Corporate Impact – an interview with Adrian Henriques

Interview by: Giles Metcalfe

Adrian Henriques is an adviser on corporate responsibility, social accountability and sustainability. He has produced research on social sustainability and taught widely on accountability and social auditing.

Adrian was a member of the Global Reporting Initiative Steering Committee for five years. He is currently a member of the Association of Chartered Certified Accountants’ Social and Environmental Committee, and Chair of the UK mirror committee for ISO 26000. Adrian is Visiting Professor of Accountability and CSR at Middlesex University Business School.

Adrian was formerly Head of Accountability at the New Economics Foundation. He has also worked for the International Society for Ecology and Culture, an NGO campaigning on economic globalisation. For a number of years prior to that Adrian was a management consultant for PriceWaterhouseCoopers in financial services.

His publications include: Corporate Impact: measuring and managing your social footprint, Corporate Truth: the limits to transparency, Focus on Sustainability and its Implications for CSR and The Triple Bottom Line – does it all add up?

GM: Can you tell us about the purpose of your new book?

Adrian Henriques:

The book is an exploration of corporate impact: what it is, why it is important and how to measure it. The main focus of the book is on social impacts, since they usually seem hardest to measure. And there is already a much larger literature on environmental impacts.

I was also particularly concerned with trying to understand the full spectrum of a company’s impacts. So while the impacts of a CSR department’s projects might be part of the picture, it is rarely the whole of it.

About half the book is a review of the various different kinds of measures which capture different aspects of social impact.

But one of the key messages is that one of the defining characteristics of social issues is their complexity. This means it’s difficult to understand their impact, let alone to measure it or to apportion responsibility for it. Think of obesity: so many different institutions, public and private are involved; the causes seem unclear; the language we use to talk about it is socially sensitive and we don’t have much clue about how to apportion responsibility between, say, the government, food companies, advertisers and the individuals who eat the food that companies produce.
**GM: What is the biggest issue in CSR right now?**

**Adrian Henriques:**

I would say the biggest issue is the way CSR has painted itself into a corner. CSR often defines itself as what companies do that is beyond a legal requirement and has some social or environmental benefit. In practice that often translates into a fairly narrow set of projects or initiatives and often has a philanthropic inspiration.

As a result, there is remarkably little comment, from a CSR perspective, on issues like the financial crisis or the BP oil disaster. Yet these are precisely the ones which need to be centre stage. And since, for some companies at least, they are clearly part of a company’s impacts, it is important to be able to measure, and hopefully mange them.

**GM: Can you expand on your term ‘Social Footprint’?**

**Adrian Henriques:**

There is a loose sense and a more defined sense in which you can use the term ‘social footprint’. The loose way really just means your set of social impacts. However you measure them, collectively they are your social footprint.

But is it also possible to find a single well-defined measure that captures the collective impact of your set of social impacts? This would make it comparable to the ‘ecological footprint. In the book I explore the extent to which a social footprint can be constructed along parallel lines. What does it look like? Well the short answer is that you can define a measure which captures the overall scale of a company’s social impacts – however it has some unexpected properties which mean it probably won’t be a panacea!

**GM: What indicators of social impact do you think work best?**

**Adrian Henriques:**

There are two main types of indicator of social impact: the measureable and the meaningful. The measurable ones tend to be quantifiable and give apparently precise answers; they also tend to have an economic flavour. Social Return on Investment or SROI is a good example of that. But as these indicators gain in precision they lose in meaningfulness. Social impact is about people and people have stories to tell. I argue that it is not possible really to understand social impact unless this meaningful aspect is also captured.

**GM: How does social impact affect organizations?**

**Adrian Henriques:**

Well, firstly, I think from a public interest perspective the real question should be: how does social impact affect society? There is astonishingly little literature which attempts to measure the social impact of companies – which was one reason I wanted to write the book.

But to answer your question more directly: organisations depend for their survival on at least parts of their social impact. Above all they need to have some real social purpose in order to survive for very long. Producing food would be an example. But they also need to secure the trust of their stakeholders, if they are to operate with any facility.
**GM: How does the concept affect individuals?**

**Adrian Henriques:**

The impact of an organisation on society obviously includes its impact on individuals within it. More generally, individuals will be the stakeholders of a large number of different organisations. The impacts they bear will depend on those various stakeholder roles and can range from consumer benefit to being part of a community suffering from noise pollution.

**GM: What are the implications for business?**

**Adrian Henriques:**

The main implication is that businesses should not just muddle through, hoping for the best and confining any thought on social impact to the CSR department.

The main message of the book is that, although it is not easy, there are measures out there that can be helpful not only to a business’ declared purpose, but also to its wider impact on society in general.

**GM: Was there anything in your research for the book that shocked or surprised you?**

**Adrian Henriques:**

One of the main pieces of research I did was an analysis of the relationship between companies and the exploitation of children. What really surprised me was the extent of the links between the role of companies, poverty and the exploitation of children. Of course for most companies there is no intention to harm children. But through paying inadequate wages, for example, the company may indirectly add to the burden of exploitation which children can suffer.

**GM: What led you to come up with the idea for the book?**

**Adrian Henriques:**

I think the main driver was seeing, over a number of years, how hard it was for companies to measure or report on their social impacts. It seemed to be a neglected area, but one in which there were actually a wealth of choices and techniques which could be relevant – from social impact assessment to economic analysis.

**GM: The book contains several case study examples. Which impressed you the most, and why?**

**Adrian Henriques:**

The work Unilever did to understand its impact on Indonesia was perhaps the most impressive. There had clearly been a tremendous amount of work done to understand its impact. And it was undertaken in conjunction with Oxfam which adds greatly to its credibility. There were of course a number of problems with the analysis, which I cover in the book, but nevertheless it was a real attempt to put some rigour into an assessment of impact.
GM: What other topics/issues interest you?

Adrian Henriques:

The book also covers the relationship of social impact to sustainability – which is a very difficult subject. Because so much work is based on the idea of sustainability, I think it is very important to try to be clear about the relationship. The book goes into this in order to be clear on what the ‘social’ in social impact is really all about. But I think there is a lot more which could be said on the subject – the whole area of environmental justice, for example, needs much greater attention.

GM: Finally, are there any closing comments you wish to make?

Adrian Henriques:

Well, I mentioned earlier that there is a tension between the measurable and the meaningful. I think the huge temptation is to work on the measurable and ignore the meaningful side of things. The result could be an apparently precise analysis of social impact – but it could be one which missed the main point entirely. At its worst this will discredit the analysis. So, one thing that is crucial is to maintain a balanced approach and not to think that because you have measured something the problem is solved.

August 2010.

Get a 20% discount on all Earthscan books when ordering at www.earthscan.co.uk using the voucher code EMERALD.