limit (call that the *denominator*)
 - Sustainability norms suggest that humans use no more than 25% of it
 - Still, humans in the region use 5 million gallons per year (call that the *numerator*)
 - $5/2.5 = 2.0$ → Anything greater than 1.0 is unsustainable

The *Context-Based* Approach (cont.)

- Turning to the social arena, the same idea can be applied, with two important differences:
 - We're dealing with impacts on anthro capital, not natural capital
 - Anthro capital (human, social and constructed), unlike natural capital, is created by people and can be produced virtually at will – we can almost always create more of it in order to meet our needs
- Thus, the applicable norms in the case of anthro capital are expressed in terms of *minimums*, not maximums; sustainability in the case of social impacts is about continuously producing capitals at levels that are at least minimally sufficient to meet basic needs
- For social bottom lines (or quotients), then, the rule of thumb reverses: any score of less than 1.0 is unsustainable

The Context-Based Approach (cont.)

- A quick example:
 - A certain community has a need for \$10,000,000 a year in order to provide primary education for its children (call that the *denominator*)
 - Residents in the community are only providing \$8,000,000 a year in funding for primary education (call that the *numerator*)
 - $\$8 \text{ mil.} / \$10 \text{ mil.} = .8 \rightarrow$ Anything *less* than 1.0 is unsustainable
- What makes it unsustainable is that we have defined a necessary stock of anthro capital in the area of interest to us (e.g., a norm for education) – shortfalls in *contributing to or maintaining* that stock can put human well-being at risk
- Now imagine we are able to quantify minimum levels of sufficiency for any form of anthro capital – when we do, the makings of the *Social Footprint Method* come rushing into view

The *Context-Based* Approach (cont.)

- Denominators:
 - Relate to preserving and/or producing or maintaining the carrying capacities of vital capitals at levels required to ensure human well-being
 - Are defined for individual organizations, either as a function of their size or some other factor (e.g., in accordance with their economic contributions)
 - Are normative (“N”) in content, and constitute standards of performance
- Numerators:
 - Relate to impacts on the same carrying capacities of the same vital capitals separately referred to by denominators
 - Also defined for individual organizations
 - Are actual (“A”) in content, and constitute descriptions of actual performance
- Sustainability Quotients:
 - Sustainability Performance = A/N
 - See next slide....

The Context-Based Approach (cont.)

A General Specification for Context-Based Sustainability Metrics

$$\text{Sustainability Performance}^* = \frac{\text{A measure of impact on the carrying capacity of a vital capital}}{\text{A standard or norm for what the impact on the same carrying capacity of vital capital would have to be in order to be sustainable}}$$

*Where:

- For impacts on natural capital, quotient scores of ≤ 1.0 = sustainable, > 1.0 = unsustainable
- For impacts on human, social or constructed capitals, quotient scores of ≥ 1.0 are sustainable, < 1.0 are unsustainable

The Context-Based Approach (cont.)

Quotients as Measures of Sustainability Performance

Ecological Bottom Lines

$$\frac{\text{Actual Impacts on CC of Natural Capital}}{\text{Normative Impacts on CC of Natural Capital}} = \text{Ecological Quotient (EQ)}$$

- EQ ≤ 1 is sustainable
- EQ > 1 is *unsustainable*

Social Bottom Lines

$$\frac{\text{Actual Impacts on CC of Anthro Capital}}{\text{Normative Impacts on CC of Anthro Capital}} = \text{Societal Quotient (SQ), or what we call } \textit{The Social Footprint}$$

- SQ ≥ 1 is sustainable
- SQ < 1 is *unsustainable*

Organizational Sustainability Defined

Ecological Quotients are ≤ 1 **AND** Societal Quotients (SQ) are ≥ 1

- If true, then sustainable
- If untrue, then *unsustainable*

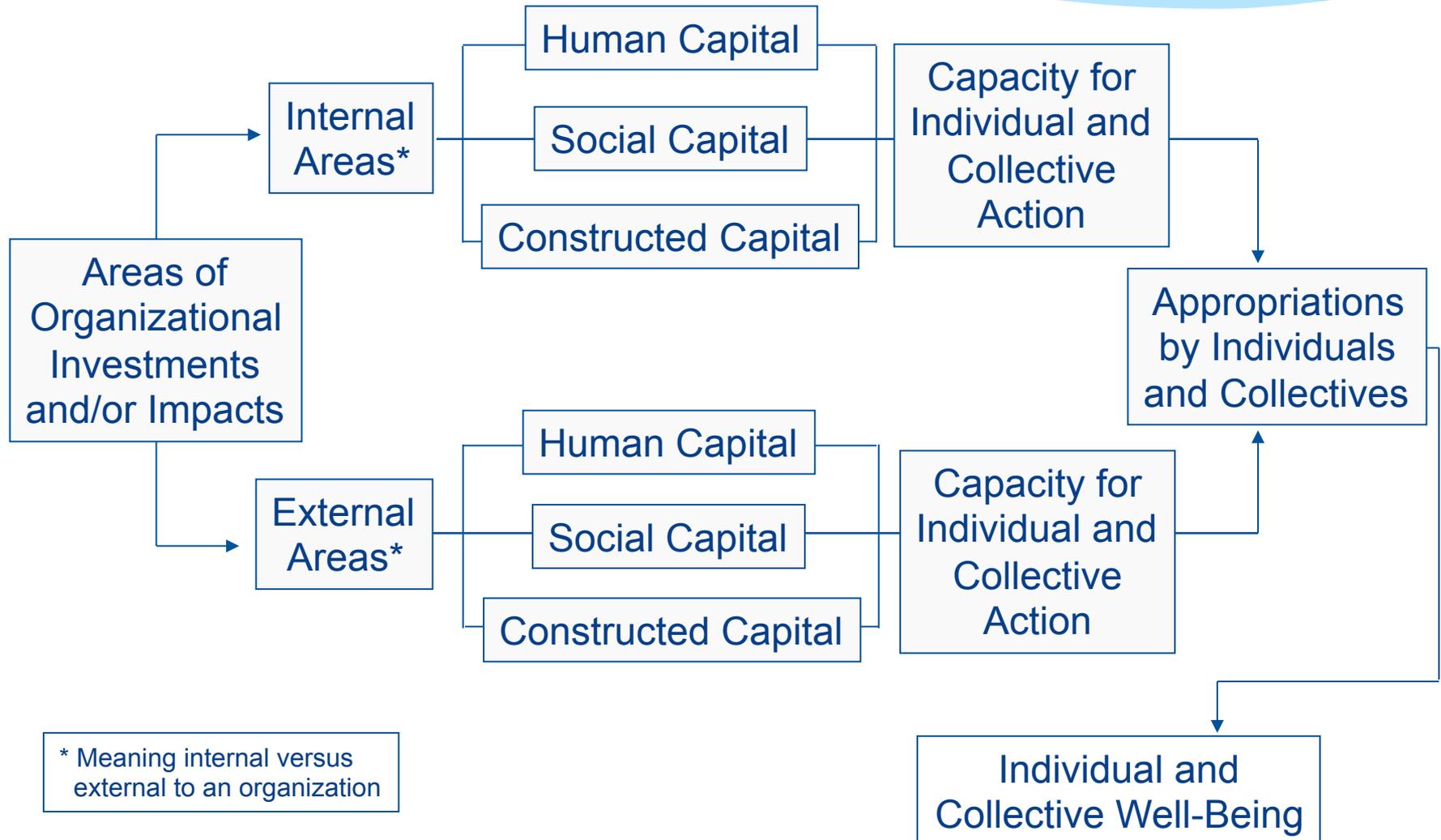


3. *Anthro Capital* as the “Thing” We Look At

Non-Financial ‘Anthro Capital’

- * In contemplating a Social Footprint (and its quotients), we need to address the things that our activities have impact on, and the things that investments in improving a social bottom line are aimed at — for us, it’s *anthro capitals* of three different kinds:
 1. Human Capital, consisting of personal health, knowledge, skills, experience, and other resources (including human rights and ethical entitlements) that individuals have and use to take effective action
 2. Social Capital, consisting of networks of people and the mutually-held knowledge and skills they have and use in order to take effective action
 3. Constructed Capital, consisting of material things, such as tools, technologies, roads, utilities, infrastructures, etc., that people produce and use in order to take effective action

Social Footprint Reference Model





Thank you!

For more information, contact:

Mark W. McElroy, Ph.D. at mmcelroy@vermontel.net

www.sustainableorganizations.org