Towards a new metrics
for the Social Impact’s
evaluation of Social Enterprises

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S.A.V.E.
Social Added Value Evaluation

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“The thing that count in life are not things”
(Anonymous)

“Not everything that counts can be counted, and not everything that can be counted counts.”
(Albert Einstein)

Systems of Social Impact Assessment

• There is a widespread dissatisfaction among nonprofit leaders and managers, private funders and public decision-makers concerning the current systems of social impact assessment of nonprofit organizations/social enterprises (NPO/SE).
• The systems of performance measurement of NPO/SE vary greatly in relationship to a series of endogenous and exogenous variables related to different organizational environments: economic, political, social and cultural.
• The aim of this speech is to present an innovative theoretical framework on the basis of which it is possible to define a set of indicators for the evaluation of the social added value produced by NPO/SE.
Outcomes: micro, meso, macro

- Our hypothesis is that NPO/SE are characterized by their ability to generate different outcomes at each of the dimensions of social life: micro, meso and macro.
- Meaning, a sense of responsibility at the micro level; relational goods at the meso level; and social capital at the macro level.
- The presentation illustrate the assessment tool called S.A.V.E. applied, as empirical reference, to three Italian Social Enterprises operating in the field of health and social services (local welfare systems).

What does the Ses/NPOs produce?

<table>
<thead>
<tr>
<th>Social Dimension</th>
<th>Subjects of action</th>
<th>Intermediary Products</th>
<th>Social Added Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICRO</td>
<td>PERSONS</td>
<td>- Belonging - Participation - Solidarity - Self-governance</td>
<td>RESPONSIBILITY</td>
</tr>
<tr>
<td>MESO</td>
<td>ORGANISATIONS</td>
<td>- Associational Form - Reciprocity</td>
<td>RELATIONAL GOODS</td>
</tr>
<tr>
<td>MACRO</td>
<td>Social Systems, COMMUNITY</td>
<td>- Trust - Public Space</td>
<td>SOCIAL CAPITAL</td>
</tr>
</tbody>
</table>
Pressures toward social impact assessment

• We should stats recognizing that there is an increasing and converging interest among policy makers, scholars and researchers, and third sector practitioners concerning the social added value nonprofit organizations and social enterprises create in the society as a whole.
• We argue that there are many factors inducing this pressure on NPO / SE towards the adoption of assessment systems for the evaluation of the (social) impact produced by their activities and programs;
• among them a key-role is played by the economic and financial crisis started in October 2008, and the consequent shrinkage of financial resources both for institutional donors (grant-making foundations) and public administration.

I
Why Now?

“Those attempting to guide the economy and our societies are like pilots trying to steering a course without a reliable compass”

“We are almost blind when the metrics on which action is based are ill-designed or when they are not well understood”
(Stiglitz, Sen, Fitoussi, 2010)
Three main reasons

• There is an increasing pressure toward NPO / SE for the adoption of assessment systems for the evaluation of the (social) impact produced (induced) by their activities, programs, projects, etc.
• Where does this pressure came from?
• And why now?
• In our opinion there are, at least, three main reasons explaining these trends.

Three typologies of changes

• Change in the corporate world
  First of all there is a wide change in the attitude of the citizens as consumers towards the role and function of private for profit enterprises in society. This change in life styles, opinions and attitudes put pressure on firms influencing their corporate behavior, pushing them to adopt a more social responsible orientation towards the environment and its stakeholders.

• Change in public administration
  Secondly in the last two decades there has been a deep process of reform in the Public Administration, involving the top managerial levels, due to the adoption of the principles of the so called “New Public Management”.

• Change in the nonprofit world
  Thirdly there is a wide movement inside the so called Third Sector (meaning organizations that are not private for profit (business) neither part of the public administration structure) toward the “marketization” or “commercialization” of their activities and the “professionalization” of their human resources (both paid staff and volunteers).
II
Framework for Measuring Social Performance

“If it can't be measured it can be ignored”
The Limits of Nonprofit Impact: A Contingency Framework for Measuring Social Performance

In a very insightful article published in 2010 in the Working Paper Series of the Harvard Business School, Ebrahim A. and Rangan V.K propose a “framework for measuring social performance” using as target the NGOs—nongovernmental organization operating in “third world” or “under developed” countries.

The authors recognize that many definitions of impact refer to a logic chain of results in which organizational inputs and activities lead to a series of outputs, outcomes, and ultimately to a set of societal impacts (see Table 1.1).

Given the above mentioned framework they state that:

“Our normative argument is that it is not feasible, or even desirable, for all organizations to develop metrics at all levels on the logic chain. The more important challenge is one of alignment (…). We contend that organizational efforts extending beyond this scope are a misallocation of scarce resources.” (p. 4)

The logic chain
(Ebrahim A. and Rangan V.K , 2010)

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Activities</th>
<th>Outputs</th>
<th>Outcomes</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>What goes in</td>
<td>What happens</td>
<td>What results — immediate</td>
<td>What results — medium- and long term</td>
<td>What results — effects on root causes; sustained significant change</td>
</tr>
<tr>
<td>• funds</td>
<td>• basic needs delivered, such as food and shelter</td>
<td>• people fed, treated or housed</td>
<td>• improved living conditions, health, etc.</td>
<td>• sustained drop in poverty</td>
</tr>
<tr>
<td>• equipment and supplies</td>
<td>• services delivered, such as training programs</td>
<td>• people trained or educated</td>
<td>• increased incomes</td>
<td>• changes in public policy and regulation</td>
</tr>
<tr>
<td>• knowledge and technical expertise</td>
<td>• capacity building</td>
<td>• roads built</td>
<td>• enhanced political voice</td>
<td>• increased rights and political power</td>
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<tr>
<td></td>
<td>• construction of infrastructure</td>
<td>• goods transported to market and sold</td>
<td></td>
<td>• fundamental changes in social norms and attitudes (on rights, freedoms, governance, and markets)</td>
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<tr>
<td></td>
<td>• policy dialogues and workshops</td>
<td>• policy papers written</td>
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</table>
Contingency approach

- They develop a *contingency approach* for measuring social performance based on the assumption that — because of the varied work, aims, and capacities of social sector organizations — some organizations should be measuring *long-term impacts*, while others should stick to measuring *shorter-term results*.
- This approach offers a *logic* for determining which kinds of measures are *appropriate*, as driven by the mission and goals of the organization.

(Ebrahim A. and Rangan V.K, 2010)
Three main challenges

• There are three main challenges in front of the nonprofit managers and leaders:

1. “What can my organization reasonably measure on the logic chain — inputs, activities, outputs, outcomes, or impacts?
2. What does my organization need to measure for accountability to funders?
3. How can my organization use measurement to help it better achieve its mission?”

Two analytical problems

• Two deep analytical problems are implied by these questions:

• (a) the problem of causality, meaning how well understood is the relationship between cause and effect of an intervention; and they refer to an organization’s causal logic as its theory of change;

• (b) the problem of control over results, meaning the ways in which managers exercise control over their interventions and results.
THE SOCIAL IMPACT CUBE

III
Definitions: Social Impact vs. Social Value

"Nowadays people know the price of everything and the value of nothing."
(Oscar Wilde – The Picture of Dorian Gray)
EU Reports

1. Proposed Approaches to Social Impact Measurement in European Commission legislation and in practice relating to: EuSEFs and the EaSI, GECES Sub-group on Impact Measurement, Adopted by the GECES - June 2014;

2. Policy Brief on social impact measurement for social enterprises, OECD, 2015.

Social impact definitions/1

- GECES Definition:
The reflection of social outcomes as measurements, both long-term and short-term, adjusted:
  a) - for the effects achieved by others (alternative attribution),
  b) for effects that would have happened anyway (deadweight),
  c) for negative consequences (displacement), and
  d) for effects declining over time (drop-off).
Five phases of the impact evaluation process (GECES, Pag. 7-8)

Social impact definitions/2

• OECD definition:
  Social impact is usually defined in reference to four key elements:
  1. the value created as a consequence of someone’s activity;
  2. the value experienced by beneficiaries and all others affected;
  3. an impact that includes both positive and negative effects;
  4. an impact that is judged against a benchmark of what the situation would have been without the proposed activity.
Definition of Social Impact

• A lasting change (positive or negative) in the environment of the organization influenced - directly or indirectly, intended or unintended – by the organizational activities.

As Ebrahim A., Rangan V.K suggest, we would prefer the term societal impact instead of social impact in order to define the overall contribution that a nonprofit organization or a social enterprise produce for the society as a whole. Given the fact that an organization produces several different types of impact: economic, political, social and cultural. But since in the international scientific literature the common used term is the latter, in this speech they will be used as synonymous.

Definition of Social Value

• The increase in the quantity and quality of meaningful relationships (social relations) due to the organization activities.
• The decrease of consumption of meaningful relationships (social relations) linked to the organization’s way of operate.
The dimensions of the Social Impact / Social Value assessment process

<table>
<thead>
<tr>
<th>Questions</th>
<th>Elements</th>
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<tbody>
<tr>
<td>Why</td>
<td>Rationales/Motives:</td>
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<td></td>
<td>- Economic</td>
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<td>- Political</td>
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<td>- Social</td>
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<td>- Ethical</td>
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<td>How</td>
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<td>- Tools</td>
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<td>- Indicators</td>
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<tr>
<td>What</td>
<td>Level of analysis:</td>
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<td></td>
<td>- project</td>
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<td></td>
<td>- organization</td>
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<td></td>
<td>- activity/service</td>
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<tr>
<td></td>
<td>Object of analysis:</td>
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<td></td>
<td>- process</td>
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<td></td>
<td>- product</td>
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<td>Type of objects:</td>
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<td>- Tangible</td>
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<td>- Intangible</td>
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<td>- External</td>
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<td>- in-conscious</td>
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<td>- direct</td>
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<td></td>
<td>- indirect</td>
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</tbody>
</table>

Different types of Impact or Added Value

- A Economic Impact/Value (efficiency)
- G Political Impact/Value (capacity of influencing the political agenda, efficacy)
- I Social Impact/Value (relational)
- L Cultural Value (innovation, integrity, congruence, coherence)
IV
S.A.V.E.
Social Added Value Evaluation

What we measure affects what we do!

Four organizations’ processes

- Decision-making process
- Resources-acquisition process
- Production of goods Delivering of services process
- Sense making Symbols creation process
The internal operational dimensions of SE/NPO’s

- Relational Goods
  - Participation
  - Transparency
  - Involvement
  - Solidarity/Mutuality
  - Social Capital

- Social Capital
  - Justice
  - Equality
  - Fairness
  - Responsibility
  - Trust

- OdV = gift/gratuitousness
- APS = participation/democracy
- CoopSoc/IS = work/profession/self-governance
- Fondazioni = management/belonging
Resources
- Economic Resources
- Human Resources

Governance

Output/Outcome
- Beneficiaries Involvement
- Relational Goods

Impacts
- Social Capital for the Community

Economic Resources
- ++ economic resources
- + democracy
- - users involvement
- + social capital creation

Human Resources

Leadership Selection

Decision-making Process

Resources

Reinforcement of Inclusive Community

Development of Cohesive Community

Users involvement

Families involvement

Impacts
Social Impact Evaluation

In this presentation we adopted an approach that, along the lines of the EIA - Environmental Impact Assessment, can be defined as SIA - Social Impact Assessment.

That shifts the focus from the material/tangible dimension to immaterial/intangible aspects of social interactions, of complex inter-organizational networks that constitute the basic structure of societal configurations in late modernity.

...and don’t forget that:

What we measure affects what we do!
Thank you for your attention!

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