

SPRING 2024

Final Report

Social Impact at the Community Level

Abby R. Bonilla
MBA/MSW Candidate
Center for Sustainable Business
Workforce Development Associate



University of
Pittsburgh

Joseph M. Katz
Graduate School of Business

Executive Summary



Abby R. Bonilla
MBA/MSW Candidate
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Sustainability is intersectional and covers many aspects of business and societal practices. This research focuses on the social side of sustainability. Social is present within language and initiatives related to Corporate Social Responsibility (CSR), Environmental Social Governance (ESG), and Social Impact (SI).

The origin of this project was to analyze members of the Pitt Center for Sustainable Business (CSB) and their social impact at the community level. Upon realizing the depth of the project and how company-specific SI goals and metrics must be, the project pivoted.

Thus, this semester I,

- identified key markers indicating community involvement for 21 CSB members,
- conducted interviews with relevant Pitt Faculty and Staff, and
- completed a literature review to determine best practices,
- provided SI recommendations for CSB partners.

Research found,

- 95% of CSB members provide community volunteer opportunities to their employees, provide financial, supply, and/or service donations, and have partnerships with nonprofits and community organizations. Whereas only 57% provide paid volunteer time and 47% offer an employee donation match.
- There are growing expectations of sustainability action from employees, shareholders, other stakeholders, and job seekers.

Executive Summary

(CONT.)

Research found (cont.),

- There are company benefits to intentional and strategic SI.
- SI is company-specific, companies should identify the role they can play within SI and identify clear goals and meaningful metrics for sustainability initiatives.
- A long-term intersectional approach can foster sustained partnerships and maximum ROI.
- Volunteerism drives engagement and belonging.

More information can be found in the pages that follow. The intention is for these materials to be useful when CSB staff meet and consult with CSB members on topics related to SI, CSR, and ESG.

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Why Does Social Impact Matter?

THERE ARE GROWING EXPECTATIONS OF SUSTAINABILITY ACTION AND INCREASED POTENTIAL COMPANY BENEFITS.

EMPLOYEE EXPECTATIONS

REPORTING & TRANSPARENCY

VOLUNTEERISM = ENGAGEMENT

ATTRACTING INVESTORS

JOB SEEKER CONSIDERATIONS

LONG-TERM STRATEGY

EMPLOYEES CARE AND WANT THEIR COMPANIES TO AS WELL

"Among employed adults surveyed by Deloitte Consumer Center in March 2023 for its global *State of the Consumer* survey, **69% said they want their companies to invest in sustainability efforts**, including reducing carbon, using renewable energy, and reducing waste. (1) This sentiment is higher among surveyed employees **between the ages of 18 and 34 years old**, who showed a stronger interest in sustainability initiatives than respondents from older generations" (Steinmann et al., 2024).

VOLUNTEERISM DRIVES EMPLOYEE ENGAGEMENT

According to the Boston College Center of Corporate Citizenship (2023) *Community Involvement Study*(2), "Of the 60% of companies that measure the connection between employee volunteering and engagement, **91% found a positive link between the two.**"

(1) The Deloitte State of the Consumer survey was an online panel of more than 23,000 respondents in 23 countries, with responses concentrated in North America, Europe, East Asia, and South Asia. The questionnaire has been revised and is now being fielded as the ConsumerSignals survey.

(2) The Boston College Center for Corporate Citizenship Community Involvement Study has been updated over the past 25 years. The 2023 survey was conducted in 2022, 210 companies participated, mostly U.S.-based medium and large companies.

Why Does Social Impact Matter?

(CONT.)

SOME JOB SEEKERS CONSIDER COMPANY SUSTAINABILITY

"This desire for sustainable action among about a quarter of the workforce is starting to evaluate potential job opportunities, too. Among respondents to Deloitte's *ConsumerSignals* survey, **27% said they will consider a potential employer's position on sustainability before accepting a job**. This data indicates that at least one in four job seekers investigates what potential employers are doing—or not doing—to address environmental impacts, and may be willing to make decisions accordingly" (Steinmann et al., 2024).

REPORTING AND TRANSPARENCY

Trends demonstrate a likelihood of mandated ESG reporting. Some laws have already taken effect in sector-specific European markets and last October, "**...California became the first state to pass regulations for reporting greenhouse gas emissions** (GHGs)...These laws apply for both private and public U.S. companies that do business in California (not just those with a physical presence in California)" (Wu & Li, 2024). Additionally, **the U.S. Securities and Exchange Commission (SEC) adopted new climate disclosure rules in March** of this year. "These rules require companies to publish information that describes the climate-related risks that are reasonably likely to have a material impact on a company's business or consolidated financial statements"(PWC, 2024).

ATTRACTING INVESTORS AND A LONG-TERM STRATEGY

SI goals and metrics should align with long-term ESG strategy. The long-term strategy attracts long-term investors; it can help "...management **reduce capital costs and improve the firm's valuation**" (Serafeim, 2020, p.5). Additionally, "Research shows that firms that make significant investments for longer-term payoffs have future cash flows that are discounted less by investors than the cash flows of firms that allocate a smaller portion of their cash for the long term..."(Henisz, Koller & Nuttall, 2019).

The Challenge

One challenge with CSR initiatives was the lack of metrics. As CSR has evolved into ESG, SI is a part of this evolution.

SOCIAL IMPACT SHOULD PROVIDE CLEAR GOALS AND METRICS FOR COMPANY SUSTAINABILITY INITIATIVES.

“The challenge for many corporate leaders is that they aren’t sure how to [improve performance on ESG dimensions]. They lack understanding of exactly where they should be focusing their attention and how they should be communicating their ESG efforts... Too many companies have embraced a ‘box-ticking’ culture that encourages the adoption of increasingly standardized ESG activities... they must look at more fundamental drivers - particularly strategy - to achieve real results and be rewarded for them” (Serafeim, 2020, p.4).



ESG must go beyond one-off events or donations which may have a short-term and immediate benefit, but will not provide a long-term sustainable change along a company’s value chain.

Additionally, while it is important to use industry standards and best practices, it must also be company-specific, strategic, aligned with business priorities, and associated with a long-term goal.

CSB Member Analysis

21 CSB MEMBERS WERE INCLUDED IN THIS ANALYSIS

MEMBERS

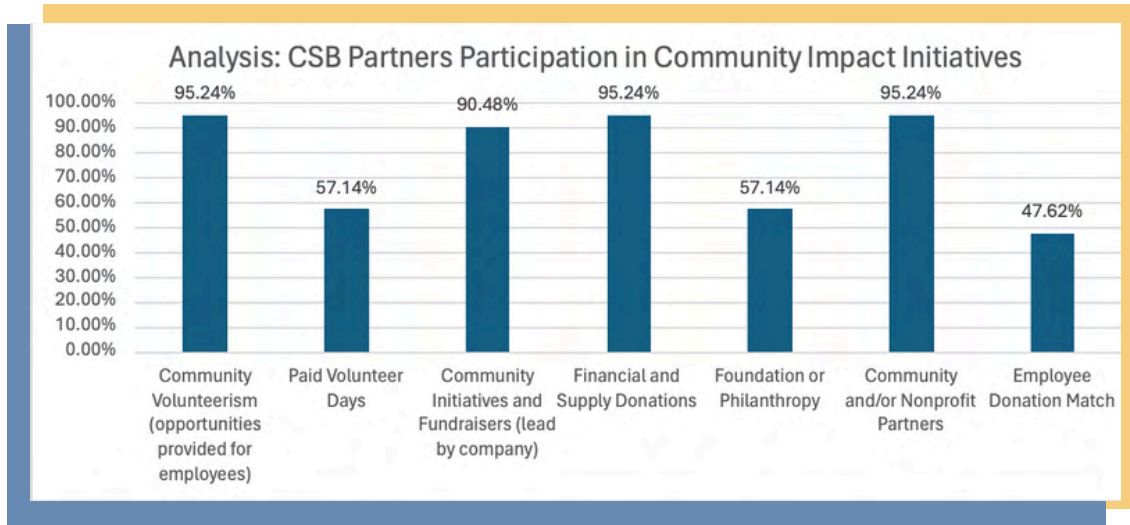
- Accenture
- Ansys
- CNX
- Columbia Gas
- Consol Energy
- Ductmate Inc.
- Duquesne Light Co.
- Enel Green Power
- EQT
- Federated Hermes
- HarbisonWalker Inc.
- Ingenuity
- Koppers
- Peoples Gas
- PGH2O
- Pitt Ohio
- PPG
- S&B USA
- Sloan Lubrication Systems
- Tarkett
- World Group

Community Volunteerism (opportunities provided for employees)	CRITERIA USED
Paid Volunteer Days	Foundation or Philanthropy
Community Initiatives and Fundraisers (led by company)	Community and/or Nonprofit Partners
Financial and Supply Donations	Employee Donation Match

CSB Member Analysis

(CONT.)

CSB MEMBER QUANTITATIVE DATA



CSB MEMBER QUALITATIVE DATA

CSB Partner Research - Social Impact at the Community Level								
Partner Company	Community Volunteerism (opportunities provided for employees)	Paid Volunteer Days	Community Initiatives and Fundraisers (lead by company)	Financial and Supply Donations	Foundation or Philanthropy	Community and/or Nonprofit Partners	Employee Donation Match	Notes
Duquesne Light Co.	June/teenth Volunteer Day - partnered with Grounded Strategies Hay Woods ROW (right-of-way)	Yes	Community Impact Grants - focused on social equality, education, environmental justice Use Your Voice Campaign Annual employee giving campaign called the Campaign for the Community	Charitable giving		Pittsburgh Pirates, Pittsburgh Symphony Orchestra, the EAT Initiative, PED, Greater Pittsburgh Food Bank, The Hill CDC	Yes	Pollution prevention practices Newsroom - Community
Enel Green Power	Yes	Paid volunteer time	Connecting Energies	Yes, in-kind and financial	Through the Enel Foundation	United Nations International, Organizacion de estados iberoamericanos, Electrici Senza Frontiere Italia and Fondazione RESAfrica, United Way, Is Digital Literacy to Teachers	Yes	Engaging Community's Page of the 2022 Sustainability Report Enel Green Power is a part of the Enel Group. Community engagement is built into their business model.
EGT	Yes, Pledge 1% encourages employees to donate 1% of their time towards a cause, EGT also provides opportunities for employees to donate their time.	No time off specifically for volunteering	Aid for Ukraine Pre college STEM community engagement	philanthropic investments, and road and infrastructure improvements	EGT Foundation	Operation Warm, The Education Partnership, Western Pennsylvania Conservancy	Yes	Corporate Social Responsibility Page of 2022-23 Corporate Sustainability Report
Federated Hermes	Yes	Paid volunteer time		Financial donations	No	Yes	No	
HarbisonWalker Inc.	Yes	No time off specifically for volunteering	Annual Bowl-A-Thon to benefit Junior Achievement of Western Pennsylvania (not sure if this is a current initiative)	Financial donations made through the HWI Foundation	HWI Foundation		No	

CSB Member Analysis

(CONT.)

CSB MEMBER QUALITATIVE DATA FEATURES



EQT Foundation, Operation Warm

EQT is a long-standing supporter of Operation Warm, which helps to provide brand-new winter coats and shoes to children across North America. Their support and partnership have provided children in Appalachia with emotional warmth, confidence and hope (EQT, 2024).

Koppers, Southside Park Clean Up

“We believe it’s a critical component of our social license to operate and our facilities regularly partner with local nonprofit organizations that align with our values. And because there’s no one way to make a difference, our past efforts have included everything from planting trees and cleaning rivers to mentoring children and repairing homes” (Koppers, 2024)



Pitt Ohio, Trailer Donation

“To take advantage of their tech crew’s knowledge – and with an eye cast toward the future of their workforce – Pitt Ohio officials set out four years ago to form closer partnerships with local career and technical schools like Forbes Road” (Varine, 2024). They donated the semi-trailer to Forbes Road School.

Identifying Company Role Priorities, and Metrics

RECOGNIZING HOW YOUR COMPANY CAN POSITION ITSELF AND ITS CAPACITY FOR THE GREATEST IMPACT AND ROI IS CRITICAL.

COMPANY ROLE

Vice Chancellor of Engagement & Community Affairs at The University of Pittsburgh, Lina Dostilio, identified three roles when looking to establish strategic partnerships and engage with the community, (1) unidirectional giver/partner, (2) consultant, or (3) co-producer.

- **Unidirectional**
 - philanthropy, investment, education
- **Consultant**
 - leveraging expertise and connections
- **Co-producer**
 - analyzing readiness to co-produce and collaborating on production



Dostilio also emphasized the importance of **SUSTAINED** partnerships; ones with longevity in mind.

Identifying Company Role Priorities, and Metrics (CONT.)

CONTINUING WITH AN INTERSECTIONAL AND NON-TRADITIONAL APPROACH, THERE ARE LESSONS TO LEARN FROM COMMUNITY DEVELOPMENT PRACTICES.

As previously mentioned, all social impact activities and metrics should align with company strategy and priorities. Consider the following (Phillips & Pittman, 2009):

- **Think long-term**, beyond 10 years. If a business will be in a specific area, think about how you can impact the community over a longer duration of time. **Consider both the good and the potential harm.**
- **Take an intersectional approach.** The “Three P’s” of business are intersectional, but there is an opportunity to dive deeper. If the cause is an Earth Day clean-up once a year, consider what your company and employees can do beyond picking up trash. It might include:
 - adopting a park to develop a longer-term partnership;
 - helping to design a new green space;
 - painting a mural to promote art and a message that will stay visible and could lead to a potential change in behavior;
 - inviting a community member or partner to speak during the lunch break about a relevant topic and how the work your group is doing is connected and will have an impact;
 - partnering company volunteers with community members or volunteers from other groups to help expand their network; or
 - providing cultural sensitivity training to help prepare volunteers.
- **Pay attention to place.** Take time to investigate local history, culture, climate, business, etc. Identify key players in the community doing work relevant to your company. One example given by Phillips & Pittman (2009) was the restoration of a stream or riverfront, and how it could create an attractive new amenity for a community, therefore increasing community pride and identity.

Identifying Company Role Priorities, and Metrics (CONT.)

- **Acknowledge the limits, of both people and place.** Neither resources nor people are infinite, plan with this in mind.
- Depending on company SI goals, there may be room for **engagement** with “...local elected leaders, community organizations businesses, and the general public to develop public understanding and political support for action” (p.342).
- Determine **how both stakeholders and shareholders are being engaged** in these efforts and help they can influence how the company directs its strategy.
- Ensure sustainability strategy has been created with an **ethical** approach.

SEEK TO DEVELOP A HOLISTIC APPROACH FOR MAXIMUM IMPACT AND ROI.

- Within **sustainable economic development** (Phillips & Pittman, 2009, p.347), businesses that use local resources, have clean production practices, pay decent wages, and contribute back to the community through civic involvement are more socially responsible.
- **Social equity** is another space, businesses could consider working within. They can ask themselves, “Is there space to help build human capital or healthy communities in the long-run?” **Workforce development** may be the avenue for businesses whether that is through direct skill training or a general approach utilizing adult education and literacy programs, preschool and after-school activities, assistance for those with disabilities, awareness of mental health issues and service, etc. (Phillips & Pittman, 2009, p.347).



Identifying Company Role Priorities, and Metrics (CONT.)

THEORY OF CHANGE

One approach to SI is through the development of a company theory of change. "...You need to not only understand the final outcome but also how you get there: By which mechanism will your program or investment change someone's life? What does that pathway look like?" (Love, 2022). Companies can run an experiment to get a hypothetical outcome or research existing literature and interventions that may validate desired outcomes.



FIVE MANAGEMENT STEPS FOR ESG (SERAFIM, 2020, P.4):

- Adopt Strategic ESG practices
- Create accountability structures for ESG integration
- Identify a corporate purpose and build a culture around it
- Make operational changes to ensure that the ESG strategy is successfully executed
- Commit to transparency and relationship-building with investors

Measuring social impact requires **clear goals aligned** with the company's strategy and relevant to both shareholders and stakeholders. It should also include **meaningful metrics** for the company and **methods** to collect, evaluate, and report the data. **The best practice is to reevaluate and adjust as needed.**

Identifying Company Role Priorities, and Metrics (CONT.)

TWO TYPES OF SI METRICS (MARQUES, 2022):

- **Anecdotal evidence:** Some tell stories about specific clients who have benefited from a program or service. Some use general community or staff feedback to gauge impact.
- **Quantitative measurement:** Some use numerical data (performance measures, indicators, etc.) to measure whether things are getting better or worse.

While, the quantitative data may hold more concrete value, **intentional impact storytelling** can further the impact of SI initiatives.

SOFTWARE TO MEASURE ESG:

There are many software options available to track ESG. This can add to the challenges because there are no universal standards, but your company can research the following:

- Clear Impact
- Diligent ESG
- ESG-SmartBoard
- Sustainalytics
- S&P Global
- UL Solutions
- Navex
- One Trust
- Workiva
- SustainIQ
- MSCI Inc.
- Kodiak Hub

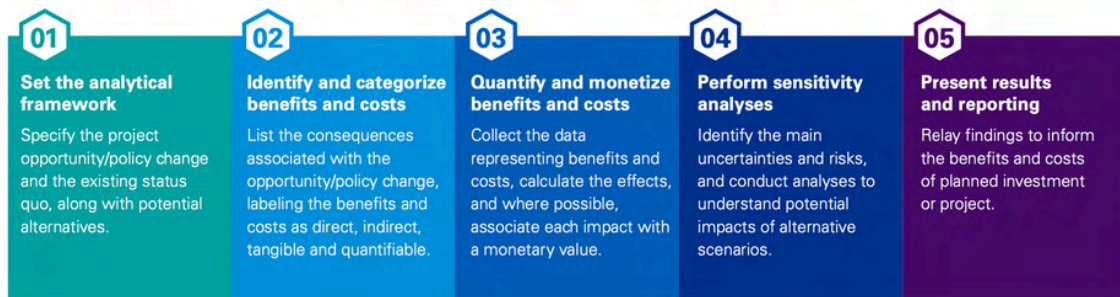
Not software, but a good place to begin regarding standards and guidelines is the Global Reporting Initiative (GRI).

Identifying Company Role Priorities, and Metrics (CONT.)

EURODIACONDIA (2016) OUTLINES FOUR METHODS TO MEASURE SOCIAL VALUE, THREE OF WHICH ARE STILL RELEVANT:

- **Cost Benefit Analysis (CBA)**
 - CBA can be used to decide whether to make a change and involves factoring in wider social value. "CBA has two main purposes (1) to determine if a project is a sound decision and a justifiable investment of resources and (2) to provide a basis for comparing projects."
 - Below is a CBA framework used by KPMG (2021):

Exhibit 1. A five-step framework



- **Social Accounting (SA)**
 - SA clarifies what your company does, what it is trying to achieve, and who it is working with. It is not project, rather company specific. "Then, on the basis of this, it collects quantitative and qualitative information and data which relates to its overall objectives and underlying values...At the end of the social accounting year the organisation brings all the information together in the form of social accounts that are independently audited and after revisions the social accounts form a Social Report."



Identifying Company Role Priorities, and Metrics (CONT.)

- **Social Return on Investment (SROI)**

- SROI is versatile and can be company-wide or project-focused. “The process can be carried out internally or can be led by an external researcher. There are two types of SROI: (1) **Evaluative**; which is conducted retrospectively and based on actual outcomes that have taken place. (2) **Forecast**; which predicts how much social value will be created if the activities meet their intended outcomes.”
- ImpactDash (2024) provides **six steps for conducting an SROI Analysis**:

<p>Step 1: Engage Stakeholders</p> <ul style="list-style-type: none"> • Identify Stakeholders: List all individuals, groups, or entities that are impacted by your activity. • Engage Stakeholders: Through surveys, interviews, or workshops, gather insights on how they are affected. 	<p>Step 2: Map the Theory of Change</p> <ul style="list-style-type: none"> • Inputs: Resources you invest in your activity. • Activities: Actions you take with your resources. • Outputs: The direct products or services resulting from your activities. • Outcomes: The changes or benefits experienced by stakeholders. • Impact: The portion of the outcome that can be directly attributed to your activity, after accounting for what would have happened anyway. 	<p>Step 3: Evidence Outcomes and Give Them Value</p> <ul style="list-style-type: none"> • Identify Outcomes: Based on stakeholder engagement, list the significant changes they experience. • Evidence: Collect data that shows these changes are happening. • Value the Outcomes: Assign a monetary value (with participation of stakeholders) to these outcomes using financial proxies where direct economic values are not available.
<p>Step 4: Establish Impact</p> <ul style="list-style-type: none"> • Deadweight: What would have happened anyway, even without your intervention? • Attribution: The portion of the outcome that was caused by other organizations or activities. • Displacement: Effects where benefits are offset by negative outcomes elsewhere. • Drop-off: The decrease in outcome effect over time. 	<p>Step 5: Calculate the SROI Ratio</p> <ul style="list-style-type: none"> • The SROI ratio is a key figure that shows how much social value (in monetary terms) is created for every dollar invested. • SROI Ratio= Total Present Value of Outcomes / Total Value of Inputs • Present Value: Future outcomes need to be discounted back to their present value. 	<p>Step 6: Report, Use, and Embed</p> <ul style="list-style-type: none"> • Report: Share your findings in a detailed report that explains your methodology, data, and calculations. • Use: Utilize the insights gained from the SROI analysis to make informed decisions and improve your activities. • Embed: Incorporate the principles of SROI into your organization's culture and decision-making processes.

Recommendations

WITH THE GROWTH OF SUSTAINABILITY PRACTICES AND EXPECTATIONS, THERE IS ROOM FOR COMPANIES TO DEVELOP THEIR PLANS TO MAXIMIZE IMPACT AND ROI.



- Identify company capacity and role
- Develop company-specific priorities with clear goals and meaningful metrics
- Plan for the long-term and develop an intersectional approach
- Identify potential company partners aligned with company strategy and goals
- Provide cultural sensitivity training for company representatives engaging with community members
- Identify employee ambassadors who may champion the cause
- Provide meaningful volunteer opportunities for employees
- Use the preestablished meaningful metrics to gauge success
- Pivot if needed or continue if the current methods prove useful
- Develop an intentional storytelling plan and share widely

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End of Report

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