

**SoL Sustainability Consortium  
Societal Dimensions of Sustainability  
Frameworks Document**

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## Executive Summary:

The Society for Organizational Learning (SoL) Sustainability Consortium is a major contributor in the field of sustainability by utilizing members' unique talents and passions, including organizational learning methods to define social sustainability, to provide the business case for social sustainability, to make social sustainability operational, and most importantly, to integrate resources and relationships amongst corporations, governments, non-government organizations (NGOs) as well as academics, consultants and citizens that are intensely dedicated to making the world a better place. The SoL Sustainability Consortium promotes and facilitates action-focused dialogue among all these constituents to address social, environmental and economic issues.

Members of the Consortium can increase the awareness of values and principles (practical, spiritual and moral) that are the foundation of social sustainability and reinforce these principles and values through its unique communications methods—with a critical explanation of accountability (personal mastery) and the quality of relationships between all people and parts of a system (dialogue and systems thinking). The Consortium intends to design projects around key sustainability issues such as sustainable mobility, environmental justice, and human rights, and support groups with ongoing sustainability initiatives, focused on, for example, community investment, supply chains, and access to water.

Members can also provide tools and methods to reveal the different mental models of sustainability (including those of local and global community leaders, leading NGOs, and thought leaders).

The aspiration of the members is to help understand what the societal dimensions of sustainability are. This includes crafting a definition, articulating an approach for the future, and identifying possible opportunities and challenges while integrating other thoughts, ideas and support.

The members are working together to think about these critical questions:

- How can we engage with the world's poor?
- How can we contribute to economic development?
- How can we make cities livable?
- How can we prevent/reduce corruption?
- How can we promote democratic governance?
- How can we lobby for pro-poor policies?
- How can we promote peace and understanding?
- How can we generate employment opportunities?
- How can we empower the world's women and equalize employment opportunities?
- How can we educate all the world's children?
- How will we make sure that our supply chains advance human rights?
- How can we create social structures that maximize human potential?

And as the members explore these questions, we utilize our learning competencies and:

- Design leadership practices
- Develop a ladder of inference to describe the many different mental models
- Develop causal loop diagrams to
  - document community learning
  - ensure that sustainability enhances our focus on business instead of detracting from it
- Integrate social and environmental variables of a cross-industry effort like Sustainable Mobility

The Society for Organizational Learning's Sustainability Consortium is a unique group within the global community of sustainability. This community includes the likes of the World Business Council for Sustainable Development (WBCSD), Business for Social Responsibility (BSR), and the World Resource Institute (WRI). Its format, form, function and "operating methods" are different than those of the usual consultants, events, seminars, conferences and forums. The group functions as a community of learners and citizens. It maintains the collective ability to practice the five disciplines of the learning organization (Senge, *The Fifth Discipline*, 1990) as well as the shared practical objectives and technical competencies related to issues such as climate change, environmental management, human resources organization, supply chain management, human rights, food stock management, and health and safety supervision.

### **Purpose of this Document:**

- To help clarify our collective thinking at the SoL Sustainability Consortium on a coherent framework and approach to societal sustainability efforts.
- To help companies have a shared and vetted framework around the societal dimensions of sustainability to:
  - Help companies prioritize social responsibility (investment) using the framework to identify how their strengths can help achieve societal goals within the specific needs of specific places (a guide to help prioritize focal points in different geographies).
  - Provide a framework and guidance for constructive dialogue between NGOs, companies, and government about working together to achieve societal goals.
- To design both an approach and guidelines for companies' thinking about how best to contribute to social sustainability efforts specifically using systems maps and mental models.
- To review progress made in the following efforts:

- Company practices in Human Rights, Community Investment, and Stakeholder Engagement (e.g., Unilever).
- Bi-lateral work with the inclusion of non-governmental organizations (e.g., OXFAM).
- Organizational learning (including reporting and communication).
- Develop feedback and support for new key performance indicators and potential projects.
- Continue to strengthen the network of companies committed to this approach.

## **Our Definition of Societal Dimensions of Sustainability:**

Sir John Browne, BPs Chairman, defines sustainability as, “maintaining the capacity for continual regeneration in all aspects of human activity. The ability to achieve continuing renewal, and to do so in ways that do not constrain the future.” At the SoL Sustainability Consortium we support this definition and add that “Sustainability is creating organizations as living systems, in harmony with nature, so that all life can flourish for all time.” We see the three aspects of “the triple bottom line” of sustainability - ecology, economy and society - as mutually interdependent; you can not achieve one without nurturing the others. Even though this paper intentionally focuses on the societal aspects of sustainability, we believe that these are inextricably linked to ecological and economic factors. Projects that keep their eyes on the prize of all of these dimensions (and more) will be most successful. So in defining Societal Sustainability, we use the broader definition of Sustainability as stated above.\*

Since this paper focuses on Societal Dimensions of Sustainability, we must define what we mean by “societal.” In doing this we stand on the shoulders of colleagues who have written in this domain. Karl Henrik Robert and the Natural Step define the societal dimensions of sustainability in its broadest terms in the fourth systems condition: “Meeting the basic needs of all people in a just and efficient manner.” From this we are invited to consider what our “basic needs” as human beings are. Businesses for Social Responsibility ([www.bsr.org](http://www.bsr.org)) addresses this question by defining corporate social responsibility (CSR) as:

Achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment. We also say that CSR means addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders. In this sense, CSR is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the company -- wherever the company does business -- and includes responsibility for current and past actions as well as

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\* Colleagues at the SoL Sustainability Consortium published a Environmental Frameworks of Sustainability in 2000 which can be viewed as a companion to this work

future impacts. CSR typically includes issues related to business ethics, governance, community investment, environment, human rights, workplace, marketplace and product responsibility.

We define societal dimensions of sustainability as meeting the basic needs of all people in a just and efficient manner so that all life can flourish for all time. Corporate societal sustainability means keeping this aspiration in focus throughout all business operations.

## **Private Sector Role in Addressing Global Societal Issues:**

Corporations are among the most powerful institutions on the globe today. Although we can not solve global social issues in the private sector alone, we do have tremendous power, influence, resources and skills to make a difference.

Our intent in this paper is to share a framework that can be used by corporations to incorporate societal needs into their business strategy in ways that are appropriate both for the strengths and business needs of the organizations and for the developmental needs of the specific country/region in which the business is operating. We start with the Millennium Development Goals of the UN as our vision and point of departure. Then, through a series of systems maps, we identify key leverage points where companies in general can make a difference. We test this theory using individual companies from the Consortium as mini case studies. In these cases we ask how Unilever, Schlumberger, Ford and Nike have respectively played a significant role in contributing to the MDGs.

We are convinced that this approach will be generally useful and applicable to other players in the private sector.

## **Millennium Development Goals of the UN:**

The Millennium Development Goals (MDGs) launched in 2000 serve as both a broadly accepted set of international development goals and as a specific set of numeric targets. As the UN MDG website (<http://www.un.org/millenniumgoals/>) describes them, “The eight Millennium Development Goals – which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015 – form a blueprint agreed to by all the world’s countries and the entire world’s leading development institutions. They have galvanized unprecedented efforts to meet the needs of the world’s poorest.”

The MDGs are to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality
- Reduce child mortality
- Improve maternal health

- Combat AIDS, malaria, and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

By using the Millennium Development Goals as a framework for societal dimensions of sustainability we are using a set of goals that were developed through international organizations and where government, civil society, and the private sector can together focus our efforts on achieving progress. We quickly came to consensus on the use of the MDGs as a framework, given the UN's broad scope on global stewardship. We are aware that the World Bank has also adopted this framework.

The Millennium Development Goals offer not only a set of goals that were drafted and defined through a credible multi-stakeholder process, they are also based on an underlying theory of poverty that can help guide the development of specific strategies. In *The End of Poverty*, Columbia Professor Jeffrey Sachs describes his theory for eradicating poverty (Sachs, *The End of Poverty*, Penguin Press, 2005). Sachs was one of the driving forces behind the development of the MDGs and his theory of the poverty trap faced by the poorest of the poor can serve as a powerful starting point for developing business strategy that can also achieve societal goals. Drawing on the poverty trap theory articulated in *The End of Poverty* provides a starting point to create a common understanding and language around the drivers of poverty and strategy opportunities. We expect this understanding to evolve over time through the inclusion of additional perspectives and through direct experiences on the ground when working together on poverty alleviation and the creation of wealth generating opportunities.

## **Societal Dimensions of Sustainability: A Systems View**

*“At its most basic level, the key to ending extreme poverty is to enable the poorest of the poor to get their feet on the ladder of development. The development ladder hovers overhead, and the poorest of the poor are stuck beneath it. They lack the minimum amount of capital necessary to get a foothold, and therefore need a boost to the first rung”*

*-- Jeffrey Sachs*

In the “End of Poverty” Professor Jeff Sachs makes the case that the poorest of the poor cannot take advantage of market opportunities without help in reaching the first rung in the ladder of development. More importantly, he firmly believes that increased assistance and the creation of opportunities can make a real and immediate impact on poverty alleviation.

To understand his theory of the poverty trap, we can use the tools of systems thinking to articulate the “causal story” of, in his language, why the poor stay poor. As Figure 1 shows in systems language, the poverty trap occurs when a household is impoverished and all its income goes toward fulfilling basic needs. When all the household income is consumed simply to sustain itself, then no surplus for taxes or household savings is

created. The lack of household savings means that there will be no increase in household capital (including financial capital, household income generating assets, intellectual capital, etc). Moreover, as population grows and assets depreciate, the capital per person will decline due to a lack of household reinvestment.

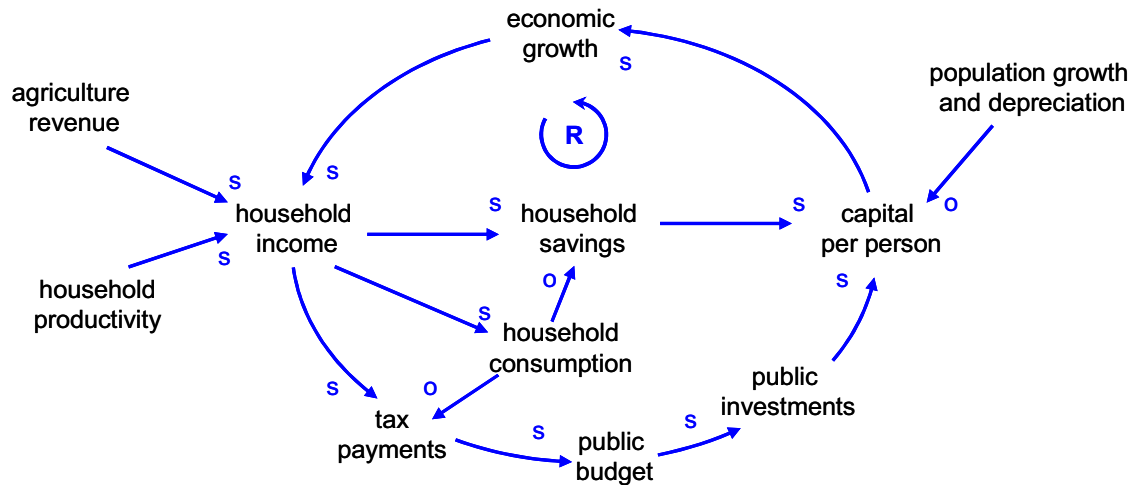


Figure 1: Causal Loop Diagram of the Poverty Trap

In addition, if households are unable to generate taxes, public budgets suffer and there will be negligible public investments in infrastructure (roads, schools, power, etc). This in turn means that total capital stock will not increase. The vicious cycle of the poverty trap implants itself when insufficient household income leads to decreased capital per person. Assuming that capital drives production, the falling capital depresses economic growth, further driving down household income.

This systemic trap makes it almost impossible to break out of a cycle of poverty without outside intervention. However, the vicious cycle could become a virtuous cycle of economic growth if household incomes were to increase beyond immediate needs and lead to increasing capital per person and further economic growth. There are a variety of methods of intervention:

- Microfinance to increase capital access without excessive interest rates
- Direct household assistance to increase household income and initiate the savings cycle
- International aid to increase the budget and public infrastructure investments
- Knowledge transfer to increase household productivity and income generation

It's important to note that these interventions would need to be robust enough to interrupt this cycle in order for enough people to raise their average capital stock, in turn ensuring that capital exceeds population growth and depreciation. Any lower level of investment would simply be absorbed into the vicious downward cycle.

### Yet more challenges...

But when understanding the depth of the poverty trap that has resisted intervention so successfully, it is important to look at more of the causal forces that have helped sustain and deepen the trap across communities as shown in Figure 2. Many challenges face a given community, including depressed household incomes in rural areas plagued by low agricultural yield (soil erosion, inclement weather) and high costs of fertilizer and other inputs to increase agricultural yield. Household productivity, defined as hours spent on income-producing activity, is reduced when the hours spent to provide for bare necessities are high (such as having to walk three hours per day to access clean water) or when health is poor. Health challenges, including malaria and AIDS, both reduce health and the potential income-producing labor for the family. This is often exacerbated by limited access to public health facilities. Moreover, corruption can be a persistent problem that weakens the efficacy of tax collection, reducing the amount of money collected. Poor regulatory and legal frameworks reduce investment and economic growth, while violent conflict can destroy public infrastructure including roads, power, education, and healthcare.

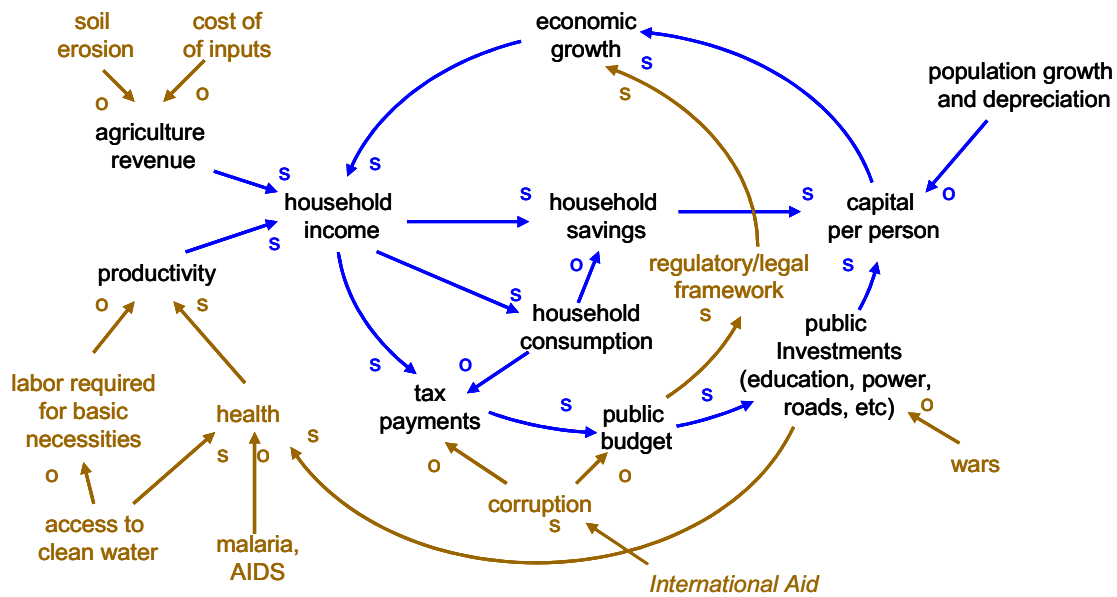


Figure 2. Systemic Forces Sustaining the Poverty Trap

It is within this context that the Millennium Development Goals were developed to set both inspirational targets and to highlight important intervention possibilities that, woven together, offer the potential to overcome these challenges and tip the system into a cycle of growth and opportunity. If this cycle of growth and opportunity can be an equitable and participatory system for all and be sustainable within natural resource capacities, it will reduce poverty for the long term.



## **Building Constructive Partnerships between private, public & NGO sectors:**

The 8<sup>th</sup> and final UN Millennium Development Goal is, “Developing Global Partnerships for Development.” This process goal appears as a postscript after the first seven content oriented goals.

Unilever’s Brigitte Tantawy-Monsou states that building constructive partnerships is where the SoL Community can make a unique and strong contribution to the achievement of the MDGs. *“To move from Organizational Learning to Societal Learning, SoL is uniquely qualified to be the engine.”* The disciplines of organizational learning, especially shared vision, mental models, team learning and systems thinking are strong, effective and proven tools for collaboration.

At the Global SoL meeting in Vienna in September of 2005 an informal poll was taken during a plenary talk. We asked how many people in the audience were involved in multi-sectoral social change projects. About 250 of 500 hands went up. It seems there is ample and growing capacity in our network for collaboration across traditional boundaries to achieve shared aims.

## **Setting priorities: How can we design business strategies to better integrate societal needs?**

What each corporation will do to address these goals will be different depending on the sector, strengths of the company and the needs of specific regions. But it is the belief of the SoL Sustainability Consortium and inherent in the framing of MDGs that not only do businesses, including multinationals, contribute to good livelihoods, but also that it is possible to organize business activities to further integrate societal goals. By walking through a number of corporate experiences where societal needs were integrated in new and innovative ways into business strategy, we uncovered a common set of questions which informed those opportunities. The most successful programs led with the strengths and needs of the companies so that any activities designed to reduce poverty were tightly integrated into the core business.

Guiding questions for developing an integrated strategy:

- What are the strengths of the company, both globally and locally?
- What are the businesses needs (or opportunities) in this area?
- What are the needs of the area? Are there MDGs with greater needs than others in this geography?
- How can we design our business and/or make societal investments to support business goals and contribute to societal needs?
- How can we engage and inspire more of the organization?

- What organizations should we partner with?
- Looking at our understanding of the systemic forces at play, how do we believe that this strategy will reduce poverty? Are there other approaches that would further reduce poverty?
- What un-intended consequences could result?
- What indicators should we track to measure our real impact?

## Examples:

### (a) Example 1: Unilever's Project Shakti in Rural India

#### 1. What are the strengths of the company?

- Food and Health products that can promote nutrition and hygiene
- Expertise in nutrition and hygiene
- Power of advertising and marketing campaigns to reach people with pertinent information
- Value chains that can contribute to local economic development

#### 2. What business needs does the company have in rural India?

- Access and distribution

#### 3. What are the needs of the area in India

- High rural poverty
- High unemployment
- Sanitation and health problems
- Poor childhood nutrition

#### 4. What intervention matches company strength to local needs?

Support (through credit and training) underprivileged women in developing distribution businesses to bring products to underserved consumers.

- 2005: 15,000 women bringing products to over 70 millions rural households

#### 5. Who are key and essential partners to include in this dialogue?

#### 6. How will this program alleviate poverty?

- Local economic growth (jobs) to increase income (twice previous income)
- Increase capital to promote long term economic growth
- Knowledge capital through business skills development through value chain
- Financial capital – micro credit through various partnerships
- Health

- Hygiene and nutrition education through marketing and advertising. Improved Gender equality – income for women means greater say in the household and more children attending schools.
- Access to hygiene products

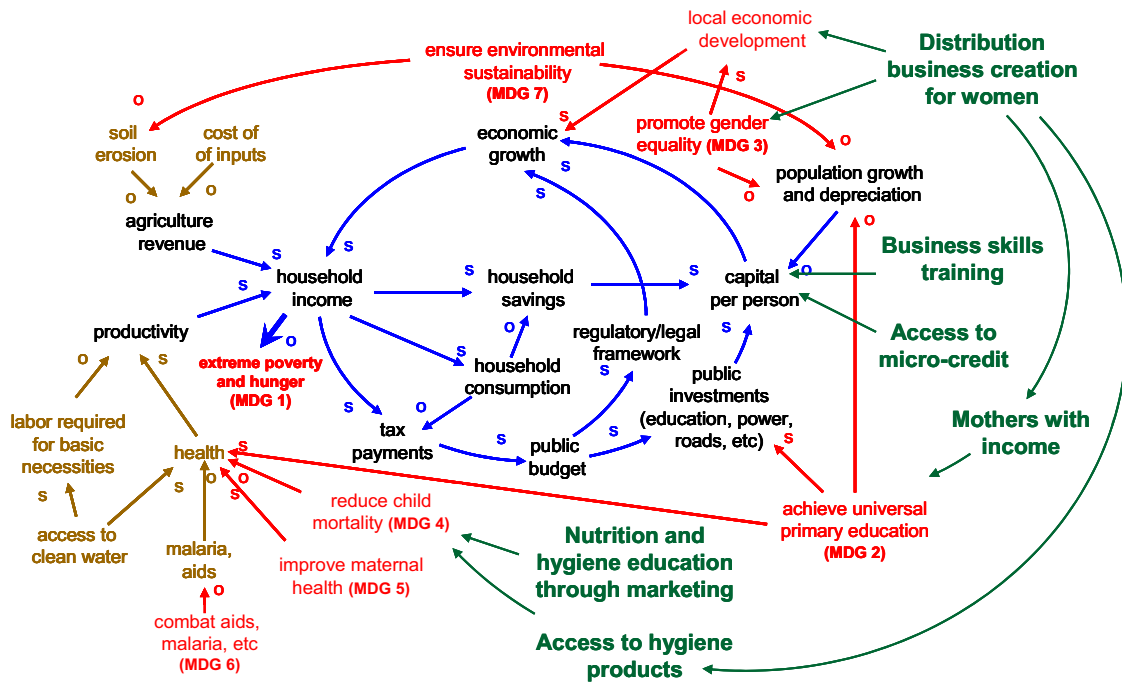


Figure 4. The Systemic Interventions used in Project Shakti

## Example 2: Schlumberger Excellence in Educational Development

- **What are the strengths of the company?**
  - Company is a technology company, science resources
  - Operating in over 100 countries, often in remote areas
  - Great cultural diversity of people, integrated through management
  - Very advanced IT infrastructure and experience
- **What intervention matches company strength to local needs?**
  - Improve science education through IT investment and access to scientists.
  - Target schools where there is enough existing infrastructure for IT to help.
    - Infrastructure: PC & IT Connectivity grants to schools in developing countries
    - Science website with content from volunteer scientists to inspire and educate students in science, teach critical thinking skills.

- Collaborative projects. Link schools together and work on projects to improve understanding and tolerance across cultures, and solve problems
      - Seed Action Fund. \$500 grant to school/students who complete a water project where they can take action.
    - Workshop for teachers and trainers. Train the trainer approach for maximum diffusion
- **Key Process Design Elements:**
  - Based on volunteer energy from science staff – both content and places to help
    - Motivating for employees, exposure to culture and education
  - Leverage existing infrastructure, integrated with companies skills
  - Side benefit: improves reputation with clients who are impressed through this effort, creates access and business advantage.
- **How does engagement in science education help reduce poverty?**
  - Internet allows access to global knowledge and culture, improving ability to learn more and participate in the modern world (bridging the digital divide)
  - Creating more passion and capability for science
  - Resulting in long term:
    - Better quality science education
    - More local “knowledge capital”
    - More options and better jobs, therefore more economic growth
    - Sense of world as a global place – more tolerance, more peace
    - Broaden minds of students, teachers, and employees

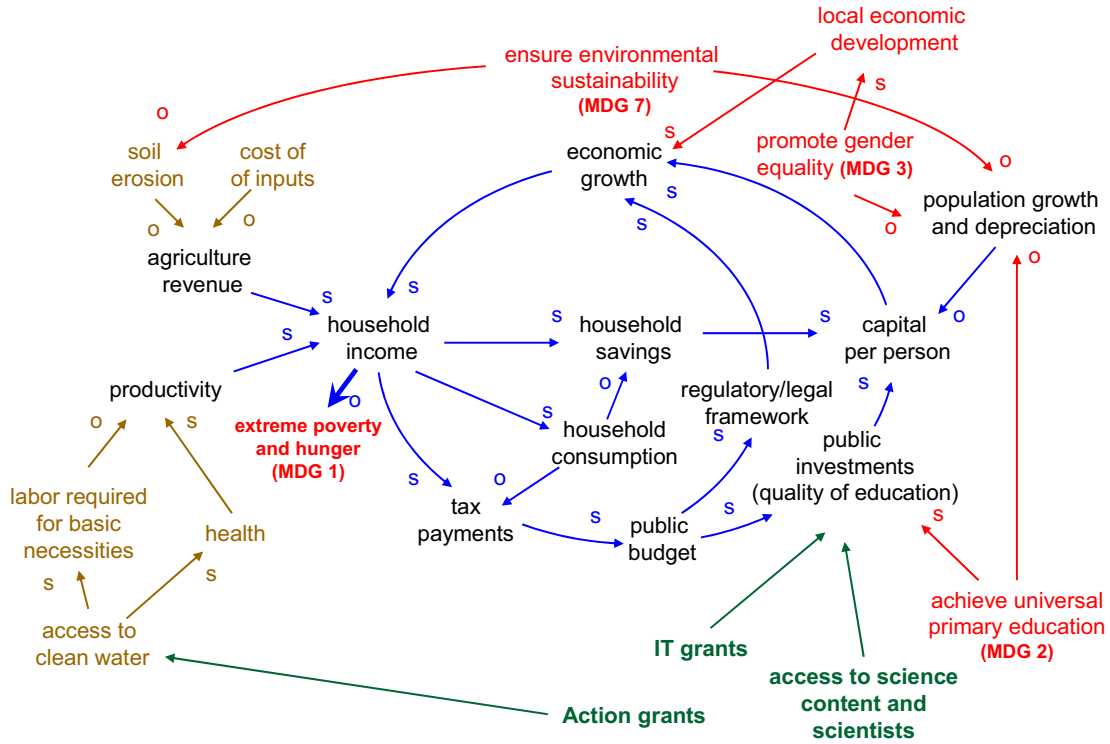


Figure 5. Systemic Intervention Points of the SEED Program

### **Example 3: Nike's HIV-AIDS Prevention Program in South Africa**

- **What are the strengths of the company? (to leverage when designing a strategy)**
  - Sports
  - Advertising and access to sports celebrities
  - Equity of brand – voted the coolest brand among youths in South Africa
  
- **What business needs does the company have in South Africa?**
  - Healthy and productive workforce (younger populations are expected to actually decline in South Africa)
  - Positive image of Nike, as a global brand with local relevance, with the target market (16-25) who are becoming proudly South African
  
- **What are the highest needs of the area? (looking at MDGs)**
  - High rural poverty
  - High rates of HIV-AIDS (every hour, approx 41 new infections)
  
- **What are key process design choices?**
  - Partnered with carefully selected NGOs for their disease experience and credibility and community connections
  - Integration with marketing, both in brand articulation and in team participation in CSR. To be a part of the team, you need to be engaged, to visit townships.
  
- **What intervention matches company strength to local needs?**
  - KICK-AIDS: HIV-AID Education and Prevention programs for youth
  - Leverage Nike's brand strength for a "call to action" on HIV-AIDS
  - Use Sports Events to promote awareness, education, and testing. Build on history of soccer bridging gaps and promoting social change. Mobility clinics come to games and provide a forum to distribute educational material and access to testing. Training at the sports events build the capacity of adults to bring AIDS education into their communities
  - Have Sports Celebrities speak about AIDS, breaking through cultural stigmas
  
- **How will this program alleviate poverty?**
  - Reducing HIV-AIDS will improve health, improving household productivity and income
  - Reducing HIV-AIDS will reduce societal health expenses, allowing more investment in education and other societal infrastructure
  
- **Potential un-intended consequence:**
  - Question within Nike: What is the level of sustainability of these programs? Are we enabling a "shifting the burden" of work that the public sector should be doing?

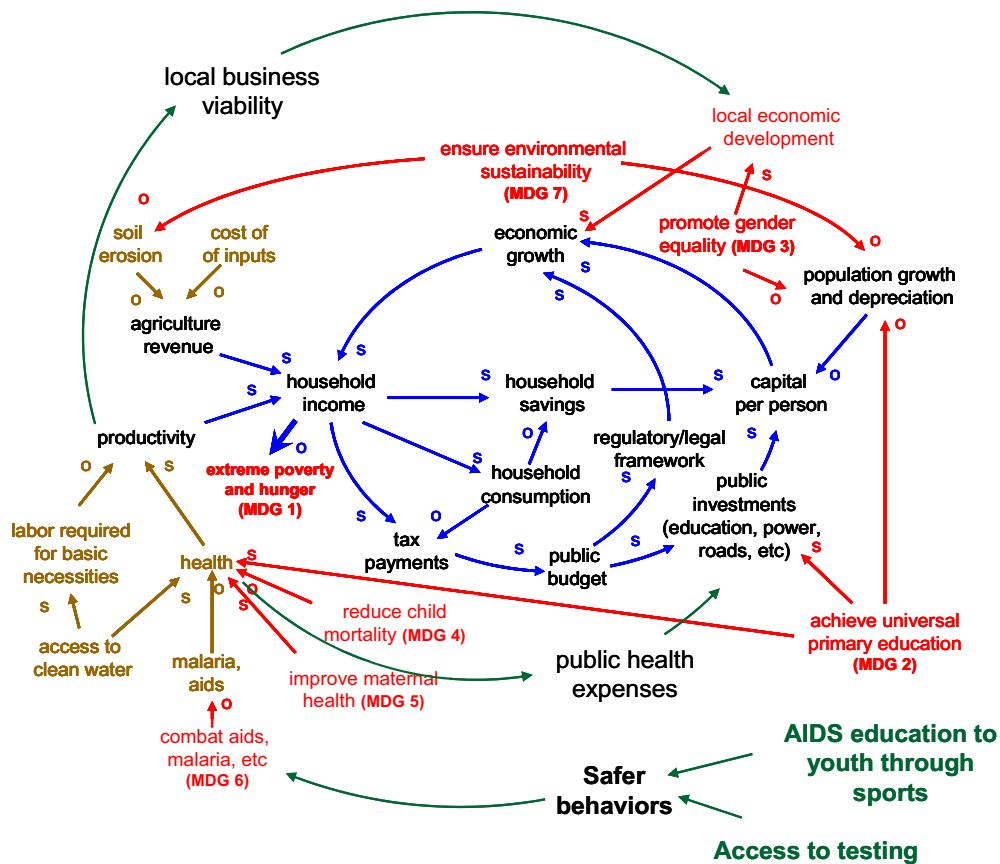


Figure 6. Systemic Interventions Points of the HIV-AIDS Prevention Program

## Lessons Learned and Areas for Further Inquiry

The UN Millennium Development Goals provide a vision and a shared platform for private sector corporations who want to engage in social sustainability efforts. Our systems maps in combination with a structured series of questions give companies further guidelines for matching their unique core competencies with the needs of a particular region or issue and therefore to make the strongest contribution to achieving sustainability goals. We learned that each company could use this framework effectively to address the specific needs of a given region in accordance with their respective strengths.

To develop this theory further and test its efficacy in practice, we will need more companies to step up to the proverbial plate and apply the models offered here. The Societal Dimensions workgroup of the Sustainability Consortium intends to develop several of these cases over the next year or two. Then, as is our practice, to go back to the model to refine and improve it.

Next steps include developing tools and methods to help SoL Sustainability Consortium members and others evaluate and measure the real impact of their interventions on the regions where they are working. Also to develop more detailed guidelines and practices for creating effective multi-sectoral partnerships to address society's greatest challenges.

It is our sincere hope that organizations in the SoL Sustainability Consortium and beyond will find this approach useful so that we can be as effective as possible in helping to achieve the noble and crucial aspirations of the Millennium Development Goals.

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