

WHY MEASURE AND EVALUATE SOCIAL IMPACT

- Improve organisational performance – a learning organisation
- Assess relationship between mission and activities
- Ensure scarce resources are being used to most effect
- Engage with diverse stakeholders
- Increase accountability and maintain public trust
- Raise public profile – reputational value
- Exhibit to benefactors the social impact related to their “investment”

PRINCIPLES AND METHODS

“As to methods there may be a million and then some, but principles are few. The man who grasps principles can successfully select his own methods. The man who tries methods, ignoring principles, is sure to have trouble.”

Ralph Waldo Emerson, 19th Century American philosopher

Across business, government and the not-for-profit sectors there is increasing interest in demonstrating social impact – the long term net-benefit to society. Social impact is used as an umbrella concept that encapsulates social, environmental and economic impacts. Demonstrating social impact ideally comprises narrative qualitative assessments as well as quantitative measurement. Demonstrating social impact focuses on the delivery against mission and purpose; it places desired outcomes – the net benefit to target recipients - in to their wider context.

Social impact can be measured at different levels – an individual case or project, the organisation, and system of activity e.g. human rights. The complex nature of social impact means that there are not only planned and direct impacts but also unplanned and indirect impacts.

Organisations measuring social impact can either use it as a predictive tool for planning and forecasting or retrospective for evaluation and reporting.

Key principles for measurement

1. Tightly defined purpose - mission and objectives
2. Engage all relevant stakeholders - iteratively
3. Understand the change you are seeking to achieve
4. Measure and prioritise the things that matter
5. Do not over claim
6. Be transparent – both purpose and measurement
7. Verify the impact you are claiming

1. Define purpose

- Mission – what are you trying to achieve - the long term goal that describes the net benefit to society
- Define scope – to provide a boundary
- Hierarchy of objectives – the strategy to achieve the mission
- Targets and metrics – how you know you are meeting your objectives and achieving your mission – and how you know you are targeting those most in need

3. Understand the changes you are seeking

Develop a “*theory of change*”

- Develop a narrative of the process of change that is needed to achieve desired impact.
- Iterative consultative dialogue with stakeholders.
- Agree hierarchy of objectives.
- Social, environmental and economic impacts.
- Positive and negative impacts.
- Attribution of change to each stakeholder.

2. Engage Stakeholders

Stakeholder mapping – categorise and prioritise:

- Who they are
- What they contribute
- What they influence
- What are their expectations – *performance = level of satisfaction of stakeholder's expectations*

Each stakeholder's expectations are different:

- Impact, change, targets achieved, equity, value for money, efficiency, progress / milestones met, economy

4. Measure and prioritise the things that matter

- Identify metrics that best measure the desired change: inputs, activities, outputs, and outcomes.
- Develop benchmarks and comparators – internal and external
- Develop financial proxies to recognise value of non-financial outcomes.
- Develop mechanism to combine the value of financial and non-financial value.
- Ensure you have metrics that cover economy, efficiency, effectiveness.
- Determine what information and evidence must be included to give a “true and fair” picture - based on whether a different decision could be made if information is excluded e.g. use of assumptions.

5. Do not over claim

- Only claim the value that the organisation / case is responsible for creating - attribution.
- Recognise contribution of other stakeholders.
- Recognise what would have happened anyway.
- Evidence value created using a benchmark and trends.

7. Verify the measurement

- There is value in seeking independent assurance – internal or external.
- The process includes subjectivity and complex decision-making.
- Assurance by independent “qualified” individual or organisation.

6. Be transparent

- Articulate the linkages between purpose, stakeholders, theory of change - inputs, outputs, outcomes and impact
- Explain metrics used: inputs, outputs, outcomes, proxies, benchmarks and targets.
- Describe methods of data collection, sources used, evidence, analysis and trends.

METHODS OF MEASURING SOCIAL IMPACT

There are a range of methods available to measure social impact which share many component parts and history. Social accounting emerged in the field of corporate responsibility as an extension to traditional financial accounting and reporting that addressed broader social and environmental impacts. Several methods utilise cost-benefit analysis to consider efficiency and produce net-benefit to target beneficiaries and the wider society. Logic models are often used to evaluate government programs and are based on the development of a hierarchy of objectives and their associated outputs, activities and inputs. Over recent years there has been considerable interest in the development of the Social Return on Investment methodology which recognises non-monetary value in terms of social and environmental value and seeks to produce a single financial value for social impact.

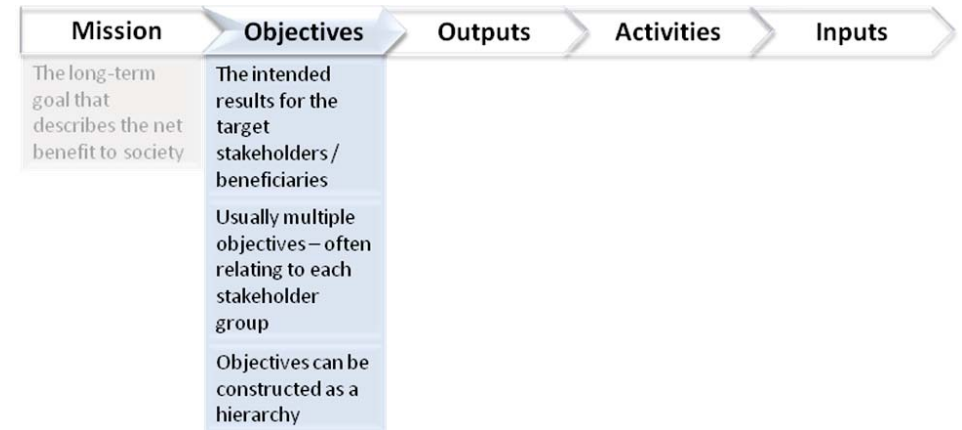
In considering the structure of pro bono programs and their multi-stakeholder nature, it is most likely that law firms would consider use of a logic model or log frame for measuring social impact.

Preference for log-frame?

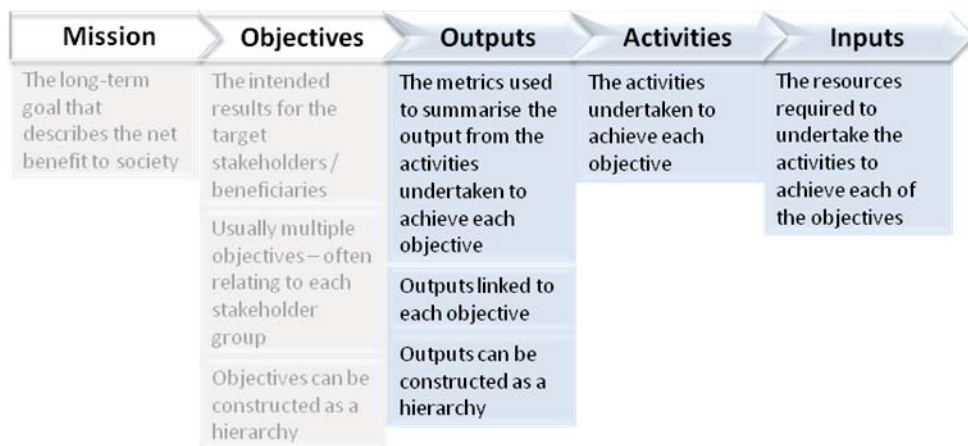
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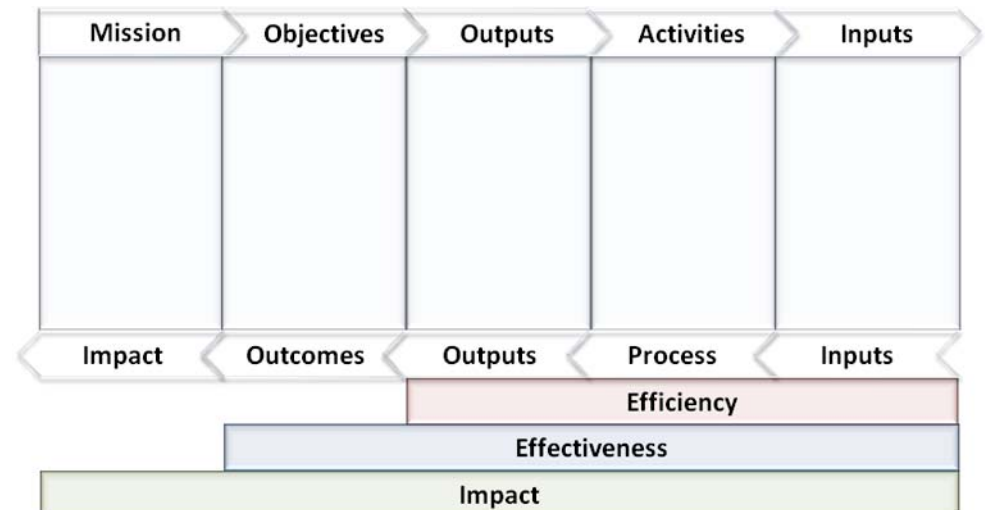
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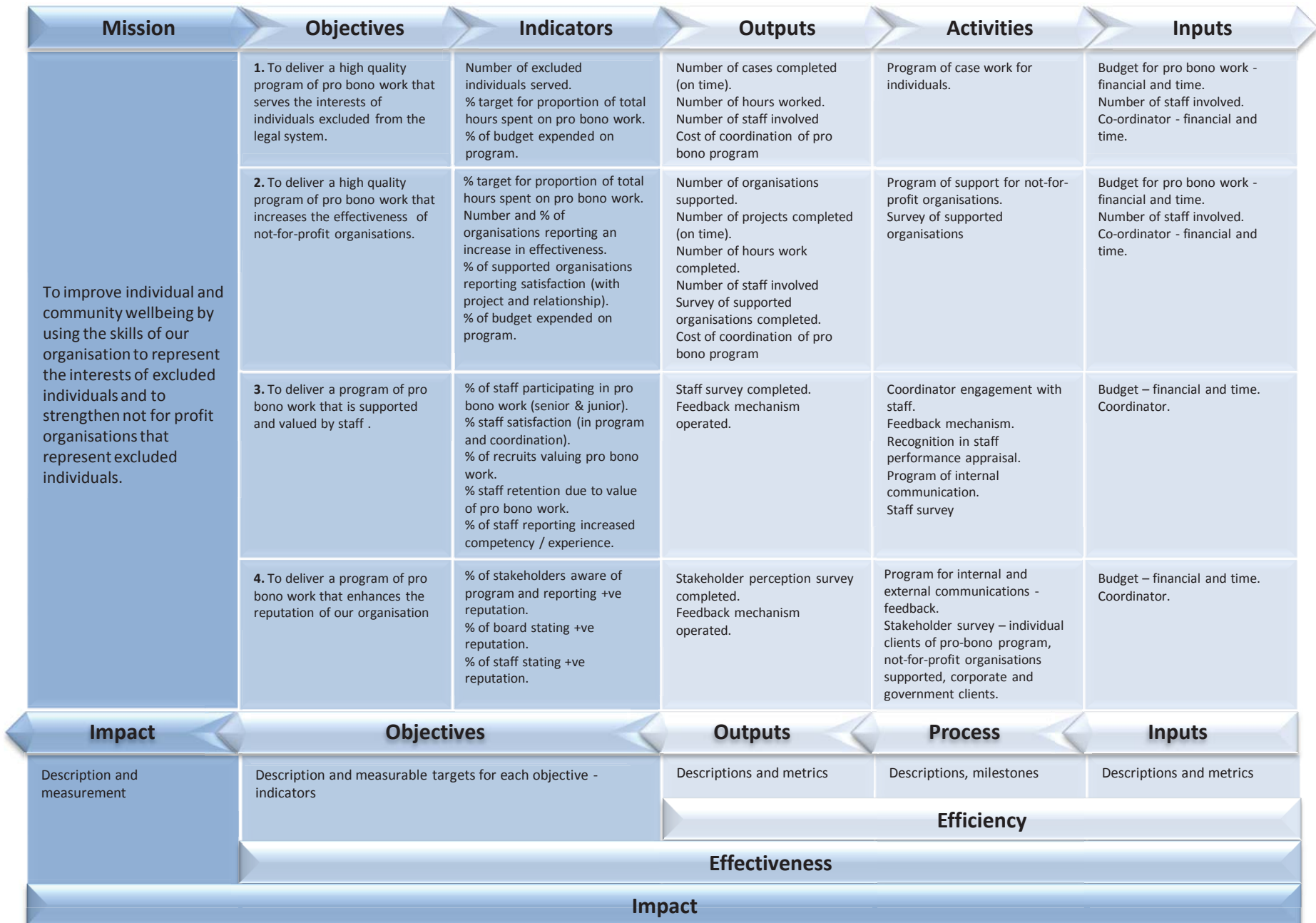


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LOG FRAME – ADVANTAGES:

- Hierarchical structure allows individual employees right through to board members to see individual contributions as well as the whole.
- Causal process helps explain strategy and activities.
- Facilitates the allocation of costs (time!!) against specific projects, objectives, goals and impact.
- Is based on a lifecycle i.e. you set up the framework before embarking on a new program (but can be retro fitted if necessary).
- Platform for learning within organisations.
- Can be used to explain the rationale for a program to the beneficiaries and funders (“owners”).

LOG FRAME - DISADVANTAGES

- Robustness of the logic / causal process is essential – lack of robustness can cause significant problems and undermining of confidence in strategy.
- As time passes – internal and external events may undermine the logic / causal process.
- Unintended consequences may be significant and distracting.

Further reading:

Zappalà, G. & Lyons, M. (2009). Recent approaches to measuring social impact in the Third Sector: An overview. *CSI Background Paper No. 5*. Sydney : Centre for Social Impact.
<http://www.csi.edu.au/uploads/31642/ufiles/V2%20CSI%20Background%20Paper%20No%205%20-%20Approaches%20to%20measuring%20social%20impact.pdf>

Dr Gianni Zappalà will be teaching an executive education program on Demonstrating Social Impact during Summer School at UNSW in December 2010 (dates to be confirmed). For more information, please contact Esther Lefas (csi@unsw.edu.au).



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