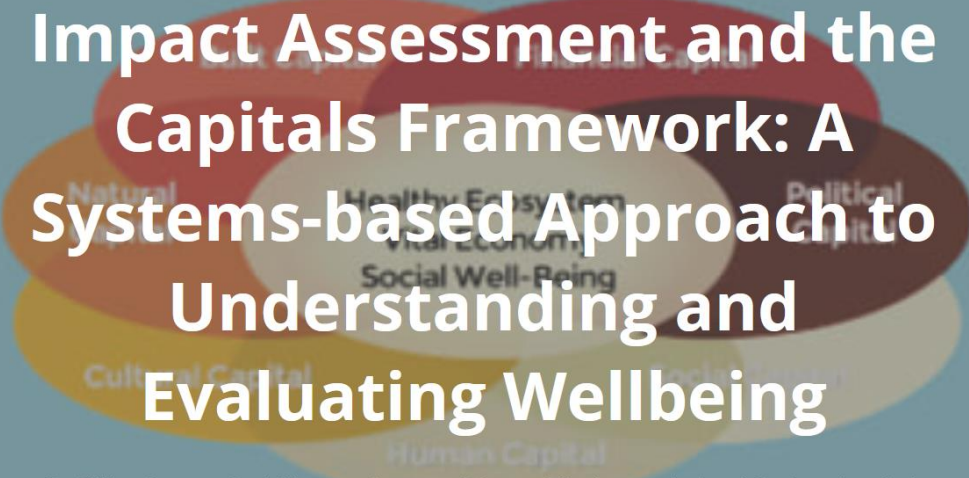


Impact Assessment and the Capitals Framework: A Systems-based Approach to Understanding and Evaluating Wellbeing



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This article reflects a work in progress and the authors' personal and professional developmental journeys – an interwoven approach of both Māori and Pākehā perspectives, knowledge and practice. Here, we summarise our theoretical and practical work toward understanding and improving the sustainable development and wellbeing of people and planet that is based on a merging of impact assessment and the conceptual world of capitals. It is an introduction to what we call 'tika impact' – a systems-based approach to understanding and evaluating well-being (the transitioning from mauri to mana) whereby people and organisations can comprehend, access, leverage and regenerate the assets and resources required to invest in making an impact on change.

Assessing the true (tika) impacts of decisions and actions – whether in the design or delivery of policy, projects, programmes, products, goods and services, as well as our relationships to one another and the biodiversity in nature – requires us to take a holistic, systems-based view of our world. It requires an analytical framework that represents this interconnected, complex world and the reality of the interdependencies between our environmental, cultural, human, social, financial, manufactured/ built and political capitals. It is these 'capitals' as assets and resources, held individually or collectively as families, organisations, communities, regions, nations or at a global scale that provide the foundations of wellbeing and sustainable development. Our access to them and how they are used, leveraged or invested, as well as nurtured and regenerated (to whatever purpose) is not only cyclical but also a balancing act akin to the functioning of an ecosystem.

The concept of capitals is not new. It has a long history and emerged as an economic term used to describe a stock of anything (physical or virtual) from which anyone can extract a revenue or yield. Conventional understanding of capital has developed to include financial and manufactured (man-made) capitals, and since the 1990s has incorporated natural or environmental capital [1], and human capital (derived from organisational and managerial discourse [2]) and social capital [3]. The New Zealand Government's 'Living Standards Framework' (LSF) and 'Wellbeing Budget' [4] have adopted this international dialogue on sustainable development that Ekins [5] originally combined into the 'Four Capital Model' (1992) for wealth creation (revisited by the World Bank in 1994) [6].

This capital theory is based in economics and regards the four capitals as measurable

through sustainability indicators that represent their own distinct units and could supplement GDP in national accounts. In this manner, national wealth and progress toward sustainability and, thereby wellbeing, could be then harmonised under internationally used measurements, compared across periods and published in accounting records besides GDP. Correspondingly, the LSF's four capitals model is described by Treasury as a means to "organise indicators of sustainable intergenerational wellbeing" and a measurement tool that "emphasises the diversity of outcomes meaningful for New Zealanders, and helps the Treasury to analyse, measure and compare those outcomes through a wide and evolving set of indicators" [7].

There is a second, lesser known discourse based in community economic development theory regarding this idea of a hybrid model of capitals that posits there are seven, not four capitals. These are framed as natural, human, cultural, social, built, financial, political capital. Undoubtedly influenced by international development dialogues, as well as discussions of cultural [8] and political [9] capitals in sociological and political theory, they come from a more sociological lens to describe and measure sustainable development at the micro, community level. Since the early 2000s this concept of the 'Community Capitals Framework' (CCF) has emerged from the work of Iowa-based academics Flora, Flora and Fey [10] who were researching ways to reverse patterns of neglect and disinvestments in indigenous communities of the American Great Plains.

The CCF shifts the focus to asset-based development rather than deficits, problems and 'wicked-issues'; access and use of resources as a means of making a living and giving meaning to life; and found that the flow of assets across capitals in a community – natural, human, cultural, social, built, financial, political – acted like an ecosystem that can initiate an ongoing process of assets building on assets, leading to the effect of success building on success. The CCF reflects a concept of well-being where access to, utilisation and growth of these interconnected resources enabled communities of individuals with capability, capacity, choice and power to act to deal with their day-to-day and ongoing challenges and aspirations for socio-economic improvement.

Whilst evolving from different fields of study the one thing these capital dialogues have in common is their representation of different economies or systems of human behaviour and relationships to one another and to the planet we exist within. Simply stated the concept of capitals helps provide a framework to understand and explain the foundations of wellbeing – that is the interconnection and interdependence between human, societal and environmental wellbeing and sustainable development as a state of balanced regeneration (rather than trade-offs and short-term, lineal thinking). As Porritt (2005) sees it,

"Capital is a stock of anything that has the capacity to generate a flow of benefits that are valued by humans. It is this flow – normally of goods and services of benefit to people – that makes the capital stock an asset, and the value of the asset is derived directly from the lifetime value of the flows to which it gives rise... The concept of capital serves not only to explain the productive power of capitalism; it also provides the clearest means of explaining the conditions for its sustainability" [11]

Porritt's organisation Forum for the Future states,

Sustainability depends on maintaining and, where possible, increasing stocks of certain kinds of capital so that we learn to live off the flows without depleting the stock of capital itself; if consumption is at the expense of investment, or results in net capital depletion so that the capital stock declines, then such consumption is not sustainable and will be reduced in the future"

The small, but steady flow of research looking at these seven community capitals may seem

inconsequential in light of international development dialogues. However, they have probably done more to illuminate the fact that sustainable development is both an individual and a collective behaviour of accessing and using and growing (or depleting) their capital assets – by people, families, organisations, communities, regions and nations - rather than something managed or engineered by institutional interventions alone.

Much could be gained by applying the work done in the community capitals space to the New Zealand government's developing and evolving LSF framework. We consider that the seven capitals model is more inclusive and speaks not only to our diversity but is more human-centred than a model rooted in economics. Here in New Zealand, cultural capital is an essential foundation of our nationhood, the story of our social, environmental, political and economic development to this point and into the future. The CCF model also incorporates political capital [\[12\]](#), which includes notions of empowerment and ability to access, exchange and shape public resources and the rules and regulations that affect its day to day functioning.

By focusing primarily on things we can measure, we fail to see the full and tika/true picture of how all of the capitals function holistically together - where an impact in one area caused by levels and types of access and use will effect change in other areas. If we are not focussed on the full nature of capitals, we are also in danger of missing the opportunity to understand and support wellbeing as a series of actions, transactions and interactions that can either grow or deplete, share or restrict, manage or regenerate our capitals for private or collective benefit.

As an approach (or process), Tika Impact responds to an over reliance on measuring and counting our lineal progress toward indices of wellbeing outcomes. It suggests that we should instead see these outcomes in a system of interconnected and interdependent capitals and look to assess, monitor and adapt the impacts of our decisions and actions on our access, use and regeneration of all these capitals as the foundation of wellbeing – how we utilise and leverage our stocks of mauri to transition toward and maintain a state of mana. Such an approach would better recognise and provide for Indigenous interests, a fundamental obligation within sustainable development and wellbeing approaches.

Moreover, why should not all organisations, agencies and businesses in NZ (public, private and voluntary sectors) be integrated into a wellbeing measurement system, so that everyone can coordinate their contribution and impact on the nation's capitals, potentially demonstrating positive impacts at individual, whanau, hapu, kāinga, organisation, community, sector, region, national and international levels?

Impact Assessment (IA) as an applied process of the international community of Environmental Impact Assessment (EIA) offers a means to understand 'impact' upon the system of capitals. EIA's focus upon impact as an effect, rather than a broad, long term outcome helps us to focus upon the cyclical and complex nature of the consequences of our behaviours, decisions and actions. IA helps us to better predict, assess, manage, monitor and re-assess the potential, actual and cumulative impacts that occur across the framework of capitals over time. IA helps us understand and identify why we do what we do, how we go about it, what we do (or don't do), who or what it effects, when and where.

Setting outcomes and objectives are fine for determining the purpose, scope, scale, intent, objectives and the corresponding inputs, outputs and tasks associated with project, policy or programme design and delivery. However, what might happen, what could be prevented or enhanced and what does happen to whom, what, where, when and how, are our concerns as impact assessors. Impact is essentially what shapes our journey through life, confronting us with challenges and opportunities we can control in the best way possible so as not to do

harm to ourselves, others and the environment we depend on to exist.

We contend that impact is the intentional or unintentional, positive or negative effects we experience ourselves, or that we cause for others and the environment in which we live. Impact is not an outcome, a result or an end-state we progress lineally toward. It is a transaction - something that happens that influences our reality, informs our behaviour and shapes our onward journey. By assessing and measuring our true impact we are looking at the things that could or do happen and how they will be received by the world around us. Our goal should be to revolutionise traditional approaches to policy, project, programme or product and service design, delivery, monitoring and evaluation so we become more conscious, creative and connected citizens, learning to use our individual and collective assets and resources regeneratively and in ways that make the best impact on the world we share.

As impact assessors, we deal with the impact and effects (positive and negative, intended and unintended) of utilising capital – whether environmental, cultural, human, social, financial, physical and political - upon the state of balance of the system of capitals, such as the integrity of biodiversity or climate, people and communities' cultures, connections and ways of life, voices and choices, health and safety, their possessions, economy and rights. In doing so, we tend to seek collaboration among the technical disciplines to form a holistic and integrated picture of impact. Impact assessors are increasingly talking about Strategic Environmental Assessment (SEA) [13] as a procedural means to look at this big, strategic picture of impacts and effects on the processes of sustainable development.

The idea of merging capitals and impact assessment we consider is worth researching further. Such a merger enables a co-dependent model that helps to reframe, analyse and evaluate the balance of wellbeing. The objective is not to create scores or indices of wellbeing, but rather to establish a systems-based approach to understanding and evaluating impacts on the assets, resources and mauri we use to sustain and regenerate mana and wellbeing.

Notes and References

[1] Natural or environmental capital, although somewhat reductionist, is all that is required to maintain a functioning biosphere, supply resources to people and dispose of their wastes. In the environmental sciences it represents several categories of resources – renewable and non-renewable, sinks and services. Natural or environmental capital is the basis of cultural, human, social, manufactured, financial and political capital. It is irreplaceable and cannot be substituted by any of these other capitals. It is the foundation of life.

[2] Lawler E, Bourdreau J. 'What makes HR a strategic partner? Effective Organizations. 2007p.0–23. Report no.: CEO09-01(555). Available from: (<http://ceo-marshall.usc.edu>).

[3] Robert Putnam, "The Prosperous Community. Social Capital and Public Life," *The American Prospect* 13 (1993): 35-42.

[4] <https://treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework>; <https://treasury.govt.nz/publications/wellbeing-budget/wellbeing-budget-2019-html#reference-index-2>

[5] Ekins P. "The four capital model for wealth creation". In Ekins P, Max-Neef M, editors. *Real life economics: understanding wealth creation*. London, UK: Routledge; 1992.p.4147–55. See also, Ekins P, Dresner S, Dahlström K. 'The four-capital method of sustainable development evaluation' *Eur Environ[Internet]* 2008;18(2):63–80.

[6] World Bank. 1994. World Development Report 1994 : Infrastructure for Development. New York: Oxford University Press. © World Bank. <https://openknowledge.worldbank.org/handle/10986/5977>
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[7] <https://treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework>.

[8] Cultural capital in sociology has expanded on Bourdieu's 1986 essay, 'The Forms of Capital' to represent the world views, values, beliefs and experiences we have as a good that makes life more meaningful for the individual as well as the collective.

[9] Banfield, Edward (1961). Political Influence. The Free Press. pp. 241–242. Banfield's book introduced political capital as a 'stock of influence' to political theory in the 1960s and has since been used to describe the notions of empowerment and ability to access, exchange and shape public resources and the rules and regulations that affect its day to day functioning. Turner's recent work in community development has clarified that "sustained community development requires three elements to be successful. Economic and social capital are the first two elements...the third element is overlooked. Economic and social capital yields political capital, which serves to link community building, government assistance, and private investment in a neighbourhood." R. Turner, "Entrepreneurial Neighbourhood Initiatives: Political Capital in Community Development," *Economic Development Quarterly* 13, 1 (1999): 16.

[10] Cornelia Butler Flora, Jan L. Flora, and Susan Fey, *Rural Communities: Legacy and Change, Second Edition* (Boulder: Westview, 2004), 9. The CCF provided the methodological model for an international comparative study of 57 rural communities in 2003, sponsored by the North Central Regional Center for Rural Development (NCRCD) and the Claude Worthington Benedum Foundation to see how communities could use external financial investments to build upon social, cultural, human, political, economic, and environmental assets or capital to impact Community Economic Development (CED) and improve their overall well-being. See S Fey, C Bregendahl, C Flora, 'The measurement of Community Capitals Through Research', *The Online Journal of Rural Research and Policy*, Issue 1: March 2006.

[11] J Porritt, 'Capitalism as if the World Matters', Earthscan (2005)

[12] Banfield, Edward (1961). Political Influence. The Free Press. pp. 241–242. Banfield's book introduced political capital as a 'stock of influence' to political theory in the 1960s. Turner's recent work in community development has clarified that "sustained community development requires three elements to be successful. Economic and social capital are the first two elements...the third element is overlooked. Economic and social capital yields political capital, which serves to link community building, government assistance, and private investment in a neighborhood." R. Turner, "Entrepreneurial Neighborhood Initiatives: Political Capital in Community Development," *Economic Development Quarterly* 13, 1 (1999): 16.

[13] https://www.nzaia.org.nz/uploads/jenny_pope