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**Book Section**

**Title:** Developing social impact measurement for social enterprise

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**Example citation:** Hazenberg, R. and Clifford, J. (2016) Developing social impact measurement for social enterprise. In: Durkin, C. and Gunn, R. (eds.) *Social Entrepreneurship: A Skills Approach*. 2nd ed. Bristol: Policy Press.

It is advisable to refer to the publisher's version if you intend to cite from this work.

**Version:** Accepted version

**Official URL:** <http://policypress.co.uk/social-entrepreneurship-2>

**Note:** This is a post-peer-review, pre-copy edited version of an extract/chapter published in *Social Entrepreneurship: A Skills Approach*. Details of the definitive published version and how to purchase it are available online at: <http://policypress.co.uk/social-entrepreneurship-2>.

<http://nectar.northampton.ac.uk/9029/>



## GECES and the valid measurement of social impact in the VCSE sector

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### Overview

Social impact measurement represents both a strength and weakness for ‘voluntary, community and social enterprise’ (VCSE) organisations. This tension occurs because social impact measurement approaches seek to demonstrate the social value that VCSE organisations create; but at the same time they require skillsets (research), resources (in time and finances), and commitment (from key stakeholders) in order robustly to be carried out. This tension is further exacerbated by the lack of definition around what constitutes social impact (Sairinen and Kumpulainen, 2006)<sup>1</sup>; what social value creation looks like as a construct and a process (Emerson, 2000); and the plethora of different (and complex) methodological approaches to social impact measurement that exist globally and in the UK<sup>2</sup> (Inspiring Impact, 2016; Millar and Hall, 2013; Hehenberger et al., 2013). This is problematic for the VCSE sector as the demonstration of the social impact that they deliver is increasingly being viewed as strategically critical in relation to gaining access to resources, achieving legitimacy and as a process of organisational development (Nicholls, 2009; Clifford et al., 2013). There is therefore a need for a concerted effort to be made not just in convincing social enterprises (and wider organisational groups) that social impact measurement is required, but also to develop tools and methodologies that can cater to the varied needs of such organisations, whilst still retaining underlying common frameworks and principles.

This chapter seeks to explore these issues through the building of a common framework based upon the European Commission’s GECES sub-committee report on social impact measurement that was published in June 2014 and also the more recent work of Noya (2015) in exploring social impact measurement in social enterprises for the OECD. These publications were produced to bring a cohesion and consistency to impact measurement across the EU Member States, not only in the operation of grant and investment funds under the Social Business Initiative, but also more widely across the social economy. The authors view the utilisation of the GECES framework in the development of a common approach to social impact measurement across the UK as fundamental to the development of the VCSE sector, particularly now that the Public Services (Social Value) Act 2012 obliges public service commissioners to *consider* social value in the commissioning and procurement of services. In addition to public sector demand, there is also a need for robust impact measurement in the venture philanthropy and social/impact investment markets (Barraket and Yousefpour, 2013; Nicholls, 2010). This is because currently these markets are characterised by a lack of data and information asymmetry (Hazenberg et al., 2014) and robust impact measurement can support the development of new investment products that can assist the VCSE sector to grow

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<sup>1</sup> Although the GECES report does offer a definition of social impact as ‘*The reflection of social outcomes as measurements, both long-term and short-term, adjusted for the effects achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement), and for effects declining over time (drop-off)*’ (GECES, June 2014:12).

<sup>2</sup> 135 formal social impact measurement tools are currently identified as being in existence (Inspiring Impact, 2016). In addition to these, many informal measures developed by VCSEs in-house will also be in place. Indeed, Hehenberger et al. (2013:54), contend that there as many as 1,000 different social impact measurement tools in existence.

(Nicholls, 2010; Wood et al., 2012; Barraket and Yousefpour, 2013). The chapter begins by exploring definitions of social impact, before moving on to examine the recommendations of the GECES report, before concluding with the proffering of a ten-point code that it is suggested all in the sector should adhere to when conducting social impact measurement.

## **Defining Social Impact & Measurement**

As was noted above, defining social impact (herein referred to merely as impact) is problematic (Sairinen and Kumpulainen, 2006; Emerson, 2000). Indeed, until the GECES report was published there was no accepted definition, and even now commonality in understanding the concept is not yet universal. Moreover, impact is a socially constructed term that means different things to different people (what in the sector would be seen as the different needs and aims of different stakeholder groups) (Burdge and Vanclay, 1996), which means that impact is fluid in its meaning (G8 Impact Measurement Working Group, Sep 2014)<sup>3</sup>. This only further increases the complexities for actors engaging in the measurement of impact, as it creates different value labels to be assigned to different outcomes. In this sense, impact measurement becomes about assessing change rather than structure (Burdge and Johnson, 1998) and understanding how these changes (at individual, organisational and societal levels) affect society. However, whilst this can seem to make impact a thorny construct that is difficult to grasp, it in fact allows us to take a fluid (yet practical) route, by utilising what could be considered a common sense approach to defining social impact.

When examining the multitude of approaches to impact and its measurement, there are in fact common terms and definitions that are utilised broadly across the sector (Sairinen and Kumpulainen, 2006; Hehenberger et al., 2013; Clifford et al., 2014; Noya, 2015). These commonalities point to impact being something that practitioners and policy-makers (if not academics) can engage with, as long as common design, analysis and reporting frameworks are in place to guide good practice (in what can be considered a post-definitional model). Common definitions do exist including that proposed by the International Association for Impact Assessment, which states that *'Social Impact Assessment includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions'* (IAIA, 2016). Definitions such as the above proposed by the IAIA, when combined with robust measurement frameworks, can ensure that impact measurement becomes an area of real value for the VCSE sector (and wider society).

## **GECES and the Development of a Common Framework**

This lack of clarity and a dominant (or consistent) methodological approach in impact measurement has led to legitimacy problems for the social enterprise sector as a whole. The disjointed approach to defining and measuring impact outlined above led to the establishment by the European Commission of the GECES sub-committee on social impact measurement that reported its findings in June 2014. In exploring social impact measurement the GECES subgroup explored the following areas:

- *Inputs*: What resources are used in the delivery of an intervention?

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<sup>3</sup> It should be noted however, that the G8 also now uses the definition proposed by GECES.

- *Activity*: What is being done with the ‘inputs’ (i.e. the intervention)?
- *Output*: How that activity touches the intended beneficiaries?
- *Outcome*: the change arising in the lives of beneficiaries and others.
- *Impact*: The extents to which that change arise from the intervention.

(Clifford, Hehenberger and Fantini, 2014:6)

In exploring impact measurement in relation to outputs, outcomes and impacts, the GECES framework built upon the prior work of McLoughlin et al. (2009) in defining the three key types of data that should be captured in impact measurement. In addition, the GECES report also highlighted the importance of impact evaluation methodologies taking into account three main factors:

- *Deadweight*: What changes would have happened anyway, regardless of the intervention?
- *Alternative attribution*: Deducting the effect achieved by the contribution of others (i.e. partner organisations).
- *Drop-off*: Allowing for the decreasing effect of an intervention over time.

(Clifford et al., 2014:7)

GECES also stated the impossibility of having single measures/indicators of social impact that could be used to measure impact across the sector, due to the heterogeneity of social missions operating across the social economy; the different impact measurement requirements (complexity; resource; design) of VCSEs; the difficulty of comparing the impact of different organisations; and the rapid rate of impact measurement development (Clifford et al., 2014). On this basis the only valid approach is to produce a guiding *framework* that could be adopted by all impact measurement approaches to ensure quality and best practice, whilst not being prescriptive about methods so as not to stifle innovation in the impact measurement sector. The GECES report therefore recommended five stages in developing, implementing and reporting impact:

1. *Identify objectives*: What are the objectives of the impact measurement (i.e. organisation and partners)?
2. *Identify stakeholders*: Who are the beneficiaries and who provide resources?
3. *Relevant measurement*: Understand the theory of change and then utilise relevant indicators to capture this.
4. *Measure, validate and value*: Assess whether outcomes are achieved and whether they are recognised by the various stakeholders.
5. *Report, learn and improve*: Ensure the dissemination of and meaningful use of the data gathered and findings produced to internal and external stakeholders/audiences.

(Clifford et al., 2014:7)

Finally, the GECES sub-committee also recommended transparency and accountability in producing impact reports both in the research design and data collection, as well as in the reporting and dissemination (Clifford et al., 2014). The credibility of the VCSE sector and of impact measurement is reliant on this transparency in order to build legitimacy and trust.

### **Moving Beyond GECES: The Ten-point Code for Social Impact Measurement**

As was discussed earlier, the future development of the VCSE sector requires impact measurement in order to allow organisations to have the evidence to access public and private sources of finance; to be able to robustly understand organisational performance and enhance the quality of social interventions; and to demonstrate value to wider society. However, the literature reviewed here including the GECES report on social impact measurement clearly demonstrates that the creation of a single tool that can measure the impact of all organisational types and missions is a quixotic pursuit. Furthermore, what is actually required is an overarching framework that provides the VCSE sector with a guide to what they should expect (and include) in an impact measurement project and report. This will provide organisational leaders and stakeholders with the confidence that the impact measurement they are undertaking (or paying for) is robust, valid and beneficial.

It is with this in mind that the authors propose a development of the GECES framework that can be applied in the UK (and globally). Research work undertaken by the authors during 2015 in partnership with the E3M network<sup>4</sup>, led to the creation of the below ‘Social Impact Measurement Ten-point Code’ (SIM-10) (see Table 1) for stakeholders in the sector to adhere to. The SIM-10 can provide the framework for the development of future impact measurement tools, the quality assurance of existing methodologies, and a badge of compliance for the sector that their impact measurement is best-practice compliant.

<b>Table 1 – Social Impact Measurement 10-point Code (SIM-10)</b>	
<i>Statement</i>	<i>Descriptor</i>
Statement 1	We will use, and refer to the five-stage process outlined in the GECES, and will show how our measurement methodology fits to that
Statement 2	We will, in all published material, adhere to or surpass the minimum disclosure standards laid out in GECES, always with the over-riding obligations of stakeholder relevance, accountability and transparency
Statement 3	We will at all times strive to make the effort and cost expended on measurement of social impact proportionate to the benefit to be had by knowing the additional information generated
Statement 4	We will seek to use similar outcomes as others in the same or similar areas of service and social delivery except where to do so would not adequately meet stakeholders’ needs for explanation. In the latter case we will explain in all reporting why we have departed from the usual outcome used
Statement 5	We will seek to use similar indicators as others in the same or similar areas of service and social delivery except where to do so would not adequately meet stakeholders’ needs for explanation. In the latter case we will explain in all reporting why we have departed from the usual indicator used
Statement 6	We will describe the contribution of particular and relevant parties to the delivery of outcomes, but will only measure their impact if it is useful and proportionate to do so, as agreed with relevant stakeholders
Statement 7	We will support, in our dialogue and our reporting, the definitions of key terms used in the GECES report, and that of the Social Impact Investment Taskforce

<sup>4</sup> A research workshop was organised in London in January 2015 at which key stakeholders from across the UK impact measurement sector (social entrepreneurs; charities; lawyers; accountants; impact measurement consultants; policy-makers) were invited to participate in 4 focus groups and 3 plenary discussion forums. The data gathered during these sessions (audio recordings that were subsequently transcribed and analysed) was used to develop the above SIM-10. More information about this workshop can be found online at <http://e3m.org.uk/social-impact-workshop/>

<b>Table 1 – Social Impact Measurement 10-point Code (SIM-10)</b>	
<i>Statement</i>	<i>Descriptor</i>
Statement 8	We will, wherever possible, publish results of social impact measurement for the benefit of the wider community
Statement 9	We will encourage policy makers, at local and national level, to recognise social impact and value in commissioning and contracting
Statement 10	We will display the GECES kite-mark badge on all published material including our website(s)

(Clifford and Hazenberg, 2015)

## **Acknowledgements**

The authors would like to acknowledge the support of the E3M network ([www.e3m.org.uk](http://www.e3m.org.uk)) in the development of this research and of the SIM-10. Specifically within this the following individuals and organisations, through their contributions before, during and after the workshop, have made this research and paper possible: Jonathan Bland (E3M); Julian Blake (Bates, Wells and Braithwaite); Professor Simon Denny (University of Northampton); Baker Tilly, Big Issue Invest, Big Society Capital, Bridges Ventures, the Cabinet Office, CAN, Care Plus Group, Centre for Public Scrutiny, CIPFA, City Health Care Partnership, EngagedX Investment, Goodwill Solutions, Guy's and St Thomas' NHS Foundation Trust, Impetus-PEF, K10, LEYF, NCS, NCVO, NPC, Patch Charity, Realise Futures CIC, Sirona Care and Health CIC, Social and Sustainable Capital, Social Business International, Social Enterprise UK and the SROI Network. Your support, insights and contributions were much appreciated.

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