

Implications of select SDPI indicators for SSE organizations and enterprises

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SSE and sustainability measurement



- SSE: What to measure and why
- External pressures (...)
- Internal pressures/needs (purpose; isomorphism-stay the course; transparency-democratic governance)
- Sustainability from SSE perspective
- Sustainable development performance indicators (SDPI)

Sustainability



- Sustainability and transformation
- What is *sustainable* from SSE perspective?
- What needs to be measured to demonstrate:
 - a. (un)sustainable practices
 - b. Transforming the system (addressing the root causes of unsustainability)

What do SSEs need to measure and why?



- External pressure
 - Stakeholder capitalism (the US Business roundtable; Davos Manifesto)
 - For-purpose enterprises
 - Impact investment
 - B Corps, social enterprises, social business

SSE purpose



- To mitigate social and economic injustice by means of collective action
 - **Socio-economic injustice creates unsustainable systems**
- Transform the economy by
 - Pursuing common good
 - Economic democracy
 - People centred (instead of capital-centred)

SSEs address:



- structural issues
- regulatory blind-spots
- promote human dignity, and
- ethical business practices.

SSE difference



It is not just the 'what' enterprises produce (outputs/outcomes), but also 'how' they do it (inputs/processes) that matters in understanding the difference (relations in production and consumption; reciprocity)

Co-operatives as the benchmark model



- The ‘benchmark’
 - Defined values
 - Principles
 - Statement on the co-operative identity (catering to community needs, rather than investment focused)
 - A global network

Sustainability indicators from the SSE perspective



- Sustainability indicators ought to deliver on the following:
 - expose structural causes of the dominant unsustainable economic model and regulatory environment;
 - expose unethical practices driven by the strive for profit
 - show the effect these alternative business models have, or aspire to have, in various spheres of economic activity;
 - reveal the transformative potential of SSE;
 - nudge (large co-operatives in particular) who succumbed to isomorphic pressures to deliver on their purpose

The SSE difference



- Purpose: to mitigate social and economic injustice by means of collective action
- Internalizing the externalities
- Addressing structural issues
 - Unequal income distribution
 - Dominant role of capital
 - Global production, consumption and services
 - Long supply chains
 - Commodification

Sustainability from SSE perspective



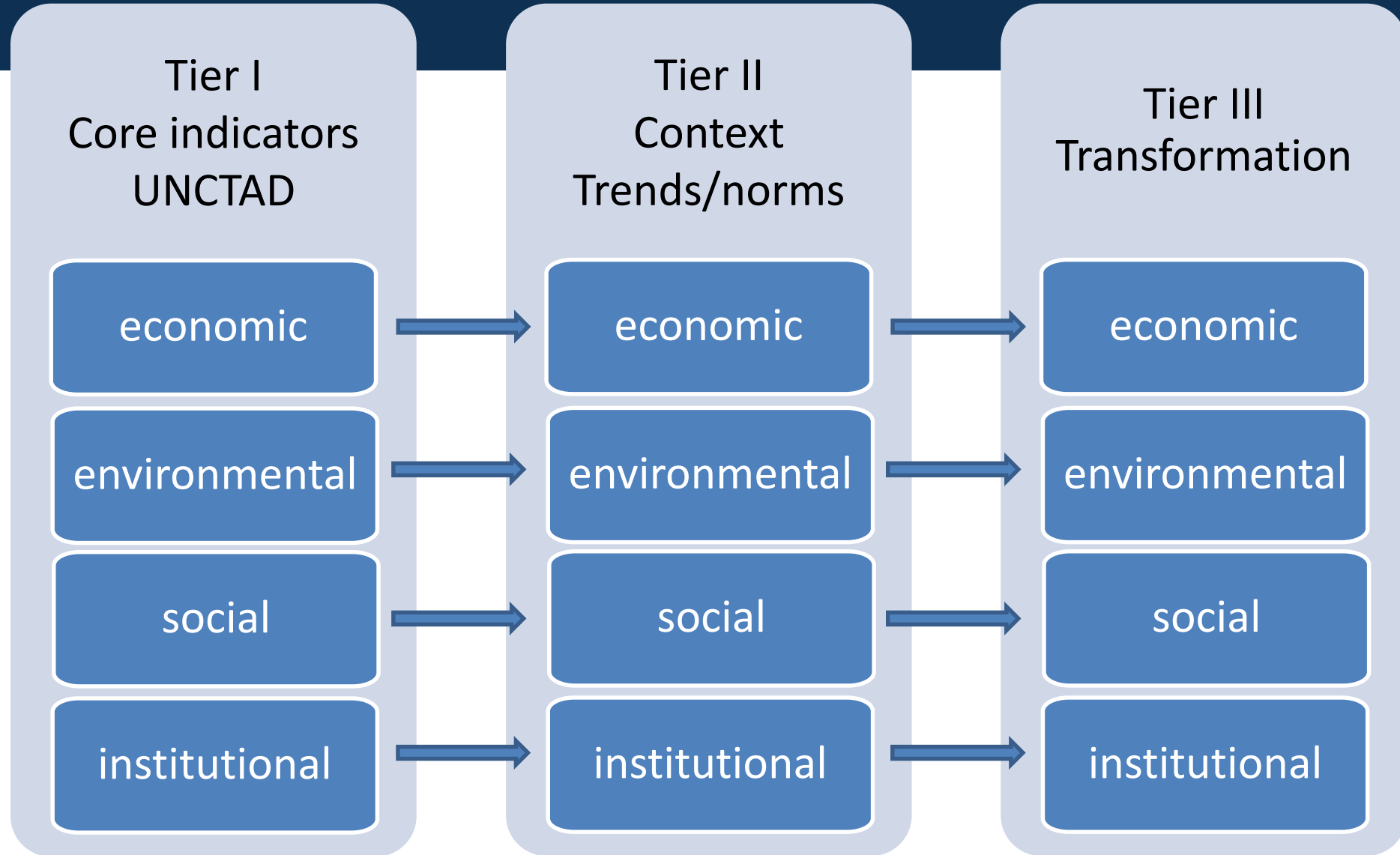
- Distribution of power and income
- Subordinate role for capital
- Competitive pressure –mitigating market power
- Promoting human dignity – impacting workers, consumers, producers, community
- Decommodification (land, labour, money);
- De-marketization (housing, food, health, enterprise, knowledge)
- Longevity (serve future generations; enterprise not a commodity; not exposed to capital market speculations)
- Growth by networks; spawning; spinoffs

Sustainable development performance indicators (SDPI) so far



- Applicability to all types of enterprises
- Starting point: UNCTAD core indicators
- Blind spots and contextualization
- Informed by the purpose of SSE
 - Transforming economic relations (democratic governance; collective action; equity; human dignity...)

SDPI



Examples



economic

Tier I

Taxes and other
payments to the
government

Green investment

Community
investment

R&D spending

Tier II

5-Year Tax Gap

5-year trend in
green investment

5-year trend in
community
investment

Sustainability
aligned R&D
spending

Tier III

Tax gap and
fiscal disclosure
(external
reporting)



social

Tier I

- % women in management
- Employee wages and benefits
- % employees with collective agreements

Tier II

- 5-year average gender diversity: entry level hiring and promotion
- 5-year union density and collective bargaining

Tier III

- CEO/worker pay ratio
- Living wage gap
- Distribution of surplus
- Gender hiring and promotion at occupational level
- Dependent care support



environmental

Tier I

- Water recycling and reuse
- Reduction of waste generation
- Greenhouse gas emissions Scope 1 (direct)

Tier II

- 5-year trend on solid waste reduction
- Greenhouse gas emissions Scope 2 (indirect)

Tier III

- Water use – share within watershed boundary
- Greenhouse gas emissions Scope 3 (supply chain)
- Circular economy



institutional

Tier I

- Corporate governance disclosure
gender, age, compensation
- Anti-corruption practices

Tier II

- Corporate governance
5-year trends
- 5-year trend in corruption related fines

Tier III

- Corporate political influence
- Fines and Settlements
- Board term limits
- Employee Participation
- Resilience (multiple options)

Implications for SSE



- Tier three – transforming purpose of economic activity and relations
- Social area particularly fitting
- Mitigating isomorphism of large SSEs
 - Stakeholder focus
 - Sustainable practices
 - Circular economy
 - Democracy, inclusion

Issues addressed



- Environment
 - Supply chain emissions
 - Circular economy
 - Watershed boundaries
- Social
 - Distribution of income (pay ratio; living wage gap; surplus distrib.)
 - Gender equity (pay gap; diversity; caregiving support)
 - Labour rights (discrimination, worker empowerment, subcontracting)
 - Employment, inclusion, ethical sourcing



- Institutional
 - Context based accounting
 - Democratic governance
 - Employee participation
 - Information sharing
 - Resilience factors

More work needs to be done...



- Small SSE organizations may struggle (eg. living wage)
- Context is relevant
- Norms may need to be revisited – are they ambitious enough?

More work to be done...



- Piloting the indicators
 - Assessing their usefulness/ transformative potential
- Measuring is not a panacea
 - Policy issues
- SDPI – a step toward unified measurement
- Remaining issues
 - Small SSEs and their real impact
 - Economic viability, autonomy and networks



Thank you!
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