

Diversity of Social Impact Measurement



In this lecture we are going to look at the diversity of ways that social entrepreneurs can measure the social impact that their initiatives create.

Meanings of Social Impact

- Changes to people's lives as a result of an intervention that are significant or lasting
- The outcomes of an intervention after what would have occurred without the intervention is removed from the equation
- The targeting of the root causes of a social problem
- The meaning attributed to the impact component of a logic model

Rangan, Appleby and Moon, 2011, p. 10



The term social impact has a range of meanings due to a range of meanings being attributed to the word “impact”. These include: changes to people’s lives as a result of an intervention that are significant or lasting, the outcomes of an intervention after what would have occurred without the intervention is removed from the equation, the targeting of the root causes of a social problem and the meaning attributed to the impact component of a logic model (Rangan, Appleby and Moon, 2011, p. 10).

Social Impact Measurement Approaches

Approaches	Methods	What
Theory driven evaluations	<ul style="list-style-type: none"> • Theory-driven evaluations o Logic models o Programme logic o Log frames 	Conceptualisation of how a program works Guide evaluation based on the conceptualisation
Integrated performance and accountability	Results Based Accountability	Approach for systematically measuring outcomes overtime
	Integrated Reporting	A process for developing an annual report that incorporates different types of economic, social and environmental value
	Social Accounting and Audit	Performance measures on financial, social, community and/or environmental outcomes
Assessing costs compared to outcomes	<ul style="list-style-type: none"> • Cost Benefit Analysis • Cost Effectiveness Analysis 	Approaches to compare costs to outcomes in natural and monetary units, across organisations, programs or initiatives
	• Social Return on Investment	Ratio of costs to the social, environmental and economic benefits generated

Muir & Bennett, 2014, p. 32



There are also many approaches to social impact measurement. These can be grouped as:

- Theory driven evaluation approaches
- Integrated performance and accountability approaches, and
- Assessing costs compared to outcomes approaches.

URBIS

OUTCOME AND IMPACT MEASUREMENT FOR SOCIAL IMPACT INVESTING CONSULTATION PAPER

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CONNECTING TO IMPACT THEORY

KEY QUESTIONS

- How well inquiry and impact theory inform investment and enterprise business models?
- How consistently are impact theory approaches informing DIM activity?
- What capability or gaps exist in terms of the development of impact theory?

The theory of impact identifies how a service, program or product contributes to intended outcomes, and how those result in broader, generally longer-term social impacts. It is an important foundation that gives context and meaning to data, and enabling an impact story to be told.

A theory of impact also provides a hypothesis that is testable. DIM practice can generate data to explore the extent to which implicit and explicit assumptions stack up within an impact enterprise business model.

When DIM practices are informed by inquiry driven or evaluative thinking, they can also support assessments of whether an impact enterprise's service or product is working as planned and how it can be improved. These insights can feed into an impact enterprise's strategy, helping ensure that resources are allocated efficiently and effectively to create impact in alignment with their prior goals.

At the practical level, the theory of impact guides what is measured through DIM activity; a typical DIM approach is built around key inquiry questions, and indicators that will answer those questions.

A ROBUST THEORY OF IMPACT IS AN IMPORTANT FOUNDATION FOR MEANINGFUL OUTCOME AND IMPACT MEASUREMENT, PROVIDING THE SCAFFOLD FOR THE IMPACT STORY

	INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
	Resources involved in the activity	The actions or tasks performed to support impact goals	The products or services that result from the activities undertaken	Changes that result from the activity or task	Outcomes adjusted to consider the influence of social and external factors
Quality	How well prepared is the program to enable activities to occur?	How well is the model operating as planned?	How well are the activities meeting the short term?	How well are the outcomes of the activities and outputs?	How well are the outcomes the impact of the program?
Indicators	Funding, staff, intellectual property etc.	Completion and quality of activities or tasks, volunteer recruitment	Measurable actions or conditions that assess progress against specific operational activities e.g. # of volunteers	Observable, measurable changes that are attributable to the activities and outputs e.g. increased literacy	Effects in broader target population e.g. close the gap in educational disadvantage

Source: adapted from Impact Measurement Working Group

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While there is this diversity, a 2020 consultation into outcome and impact measurement for social impact investing for the Australian Government, focussed on theory driven approaches.

As highlighted in the red square in the top right hand corner: "A robust theory of impact is an important foundation for meaningful outcome and impact measurement, providing the scaffold for the impact story."

That scaffold or structure for the impact story is shown in the red rectangle: it shows what's called a logic model that goes from inputs to impact.

One of the meanings of the word "impact" we noted at the beginning of this lecture, is the meaning attributed to the impact component of a logic model.

We will look at logic models in the next lecture.

References:

- Muir, K. & Bennett, S. (2014). *The Compass: Your Guide to Social Impact Measurement*. Sydney, Australia: The Centre for Social Impact.
- Rangan, K. V., Appleby, S., & Moon, L. (2011). *The Promise of Impact Investing*. *Harvard Business School, Background Note*, (512-045).
- URBIS (2020), *Outcome And Impact Measurement For Social Impact Investing Consultation Paper*. Funded by the Australian Government