

term economic viability of the business, as these new products and services are entirely aligned with the emerging trends and burning issues that cry out for new solutions.

The SSH has defined a multi-step process to enable this industry and business strategic process. Phase 1 is called the **“Positive Impact Framework”** and builds on the Gap Frame and is completed ideally on an industry level. Phase 2 is called the **“Collaborative Action Space”** and comprises a series of follow-on steps that a particular company engages in to further develop its particular “white spot” innovation opportunities in collaboration with relevant cross-sectoral stakeholders in order to generate actionable and measurable strategic goals.

### What can countries do with the Gap Frame?

And how do the four categories of the Gap Frame compare to independent studies that evaluate only these separate categories? What is different, what is similar, why? **Table 3** provides a comparative overview as background information.

OECD Country	GAP FRAME INDEX	GAP FRAME: ENVIRONMENT	NO. PLANETS NEEDED (Global Footprint 2016)	GAP FRAME: SOCIETY	SOCIAL PROGRESS INDEX (2015)	GAP FRAME: ECONOMY	GDP in million \$ (2014, U.N.)	GDP per capita (Worldbank)	GAP FRAME: GOVERNANCE	BSCI Governance risk of non-OECD (2014)
# Issues	69	16		27		13			13	
# Issues	24	8		7		5			4	
y Switzerland	7.4 1	6.4 5 12		7.8 1 1		8.4 1 7 1			7.6 1 1	
y Japan	6.6 2	6.1 8 13		6.4 4 2		7.9 2 2 3			6.4 3 3	
y Chile	6.6 3	6.3 6 5		6.7 2 3		6.8 7 9 5			6.7 2 2	
y Mexico	6.3 4	6.3 7 7		6.2 6 6		7.0 4 5 9			5.3 4 7	
n Kazakhstan	6.0 5	5.6 9 9		6.2 7 9		7.1 3 11 7			5.0 6 10	
n Russia	5.9 6	6.9 3 3		5.8 9 8		6.3 10 4 6			4.0 11 12	
y Greece	5.8 7	5.1 11 11		6.6 3 4		6.7 8 10 4			4.8 7 5	
n Cameroon	5.7 8	7.0 2 4		4.9 12 12		6.5 9 13 13			3.5 14 13	
y Turkey	5.7 9	4.8 13 8		6.1 8 7		6.9 5 6 8			5.1 5 6	
y Israel	5.5 10	4.3 14 14		6.3 5 5		6.8 6 8 2			4.6 9 4	
n Madagascar	5.4 11	6.8 4 1		4.1 13 13		6.1 11 14 14			3.9 12 11	
n Angola	5.2 12	7.1 1 1		4.1 14 14		5.0 14 12 11			3.9 13 14	
n China	5.2 13	5.1 10 10		5.0 10 10		5.9 12 1 10			4.8 8 9	
n India	5.1 14	5.0 12 5		5.0 11 11		5.9 13 3 12			4.5 10 8	

Table 3: Comparison of individual categories with other independent frameworks (Gap Frame Beta Version, March 2016)

### Environment

One of the ways to compare the category “environment” is to tent a look at the National Footprint Report issued annually by the Global Footprint Network since 2003. While our index consists of 8 issues and is measured with 16 different indicators in the area of species, climate, oceans, land, air, water, energy and waste, the National Footprint measures a country’s ecological footprint (the sum of the carbon, cropland grazing, forest product, fish and built-up land footprint) against its bio capacity (the sum of cropland, grazing land, forest land, fishing grounds and built-up land) and determines if a country has a net reserve or deficit. A deficit implies that a country uses more of its natural resources than it can regenerate again. The Global

Footprint Network then translates this outcome in terms of how many earths are needed if everybody was living the way a particular country is using the above mentioned resources. The carbon footprint is by far the largest element of the ecological footprint, representing 60% of the world's and 75% of Switzerland's ecological footprint. In its diversity, the indicator looks at a number of dimensions also highlighted in our study (land and climate in particular).

Let us look at particular finding when comparing the two indices:

- There are many similarities between the two reports. Most of the top ranked countries match in both reports (Angola, Madagascar, Cameroon, Russia, Chile and Mexico). With two notable exception: India and Turkey rank near the very bottom in the Gap Frame report (#12 and #13 of 14 countries) as compared to #5 and #8 place in the footprint ranking. This is mostly due to the fact that both countries performs very poorly in the dimensions of species, air pollution and energy (renewable energy and domestic use of solid fuels) – all issues that are not measured by the Global Footprint Network.
- Switzerland, on the other hand, does much better in the Gap Frame (5<sup>th</sup> place as compared to 12<sup>th</sup> place according to the National Footprint). Switzerland's ecological footprint is indeed a serious issue reflected in our "climate" issue where Switzerland ranks no. 12 of 14, very similar to the National Footprint. Switzerland, however, does relatively well in a number of other environmental areas including species, water, air, and phosphate consumption which contributes to the "ocean" issue.
- Israel is the bad boy on the environmental category being placed at the very end of both indices. We would need 4.7 earths if we all lived like Israeli. Only Kuwait, Qatar and Singapore have a worse footprint. The Gap Frame broadens this gloomy picture and exposes Israel's poor performance in land management, species, waste, energy and water.

We might conclude that the Gap Frame index in the environmental category is possibly a lead indicator for the Global Footprint Report in the sense that countries that currently perform relatively well (such as China and India) might well be contenders for a considerable drop in ranking given their lack of attention paid to issues such as clean air, species, land management, energy and water. Switzerland, with many other measures in place may well be in a good position to also improve its Footprint, it may seem to be more a matter of regulatory measures and business priority rather than overall capacity for such positive change.

### Society

The category "society" lends itself to be compared to the Social Progress Index jointly issued by the Avina and Skoll Foundations together with Deloitte since 2014. While the Gap Frame looks at issues such health and satisfaction, equal opportunity, quality education, living conditions, social stability, quality of life and basic rights, the Social Progress Index focusses on basic human needs (nutrition and basic medical care, water and sanitation, shelter and personal safety), foundation for wellbeing (access to basic knowledge, access to information and communication, health and wellness, ecosystem sustainability), and opportunity (personal rights, personal freedom and choice, tolerance and inclusion, access to advanced education). One sub-factor covers environmental sustainability, which in the Gap Frame has its entire own category (see above), otherwise, the two frameworks look very similar with the Social Progress Index covering 61 indicators compared to our summative attempt of 27 indicators. The Gap Frame uses the Social Progress Index as data source for six of the 27 indicators in this category. A clear difference the Gap Frame provides is our attempt to not only list where countries are in any given domain, but to relate the current state against an ideal desired value. This normative approach is an important part of the innovation of the Gap Frame.

So, how do these two indices compare:

- As outlined above, the two indices compare remarkably well across the entire spectrum of countries analyzed. The first six countries are identical in both frameworks, with only subtle differences in individual

positions. And the last five positions (China, India, Cameroon, Madagascar and Angola) are perfectly identical.

- There are some subtle differences such as Japan and Turkey ranking a bit lower in the Gap Frame than the Social Progress Index. Greece, on the other hand, ranks slightly higher in the Gap Frame. The differences are however minor.

The Gap Frame focused in its selection indicators that should serve business to derive concrete action and business opportunities, not only in the developing but also in the developed world. The Gap Frame may have the feelers out for more subtle differences between currently measured and deeper underlying societal trends, as pointed out with the Japanese example, a country with quite serious underlying social issues that may not otherwise emerge.

### Economy

The “economy” category could be compared to many indices, let us use the most traditional one: the GDP by country. Clearly, our index measures different things (it does not measure the GDP at all) but focuses on issues such as employment, resources and raw materials, sustainable consumption, sustainable production, and innovation & knowhow.

Let us take a look at the difference between a traditional GDP (in millions) based index and our Gap Frame. There are five countries that stand out with significant differences in their ranking positions: Switzerland leads the Gap Frame rankings thanks to solid economic success with low unemployment, sustainable consumption and production trends. India and Russia on the other hands do much worse in the Gap Frame as compared to their economic size, mostly due to the fact that they have some other serious economic issues that remain unaddressed. Kazakhstan and Cameroon do slightly better with the SSH than their economic weight might suggest, hinting that they may be punching above their weight.

We might have, alternatively, considered comparing the Gap Frame with the GDP per capita (also indicated above). Such a comparison, while offering a much closer matching in results, would then highlight other differences than illustrated above. The Gap Frame lists Greece, Israel and Russia considerably lower than the GDP per capita, while it lists Mexico, Kazakhstan, Turkey and Cameroon quite a bit higher. While the reasons may be manifold, the Gap Frame offers a much more comprehensive view on the state of the economy than the traditional GDP per capita measure, which is by many considered as outdated or at least as insufficient.

### Governance

The “governance” category could be compared to the BSCI country governance risk which attempts to provide business organizations with an insight into how risky it is to do business in a certain country. The Gap Frame considers, on the other hand, considers issues such as structural resilience, peace and cooperation, positive incentives and the state of government, using as source of information for eight of the 13 indicators measurements of the Global Competitiveness Report. Both indices are very similar in their outcome in many ways with a few exceptions such as: Mexico and Kazakhstan ranking slightly higher and Israel, Greece and India ranking somewhat lower in the Gap Frame as compared to the BSCI index.

In conclusion, we may suggest that the Gap Frame is indeed a valid and comprehensive new way of looking at how countries perform in the key four categories of environment, society, economy and governance. And that the novel attempt of the Gap Frame to not only compare countries current performance among themselves but to compare each country against a relevant ideal measure across 69 indicators in these four categories represented by the proposed 24 burning issues leads to an index that may well be a lead indicator for how countries may be set up to perform in future. Unless, and this is our hope and the purpose of the Gap Frame, that countries, and business organizations that operate among and beyond these countries engage in applying their innovation power to solve these burning issues.

The Gap Frame recognizes the reality of a fast moving “VUCA”<sup>1</sup> world and is set-up as a co-creative process, inviting regular revisions by open expert circles. In its original version, the Gap Frame contains 24 issues across 4 categories and is backed up by 69 indicators that measure these issues, using exclusively third party public data from a large variety of sources (see methodology).

### **Appendices:**

- **Appendix 1: The Gap Frame - a strategic “white-space” business innovation tool** (1 page)
- **Appendix 2: Overview of the indicators by issue and category** (1 page)
- **Appendix 3: The underlying methodology** (2 pages)
- **Appendix 4: How do the Sustainable Development Goals (SDGs) relate to the Gap Frame?** (1 page)
- Appendix 5: Why did we create the Gap Frame? (1 page)
- Appendix 6: How is the Gap Frame different from other national frameworks? (1 page)
- Appendix 7: How late is it for saving the world? (1 page)
- Appendix 8: The Gap Frame Beta Version for 14 representatives countries and the world (3 pages)

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<sup>1</sup> VUCA = volatile, uncertain, complex and ambiguous