

A societal value compass for the Swedish steel industry

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Implementation partners:	SEI and Swedish Steel Producers Association (Jernkontoret) and the Swedish steel industry

SEI and the Swedish Steel Producers Association are developing a methodology and set of tools for evaluating how the activities of the Swedish steel industry affect broader societal goals and interests. The purpose is to develop a “compass” to help the industry steer towards its long-term vision of contributing only positive value to society. The compass will build on the Sustainable Development Goals and the forms of capital that make up a society’s “balance sheet”: natural, real, human and social capital. It will allow the steel industry to identify and expand its comparative advantages in delivering products and production processes that contribute societal value. It could also be used by many other actors and sectors.

Background

The Swedish steel industry’s vision for 2050¹ sees the industry becoming an active player in the shift towards a sustainable society. The vision emphasizes three key commitments: technical excellence, creativity and innovation, and resource efficiency, so that the Swedish steel industry produces only positive “societal value” (*samhällsnytta*, in Swedish).

In 2015–2016, SEI worked with the Swedish Steel Producers’ Association (Jernkontoret) and representatives from Swedish steel producers to develop a strategy for achieving the 2050 vision. Four alternative future scenarios, based on the project participants’ best judgement about a range of uncertainty factors, were developed in order to explore options for the industry. The scenarios were then used as a backdrop for the development of strategic action points (Hallding et al. 2015).

The project showed that a focus on delivering societal value could give the Swedish industry further competitive edge in global markets, and that by working closely with other Swedish and international stakeholders the industry would be well placed to contribute to a global sustainability transition.

Towards a societal value “compass”

But how should Swedish steel producers plan and invest to achieve the 2050 vision? Where can the unique capabilities of the industry be best deployed to produce societal value? The project revealed interest – both within and beyond the steel industry – in a “compass” to help the industry navigate the future and identify opportunities to deliver societal value competitively.

Under a new project funded by the Hugo Carlsson Foundation, SEI and Jernkontoret, working closely with the industry and other stakeholders, will:

1. Develop a methodology and a toolbox constituting a compass to guide the industry’s research, product and process development towards creating societal value.
2. Stimulate discussion in and beyond the industry about the concept of societal value creation, with a special focus on the industry’s unique potential role.

3. Prepare case studies of how societal value creation could be operationalized within the industry.

The compass will be developed on the basis of two complementary frameworks:

- The 17 Sustainable Development Goals (SDGs) and their 169 related targets, along with the broader 2030 Agenda;²
- Capital theory, informed by the World Bank’s approach to wealth accounting and contribution to natural, real, human and social capital.³

Development of the compass will be informed by initiatives around the world looking at how the SDGs can guide sustainable development, including business-oriented initiatives such as the Global SDG Compass.⁴ However, it will be the *first* such tool to focus on a single industrial sector, and co-created with the industry, researchers, customers and stakeholders across society.

The linking of SDGs with the “societal capital balance sheet” will also break new ground. It will be informed by work since the 1990s by economic statisticians using capital theory in their accounting frameworks. The work will involve both cross-impact balance analysis to examine the interactions between SDG targets especially related to steel, and capital theory to map the interactions between these targets and the variety of different capitals forms in companies’ and society’s balance sheets.

As SEI is involved in a broad range of initiatives at national and international levels on SDG implementation and follow-up, there will be many opportunities for cross-fertilization with this work.

This compass will help the Swedish steel industry in its decision-making on product portfolio development, investments and alliance-building. It will also assist the industry in communicating its potential contribution to broader sustainability – to investors, to current and prospective employees, to customers, and to politicians, authorities, the media and civil society at large.

Project steps

Initial analysis of the SDGs and capital forms in the societal balance sheet: The different SDGs express goals for sustainable societal development by 2030. While each of the goals is important in itself, interactions between the goals have not been well researched. As a first step, cross-impact balance analysis⁵ will be used to examine how progress on one SDG target influences other targets. In a second step the SDGs will be analysed in terms of how they contribute to the different

² See <https://sustainabledevelopment.un.org/sdgs>.

³ See <http://data.worldbank.org/data-catalog/wealth-accounting>.

⁴ See <http://sdgcompass.org>.

⁵ Methodology described in Weimer-Jehle, W. (2006). Cross-impact balances: A system-theoretical approach to cross-impact analysis. DOI:10.1016/j.techfore.2005.06.005.

¹ See <http://www.jernkontoret.se/en/vision-2050>.

forms of capital in the societal balance sheet. In addition to desk research this initial analysis will involve consultations with focus groups within the steel industry.

These topical case studies will lay the groundwork for future case studies applying the compass to specific steel products or producers.



Proposed strategic action points for achieving the Swedish steel industry's 2050 vision for societal value creation

Scoping the steel industry's contribution to societal value creation:

Workshops and focus group discussions with actors from the steel industry and other stakeholders will explore opportunities to contribute to the SDGs and to society's balance sheet. It will focus first on a broad analysis of steel's contribution to all SDGs, including both positive and negative contributions of steel products and their production, and then focus on those areas that appear most relevant to actors along steel product value chains. The evolving indicators for SDGs progress will be incorporated into the compass. A second step will analyse the extent to which the steel industry contributes to different SDGs, in terms of companies' capital balance sheets, as well as society's capital balance sheet.

Development and testing of a prototype compass: A prototype compass will then be developed, and tested in a workshop setting by representatives from Jernkontoret, the steel industry and other relevant partner organizations, such as the network for sustainable development (Hållbarhetsnätverket⁶).

Finalization of the prototype compass: The findings from the workshops will play into a more detailed analysis of the most relevant SDG targets and capital forms.

Topical case studies: The prototype compass will be tried out in a series of workshops and meetings to explore its usability when applied to some specific issues for the steel industry. These cases will be selected jointly by Jernkontoret and the steel industry in consultation with SEI.

Further reading

Hallding, K., Carlsen, H., Skånberg, K. and Weitz, N. (2015) The global context for Swedish steel industry in 2050: Four possible scenarios. <http://www.jernkontoret.se/globalassets/publicerat/forskning/scenario-report-for-ws2.pdf>

SEI and Jernkontoret (2016) Förslag till strategisk handlingsplan i tio punkter för stålindustrins vision #samhällsnytta (Recommendations for a 10-point strategic action plan for the steel industry's vision #societalvalue). <http://www.jernkontoret.se/globalassets/publicerat/forskning/strategiskt-program-samhallsnytta.pdf> (in Swedish)

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⁶ <http://www.jernkontoret.se/en/the-steel-industry/partnerships-and-networks/network-for-sustainability/>