

Measuring Business Impacts on People's Well-Being

23-24 February 2017

Highlights

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Measuring Business Impacts on People's Well-Being Highlights

On 23-24 February 2017, the OECD welcomed over 200 participants from government, academia, international organisations, businesses and many other professional disciplines at its headquarters in Paris to discuss the measurement of business impacts on people's well-being. The event was live tweeted with close to 200 tweets and 350 re-tweets using the #Biz4WB hashtag.

Organised in collaboration with the Humanistic Management Network, Fordham University, and the Society & Organisations Center (SnO) of HEC Paris, the workshop is part of the "Leading for Well-Being Initiative", an international coalition of organisations, scholars, business people, media experts and policy makers seeking to integrate the emerging practice of well-being with more sustainable practices at the corporate, community and policy levels.

The objective of the workshop was to draw attention to **businesses' considerable impact on societal well-being**, defined by the OECD as a concept emphasising people and society's opportunities to thrive in a wide range of dimensions that matter most to people's life, **including not only economic living conditions but also quality of life and sustainability**. Bearing in mind businesses' capacity to create value beyond financial wealth, the workshop also stressed the importance of accurately measuring such impacts and highlighted the need to develop specific guidance on how to do so.

Statistical evidence on businesses' contribution to well-being is scattered and firms' performances on Environmental, Social and Governance (ESG) and Corporate Social Responsibility (CSR) issues remain hard to benchmark. The purpose was to discuss the foundations to measuring businesses'

Chair



Douglas Frantz
OECD Deputy Secretary-General

"SDGs are a blueprint for the future. But to achieve these 17 goals we must enlist the business community."

Douglas Frantz, OECD Deputy Secretary-General, oversees the cooperation with the United Nations towards the achievement of the SDGs by 2030.

Douglas Frantz's speech opened the two-day workshop by reminding participants of the mission of achieving the 2030 Agenda, which has well-being at its core. He called upon the cooperation of the business community but also the need to involve scholars and educate our future generations. It is time to go from aspiration to action.

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impacts on well-being through the development of new measurement standards in **close collaboration with the business sector** and as part of existing reporting practices that already transcend economic performance. The OECD's long-standing experience on elaborating indicators enabling governments to design policies for improving well-being (i.e. the Better Life Initiative) appeared as a catalyst for harmonising existing measures and the advancing towards a **common language**.

Welcoming remarks

Gabriela Ramos, Special Counsellor to the Secretary-General, Chief of Staff and G20 Sherpa, leader of the OECD Inclusive Growth Initiative



"This workshop is the first milestone of a longer-term project that will identify specific areas where our expertise on well-being and social impact measurement, and analysis can contribute to set better evaluation standards for the business community."

Ms. Ramos' set the scene for the workshop, stressing that:

- > **Well-being is and will remain at the heart of the OECD strategy.** The OECD has conceived measurement standards for governments; it will contribute to the endorsement of well-being values by companies by developing tools that allow them to measure their impact on their environment.
- > Our economic system has given a crucial role to businesses, turning them into decisive players in the society. Governments can make huge advances in progressing towards the Global Goals but they certainly can't do it alone, this is why **businesses must adopt a well-being strategy**.
- > The rising manifestation of dissatisfaction, the declining trust on governments, institutions and businesses are a call for transparency but also a call for **additional involvement of these actors in this agenda**.

Setting the stage

Martine Durand, OECD Chief Statistician and Director of Statistics, leader of the Business for Well-being Initiative

Ms. Durand stressed that well-being represents an engagement in sustainable and responsible activities that takes on board the concerns of all stakeholders, not just shareholders. It is a value proposition for businesses as they have much to gain in terms of improved performance, reputation and risk management. She also focused on the importance of **converging well-**

being indicators used by governments and businesses so that the impact of public policies and companies' actions can be assessed with similar metrics.

"You have to measure what you treasure. The OECD has developed a set of cross-country comparable indicators on a wide range of well-being dimensions, regularly updated and analysed in our How's Life? report. It would be good to develop similar indicators at the business level."

Introduction by co-organisers

Michael Pirson, Fordham University, Humanistic Management Network

Mr. Pirson's introductory speech focused on the gap between the Theory of the Firm and the Theory of Human Nature that has generated a narrow mind-set and has pushed businesses too much into short-term, profit-focused strategies.

"We need a better theory of organisation based on an enhanced understanding of human beings, respecting dignity, promoting well-being within the planetary boundaries."

Rodolphe Durand, HEC

Mr. Durand highlighted the fact that management must overcome the purely economic perspective some businesses have adopted. He supported Mr. Frantz's argument on the importance of education, calling for action in this field.

"One of our big challenges is that markets are not only businesses, they are organisations, shapers of our identities, providers of sense to all of us. [...] What we do now creates the future, business schools must create that future."

Keynote speech

How can the business sector become a positive driver of human well-being?

Chris Laszlo, Faculty Executive Director, The Fowler Center Case Western Reserve University

Chris Laszlo delivered a keynote lecture on **how to transform the business sector into an agent of human well-being**; his presentation built among others on the results and emerging research of the Fowler Centre's AIM2Flourish initiative. After emphasising that sustainability creates business value in many ways, Mr. Laszlo distinguished between **three different ways to involve the business sector in the well-being agenda**. The first two, the "business case" and the "moral case" that appeal respectively to the financial benefits generated by investing in sustainability, and to adhering to values and principles that are partly those of the stakeholders, have largely failed to bring about the radical shift in companies' behaviour that we would need today. Mr. Laszlo

prompted to go towards **the third way**, which is about **building a new narrative** that focuses on human dignity and freedom as core values that each business should embed and celebrate.

"We've been trying to change the direction companies are taking by engaging the CEOs in a deeper conversation about what they are committed to in life, who they are intrinsically. In other words, you don't change what they're doing, you change what they're being."

1

Session

Well-being as a business concept

Moderator: Stewart Wallis (New Economy Coalition)

Speakers: Pierre Poret (Director of Financial and Enterprise Affairs, OECD); Susan Winterberg (Business for Social Responsibility); Harald Condé Piquer (Novethic); Hunter Lovins (Natural Capitalism Solutions)

The session touched upon the conditions needed to integrate well-being in a business strategy, the results that it may bring to the company as well as the difficulties encountered. Speakers stressed the urgency of shifting the economic structure that businesses have adopted over these past decades, from a short-term maximisation of their shareholders' value to a long-term perspective that focuses on generating value for society in a sustainable manner.

Stewart Wallis, New Economy Coalition

"8 individuals earn more than 3.5 million people on this planet. There is an urgent need of fundamental shift on the economic system."

Pierre Poret, OECD Director of Financial and Enterprise Affairs

"The OECD's modern approach to Responsible Business Conduct is based on the idea that the responsibility of companies is not to offer charity but to identify, prevent and mitigate risks of doing harm."

"Tax avoidance collectively costs as much as \$240 USD billion in lost revenues every year."



Susan Winterberg, Business for Social Responsibility

"Companies have the choice of taking the high road or the low road."

"Young people can make a difference by being more selective on the places they work and the products they buy."

Harald Condé Piquer, Novethic

"Social enterprises represent 10% of GDP and 12% of employment in France. The Caisse des dépôts launched an initiative that helps finance social enterprises."

Hunter Lovins Solutions, Natural Capitalism, Bard College MBA

"Sustainability is at the core of everything we teach."

"Just the bonuses paid in financial sectors would double the wages of people at the bottom."

Session 2 Well-being in action in business

First part

Moderator: Petra Kuenkel (Collective Leadership Institute)

Speakers: Marcus Hunt (Unilever); Jean Moreau (Phenix); Frédéric Dalsace (HEC)

Second part

Moderator: Luis Gallardo (World Happiness Summit)

Speakers: Christine Rodwell (Veolia); Elizabeth Laville (Utopies); Aaron Pereira (The Wellbeing Project and Ashoka fellow); Neil Barrett (Sodexo)

In the second session, speakers presented experiences of successful well-being strategies adopted at various stages of companies' operations. Participants from the floor were interested in understanding how companies could be further incentivised to embrace well-being strategies and how to ensure the full-scale adoption of well-being practices. The discussion touched upon the challenges that these companies have encountered but also on the results of a longer-term oriented perspective.

Marcus Hunt, Health and Well-Being Manager, Unilever

"1/6 of the UK population will experience mental stress in a year, about 1/3 will have a concern related to one of the first three pillars (physical, emotional or mental). Employees leave their job two thirds of the time because they don't have a right connection with their life."

"Health and sanitation concerns are less modern but there is a need to think of the medical part of being well."

OUR GLOBAL HOLISTIC WELLBEING APPROACH



PHYSICAL
Looking after our health, fitness, diet, sleep and energy levels so we approach challenges with energy.



EMOTIONAL
Finding ways to feel positive and confidently face the challenges work and life throws at us.



MENTAL
Managing our mental choices and reactions to distractions and competing pressures.



PURPOSEFUL
Identifying what really matters to us and connecting to that as much as possible in all we do.

Jean Moreau, Co-Founder, Phenix

"Sometimes for a start-up it's easier to have an impact, the process goes faster."

Frédéric Dalsace, HEC

*In response to whether purpose is the most important driver for well-being...
"Purpose is connected with being human and being human makes us want to do something different in the world."*

Christine Rodwell, Véolia

"Well-being is a continuous process that needs to be scaled and thrives through partnerships."

Elizabeth Laville, Utopies

"Key factor of success: set a goal where you change 100% of what you do."

Aaron Pereira, The Well-being Institute, Ashoka fellow

"Behind all global struggles there is the individual."

Keynote speech

Happy as a dane at work

Malene Rydahl, Author, Keynote speaker, executive coach

Malene Rydahl addressed the functioning of the workplace in Denmark. Author of *Happy as a Dane*, Ms. Rydahl's presentation "Happy as a Dane at Work" explained that the best way to feel incentivised and stimulated by our work is by caring about what we are doing. Danes feel part of the system and not victims of the system. She highlighted that one of the conditions for feeling fulfilled at work is to feel trusted by one's managers, to feel recognised for who we are. Trust enables confidence and risk taking which generates high levels of productivity for companies.

"Step 1 in creating a culture of trust in the workplace: Treating people like adults & doing what you say you'll do."

"8/10 Danes say they trust each other, the highest level in the world. How can we apply this to business?"

"Stress accounts for 40% sick leave in the UK."

3 Session Taking stock of what is needed to leverage business practices on well-being



Moderator: Cristina Tebar Less (OECD)

Speakers: Shann Turnbull (International Institute for Self-Governance); Jacques Berger (Action Tank); Marcello Palazzi (Progressio Foundation); Philippe Peuch Lestrade (IIRC); Ali Karami Ruiz (BIAC)

This session brought together experts that discussed the conditions of integrating well-being in the business sector. They stressed the necessity of aligning business models to a changing society; the need for elaborating a real value proposition for those that have not adopted these practices yet and the idea that we cannot drive our policies in 2017 like we did in 2007.

Jacques Berger, Action Tank

"We ask companies to do something they're not used to, we take them out of their comfort zone (i.e. suggesting Renault carmakers price products with marginal profit). We show that there is a market that you won't reach with your old mindset."

"I'm pretty optimistic: what we are doing couldn't have been done 10 years ago. Policies are more open-minded to innovation than they were before. People want to believe in something else today, there is a strong appetite among people."

Ali Karami Ruiz, BIAC

"Johnson & Johnson reported about what they saved thanks to their CSR policy: there is a tangible effect."

Philippe Peuch Lestrade, IIRC

"Opposing company and stakeholders is obsolete."

Marcello Palazzi, Progressio Foundation

"Short term thinking cannot reproduce the well-being framework that we desire."

Session 4 Measuring business impacts on well-being: where do we stand?

Moderator: Tatiana Krylova (UNCTAD)

Speakers: Veronique Menou (MSCI); Tom Beagent (PwC); Nashat Moin (Sustainability Accounting Standards Board); Rodolphe Durand (HEC)

In this session brought two different perspectives to the discussion. The first, an external angle, concerning metrics addressed to stakeholders, shareholders and markets (MSCI, SASB); the second angle referred to metrics that are deliberately conceived for companies (PwC). All speakers agreed on the urgency of producing and using good quality data.

Veronique Menou, MSCI

"We'll always have different views from different rating agencies: SDGs are useful to align standards across the board."

"We are aware that there is an existing lack of transparency; MSCI tries to rely on external data sources to create a reliable risk profile."

Nashat Moin, Sustainability Accountants Standards Board

There is a need to look "not only at environmental but also at social impacts (customers), human capital (workers) and the business model (innovation)."

Tom Beagent, PwC

"78% of companies answered yes to the question: « are you measuring your impact on society? », but only 25% were indeed doing it. There is a need to harmonise and explain to companies the impact they might have."

Rodolphe Durand, HEC

"There are too many social impact measurement tools and too few reliable data."

- "Three steps to follow would be:*
- Sponsoring transnational academic institutional frameworks for evaluation.*
 - Convincing investors to change practices.*
 - Making Sustainable Investment worth it."*

01_ Social Impact Measurement: **Too Many.**

02_ What Research Says: **Too Few.**

03_ What next? **Three leads.**

Breakout groups

Breakout group 1: Use of well-being metrics by firms and industries

Moderator: Georges Blanc (HEC)

Speakers: Nicola Dragonetti (HEC); Antonella Noya (OECD); Fabian Salum (Fondation Dom Cabral); Young Lee and Matthew Schottenfeld (Innovative Workplace Institute)

The group discussed the coherence of well-being metrics used across different sectors and across different types of organisations. Speakers exposed the use of well-being metrics each from their specialised angle (academics, private consultancies, international organisations).

Georges Blanc, HEC

"It's necessary to take stock of the different well-being measurement systems in use within companies, like CSR, ESG, GRI, and see how they can be harmonised, broadened, completed and better used."

Nicola Dragonetti, HEC

"On HEC and Danone's joint project on understanding how stakeholders affect the company's performance... "Our expectations were not the right ones, we found that middle managers have a strong transformational impact which is crucial for companies that want to change the way they do things. We also expected a tension between the social investment and the financial performance but some of the social initiatives give out more than what is initially invested."

Young Lee & Matthew Schottenfeld, Innovative Workplace Institute

"CAPTIW© is a comprehensive tool that measures a company's performance connecting innovating strategies to the performance of the physical workplace."

Breakout group 2: Financial markets and investors' use of business impacts metrics

Moderator: Romina Boarini (OECD)

Speakers: Chris Pinney (High Meadows Institute); Emma Doner (VIGEO); Filipe Silva (OECD)

The group discussed whether markets and investors are effectively making use of the business impacts metrics currently available and how the policy environment (i.e. regulatory environment) could enhance the use of such metrics. It compared the experience of various financial markets, types of investors and countries.

Chris Pinney, President & Founder, High Meadows Institute

"On Project Delphi's mission: "Deliver a framework, validated by consensus, to inspire collective investment vehicles and integration into investment decision-making."

Emma Doner, VIGEO

"Having a baseline, being holistic and being transparent are three characteristics of really effective and appealing metrics for investors, for businesses."

Filipe Silva, OECD, Social Impact Investment (SII)

An OECD report "Social Impact Investment: Building the evidence base" launched in 2015, showed that SII can potentially provide new innovative ways to more efficiently and effectively allocate public and private capital to address social and economic challenges at the global, national and local levels.

"Since 2016 SII has been framed in the context of SDGs and focusing on development."

Breakout Group 3: Consumers' and society's use of business impact metrics

Moderator: Shann Turnbull (International Institute for Self-Governance)

Speakers: Sarah C. White (University of Bath); Gerd Hofielen (Economy for the Common Good)

The group discussed the extent to which consumers and society make systematic use of business-impact metrics; whether these metrics modify their behaviour and what conditions should be filled (i.e. user-friendliness) for encouraging uptake and diffusion.

Shann Turnbull, International Institute for Self-Governance

"The publication of firm-specific well-being metrics could provide a way for costumers to change their purchasing behaviour to create market forces for firms to improve their well-being for individuals, the firm and society."

Sarah C. White, University of Bath

On metrics at the local level: "People themselves need to be engaged in well-being in order to benefit from it."

"Indicators are political as much as technical. The ones that matter are the ones people actually want due to their political punch. If people are involved, there is greater potential."

Gerd Hofielen, Economy for the Common Good,

On the corporate reporting framework: "Inclusion of EU values: a business should report declaring how its activities collaborate with them."

Jean-Christophe Laugée, Danone

"Indicators need to provide simple information to the consumer."

Concluding panel

Moderator: Lamia Kamal-Chaoui (Director of OECD Centre for Entrepreneurship, SMEs, Local Development and Tourism)

Speakers: Jean-Christophe Laugée (Danone); Danny Leung (Statistics Canada, STATCAN); Pierre Habbard (Trade Union Advisory Committee, TUAC)

The concluding conversation about the role that the OECD could have to shape the agenda on measuring business impacts on well-being covered many issues. There was a call for the OECD to recognise existing impact measurement tools to encourage both those who conceptualised them and those who use them to go further. It was also agreed that the OECD could facilitate access to best practices in this area by promoting the ones that already exist. Finally, the panel agreed that the OECD could orchestrate the alignment of distinct existing measures and ensure that high quality data are being used to drive change towards more sustainable business practices and investments.

Danny Leung, STATCAN

“On top of data, we must develop a methodological approach to separate correlation & causality.”

“The OECD can help by inviting professional researchers to make use of their business data.”

Jean Christophe Laugée, Danone

“It is time for organisations to work together.”

“There is a critical demand from the field to have a standardisation of impact measurement.”

Pierre Habbard, TUAC

“Two indications of well-being are occupational health, safety standards and collective bargaining coverage.”

“Reporting should be proportional to the impact that a company has on its environment.”

Final address

Emmanuel Faber, CEO of Danone



Emmanuel Faber
CEO of Danone

"Founders didn't create their companies to make money but because they had a vision for the society. Finance won that part of the game, business has to remember that finance is a tool and not a goal in itself."

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Mr. Faber's remarks reminded participants that historically, entrepreneurs' main purpose was adding value to society, not just making more money. Finance has shifted that focus to shareholder value and some businesses have forgotten that finance is a tool, not a purpose. There is an urgency to go back to the earlier incentives that encouraged the creation of businesses in the first place. Mr. Faber spoke of his company's change of strategy, aligning it to the SDGs and suggested that this be the foundation of a new language. He touched upon the company's goal of constantly reporting its CO₂ emissions which will be followed by reporting and

acting on the results of the "Danone people survey" a bi-annual review of 100,000 employees. Danone is becoming a pioneer on well-being and will hopefully inspire other companies to follow their lead.

Conclusion and next steps

Martine Durand, OECD Chief Statistician and Director of Statistics

To conclude the workshop Martine Durand recalled that the workshop had attempted to address the following questions:

- > Is business embracing the "holistic" well-being agenda?
- > Is well-being a valid value proposition for business?
- > How are well-being and sustainability embedded in today's business practices?
- > How can such practices be further spurred?
- > What metrics for business' well-being impact already exist and how are they used?
- > What are the greatest methodological challenges in designing such metrics?
- > What is the scope for aligning measurement instruments used by different actors?
- > What role is there for the OECD?



Ms. Durand called for a stocktake of the many existing frameworks for assessing/measuring business impacts on well-being. She then mentioned the opening of a call for papers that would shed light on how better metrics could enhance businesses' impacts on well-being.

Finally, she concluded by announcing that there will be a dedicated session to report back on progress of this initiative at the 6th OECD World Forum on "Statistics, Knowledge and Policy" to be held in Korea in November 2018.

All presentations made during the workshop are available at :

<http://oe.cd/Biz4WB>

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Paris, April 2017