

## **The Positive Impact of Social Sustainability!**

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### *Abstract:*

Social sustainability is known as the third leg of the “triple bottom line” of sustainability. It is the most difficult aspect of sustainability to understand in meaningful terms, to describe with specific applications, and to report on with key performance measurements and success stories. Environmental stewardship and economic vitality, the other two legs of sustainability, are easier to define with more available and successful case study examples. Social sustainability, however, deals with our most critical daily “quality of life” issues.

This paper will address the importance of social sustainability and its impact using an interdisciplinary approach that involves public, private, and academic sector approaches. First of all why is social sustainability so important today? Who is obligated or responsible to address our systemic social sustainability problems?

Businesses in the private sector and NGO’s in the public sector have been focusing on social responsibility and corporate citizenship issues and opportunities. Customers are demanding more of companies than just generating profits for the bottom line. Donors of foundations and NGO’s want to know more about the impact of their dollar donation and the value that it creates.

The roots of social sustainability deal with the premise that organizations have a responsibility to give back to society or the communities in which they operate, such as improving family and child welfare. Businesses and NGO’s can take several approaches, such as ensuring their activities cause no harm to the environment or community. They can also pursue more proactive approaches, such as providing cash and in-kind contributions, as well as volunteer time.

Other organizations continue to raise the bar by adhering to corporate citizenship approaches. A citizenship role reflects more than just participation. It has at its core why as a community are we in this condition in the first place? This approach requires a holistic systems perspective with other community stakeholders to determine root causes.

Now a new entity has arrived, social enterprise. Social enterprises are organizations that achieve their social or environmental mission by applying various business systems, processes, and best practices. The structure of these organizations can be either for profit or not for profit. A business can also now be certified as a B Corporation. There is also the L3C organization, or Low-profit Limited Liability Company.

The importance of social sustainability and its impact can now be seen in companies and organizations that pursue social responsibility, corporate citizenship, and social enterprise strategies and approaches. This paper will also provide examples of companies and organizations that have successfully implemented these strategies.

*Keywords:*

Social Sustainability; Corporate Social Responsibility; Corporate Citizenship; Social Entrepreneurship; Social Business

*Introduction:*

Companies and organizations today are being challenged with the need to be more socially responsible in their operations and their engagement with internal shareholders, as well as with their external community stakeholders. At the same time some companies and organizations are being asked to be good corporate citizens. First of all what is a socially responsible organization? Who is a good corporate citizen? Social responsibility is defined as “the obligation of an organization’s management towards the welfare and interests of the society which provides the environment and resources to survive and flourish, which is affected by the organization’s actions and policies” (1). Many times a company or organization can offer volunteer hours from their employees, as well as philanthropic dollars, cash contributions, or in-kind services to address specific community welfare issues through local charities and NGO’s. These resource approaches enable a company or organization to start their social sustainability journey and become more socially responsible.

Corporate citizenship is “recognition that a business has social, cultural, and environmental responsibilities to the community in which it operates, as well as economic and financial obligations to its shareholders and community stakeholders” (2).

The role of a corporate citizen is broader and deeper than the role of social responsibility. Companies and organizations that are good corporate citizens are responsible leaders and change agents in their communities and are willing to get at root causes of systemic social sustainability “quality of life” community issues. Through partnerships and collaborations across the public, private, academic, and service sectors, these companies and organizations use innovative integrative interdisciplinary system approaches and root cause analyses to develop new social sustainability models.

Now social enterprise emerges, which is a new entity that is being driven by highly motivated, innovative, and creative social entrepreneurs. Social entrepreneurs are passionate and inspired leaders who are driven to develop profitable solutions through creative new products and services that meet societal needs and community obligations.

Is it possible that we will see in the future new breakthrough business and social models that will address and improve upon systemic quality of life sustainability issues in our community? Will these models be able to create and sustain new jobs, improve the health and wellness of local residents, increase educational skills and literacy rates for youth and children, while addressing inner city poverty issues at the same time? If so, we will all be able to see the positive impact of social sustainability in the near future.

*Methods:*

The triple bottom line of sustainability is well known to many. In laymen's terms sustainability is a set of applied best practices and skillsets, a "toolbox", that businesses and organizations can implement and use to make better decisions today, as well as for future generations, that will result in overall improved environmental, economic, and societal impact. The triple bottom lens of sustainability is an important methodology to use when looking at systemic community issues. Using the sustainability lens allows the business, societal, and environmental case to be examined at the same time, as well as for the mutual conflicts between prosperity, services, and resource scarcity to be analyzed (3). Take for example lead based paint. The environmental case is that lead based paint can be toxic and should be removed from older inner city houses, where this paint has been used and exposed. The economic case is that these costs could be offset by a grant from a government agency, such as a Housing and Urban Development (HUD) program, to help remove the lead based paints from older homes in our cities and communities. The societal impact of lead based paint can sometimes be overlooked, as young children who live in these homes could be exposed to this paint over long periods of time and can incur health and learning disability issues. What then is the long term societal impact from the use of lead based paint?

Today, there is a fuzziness developing between businesses and NGO's and their mutual roles in the community. Businesses are being asked to help solve societal problems and NGO's are being asked to provide a greater return on investment for the use of charitable dollars and donations. In essence, some are asking businesses to look more like NGO's by being good stewards of their resources and willing servers in their community. NGO's are being requested by their donor base to look more like a business by providing improved financial metrics for their resource use. Is it possible that a non-profit can generate a return on investment or "ROI"?

for their program and services? How can businesses and non-profit organizations begin to work together?

First, businesses and non-profit organizations must mutually understand each other including their mission and vision, their role in the community and their resources and assets. One engagement approach can be to discuss together all the types of capital that are available for mutual use regarding a specific social sustainability issue. Capital formation and use can come from a number of sources including:

- Financial, shared, asset or manufactured capital i.e. economic capital
- Natural capital i.e. environmental capital
- Community, cultural, advocacy, networking, human, intellectual, and knowledge capital i.e. social capital.

Many times today, businesses and non-profits are being able to work together more closely on solving specific systemic social sustainability issues in their community through networking, knowledge, and shared capital resources.

Companies and organizations are also now able to obtain efficiencies and productivity results regarding positive social impact through employee health and wellness programs, decreased employee lost work time, reduced employee health expenses, and improved reputation in the community through retention of existing workers and reduced expenses for new hires.

In their January- February 2011 article in the Harvard Business Review, Michael Porter and Mark Kramer discuss the importance of shared value (4). They acknowledge that “societal needs, not just conventional economic needs, define markets, and that social harms can create internal costs for companies.” Porter and Kramer provide a compelling case that the competitiveness of businesses and organizations and the overall health of communities are intricately interwoven and intertwined. Businesses need a successful community for its marketplace, but also for its public assets and infrastructure. Communities need successful businesses to create sustainable jobs and generate wealth for its residents. Shared value is defined as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the community in which it operates (4). The key is to bond socio-economic progress with the right value principles and performance metrics that encompass cost efficiency, cost avoidance, and societal value benefits.

### *Results and Discussion*

Companies and organizations can begin their social sustainability journey by stimulating social responsibility in a number of ways and interest areas such as: education and literacy; civic

vitality and engagement; arts and culture; local food access; public safety; youth development etc. They can also become a better corporate citizen by exhibiting leadership in their community through their character, reputation, and transparency. Additionally, companies and organizations that are corporate citizens must be willing to actively participate and take leadership and ownership positions on key community issues. And the leaders of these organizations must also be willing to challenge conventional thinking on systemic community issues and established systems and infrastructures and act as change agents for new sustainable community models that are built on collaborations and partnerships (5). Moreover, new social businesses and enterprise structures can be formed to specifically address these systemic social sustainability “quality of life” issues.

With these available new approaches and structures, social sustainability progress is taking place in our community. Take for example, Cascade Engineering ([www.cascadeng.com](http://www.cascadeng.com)), a local West Michigan company that has transitioned itself from being primarily an automotive supplier to becoming a leader in the new sustainability economy. Cascade Engineering has also recently become certified as a B Corporation that meets comprehensive social, environmental, and legal accountability standards. Cascade Engineering is also known for its Welfare to Career program that helps those come out of poverty and off of welfare with over 97% retention rates for those employees. Cascade Engineering is now helping to address other systemic sustainability issues in our community through the leadership of Fred Keller, its President and CEO.

The City of Grand Rapids Michigan has also just developed a new City Sustainability Plan 2.0 ([www.sustainablegr.com](http://www.sustainablegr.com)). The City Sustainability Plan has specific social impact goals dealing with great neighborhoods; strong education, arts, and the community; civic engagement; healthy lifestyles and healthy environments; and public safety. Periodic sustainability reports give updates regarding progress made in overall environmental, economic, and social impact areas.

In the greater Grand Rapids area, we have also established our Community Sustainability Partnership “CSP” ([www.grpartners.org](http://www.grpartners.org)) that now has over 200 endorsing stakeholder partner organizations from the public, private, academic, and service sectors including the City of Grand Rapids. This organization helps develop and share sustainable development best practices, provide sustainability planning, and generate sustainability reports within the community. One area of focus and importance is local food access and the overall importance of health and wellness in our neighborhoods and communities. The number of local farmers markets in the greater Grand Rapids, Michigan area has reached nearly 20 locations. Additionally, a new urban food market for the downtown Grand Rapids area is now being planned. This \$27MM year round urban market will help provide greater access to local West Michigan food for the

downtown Grand Rapids area. It will also provide a greenhouse, demonstration kitchen, and teaching capabilities for local food systems and overall healthy foods. Grand Valley State University has also established a sustainable agriculture project on their campus that has a student farm club, local grown food sources, and a new farm hoop house that will grow food on campus nearly all year long.

The “CSP” model of sustainable community development has now reached a number of other West Michigan communities including the Muskegon Area Sustainability Coalition; the Holland and Zeeland 3E Initiative; the Northwest Ottawa County Sustainability Coalition; and the Portage, Kalamazoo, and Battle Creek Sustainability Covenant. The “CSP’s” in West Michigan meet on a quarterly basis to share stories about what sustainable development best practices are working in their communities. These regional sustainability stories are also shared monthly in a 30 minute program on WGVU radio hosted by Shelley Irwin.

An additional significant endeavor is the Seeds of Promise sustainable neighborhood project located in a targeted area within the inner city of Grand Rapids. ([www.seedsofpromise.net](http://www.seedsofpromise.net)) Over 50 endorsing stakeholder partners, consisting of mainly non-profit organizations, are helping to create and establish an empowered, grassroots, community based leadership model at the neighborhood level. Significant positive social sustainability impact and results have been generated in developing a new healthcare strategy involving local churches for those residents that are marginalized or live in a welfare state; generating new sustainable jobs for those in a welfare or in poverty; helping and teaching children that need access to basic reading, comprehension, and literacy skills; and creating new local community capital resources and reinvestment.

The positive impact of social sustainability is gaining traction and momentum in our West Michigan community! There has been a natural progression of social responsibility, corporate citizenship, and social entrepreneurship initiatives. Through the partnerships and working relationships that our community has formed across the public, private, academic, and service sectors and with the availability and use of shared, community, cultural, social, networking, and knowledge capital resources, West Michigan is beginning to see the positive impacts of social sustainability! Sustaining sustainability requires reinvestment of capital sources. West Michigan is thankful to the many business and civic leaders that have reinvested their their time, treasures, and talents back into our community. Today as a region, West Michigan ranks above the national average in hours spent volunteering and second in the nation in philanthropic giving. ([www.hellowestmichigan.com](http://www.hellowestmichigan.com))

*Conclusion:*

The greater Grand Rapids Michigan area has been on a sustainability journey for many years. The focus has always been on the triple bottom line of sustainability including environmental,

economic, and social impact and monitoring overall progress. Environmental and economic “low hanging fruit” projects have been naturally targeted and are providing positive results. Social impact issues have been harder to address and get at root causes. Whose responsibility is it to address and meet urgent societal needs? Today, many of our existing and established decision making models for improving social impact are not able to meet the growing needs of our communities, as well as having the necessary resource requirements to be effective. Communities will now have to draw upon new creative interdisciplinary holistic system approaches to solve systemic sustainability “quality of life” issues.

I have been in the “sustainability space” for the last seven years at Grand Valley State University, after a career in business. I have gained a great appreciation for the proven applied sustainability best practices at our university that are available for finance and administration, campus dining and housing, and facilities planning and services. Recently, the Seidman College of Business developed a new MBA course on Creativity and Social Entrepreneurship. After teaching this course and listening to the dialogue and conversation among students and local leaders, I am convinced that social enterprise and social entrepreneurship will generate creative new profitable decision making models for the future.

Today businesses, organizations, and social entrepreneurs have access to new accepted social business models and structures. Muhammad Yunus in his book “Building Social Business” offers several new social business structures beyond the traditional non-profit organization (6). These new entities include non-profit organizations with earned income whose primary mission is to improve job training and skill development; several types of new social business models; non-profit organizations that are linked to for profit companies; community interest companies; low profit limited liability companies; and B corporations. These available new social business structures now offer the opportunity to address profitable solutions and create a positive social impact, while meeting specific social quality of life issues.

There are many successful examples of these new social business structures. Some of them include: Girl Scouts; Goodwill Industries; Mozilla Foundation and Mozilla Corporation; the Chicago News Cooperative; and Cascade Engineering.

The positive impact of social sustainability has gained traction and momentum in our West Michigan community. Progress is being made, but we have a long way to go. Social sustainability is about inclusion and connectivity and having the right voices and partners at the table for discussion. To solve our most difficult systemic sustainability issues will require innovative grassroots inside out empowerment models, not outside in command and control models.

Moving forward, it is encouraging to see that the state of Michigan has developed a new dashboard that covers 11 performance metrics and indicators covering specific areas of social sustainability including health and wellness, quality of life, and public safety (7). The Michigan dashboard displays green, yellow, or red results for the indicators in these social impact areas, as well as others, to acknowledge whether the state is improving, staying the same, or declining in overall progress. Peter Drucker was an advocate for managing by objectives and was quoted as saying “what gets measured gets managed” (8). By effectively developing and communicating social impact goals and measuring them on a continuous basis, the positive impact of social sustainability will continually be realized.

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