



UNIVERSITY OF SAN FRANCISCO

CHANGE THE WORLD FROM HERE

Reframing Social Impact

by

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Abstract

The nonprofit sector is in a state of flux. With the entrance of social enterprises, changing revenue streams, and an uncertain political climate in the United States, nonprofit organizations are facing numerous challenges. Compounding these challenges is the demand from funders for nonprofit organizations and social enterprises (mission-driven organizations), alike, to move from reporting outputs to reporting impact. However, social impact measurement is complex. Social impact definitions, methodologies and rigor vary from organization to organization and funder to funder. This research builds on the global discussion of how to define and effectively measure the social impact of mission-driven organizations. Drawing on interviews with experts in the field and an extensive literature review, this research aims to provide a different perspective on how funders, government entities and mission-driven organizations should evaluate impact. Moreover, this research proposes a new framework for what mission-driven organizations should measure and report to stakeholders.

Keywords: social impact measurement, nonprofit organizations, social enterprise

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Introduction

The social sector in the United States (US) and Europe is changing. With the continued growth of social enterprises (an organization that through a market-driven approach is either addressing a basic unmet need or solving a social problem (Ebrahim & Rangan, 2014; Social Impact Investment Taskforce, 2014; What is Social Enterprise? n.d.)), the uncertain political climate, a shift in social and policy needs (Chiaf, 2013; Clifford, J. & European Commission, 2014), the rapid growth of impact investors and venture philanthropists (So & Staskevicius, 2015), the economic challenges post the 2008 recession (Cunniffe, 2014), nonprofit and nongovernmental organizations are faced with a vast number of challenges. (The term mission-driven organizations will be used in place of nonprofits, nongovernmental organizations and social enterprises throughout the remainder of the paper.) In addition to these changes, impact investors, government agencies, private and institutional donors are demanding these mission-driven organizations report on their impact. However, social impact measurement is complex. Social impact measurement varies greatly in the definition, approach and rigor (J.C. Ronquillo, personal communication, July 6, 2017; So & Staskevicius, 2015) and changes with an organization's mission and interventions (R. Haykin, personal communication, June 20, 2017).

Social impact measurement is not new. In the early 1990s, social impact measurement emerged (Clifford, J. & European Commission, 2014), along with the movement of increased accountability among mission-driven organizations. Neither, accountability nor social impact

measurement has gone away. In fact, both accountability and social impact measurement have continued to develop and rapidly change (Clifford, J. & European Commission, 2014). Since the early 1990s, social impact measurement has continued to evolve with different methods developing that reflect the needs and viewpoints of the different interest groups and business structures (Clifford, Markey & Malpani, 2013). The ultimate objective for mission-driven organizations is to make a difference (Fruchterman, 2016; J.C. Ronquillo, personal communication, July 6, 2017); however, capturing how much difference is difficult to measure, let alone communicating the results. With the numerous social impact measurement methods and approaches that have been either proposed or adopted, each fall short in some way of accurately measuring social impact (Costa & Pesci, 2016), leaving mission-driven organizations with the task of finding the most appropriate measurement approach or method for their organization and stakeholders. The demand for social impact measurement is being discussed by all – academics, who are trying to provide guidance; foundations, who want to support the most effective programs; investors, who want a return on their investments; government entities who need to account for their spending decisions (O’Berg & Mansson, 2011); and mission-driven organizations, who need to demonstrate impact to their stakeholders - funders, partners, and beneficiaries (N. Almedia, personal communication, June 14, 2017; Mulgan, 2010). Mission-driven organizations are getting caught up into the widespread debates across the United States and Europe as these different groups are trying to determine how much impact an intervention makes (Costa & Pesci, 2016).

In order to achieve their social goal, mission-driven organizations understand the importance of measuring their impact among its beneficiaries (Social Impact Investment Taskforce, 2014; O’Berg & Mansson, 2011). All of these mission-driven organizations understand that measuring their impact among their beneficiaries and community is critical for securing funding; however, the majority of organizations lack the capacity to do so effectively and accurately (B. DeSutter, personal communication, July 15, 2017; see also Despard, 2017; O’Berg & Mansson, 2011). To begin, with many of these organizations aren’t sure how impact is defined, let alone what should be measured. There is a growing need for an agreed upon definition and approach. The approach must supports consistency, comparability and the ability to learn through experience. It must also be flexible in order to allow for growth (B. DeSutter, personal communication, July 15, 2017; Graham & Anderson, 2015).

With the confusion and complexity, many mission-driven organizations are attempting to meet funders’ social impact measurement requirements, but unfortunately are not collecting the necessary data (O’Berg & Mansson, 2011). Next, many organizations lack the staff and resources needed for collecting the correct data and analyzing properly (B. DeSutter, personal communication, July 15, 2017; J.C. Ronquillo, personal communication, July 6, 2017; O’Berg & Mansson, 2011). Finally, of the organizations collecting data, most do not use the findings to improve decision-making for their organization, partners or their programs, products and/or services (Despard, 2017; K. Sparks, personal communication, July 15, 2017). With these challenges in mind, this research was designed to help mission-driven organizations start to

navigate this complex and evolving topic. Due to the extensive work already completed on the subject matter, this report focused on:

1. Identifying how social impact is defined in the United States and globally, attempting to identify a standard definition.
2. Exploring the current approaches and methodologies for measuring social impact.
3. Proposing a way to move social impact measurement beyond a funding requirement.

This report starts with a definition of mission-driven organizations followed by an overview of the many definitions of social impact measurement and the drivers behind it. Next, the report identifies the various methods and approaches currently used for social impact measurement along with their strengths and weaknesses of some of the most prominent methods. The report then proposes a revised framework for what mission-driven organizations should measure and report. Finally, the report concludes with the benefits and limitations of the research reviewed, along with suggestions for further research on this topic.

Literature Review

Definitions

Mission-driven organizations

There is little doubt that both for-profit and mission-driven organizations create social impact – both positive and negative - for individuals and communities (Costa & Pesci, 2016).

With the entrance of hybrid organizations in the United States, such as benefit corporations (B-

Corps), low-profit limited liability corporations (L3C), and other organizations, there are now many different types of business models working to solve today's myriad of social problems (White, 2017), in the space once owned by nonprofits and nongovernmental organizations. As a result, a definition that encompasses the different organizational structures is needed. According to White (2017), these mission-driven organizations "operate in an environment where the market and/or government has failed with regards to the production of public goods and they attempt to alleviate a complex societal problem." Unlike traditional for-profit organizations, these organizations have a diverse set of stakeholders they are accountable to. Stakeholders may include beneficiaries or customers, employees and volunteers, institutional funders such as foundations or private donors, policy-makers and government entities (White, 2017). Meeting the diverse needs and demands of these stakeholders adds to the complexity for these organizations. For the purpose of this report, the term 'mission-driven organizations', meaning nonprofit and nongovernmental organizations and social enterprises – all of which are organizations that are driven primarily by a social purpose – will be used. Corporate social responsibility (also known as CSR) that is typically associated with for-profit organizations is not addressed in this report.

Social Impact

Throughout the literature available today, it is evident that the definitions for social impact measurement are inconsistent and often subjective. Over the past two decades, many foundations, government entities and academics have struggled with being able to clearly and

consistently define social impact (Ebrahim & Rangan, 2014). Depending on the author, country of origin, professional background, the terminology associated with social impact varies greatly too. Social returns, social benefits, and social values are other variations of the term social impact (Nicholls, Lawlor, Neitzert, & Goodspeed, 2012). The fluidity of the language and definition of social impact (Social Impact Investment Taskforce, 2014) contributes to part of the challenges that mission-driven organizations are facing. O’Berg and Mansson (2011) defined social impact as, “The result of the program when you take away what would have happened in any case, without the program being in place. It all ultimately comes down to what changes an organization contributes to in its work and how these changes are measured and communicated.” Karlan (2013) described social impact by asking, “How do lives change compared to how they would be if we didn’t do anything? What would have happened to them had this intervention not happened?” While Ebrahim and Rangan (2014) made a clear distinction between social outcomes and social impacts, “We distinguish outcomes and impacts, with the former referring to lasting changes in the lives of individuals and the latter to lasting results achieved at a community or societal level.” Clifford, Markey, & Malpani (2013) defined social impact measurement as, “The measurement of the impact of changes (outcomes) intentionally achieved in the lives of beneficiaries as a result of services and products, delivered by an organization, for which the beneficiary does not give full economic value.” The Organisation for Economic Co-operation and Development (OECD) defined impact as, “The positive and negative, intended and unintended, direct and indirect, primary and secondary effects produced by an intervention” (as cited in Chiaf, 2013). Regardless of the

terminology used to describe or define social impact, the two questions at the core of social impact measurement are: What difference is being made? And, how much of a difference is being made with the intervention (Nicholls, Lawlor, Neitzert, & Goodspeed, 2012)?

Drivers of social impact measurement

Impact investors

Over the last decade, there has been significant growth in impact investing; significantly increasing the attention and demand for social impact measurement (So & Staskevicius, 2015). As the Social Impact Investment Taskforce (2014) noted, “Doing good and doing well are no longer seen as incompatible.” Unlike traditional investors, impact investors aim to provide both a social and financial return on investment (So & Staskevicius, 2015). Included in the due diligence conducted on mission-driven organizations, impact investors try to ascertain an organization’s potential social impact to rank potential investment opportunities and returns (So & Staskevicius, 2015). These investors compare the different programs, products and/or services from each organization and the potential impact of each one to determine whether or not there is an investment fit (So & Staskevicius, 2015).

Funders

The aforementioned approach that impact investors are using is also causing a shift in how funders (including foundations, philanthropist, private and institutional donors) are giving; moving from the act of giving to giving based on the impact it achieves (Social Impact Investment Taskforce, 2014). According to the National Philanthropic Trust (2016), donors

donated over \$282 billion to mission-driven organizations in the United States in 2015; including foundations, it jumps to over \$340 billion. In 2016, donors in the United Kingdom donated over 9.7 billion pounds or \$12.6 billion US dollars (National Philanthropic Trust, 2016). With such a significant amount of money flowing into these mission-driven organizations, many funders – individuals and institutions alike – want to know how their money is being spent (O’Berg & Mansson, 2011). In order to determine the impact their investment is making, many of these funders have started incorporating social impact measurement requirements into their grant-making and funding conditions (Ebrahim & Rangan, 2014; Golden, Hewitt & McBane, 2010; Lumley, 2013). Similar to impact investors, funders compare programs, ranking potential organizations based on the anticipated social rate of return; helping them to make objective, fact-based decisions (Kania & Kramer, 2011; So & Staskevicius, 2015).

Government entities

Driven by the demands from taxpayers and citizens to be transparent with how the money given to mission-driven organizations is being used (Costa & Pesci, 2016; O’Berg & Mansson, 2011), government entities are making social impact measurement a requirement for funding and support. Even though the US and Europe have different government structure and employ different models for addressing the societal problems, all forms of governments are being pressured to make significant strides in tackling these societal ailments (Social Impact Investment Taskforce, 2014). Many governments are also still recovering from the economic slowdown that occurred from 2007-2010 that significantly impacted public funding (Chiaf,

2014; Clifford, Markey & Malpani, 2013) and need a way of determining how best to allocate support and limited funds.

Methods and Approaches

As mentioned previously, there are hundreds of approaches and numerous methodologies that are being used to measure the social impact of a mission-driven organization. After reviewing these various methods and approaches, it is evident that there is no industry standard for social impact measurement. Instead, there is a broad range of alternatives being used (Golden, Hewitt & McBane, 2010). For simplification purposes, these methods have been categorized into four main types: mission alignment, experimental & quasi-experimental, theory of change, and the expected return method.

Mission alignment methods

With the mission alignment methods, a mission-driven organization uses scorecards, dashboards, rubrics or other monitoring and evaluation methods to manage how it is executing on its strategy, how its activities are supporting the mission, and if it is reaching its end goal (So & Capanyola, 2016). The organization identifies a key set of performance indicators (KPIs) that often include program performance, operational performance, and financial performance (Sept, Naylor & Weston, 2011). This approach draws from the for-profit sector's balanced scorecard, which many funders and investors are familiar with. In their research, So & Capanyola (2016) noted that a key advantage to this approach is that collecting the data is often done through surveys; which are often inexpensive and straightforward. So & Capanyola

(2016) also noted that the disadvantages to the scorecard are that it is only as good as the KPIs selected and the data collected to populate it. If an organization measures the wrong KPIs, the scorecard is not useful in making business decisions or identifying impact. From an investor and funder standpoint, although they are familiar with it, the method makes it difficult to compare organizations as the KPIs often differ (So & Staskevicius, 2015).

Experimental & Quasi-experimental methods

The experimental and quasi-experimental methods are often viewed as the “gold standard” for social impact measurement (Sept, Naylor & Weston, 2011). Employing rigorous methodology, these methods are designed to measure the counterfactual, meaning what would have happened if the intervention did not take place (Brest & Born, 2013). One of the most commonly used counterfactual methods is randomized control trial (RCT). RCTs compare one group of participants that receive the intervention with another group that does not receive the intervention (So & Capanyola, 2016). The difference between the two groups, positive or negative, is the intervention’s impact. While these methods are rigorous and highly respected forms of research, they are expensive and require specialized skills to conduct properly (So & Staskevicius, 2015).

Theory of change methods

Based on the logical model (also called a logical framework, impact model, or impact value chain (Allman & Escobar De Nogales, 2015; Epstein & Yuthas, 2014)), a mission-driven organization outlines the process for which it intends to achieve social impact; identifying the

inputs, activities, outputs, and outcomes (McLaughlin & Jordan, (2015); Sept, Naylor & Weston, 2011; So & Capanyola, 2016). By using a logic model, a mission-driven organization is able to identify the linkage between the various components along with identifying risks that may impact the organization's ability to achieve its goals (Clifford, J. & European Commission, 2014; So & Capanyola, 2016). An advantage of this approach is that it is fairly straightforward and funders and government entities are familiar with it. One of the biggest challenges with using logic models is identifying the correct KPIs (So & Staskevicius, 2015).

Expected return methods

Drawing directly from the for-profit sector's finance and accounting models, these methods project the social benefit derived from the intervention against the cost of implementing and maintaining the intervention. The prominent methods include:

1. Cost-Effectiveness Analysis (CEA) which calculates a ratio of cost to a non-monetary benefit or outcome (Sept, Naylor & Weston, 2011).
2. Cost Benefit Analysis (CBA) which monetizes the value of the intervention and the costs associated with implementing and maintaining the intervention to see which is bigger (Sept, Naylor & Weston, 2011).
3. Social Return on Investment (SROI) which is derived from CBA and monetizes the value of the intervention and then comparing it to the costs (So & Staskevicius, 2015).

Other social impact metrics that employ the expected return methods are: the Environmental, Social, and Governance (ESG) Criteria; Global Reporting Initiative (GRI); Impact Reporting Investment Standards (IRIS) from the Global Impact Investing Network (GIIN), B Labs, Global

Impact Investing Ratings Systems (GIIRS), B Analytics, Shujog Impact Framework and Impact Mark (SIF). The advantage with using one of these methods is that they are recognized and respected globally (Graham & Anderson, 2015). The disadvantages to using many of these methods are that they often focus heavily on the organization's operations and are complex.

Weaknesses of Social Impact Measurement

Should it be measured?

Despite social impact measurements being a funding requirement, there are those that argue that mission-driven organizations should not measure social impact. One reason behind this argument is that a typical organization is not able to measure impact well. O'Berg and Mansson (2011) believed that organizations should continue to focus on monitoring activities and outputs and learn from these activities rather than attempting to measure impact and do it poorly. Mulgan (2010) argued that, "It's not sensible for a small NGO to invest scarce resources in apparently elaborate estimates of social value – not least because these estimates are bound to crumble under serious scrutiny." Gugerty & Karlan (2014) also supported the notation that not all organizations should report social impact. Gugerty & Karlan (2014) stated that if an organization's social impact is already evident, is too difficult to measure or the research will be conducted poorly yielding unreliable results, then organization should not attempt social impact measurement.

Standards

One of the biggest challenges with social impact measurement that funders, government entities and mission-driven organizations face is the lack of standards. One of the primary drivers for developing a set of standard metrics is that it brings credibility to impact reporting while enabling data comparability and other efficiencies (IRIS, n.d.). In 2010, Mulgan wrote, “Funders, nonprofit executives, and policymakers are very enthusiastic about measuring social value. Alas, they cannot agree on what it is, let alone how to assess it.” Nearly a decade after Mulgan made that statement, the excitement is still there, yet there are still no agreed upon standards. It isn’t for lack of trying though. In fact, much of the literature finds that numerous attempts have been made over the past few decades that have resulted in hundreds of approaches and methods (Molecke & Pinkse, 2017; Mulgan, 2010; So & Staskevicius, 2015). For example, GIIN helped develop IRIS, a catalog of generally accepted performance indicators to measure social, environmental and financial performances (Murphy & Schiff, 2015). Currently, there are over 5,000 participating organizations from nearly 150 countries that have identified 445 metrics that investors and mission-driven organizations are able to utilize (Murphy & Schiff, 2015). Other organizations such as the Social Return on Investment (SROI) Network and IIX Global (Graham & Anderson, 2015) have created their own set of standards. In 2014, while the United Kingdom was president over the Group of Eight (G8), it created a Social Impact Investment Taskforce to identify social impact standards (Social Impact Investment Taskforce, 2014). Many of these measurement tools draw heavily from for-profit financial and accounting practices (Molecke & Pinkse, 2017), which may or may not be

appropriate for all mission-driven organizations. While progress continues to be made, social impact measurement continues to evolve globally (Social Impact Investment Taskforce, 2014), making it difficult to find a lasting set of standards to adhere to. There is also concern that if standards aren't developed in the near term, investors, funders and government entities will start ranking and sorting mission-driven organizations based on financial returns (Dichter, 2014) since these are familiar measurements and have proven to be reliable.

One reason for the difficulty in creating standards is that each mission-driven organization creates social impact in a different way, making it difficult to determine what constitutes social impact (Epstein & Yuthas, 2014; O'Berg & Mansson, 2011; Thorpe, 2017). In the for-profit sector, the key metric used to determine an organization's success is its profit (Fruchterman, 2016; O'Berg & Mansson, 2011). Since many mission-driven organizations are not driven to make a profit, the creation of other success metrics is required. In addition, unlike for-profit organizations, mission-driven organizations have multiple stakeholders to report to (Fruchterman, 2016; Kania & Kramer, 2011). The ambiguity of what should be measured and the different opinions of the various stakeholders often lead to friction (Molecke & Pinkse, 2017). It is natural for investors and grant makers to want to compare programs and organizations in order to make better decisions and they often mandate common measures; however, common measurements are a lot more difficult to apply when the mission differs and interventions differ (Ruff & Olsen, 2016).

Another reason that a set of standards has not been adopted is the differing opinions about what is lost when standards are applied across mission-driven organizations. Those strongly opposed to standard measurements argue that when standards are applied, important details are often lost or overlooked. Many of the current methods work towards quantifying an organization's results. The challenge is that some social impacts are not tangible or are better reported qualitatively, not quantitatively (Graham & Anderson, 2015). However, those supporting standards argue that it's more important to apply the same measures to all organizations and what details that are lost with the standards are significantly smaller than what is gained through standardizations (Ruff & Olsen, 2016).

Finally, another major challenge with developing standards is that the set of metrics may not be relevant for all mission-driven organizations. If the standard measures the wrong thing or the context is lost, an organization's true impact is not known (Ruff & Olsen, 2016). Also, what internal and external stakeholders value may differ (White, 2017). To capture an organization's impact, the measurements need to fit the organization's interventions (O'Berg & Mansson, 2011; Ruff & Olsen, 2016) and no one set of indicators is capable of doing this (Clifford, J. & European Commission, 2014). It's difficult to capture the different approaches to social impact by mission-driven organization in a fair and objective manner (Clifford, J. & European Commission, 2014). In addition, some social impact measurements are best answered through the organization's institutional knowledge and descriptive data (Bates & Glennerster, 2017). According to GECES (2014), "While there are some quantitative indicators

that are commonly used, these often fail to capture some essential qualitative aspects, or, in their emphasis on the quantitative, can misrepresent, or undervalue the qualitative aspects that underpin it.”

Organizational capacity

Complicating social impact measurement further is the lack of capacity among mission-driven organizations. Reviewing the various pieces of literature, it is clear that the majority of mission-driven organizations have few resources available to dedicate to social impact measurement (Hanleybrown, Kania & Kramer, 2012). There are multiple causes for the lack of resources for social impact measurement. In general, the majority of mission-driven organizations’ resources go to their program or service work instead of back-office functions (Wagner, 2003). It is often difficult for mission-driven organizations to secure funding for general administration costs or “overhead”, as donors and investors prefer to invest in more tangible products, such as capital campaigns or programs and services (Ebrahim & Rangan, 2014; O’Berg & Mansson, 2011; Wagner, 2003). For many donors and investors, it is also difficult to prove a direct link between building an organization’s capacity and increasing its social impact (Wagner, 2003). Although some venture philanthropists are working on helping these organizations build capacity, the majority of donors are not.

Mission-driven organizations often view social impact measurement as either too costly or time-consuming because it requires extensive data collection and elaborate research approaches (McCreless, 2013). Measuring social impact does come with a cost and that cost is

dependent on the degree of evaluation and rigor being sought (Best & Born, 2013).

Some mission-driven organizations see social impact measurement as a waste of resources that could otherwise be put towards programs, products or services (Fruchterman, 2016; O’Berg & Mansson, 2011).

In addition to the cost barrier, many lack the knowledge and/or skill set needed to credibly measure social impact (Wagner, 2003). Organizations aren’t sure what to measure to demonstrate their impact and they often don’t know how to measure it for reliable or usable results (Epstein & Yuthas, 2014). While IRIS and SROI provide customization options for each organization, they still remain complex and difficult for the average organization to implement on their own. Mission-driven organizations need simple step-by-step instructions on how to measure social impact (Graham & Anderson, 2015), which is currently not available today. In order to assess an organization’s social impact, it requires research experience and expertise, in addition to resources that are often unavailable to the average organization (Ebrahim & Rangan, 2014; Epstein & Yuthas, 2014).

Finally, many in the nonprofit and nongovernmental organizations are skeptical about bringing evaluative practices into their organization (O’Berg & Mansson, 2011), let alone bringing in practices used in the for-profit sector (Wagner, 2003). Many are challenged with the idea of monetizing what “good” is. Bringing in an evaluative measure can also make employees and volunteers feel as if their work is being scrutinized (Ebrahim & Rangan, 2014;

Fruchterman, 2016; O’Berg & Mansson, 2011). It is important to note that this concern does not apply to social enterprises based on their business model.

Outputs not impact

For decades, the majority of mission-driven organizations have focused on being efficient and effective and using those two dimensions to determine their success (Woods & Johnson, 2015). Unfortunately, efficiency and effectiveness are not considered impact (Woods & Johnson, 2015). Even those organizations that have invested time or money into some sort of social impact measurement approach, the literature indicates that many are still monitoring program, product or service outputs and labeling it impact (Kania & Kramer 2013). Many organizations measure outputs since they are easy to count, yet they don’t truly capture an organization’s impact on the individual or the community. Mission-driven organizations often use outputs as proxies for impacts (Epstein & Yuthas, 2014). Some impact investors are ok with ‘outputs’ – as long as what is being measured seems reasonable; few are seeking outcome measurements (Thorpe, 2017). Some organizations measure primarily outputs because output data are easier to collect and manage, provide immediate signals on program performance and are within their control (Ebrahim & Rangan, 2014; Epstein & Yuthas, 2014). In addition, some mission-driven organizations believe that increasing their output means they will have greater impact (Forti & Youn, 2014), which doesn’t always hold true.

Strengths of social impact measurement

Despite the numerous challenges that mission-driven organizations are facing with measuring and reporting social impact, there are also strengths and opportunities emerging. The primary goal of a mission-driven organization is to make an impact in a social problem and social impact measurement is one way to facilitate greater impact (Impact Investment Taskforce, 2014).

A decision-making tool

Although many mission-driven organizations measure their impact for the sole purpose of meeting funding requirements (Epstein & Yuthas, 2014; Lumley, 2013), if designed and implemented correctly, social impact measurement may also be used as a strategic decision-making tool for organizational management, program, product and service improvement and innovation (Lumley, 2013; O’Berg & Mansson, 2011). Instead of viewing the social impact measurement requirements as a just a fundraising tool or a drain on resources (Social Impact Investment Taskforce, 2014), social impact measurement has the potential to help an organization learn more about its beneficiaries, how its interventions are performing, discover new ways to grow and apply the findings; ultimately benefitting the individuals and communities it serves. Pippin (2013) stated that “Measurement is a process that starts small and grows over time, and it can take just one strategic insight to entirely change how an organization operates.” Improving programs, products and services should be the primary reason mission-driven organizations measure social impact and adhering to funding

requirements secondary. If an organization does not track data as it relates to its mission, it's difficult to understand why something worked, what could be improved or changed in order to achieve the intended outcome (Epstein & Yuthas, 2014). The data can also help an organization identify opportunities for expansion and innovation. With the data collected, an organization has the ability to make data-driven decisions (So & Capanyola, 2016). Although data does not replace institutional knowledge or experience, it can strengthen it.

Not only does measurement improve programs, products and services, it also helps an organization with resource allocation and people management (Golden, Hewitt & McBane, 2010; Graham & Anderson, 2015). Without properly measuring an organization's intervention, it runs the risk of wasting scarce resources, such as money and time (Epstein & Yuthas, 2014). With data, a mission-driven organization is better able to know what resources are required and when, using its resources more effectively and efficiently. By utilizing the data from social impact measurement, an organization is able to transition from being reactive, to proactive, anticipating surpluses and shortages of resources, helping it adapt better.

Since many mission-driven organizations do not track or minimally track performance, these organizations will have to change the way they think and operate in order to integrate the findings in decision-making (Fruchterman, 2016). Although this shift may be difficult, the real-time feedback will help the organization improve the quality of its work (Ebrahim & Rangan, 2014).

Moving beyond outputs

As mentioned previously, many organizations report outputs because it is something they have control over and the information is often easier to obtain. However, some argue that organizations need to start moving beyond counting outputs and move towards measuring outcomes and impact (Lumley, 2013). By moving towards measuring outcomes, which measures and accounts for a variety of factors, an organization is able to really get a better sense of its true impact (Nicholls, Lawlor, Neitzert, & Goodspeed 2012) and the progress it is making towards its mission. Outputs keep the organizations focused on only one aspect of the organization, while outcomes take a look at the broader picture and how it relates to the larger societal problem (Social Impact Investment Taskforce, 2014)

Collective impact

Throughout the different perspectives voiced in the literature, a small yet important concept emerged. A few authors mentioned that social impact is rarely achieved by a single organization or single intervention, but rather through a combination of programs and interventions (So & Staskevicius, 2015; see also Better Evaluation, n.d.; Hanleybrown, Kania & Kramer, 2012). Collective impact is when different organizations work together, with a common agenda, to solve a specific social problem (Best & Born, 2013; Kania & Kramer, 2011). Due to the complexity of today's social problems, the concept of collective impact is gaining momentum. These organizations could be within the same sector or cross sector. Kania & Kramer (2011), suggested that, " Funders and nonprofits alike overlook the potential for

collective impact because they are used to focusing on independent action as the primary vehicle for social change.” In McLeod and Crutchfield’s (2007) research on high-impact mission-driven organizations, they found that these organizations worked with and through other organizations and individuals in order to achieve greater impact.

As the literature has indicated, defining social impact measurement is difficult, complex, and very subjective (Woods & Johnson, 2015). It is challenging to find a definition and a measurement approach that applies to the different organizations and their approaches to solving societal issues that is objective and fair to organizations of all sizes, missions and business structures. Currently, funders and government agencies are driving social impact measurement; but social impact measurement has the potential to be so much more for a mission-driven organization. As the various standards and measurement models evolve, it is important for mission-driven organizations to measure its programs, products and services not just for funders, but also for deeper learning on how to improve and better meet the needs of the organization and its beneficiaries. By measuring its programs, products and services, organizations have the opportunity to learn what is working or not, applying the findings, trying new approaches - and yes, failing.

Methods and Approaches

In order to provide a comprehensive view of social impact measurement for mission-driven organizations, a mixed methodology was applied. The research was conducted in two phases: a literature review and qualitative research.

Literature review

In the first phase, a literature review was conducted of over 50 articles, reports and papers. The objective of the literature review was to provide context for the needs, challenges, opportunities and gaps in social impact measurement. The selection criteria used for the literature review was:

- Data that provided historical context and current state of social impact measurement
- Identified trends and recommendations for implementing measurement
- Included perspectives from academia, funders and consultants

Priority was given to articles, reports and papers written within the past five years.

Qualitative research

The initial findings from the literature review informed the semi-structured interviews in the qualitative research. Five experts were invited either in-person or via email to participate in the interviews. I was already familiar with two of the interviewees and three interviewees were knew contacts. Each respondent was selected based on his or her current involvement in social impact measurement. To ensure a variety of perspectives were included, respondents were required to be currently involved in measuring social impact as a funder, consultant, nonprofit executive, academic, or solution provider. One hour interviews were conducted with each respondent, with three interviews conducted in-person and two interviews conducted over the phone. These interviews were conducted between June 14th and July 15th. A full list of the interviewees can be found in Appendix A.

In addition to the literature review and qualitative interviews, the Impact Reporting Investment Standards (IRIS) catalog of generally accepted performance indicators to measure social, environmental and financial performances, an initiative by Global Impact Investing Network (GIIN) (Murphy & Schiff, 2015), was consulted.

Informing the research was also my previous work experience in both the for-profit and the nonprofit sectors. For more than 12 years, I worked in various capacities in business development, marketing, and market research within the technology sector. More recently, I have worked in the nonprofit sector in fundraising and organizational development capacities. I drew on this collective experience from both sectors to inform this research. From this experience, I attempted to create a framework that could balance the demands of funders while also helping mission-driven organizations make a greater difference in the lives of their beneficiaries.

Findings

Definitions

Throughout the literature review and the interviews that were conducted, the definition of social impact varied greatly depending on the perspective of the organization or individual. Despite the differences, each definition tried to address two key questions: What difference is being made with the intervention? How much of a difference is being made with the intervention? With this in mind, the definition I chose distinguishes social outcomes from social impacts. According to Ebrahim and Range (2014), social outcomes are those results that

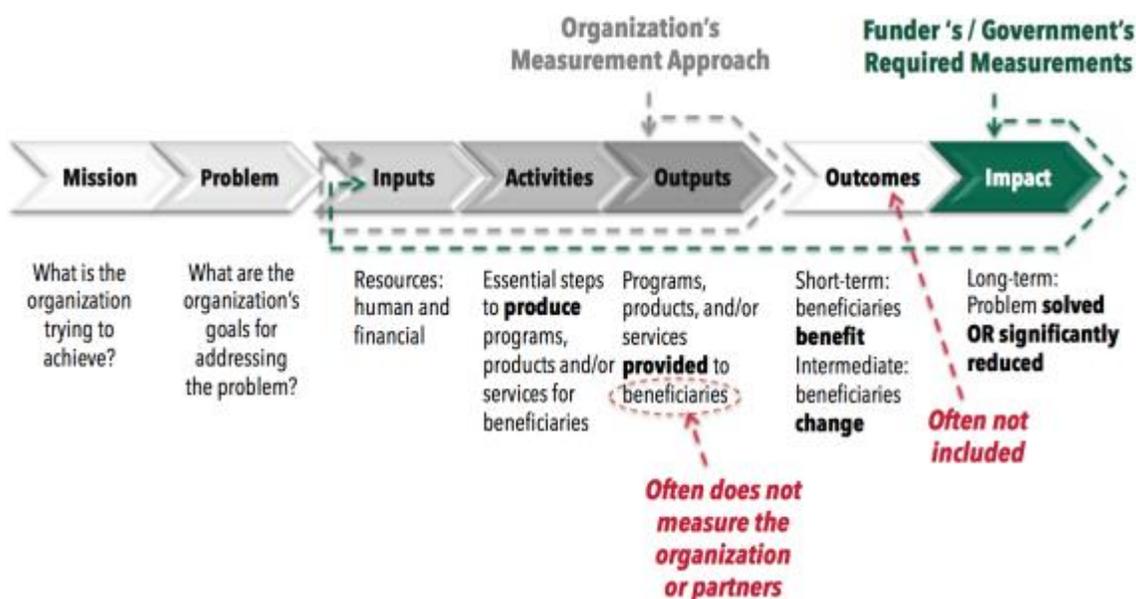
achieve lasting change in the lives of individuals and social impacts are those results that achieve lasting change at a community or societal level. The reasoning behind this is that although many mission-driven organizations desire to solve a societal problem, it is unlikely that any one organization will solve the problem by itself. The distinction is subtle, but comes down to the number of people served and in what time frame. In many logic models, outcomes are broken out in short-term, intermediate and long-term time frames. Short-term outcomes are often between one and three years, intermediate outcomes four to six years and long-term outcomes occur within seven to 10 years (Chiaf, 2013). This definition isn't to say that outcomes are less important than impacts. Both outcomes and impact are important, but they should be distinguished by time and numbers served.

Current methods and approaches

The different methods and approaches currently being used to measure social impact are using a "top-down" approach (N. Almedia, personal communication, June 14, 2017; Clifford, J. & European Commission, 2014). What this means is that the investor, funder, or government entity is the "top," making the request of the organization down at the bottom. The top often creates a set of social impact measurement criteria that may or may not meet the needs of the organization or reflect the mission. Because the organization is dependent on the funding, it tries to meet the requirements. Not only does this approach put unnecessary strain on the organization, it often does not accurately measure the outcomes of the interventions or the

organization itself. The requirements often only focus on the outputs for the beneficiaries and do not measure the organization's operations or partnerships. See Figure 1.

Figure 1: Current Measurement Framework



Source: Adapted from McLaughlin, J.A. & Jordan, G.B. (2015) and Allman, K., & Escobar De Nogales, X. (2015)

The challenge with this approach is that no one organization is capable of solving a societal problem; yet organizations are being measured as if they should be able to. Often mission driven organizations are not capable of measuring its current programs, let alone conducting research that spans years, or decades. Another challenge that presents itself with the current methods is that they often focus on the beneficiaries of the intervention. Many methods do not include the outcomes or impacts on the employees or volunteers of the organization or any partnerships that the organization may have. By omitting these two

groups, the outcomes produced or impact made is one dimensional and not representative of an organizations entire social impact.

Strengths and weaknesses of current methods and approaches

Throughout the literature review and the interviews, numerous strengths and weaknesses of the current approaches measuring an organization social impact were outlined. See Table 1 for a synthesis of strengths and weaknesses.

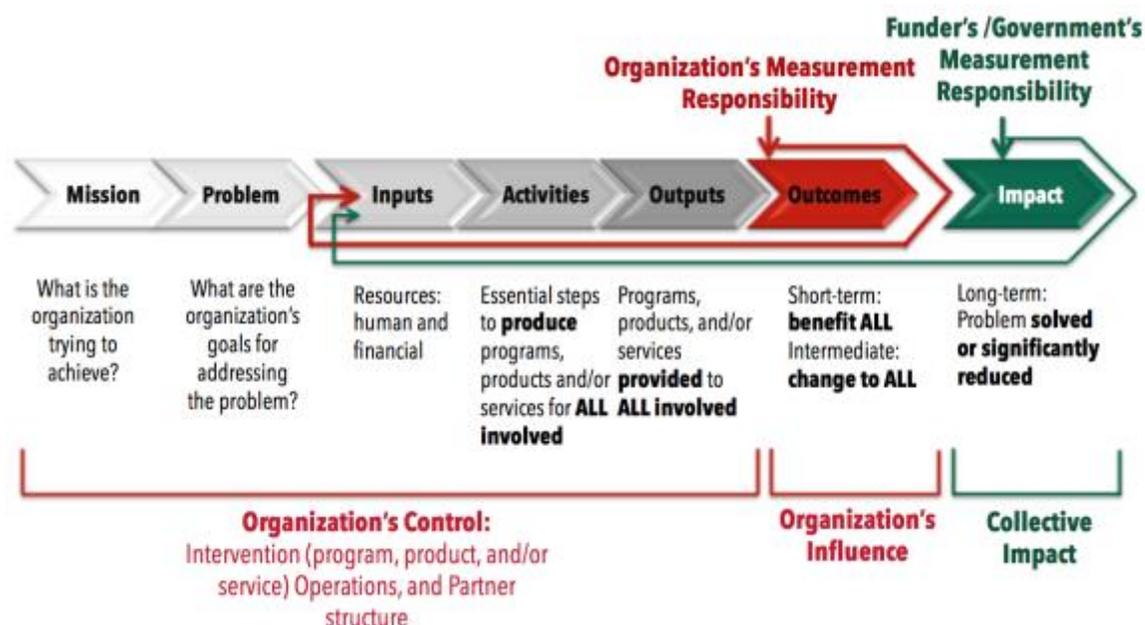
Table 1: Strengths and Weaknesses of Current Measurement Framework

STRENGTHS	WEAKNESSES
Moving towards standards	One-size does not fit all
Many models based on for-profit financial models	Not all impacts can be monetized
Provides quantifiable results	Context is often lost without qualitative
Increases accountability, communication	Often viewed as a time-consuming, resource intensive
Able to assist with decision- making	Tied to funding, easier to overstate results
Focuses on organization's interventions	Difficult to isolate impact of interventions
Focuses on programs / interventions for beneficiaries	Often excludes partnerships and organization's operations
Increases professionalization within organizations	Many organizations do not have the capacity to implement consistently for reliable results

Proposed measurement framework

Building on the strengths and weaknesses of the current social impact measurement methods and approaches and the issues that mission-driven organizations are faced with, I wanted to develop a framework that was adaptable, yet organization specific. There were numerous discussions throughout the literature as well as in the interviews that discussed an organization's theory of change. One of the key reasons that the theory of change is frequently mentioned is because of its use in both the for-profit and nonprofit sectors (N. Almedia, personal communication, June 14, 2017; R. Haykin, personal communication, June 20, 2017; So & Capanyola, 2016). In an attempt to create a common language between investors, funders, government entities and mission-driven organizations, it stands to reason that using a commonly used tool and language set is a step in the right direction. For investors, a logic model is more comprehensive as it details not only the outcomes, but also how the organization plans to get to its desired goals and the tools for measuring its progress (Fruchterman, 2016; R. Haykin, personal communication, June 20, 2017; McLaughlin & Jordan, 2015). For mission-driven organizations with minimal resources dedicated to measurement (J.C. Ronquillo, personal communication, July 6, 2017)(B. DeSutter, personal communication, July 15, 2017), starting social impact measurement through a logic model not only initiates or furthers strategic discussions, it also starts to integrate evaluation into the culture, it also starts informing decisions-making capabilities. See Figure 2.

Figure 2: Proposed Measurement Framework



Mission and Problem

This framework intentionally adds the mission and the problem statement to the beginning of the logical model to help the organization and its stakeholders keep in mind the organization's purpose.

Inputs

As with standard logic models, inputs are the human and financial resources needed.

Activities

Where the proposed model starts to diverge is with the activities. The majority of log frames focus on the activities for the beneficiaries. Informed by the interviews, I propose that

in order to fully measure an organization's outcomes, the organization's operations and partnerships should also be included in its social impact measurement. Of the methods I researched, one area of measurement that is often ignored or overlooked is an organization's partnerships. The partnerships are often critical to an organization's success as they often provide customers or clients, provide wrap-around services to fully support the customers, or clients or are used as resources for the organization. If a mission-driven organization is serious about making a significant difference in a social problem, it can't do it alone and therefore this needs to be accounted for in its social impact.

With this framework, I also incorporated the organization's operations. The intention is to create or further a culture that values evaluation (J.C. Ronquillo, personal communication, July 6, 2017; K. Sparks, personal communication, July 15, 2017). By including the operations in social impact measurement it is not to tie an individual's performance to a specific metric, but rather measure the internal impact that the organization has with factors such as its employees' health, the working environment, management practices and more (Golden, Hewitt & McBane, 2010). By creating a culture of accountability within operations, it will help the employees provide better programs, products and services to its beneficiaries.

Outputs

As with activities, I recommend including the organization's operations and partnership performance indicators here too.

Outcomes

Similar to activities and outputs, I also recommend including an organization's operations and partnership metrics in outcomes. It is time for organizations to stop working in silos and to harness the collective power that partnerships bring toward solving societal problems. This also helps hold the different organizations accountable to each other.

Impact

Because measuring social impact is complex and difficult to measure, I recommend that the government entities and funders that have the skills and the resources be responsible for measuring it. Not only do these government entities and funders have the resources, they are the ones trying to make the comparisons between the organizations.

Organization's measurement responsibility

Since there are no universal key performance indicators for measuring social impact (Thorpe, 2017), mission-drive organizations should determine what their key performance indicators (KPIs) are since they have a better understanding of the needs of those they are trying to serve (White, 2017), their operations and their partners. By determining the KPIs, it also helps ensure an organization captures qualitative data along with quantitative data.

In addition, by moving beyond measuring outputs to measuring outcomes, mission-driven organizations have the opportunity to identify innovation and partnership opportunities. When measuring outcomes, it starts shifting from an organization-centric approach to a collective approach, which has the potential to create innovative solutions, ultimately helping

the beneficiaries. For those mission-driven organizations that operate in a niche, the recommendation is to continue measuring outputs and outcomes (as appropriate) within their niche.

Funder's / Government's measurement responsibility

It is highly unlikely that one organization will be able to make a significant impact in a societal problem by itself; yet funders and government entities are expecting organizations to. It makes more sense for the funders and the government entities to measure the social impacts as they have the skills and resources necessary to conduct the level of research needed. The funders and government entities should work in partnership with mission-driven organization, but carry the bulk of the social impact measurement costs and processes.

Implications and Recommendations

Just like accountability, social impact measurement is here to stay. Although it is still evolving, it is only a matter of time before a set of standards is developed and widely adopted. It is important that mission-driven organizations start adapting to the shift and take steps now towards acquiring the skills and resources need for effective social impact measurement. In order for an organization to move beyond reporting outputs, it needs to create or revise its theory of change and how it plans to make a difference (B. DeSutter, personal communication, July 15, 2017; Graham & Anderson, 2015; K. Sparks, personal communication, July 15, 2017). If an organization does not currently have a logic model, the creation of a model will likely be

time-intensive, but it will be time well spent. It is also important to have a model that integrates the operations, partnerships and the beneficiaries since they are closely related (N. Almedia, personal communication, June 14, 2017; Graham & Anderson, 2015). Integrating data into the organization's decision-making process is an important aspect of social impact measurement. When collecting data, it should be actionable and the organization should be willing to learn and grow from the findings. It is important to note that there is no metric system that will meet everyone's needs, but utilizing a framework offers flexibility.

The following are recommendations based on the findings:

1. **Work towards a culture** that desires to improve and make better decisions utilizing evidence-based research. It is important to start integrating the use of data and measurement into all aspects of the organization.
2. **Create or revise a logic model framework**, mapping the organization's mission to its critical interventions, operations and partnerships. This acts as a map for communicating to key stakeholders.
3. **Start small!** Focus on only the core indicators needed for decision-making and update as needed. Anticipate it to grow and evolve over time.
4. **Make the framework actionable!** All of the information collected should inform decision-making. Key performance indicators should generate data that is useful and promotes learning.
5. **Communicate internally and externally** with stakeholders about what is being measured and why.

Conclusions

Social impact measurement is complex and difficult to define. Numerous organizations around the world have tried to create a set of standards and methods, but the standards and methods often fall short or are difficult to apply to all mission-driven organizations. Although social impact measurement is still evolving, it does not mean that mission-driven organizations should ignore it. For the foreseeable future, funding will continue to still be tied to an organization's ability to demonstrate its impact. Mission-driven organizations should take this opportunity to embrace social impact measurement and adopt a framework that allows them to use data to make better decisions, improving operations, growing partnerships and ultimately improving its programs, products and services for its beneficiaries. In the end, it isn't about what the funders or government entities are requiring, it's about fulfilling the mission the organization has set out to do, in the best way possible, making the greatest difference in the lives of the individuals and communities they are committed to serving. Social impact measurement is one way to make a greater impact.

Research Limitations

While a good faith effort was made to provide different perspective throughout the literature review and interview, there is no claim to have comprehensively covered all of the critical materials and data in this rapidly changing field. While these findings might not be representative of the entire field; my hope is that this research adds to the conversation.

Additional research

To further this discussion, I suggest conducting a quantitative study among mission-driven organizations to determine how many organizations have an updated theory of change, how many are conducting research and what their view of social impact measurement is.

There is also opportunity for additional research on how to develop the capacity for social impact measurement within mission-driven organizations.

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Appendix: List of Interviewees

I greatly appreciate the time that each interviewee granted me. Their openness about their views and experience greatly informed the direction of this research.

Name	Title	Organization	Organization website
Randy Haykin	Venture Philanthropist	The Gratitude Network	http://gratitude-network.org
Nicholas Almeida	Consultant, Philanthropy and Impact Investing	SideCar Social Finance	http://www.sidecarsocialfinance.com
Ken Sparks	CEO	Children's HopeChest	http://www.hopechest.org
Brian DeSutter	CEO	ForGood	http://forgood.org
John C. Ronquillo, Ph.D.	Assistant Professor, Nonprofit Management and Public Affairs	University of Colorado, Denver	http://www.ucdenver.edu/academics/colleges/SPA/FacultyStaff/Faculty/Pages/JohnRonquillo.aspx

Author's Bio

Julie Brown is a nonprofit leader and volunteer who is passionate about making an impact around the world. She has held various leadership roles including development manager, organizational development consultant, volunteer coordinator and more. Prior to her nonprofit career, she worked in the technology industry at various Fortune 500 companies in business development and marketing.

Julie received her Masters in Nonprofit Administration from the University of San Francisco and her undergraduate degree from Milligan College. Julie is a native of Idaho and loves being outdoors. When she is not working or volunteering, she is exploring the world with her family.