Comprehensive report

Best practices and needs regarding Social Impact Measurement in CSOs

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Introduction

Social Impact Measurement for Civil Society Organizations (SIM4CSOs) is an Erasmus+ funded project aiming to empower the operation of non-profits within Civil Society by enhancing their effectiveness, transparency and governance. Though the creation of a large number of non-profits that are involved in the provision of a wide range of social activities across Europe is noted, this development is not accompanied by systematic practices/tools of transparency, accountability and evaluation. Likewise, the rise of numbers and importance of social enterprises, social investment, social finance and new philanthropy has triggered an increasing focus on the measurement of the social value and social impact of the programs, operations and organizations of the Third Sector. On the one hand, funders and policymakers are increasingly pointing out that they want to know whether their funds and policies make a difference while the Third Sector is regularly called upon to demonstrate that it generates social value that is distinctive, both in kind and quantity.

Towards such ends, the Third Sector is missing an automatic mechanism to document the benefits it generates. This has been tasked to an array of valuation tools and measuring devices, focusing on the question “What would have happened without the activity of third sector entities?”. Answers to this question are being asked more and more frequently and with more and more rigor by both large (state, CSR departments, etc.) and small (e.g. individuals) funders. In addition, a big proportion of Third Sector actors are applying self-evaluation tools targeting their operations, aiming at further progressing their effectiveness and efficiency.

The report

The current report encloses a review of the state of art regarding social impact measurement and best practices in each partner country, namely Croatia, Italy, Cyprus, Norway, Israel, Portugal, Poland and Greece. This report marks the culmination of a feedback process undertaken in each of the countries represented in this project, which set out to learn more about social impact measurement in practice. A desire to better understand current practices and contribute to fostering a shared level of knowledge, competency, and practice led to the development of an online questionnaire and a series of focus groups. The questionnaire was translated into each country’s native language and distributed by country partner organizations. Partners were asked to obtain responses from at least 30 organizations and carry out two focus groups, one with key stakeholders (government entities, academia, private sector partners, philanthropic organizations, etc.), the other with non-profit organizations. Because of various limitations imposed by COVID-19, several organizations carried out their focus groups in an online format.

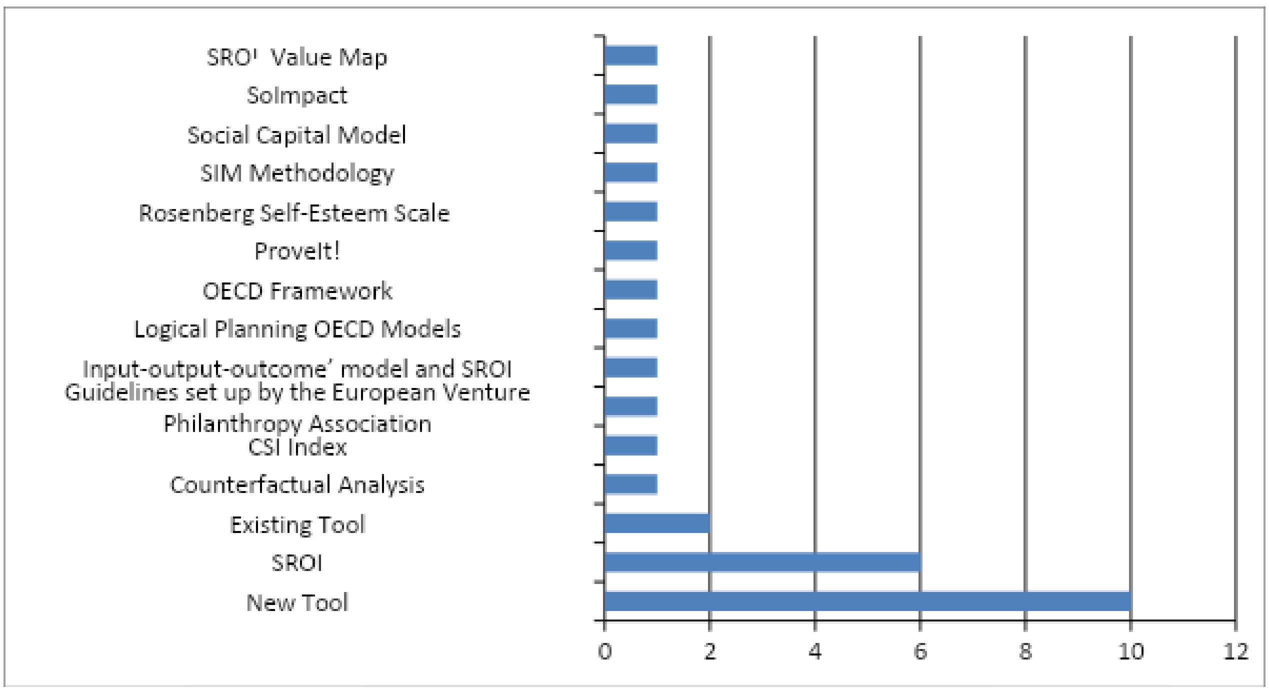
Each country partner distributed the survey among its partners and stakeholders. Most responses came from nonprofit professionals. Professionals from the fields of health and human services were heavily represented. In certain cases, private sector organizations and representatives (e.g. corporate social responsibility professionals), social enterprises, and representatives from academia also submitted responses and/or participated in focus groups. Each partner country representative reviewed and analyzed results and prepared a summary report in English. To provide additional context, each country partner organization was also asked to provide an overview of the non-profit market in their respective countries.

Conclusion on Best-practices

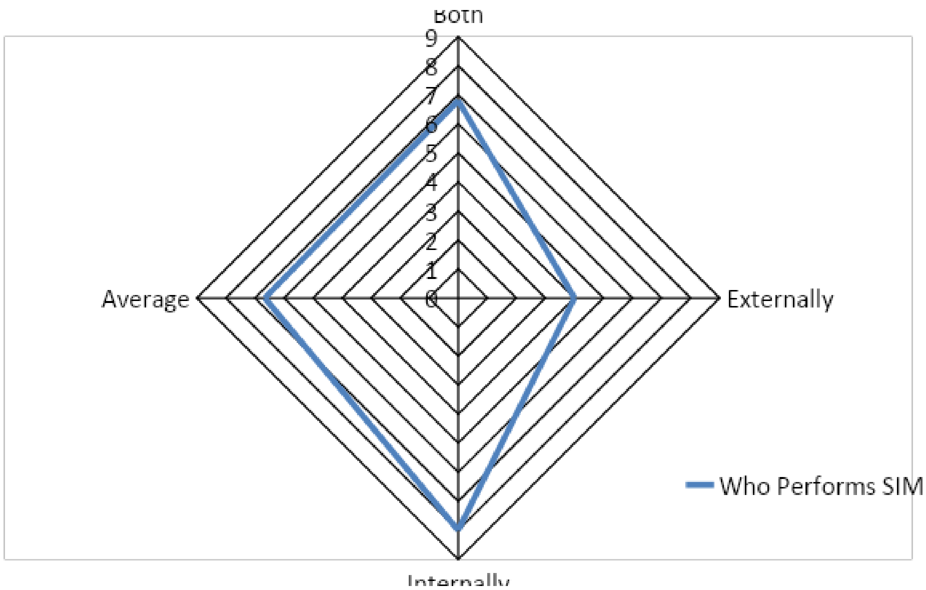
The desk research mapped 31 best practices in countries under focus, namely Croatia, Italy, Cyprus, Norway, Israel, Portugal, Poland and Greece. Most of the practices focus on non-profit organizations (49% of the sample), while the next target audience in line is social enterprises. Interestingly, in the majority of best practices, the Social Impact Measurement (SIM) was performed by a combination of internal and external (to the activity) experts. This was on many occasions connected with the absence of significant expertise within organizations or with issues of access to final beneficiaries – in some cases due to GDPR rules the external expert couldn't reach directly final beneficiaries of the project.

Regarding the question of who funds the performance of a SIM, most best-practices were funded by the performing organization's funding (66%), while public funding correspondents to less than 1 out of 5 cases of SIM.

The overall diverse nature of the SIM practice is also highlighted by the increased variety of methodologies/tools used for evaluating with more than 15 different tools or combinations of tools being utilized across our sample, with the creation of a new tool in 10 cases. Moreover, more well-known or highly publicized tools such as SROI were considered in many cases as not all-inclusive and thus were accompanied by the use of additional tools.

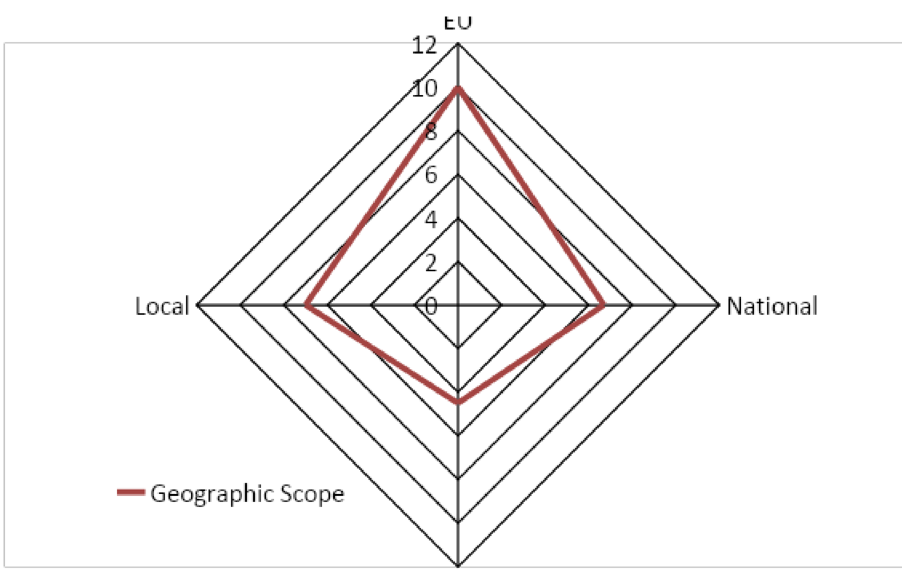


On average, **conducting a SIM was graded as a moderately resource-intensive activity** leading to a 6.6 grade. Nevertheless, when the SIM is conducted with internal resources then the resource intensity increases to 8, a development that highlights the low levels of available expertise within relevant organizations.



In terms of the duration required for finalizing the relevant SIM, there was no significant consistency, though most relevant activities were completed within a period of up to 6 months. Surprisingly, there was a best practice in which the required time devoted for performing a SIM of a given (small scale) activity was 20 hours.

Not surprisingly, the geographic reach of the operations of the organization receiving the SIM affects the perception of how resource intense the latter is. Hence, in the cases of organizations with European exposure the SIM is evaluated as a very resource-intensive activity. The intensity seems to be gradually decreasing when going from the European to the national and then the regional level. Nevertheless, it rises again (to almost the levels of organizations with nationwide activities) in the cases of best practices focusing on the local level – this is partially connected with the fact that all such activities relied on internal experts/resources.



Finally, in terms of the transferability of best practices, there is a general acceptance that most of them can be transferred to other geographic locations and/or scale-up. On the other hand, a very small percentage of them is thought to be transferable to other sectors. This element highlights the fact that **SIM is an activity rather tailor-made to the sector to which it is applied** and, thus, it is difficult to easily transfer it to another sector in which different assumptions and practices apply.

Reasons for conducting a SIM

According to the research findings, the foremost reason for an organization to embark on a SIM activity is the need to convince third parties, in essence, funders, impact investors, customers of the importance of their operations and their overall impact. Though some of the best practices were conducted in view of the need for a track record and a resource that will support their strategic planning, the external dimension of the SIM results was almost consistently recorded in all best practices recorded. Interestingly, in some cases, third parties also included volunteers or overall (non-financial) supporters.

Overall, the dimension of third parties was also linked with the level of how presentable the SIM outcomes can be – in many best practices the ability to use the outcomes of the impact measurement for media exposure/marketing was highlighted as an important factor.

Nevertheless, in several case studies, the benefit created from a SIM on the efficiency dimension of the organization was noted. Through the SIM the relevant organization could get more in-depth data on what works, what does not work so effectively but also even what are the real changes achieved through any given project. The latter, was indeed of utmost significance for many best practices recorded, with the SIM taking the role of certifying the initial Theory of Change of the organization (when available) or taking note of the real changes attained in beneficiaries' lives. As mentioned in one of the recorded best practices "*The theory developed for each initiative/project/activity should then be validated by topic experts and peers as well as other evidence*".

Likewise, in some cases, the issue of transparency, in different target audiences such as customers, employees, society as a whole, funders, was raised. With SIM activities an organization could put forward a more open exposure of its impact, increasing transparency on its achievements.

Benefits

Regarding the benefits from the SIM activities, all best practices highlighted the recording of the positive impact created, in a more systematic and more "bullet-proof" way than ever before. This was translated into more effective communication of the organization's achievements which could also lead to enhanced fundraising capabilities. Moreover, getting a better understanding of what works and how it works is rendering relevant organizations more efficient, thus leading to better placed final beneficiaries.

In some cases, the positive effect on their employees (and volunteers) as they were being asked to take part in a very important activity within their organization – also feeling that they are important to the organization – was recorded. In parallel, employees could better understand, more deeply and thoroughly, the impact they are supporting to achieve, again building a positive feeling.

Interestingly, in some cases (e.g. CIVICUS/Cyprus) the SIM activity also supported a better understanding of the potential role of a non-profit as the process was highlighting issues not well connected until that time with the mission of the organizations, such as, for example, *influencing policy* (the extent to which the civil society is active and successful in influencing public policy) and/or *holding the state and private corporations accountable*.

Challenges

A final important aspect of the best practices research was the identification of challenges raised by the very practices themselves. Interestingly, in all cases recorded a series of challenges were highlighted which need to be taken into consideration when formulating a capacity-building process on the subject matter. Among the most cited challenges the following included:

What are we measuring?

- Targets to measure – it seems that in several best practices a lot of time was spent to define what it is to measure
- Capturing outcomes – defining the best methodology for researching on outcomes, when they were defined was also highlighted as a challenge
- How to understand what change is connected with our organization and what is not - attribution was noted by many organizations as a very difficult exercise

Issue of resources

- The process being very time-consuming – in most cases, organizations were stressed with the time required for completing the process
- Very demanding data collection tools – in several cases the process involved a variety of tools (e.g. focus groups, interviews) to be able to reach tangible and "bullet-proof" results
- What skills should the person assign on this should have? – in local organizations, this person may not be easily found

Data Collection

- The issue with data collection – do respondents really understand the questions?
- Low response rate - are the answers from the survey then representative?
- How to overcome the obstacles to beneficiaries/data access imposed by GDPR
- Insufficient data from the partners in the case of consortium-empowered projects

On-boarding to the process

- Length of the questionnaire – some would refrain from completing it or completing it in a serious manner
- Stakeholders' engagement – in many cases the SIM was a process of contacting various stakeholders for the first time so their high engagement was not easy to reach
- People did not feel comfortable with measuring effects because they felt it would put them in a vulnerable position
- Obtaining legitimacy – of the process and afterward of the results

Other methodological issues

- Is there a widely accepted methodology for monetizing changes/impact?
- How to personalize generic questionnaires so that they are better fits?
- How to find balance between being cost-effective and getting good results?
- How to convince that the SIM needs to be repeated in regular intervals?

Key Takeaways

Social Impact Measurement has been gaining traction in all countries in focus, though the national contexts are yet to provide a structured approach to the task at hand. In essence, general rules, directions and a national body setting the overall procedures and values to be followed are being more or less absent.

Though there are cases in which SIM is applied for enhancing the effectiveness and efficiency of the activities/projects/programs under focus, the main driver for such initiatives has been empowering fundraising as well as, in some cases, strengthening marketing outreach. This is quite interesting given the fact that the majority of best practices identified are related to NPOs and Social Enterprises that are supposed to be more cause-focused.

In general, SIM is being conducted by a combination of external and internal experts though one of the main challenges noted has been identifying the right person within any given organization. Moreover, as SIM is considered a rather resource-intensive procedure, it is not always an easy decision to perform one in smaller organizations that focus on the local level.

Regarding main challenges the survey has highlighted the identification of what is to be measured and how it will be measured, gaining the engagement of the team as well as gathering representative data sets for further analysis.

According to best practices collected, the transfer of existing know-how in other locations or scaling up can be the main next step, while transferring a best practice in another sector is expected to be rather difficult as SIM methodologies are quite sector-specific. To this end, rendering methodologies more generic is a major challenge.

Conclusions on the national state of the art

Across countries surveyed, only a few had any policy or regulation in place defining national standards for impact measurement. No government issues specific guidance, nor mandates reporting or disclosure among CSOs according to set standards or disclosures framework. Countries that noted some legal or regulatory references to social impact measurement included Cyprus and Italy, the latter of which introduced social impact measurement as a "key element for the legal recognition of social enterprises."

Despite the absence of clearly defined official guidance around impact measurement, project representatives from several countries feel that conditions and trends are gradually, if not rapidly in some places, beginning to change. Weaving together impressions from the various country reports, it appears external and internal drivers are responsible for a changing discourse around impact measurement.

External Drivers

- Social challenges are becoming more urgent and pronounced, requiring a clear understanding of effective solutions.
- Demands from external stakeholders:

- Public budgets are tightening prompting calls for greater transparency and accountability on the part of grant recipients
- Donors are becoming more strategic and focused on the issues they support. Some are imbuing their grant-making with a focus on outcomes.

Internal Drivers

- There is a feeling among organizations that impact measurement builds trust with the communities and beneficiary populations.
- Organizations believe that impact measurement can validate service delivery. It allows nonprofits to assess whether and to what extent their services are meeting the needs of beneficiaries.
- A recognition that impact measurement helps organizations improve their internal processes. This in turn enables organizations to respond better and/or manage increasingly scarce and/or valuable resources more effectively.
- A recognition that lingering fragmentation among peers hinders much-needed coordination. This lack of consistency and cooperation, especially in the fields of impact measurement, can make it difficult for organizations to assess whether their interventions are effective in achieving their objectives.
- Impact reporting is a way to stand out. Nonprofits often compete for donor funding and as a result, pursue actions that allow them to appear more professional to external stakeholders.

Current Impact Measurement Practices

Current impact measurement practices varied significantly from country to country and among respondents from the same country yet concerning the utility or purpose around impact measurement there was a great deal of consensus that impact measurement can bring considerable value. Interestingly, despite a lack of regulated practices around impact management (or perhaps because of!), there was a clear consensus among many nonprofits that impact measurement can bring pronounced value to an organization. Questionnaire and focus group participants largely agreed that organizations that implement sound impact measurement and management practices stand to benefit. Several of the benefits noted by respondents include an ability to assess program effectiveness (Cyprus), a starting point from which to improve the quality of existing services (Greece, Italy, Norway), increase the number of beneficiaries reached, or develop new products/solutions (Poland). Others acknowledged it can play an important role in increasing visibility, credibility, and image (Italy), and can help secure funding (Cyprus).

In four (Greece, Italy, Norway, and Portugal) of the seven countries surveyed, more than 50% of respondents indicated they measure the impact of their activities. In Croatia, Cyprus, and Poland a minority (between 14% - 41%) measure their impact.

Among those who measure, the leading reason across all countries was to improve provided services. Most use questionnaires or analysis of existing data as their main methods for impact measurement. A minority (30-50%) use logic models; over half (50-76%) use success metrics.

Training Needs

Across all countries, most respondents had three years or more of experience in the field, indicating familiarity with the civil society landscape and the nature of social change work. Even so, most indicated a lack of confidence around key aspects of impact measurement.

Overall, respondents mentioned they felt most confident applying questionnaires, focus groups, and interview techniques. It may be important to note that feelings of confidence and a desire for training were not mutually exclusive. Among many respondents, those who expressed confidence completing a certain impact measurement topic area also expressed a desire for training in that same topic.

Even among organizations who measure, there was a wide spectrum of unmet training needs. A need for professional training was detected among all countries in all tasks listed in the survey, including research techniques, setting KPIs, measuring KPIs, designing a monitoring plan, compiling a report, presenting the results of a monitoring plan, and SROI assessments.

Respondents also expressed feeling confused about what impact to measure, how to measure complex topics, for example, measuring qualitative impact or assessing their unique contribution to areas where multiple stakeholders are engaged in advancing a certain outcome.

Across the board, respondents voiced that they lacked skills in SROI measurement. In some countries, SROI was more consequential to respondents than in others. In Croatia, for example, focus group participants mentioned that in their opinion, mastering this type of measurement was not a key priority among many nonprofits.

Obstacles

If the resounding impression from all country reports was firm recognition of the importance of impact measurement and a will to measure, then equally palpable was a strong focus on challenges and obstacles related to carrying impact measurement in practice.

Many of the organizations surveyed agreed that when it comes to measuring the impact it's important to rely on professionals with specific expertise in this field. And yet, it was clear from survey responses that access to trained personnel is a key obstacle for many. In fact, across all countries, a lack of resources, whether human, financial, time and know-how, is the main obstacle hindering the practice of impact measurement. To illustrate this finding, most respondents in five of the seven countries indicated they can likely only devote 5 hours and up to 100 euros per month on impact measurement.

External Support

As much as resourcing and staffing challenges exist, it was reassuring to see how some organizations are making use of external support and infrastructure to advance their impact measurement activities.

Some of the organizations make use of mentoring, training and resources made available by organizations in their respective countries. Several of these organizations are represented in this project. In some instances, focus group participants mentioned that organizational capacity gaps and challenges are frequently mitigated by universities and academic bodies. In Italy for example, it appears only a few organizations carry out their internal process of social impact measurement. Many instead rely on support from external research institutes that provide impact measurement and evaluation support.

Moreover, several countries cited the valued training and capacity-building support provided by public and philanthropic donors, the European Commission among them. EU and other government grants comprise a significant portion of the funding of many of the organizations that took part in the survey. Many cited EU support as fundamental in their professional and organization's development. In Greece, an EU-funded project operated during the refugee crisis helped organizations gain experience in SROI assessments. In Portugal, CSOs and social enterprises can apply for specific capacity-building grants that help them develop and strengthen management capacities across a variety of topics. Many use this support to develop impact measurement and management capacities. Interestingly, in Portugal use of logic models and success metrics was by far the highest compared to results gathered from other countries. In addition, most respondents from Portugal indicated they would be ready to devote up to 500 euros a month on impact measurement, 5 times the amount the majority indicated in all other countries.

Key Takeaways

In reviewing the various country reports it was clear that social change practitioners, whether nonprofits or private sector professionals are keenly aware of the benefits and advantages of impact measurement. Impact measurement provides critical organizational infrastructure, serves as a sense-check for service delivery, a way to attract and communicate with donors, and more. Drawing from these realizations, it is then easy to grasp the extent to which impact measurement and management touch all areas of organizational management, from resource allocation and strategy to service delivery, coordination, advocacy, and fundraising.

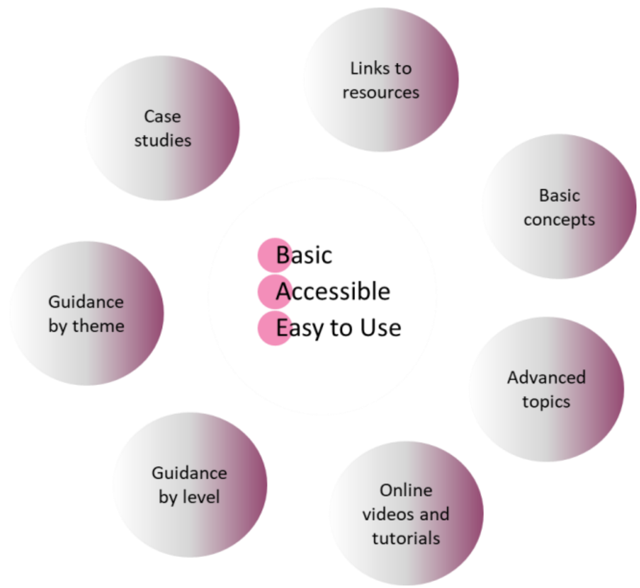
General observations gleaned from the surveys and focus groups also reflected the extent to which buy-in and participation from the organizational management are essential. In some cases, despite acknowledging its importance, respondents yearned for a clearer idea of who they are measuring for – are they doing it for government stakeholders? For donors? For the organization itself? For beneficiaries? The general public? Some asked whether some kind of external validation - whether from an industry body, government entity, or donor - might help to dispel confusion aground irregularities in the ways impact measurement is carried out.

These ambiguities seemed to shed light on a larger issue. Across all countries, respondents provided a reckoning of sorts with their actual skill levels; a strong desire for professional support came through in the questionnaires. This was evident both in the reported confidence gaps and in the overview of methods nonprofits are actually using to carry out impact measurement in practice.

Despite their motivation and intentions, many CSOs do not currently have the financial and technical resources to carry out a full process of impact measurement and evaluation. (As discussed above, this is not to say that all organizations ought to have in-house professionals tasked with carrying out impact measurement. As discussed, some organizations take advantage of external advisors and experts to carry out measurement activities).

However, overall, a need to share measurement approaches was expressed. Questionnaire respondents and focus group participants provided thoughts and impressions that can be used to shape the next phase of the project, the resource platform.

Considering basic skills levels and limited resources, most if not all organizations suggested that the methods developed, should be practical, adaptable, not time-consuming and that any platform should be accessible and easy to use.

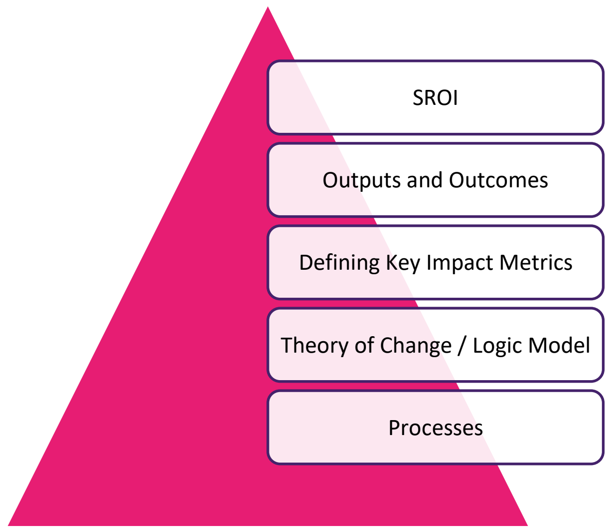


Necessary elements for the guide

Questionnaires and focus groups surfaced the need to cater to the needs of practitioners at all different skill levels. Thus, a useful toolkit would be important to feature access to tools and resources that provide step-by-step guidance at all levels of the pyramid illustrated above. Tools should include best practices and case studies, online videos and training webinars, answers to frequently asked questions, as well as links to further learning. It should also feature examples of good practice, organized by size of the organization, and classified by basic to advanced impact measurement skill levels.

Alongside more basic guidance, many believe it is also necessary to make more advanced materials available to those looking to build and deepen their knowledge, or those who are already mastering certain measurement fundamentals such as the theory of change and identifying metrics.

Many expressed an interest in being able to apply SROI methodologies. While SROI is truly an industry standard, it may be challenging for practitioners to develop their practices in SROI before mastering some of the more basic impact measurement practices, such as developing a logic model or defining and measuring KPIs. Interestingly, what appeared absent from the country reports was an acknowledgment on the part of practitioners that impact measurement practices can often be thought of as a continuum ranging from basic to more sophisticated skills and approaches. This continuum can be conceptualized as a pyramid, with basic skill sets at the bottom and skills reflecting increasing levels of complexity going up towards the apex of the triangle:



Next steps

The next stage of the project is the development of an online platform that will provide information and resources to CSOs on impact measurement.

Echoing some of the impressions voiced in the reports, this tool would be developed to help practitioners of all skill levels achieve a common baseline. Specifically, it would provide guidance on how to create a logic model, identify impact KPIs, and develop a logic-driven measurement plan which includes clear steps and phases. More advanced content might include links to measurement tools specific to certain target groups and intervention types. It might also link up with national and regional indicators and longitudinal data and would organizations help understand how to incorporate country or region-level data into their impact assessments.

You can find more about this project, the tool that would soon be developed and on our website: measuringimpact.eu .

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