Local Economic and Employment Development (LEED)

Measure, Manage and Maximise Your Impact

A GUIDE FOR THE SOCIAL ECONOMY

OECD

European Commission

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Foreword

The OECD has been producing knowledge, policy advice and capacity-building activities on the social economy for over two decades. In recent years in particular, governments at all levels have increasingly developed policies that support the social economy in providing jobs, delivering social inclusion and well-being, and driving the green and digital transitions. Testament to this is the Recommendation on the Social and Solidarity Economy and Social Innovation that was adopted by the OECD Council at its Ministerial meeting of 2022. The Recommendation sets out the conditions needed for the social economy to flourish, pioneer new business models, provide essential services and contribute to fair green and digital transitions.

One of those conditions is measuring and monitoring impact. The importance of this was also emphasised by the Global Action “Promoting Social and Solidarity Economy Ecosystems" hosted by the OECD and funded by the European Union. Moreover, back in 2021, the European Commission adopted a new Action Plan on the Social Economy to boost the European social economy and capitalise on its full potential. Further, in 2023, the action plan was complemented by a Council Recommendation on Developing Social Economy Framework Conditions. Both the action plan and the Council Recommendation underline the importance of data and social impact measurement and management to enable social economy entities to understand and communicate their impact.

To deliver on the measurement agenda, this guide, produced jointly by the OECD and the European Union, promotes better data on the impact of the social economy and offers social economy entities guidance on the available approaches and methods to social impact measurement and management as well as different types of relevant indicators and data sources. Impact measurement can be a challenging and costly process and sometimes viewed as taking time away from the critical daily activities of the social economy entity. Furthermore, there are challenges to systematically measure impact in areas such as social inclusion, well-being and community development or to engage hard-to-reach and vulnerable groups as stakeholders in the process. It is also a challenge to change organisational culture and incorporate impact management within a participatory governance structure that is characteristic of the social economy. This guide helps address these pressing issues and provides a step-by-step approach to measure, manage and maximise impact through methods that are aligned with any single social economy entity’s social mission and needs.

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The content of this guide was drafted by Irene Basile and Melis Aslan, policy analysts, with guidance from Antonella Noya, Head of the Social Economy and Innovation Unit, (LEED, CFE). Haley A. Beer, Associate Professor of Performance and Responsibility at Warwick Business School, and Adrien Baudet, founder and CEO of Koreis, contributed to the drafting process. Additional background research was performed by Míriam Gómez-Lavín Fernández.

This guide builds on recent learnings from the OECD Global Action "Promoting Social and Solidarity Economy Ecosystems" and complements the two prior publications: the OECD LEED Paper "Social Impact Measurement for the Social and Solidarity Economy" (OECD, 2021) and the Policy Guide on "Social Impact Measurement for the Social and Solidarity Economy" (OECD, 2023). It is based on extensive data collection and stakeholder consultations.

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- An online workshop was organised by the OECD on 27 November 2023 to co-construct a guiding set of principles on social impact measurement and management. The consultation targeted social economy representatives with relevant impact measurement experience, as well as social impact measurement practitioners working with the social economy. Over 50 individuals participated, including social economy representatives from ACT Grupa; Aiccon; Ashoka; Avise; Banca Popolare Etica; Beka Finance; Cases Portugal; CECOP; Centre of Expertise for Social Enterprises in Finland; CIRIEC International; Collaboration Ireland; Common Approach; ConcertES; Cooperative Development Portal of Poland; the Department for Digital, Culture, Media and Sport of the United Kingdom; ENSIE; ErsteGroup; Euricse; the European Commission; the European Platform for Rehabilitation; the Federal Ministry of Social Affairs, Health, Care and Consumer

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Acronyms

CARE-TDL	Comprehensive Accounting in Respect of Ecology/Triple Depreciation Line
CASE	Center for the Advancement of Social Entrepreneurship
CECOP	European Confederation of Industrial and Service Cooperatives
CSR	Corporate social responsibility
EIA	Environmental impact assessment
ESG	Environmental, social and governance
EU	European Union
GECES	Expert group on social economy and social enterprises
GIIN	Global Impact Investing Network
IMM	Impact measurement and management
IMPES	Impact Measurement Principles for Entrepreneurship Support
IT	Information technology
LEED	Local Economic and Employment Development
MVM	Mutual value measurement
NGO	Non-governmental organisation
RCT	Randomised controlled trial
SBS	Social Business Scorecard
SDGs	Sustainable Development Goals
SDPI	Sustainable Development Performance Indicators
SIA	Social impact assessment
SPI	Social performance indicators
SPTF	Social Performance Task Force
SROI	Social return on investment
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Sustainable Development

Executive summary

Social impact measurement and management helps social economy entities to understand and demonstrate their contribution to society while providing valuable information to achieve their social mission. Impact evidence is also used to diversify sources of funding and financing, tap into public and private markets and communicate transparently with internal and external stakeholders. Social economy entities differentiate themselves from conventional businesses by focusing on three founding principles: they place people and purpose (social or environmental) over capital, they espouse participatory governance, and they reinvest profits (if any) to the benefit of members, users or society at large. These defining features bear important consequences and advantages for social impact measurement and management practice.

The social economy is gradually developing solutions that match its impact measurement capacities and needs. Economic prosperity and employment, social inclusion, and well-being and community are typically the most important impact areas for the social economy. They touch on areas such as household welfare, resilience to economic shocks, social inclusion of disadvantaged groups and psycho-social well-being, which are often the hardest to translate into quantitative metrics. Stakeholder engagement is largely incorporated in the way social economy entities operate and are governed. It is therefore also a cross-cutting priority for social impact measurement and management. Given that social economy entities interact with a variety of stakeholder groups, they need to consider specific adaptations to include the most disadvantaged groups in the measurement cycle.

This guide offers a simple, straightforward vision that prioritises continuous improvement. Social impact measurement is presented as a three-phased cycle, from design to data collection and analysis, and finally learning and sharing the impact evidence**.** As learning organisations, social economy entities need to develop a permanent infrastructure to support the impact management process through internal capacity-building, the use of different tools for data collection (including digital) and analysis to better visualise and communicate impact and independent validation. Over the long term, as the entity matures in its impact journey, the evidence can help inform the impact maximisation strategy.

Measurement

The measurement cycle can be broken down into three chronological phases, each composed of several steps:

- **Design:** define the change strategy, identify learning needs, set impact targets,
- **Collect and analyse data:** structure the approach, collect data, analyse data, consider impact valuation,
- **Learn and share:** consult with internal and external stakeholders about results, choose a reporting framework, communicate the impact evidence.

The guide helps social economy entities understand which solutions are more relevant for them at each of these three measurement phases. They can choose from logic models, impact mapping, causal chains or other adaptations for the social economy such as “Wheel of Change” and “story of change” to develop their narrative of change. They can also discover how qualitative (e.g. measuring multidimensional poverty through the Poverty Stoplight) and quantitative impact targets (e.g. against a baseline through a historical approach or reference to external standards) can be set to track progress. The guide also helps explore different ways to collect impact information including conventional methods such as stakeholder interviews, surveys, case studies and observations as well as those tailored to the social economy such as Outcome Stars and Outcome Journals.

Social economy entities may wish to understand the value of their activities once they have impact data. The guide explores approaches to impact valuation such as different valuation frameworks including the social return on investment and cost-benefit analysis. It also looks at various monetisation techniques including the avoided cost, perceived value and restoration or renewal cost approaches. The guide takes a comparative look across these different approaches to highlight different considerations as well as data and skills needs of each.

Social economy entities can avail themselves of mainstream tools that are widely used in the private and/or public sector. They can also develop tailored solutions that more closely reflect their capacities and needs. Before selecting the most appropriate approach, each social economy entity may want to consider the pros and cons as well as the potential barriers in terms of cost, skills and data requirements.

Most organisations embrace impact measurement in a progressive manner. Impact measurement practices can be regarded as a continuum, ranging from the more basic solutions to those requiring more sophisticated skills and data, such as impact attribution and monetisation. Through the iteration of several measurement cycles, the social economy entity can evolve the number and complexity of tools deployed, the way they are used, and the level of ambition/challenge involved.

Management

Impact measurement alone is not enough to enable evidence-based decision-making and organisational learning. Impact evidence becomes most powerful when integrated in a permanent process of impact management, which feeds into the social economy entity’s strategic and operational decisions. Social impact management can complement strategic planning, reducing the risk of performing unnecessary actions or wasting resources. Impact management involves repeated measurement and continuous monitoring to understand what works and integrating those lessons into organisational practices and policies. This includes adopting a level of quality checks and balances for impact measurement.

The guide outlines six building blocks that structure an impact management system that is not only used for reporting to external stakeholders but also for feeding into strategic action and planning. These building blocks are: 1) integrating impact evidence into decision-making, 2) engaging stakeholders, 3) developing skills, 4) exploring digital tools for data collection, storage and visualisation, 5) seeking independent valuation, and 6) establishing a permanent action plan to follow up on learnings.

Maximisation

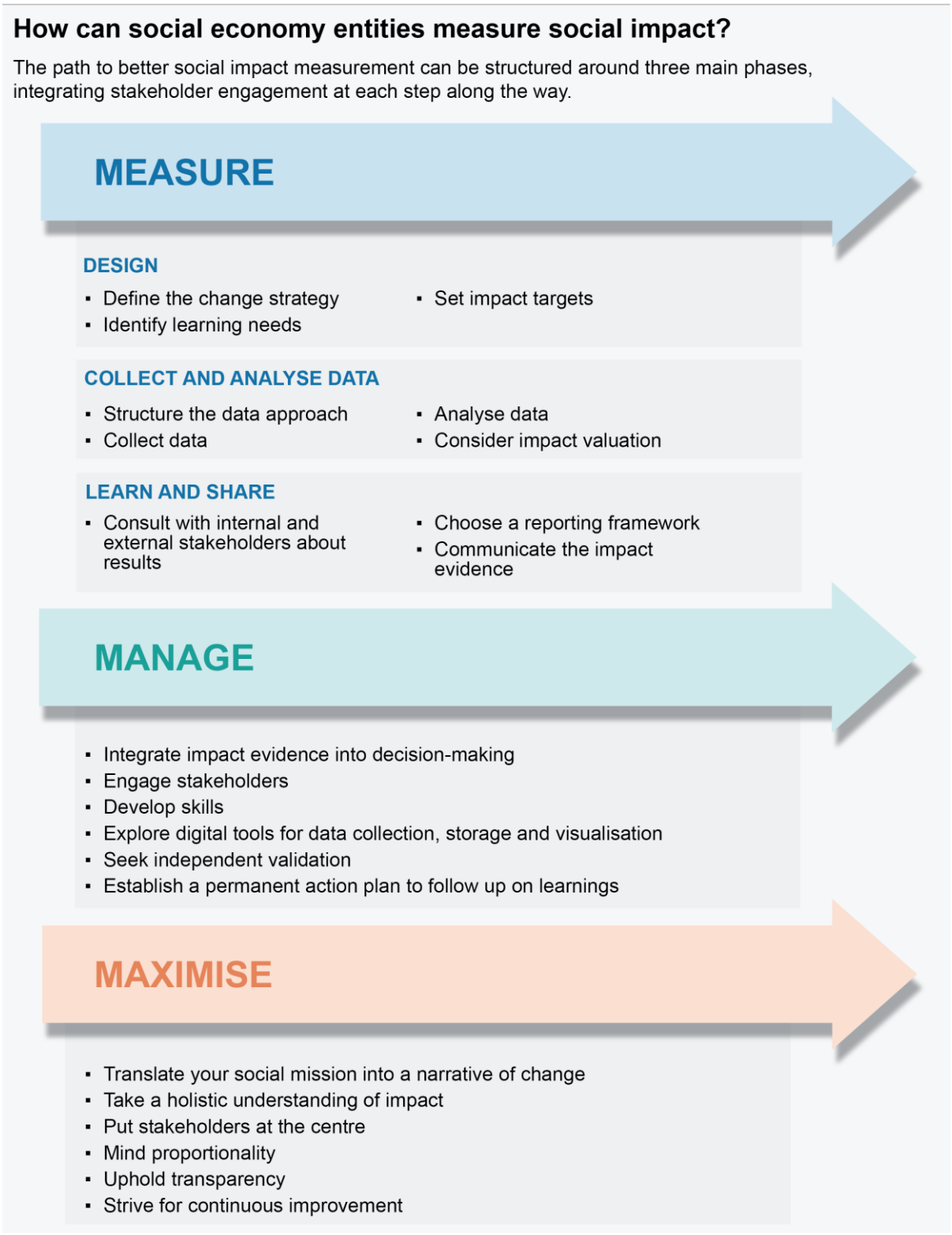
Social impact measurement can accompany social economy entities in their quest to increase the effect of their activities. They can "maximise" the positive change generated by their activities through organisational growth, scaling their impact and internationalising their presence. Basing organisational decision-making on impact evidence helps guide their ultimate mission of facilitating social value creation at every step of their organisational development and growth.

Co-constructed with social economy representatives and impact measurement experts, the following guiding principles can help social economy entities maximise their impact over time:

- translate the social mission into a narrative of change,
- take a holistic understanding of impact,
- mind proportionality,
- put stakeholders at the centre,
- uphold transparency,
- strive for continuous improvement.

These principles can be used to advance capacity-building efforts at the national and local level.

Infographic 1. Path to measuring, managing and maximising social impact



Source: OECD.

Introduction: The why, the what and the how

Policy makers do not always recognise the full value created by the social economy,[1] since it is often not measured properly – or even measured at all. This is due in large part to the challenges faced by social economy entities[2] in implementing social impact measurement. The main obstacle remains quantifying and valuating intangible, non-market and perception-based outcomes, such as improvements in well-being, local cohesion or social inclusion, in a way that is both credible and comparable across geographies and sectors. Social economy entities also struggle to navigate the wide variety of frameworks and solutions that exist at the local, national and international levels, often shaped by the needs of funders (OECD, 2021[1]).

There exists growing international recognition of the need to support the development of the social economy. The academic literature, as well as recent policy initiatives by the European Commission, the OECD and the United Nations, aim to create a shared global understanding of the social economy (ILO, 2022[2]; OECD, 2022[3]; European Commission, 2021[4]; Caire and Tadjudje, 2019[5]). The "social economy" comprises a set of entities, such as associations, cooperatives, mutual organisations, foundations and, more recently, social enterprises. In some cases, community-based, grassroots and spontaneous initiatives, in addition to non-profit organisations, are part of the social economy (OECD, 2022[3]).

Social economy entities pursue primarily societal aims and share common values. Their defining features are: 1) the primacy of people, as well as social and/or environmental purpose, over capital; 2) democratic or participatory governance; and 3) reinvestment of any profits to benefit members/users or society at large. Social economy entities implement specific business models and practices that both reflect these core values and principles and aim to preserve their social goals, as well as their non-profit or not-for-profit nature (OECD, 2023[6]).

In many OECD countries, the social economy is an important source of employment and economic development. The European Union numbers an estimated 2.8 million social economy entities, employing over 13.6 million people and accounting for 6.3% of the total working population (CIRIEC, 2017[7]). The social economy encompasses a rich and diverse array of entities in terms of legal status, size, outreach and sectors.

International debates on social impact measurement and management have largely ignored the needs of social economy entities (**see Box 1).** Building on previous work (European Union/OECD, 2015[8]; GECES, 2015[9]; OECD, 2021[1]; OECD, 2023[10]), this guide reviews the available social impact measurement and management approaches to determine how social economy entities can adapt and use them to maximise their impact. It concludes by proposing guiding principles to help maximise the social economy's impact and advance capacity-building efforts at the national and local levels.

Box 1. Existing resources on impact measurement and management

A wide range of official international guidance and catalogues has emerged over the last two decades to promote impact measurement in the private sector, although it is not tailored to the social economy. This guidance includes the United Nations Development Programme (UNDP)'s SDG Impact Standards for Enterprises,[3] the Impact Management Platform[4] and the Capitals Coalition.[5]

Relatively little literature specific to the social economy is currently available, and what exists remains very fragmented. The European Commission has encouraged progress in this regard, most importantly with the guidance produced by the Expert group on social economy and social enterprises (GECES) (GECES, 2015[9]) and the "Policy Brief on social impact measurement for social enterprises" (European Union/OECD, 2015[8]). Relevant guidance has also emerged from European Union (EU)-funded projects, such as *Maximise your impact, a guide for social entrepreneurs* (Aps et al., 2017[11]) and "*Valorisation de l'Impact Social de l'Entrepreneuriat Social"* (VISES, 2017[12]).

The United Nations Research Institute for Sustainable Development (UNRISD) has made additional efforts at the international level to improve the methodologies and indicators that measure the performance of the social economy (UNRISD, 2018[13]). More recently, the OECD published a state-of-the-art paper on "Social Impact Measurement for the Social and Solidarity Economy" (OECD, 2021[1]), as well as the *Policy Guide on Social Impact Measurement for the Social and Solidarity Economy* (OECD, 2023[10]).

Social economy actors and representative organisations also contributed to the literature on measuring social impact, especially at the national level. In France, notable examples include the "Handbook: Assessing Social Impact" and "Évaluer son impact social" by Avise, and "*Évaluer son impact social*" by Avise, and "*Mesurer son impact social*" by UNAPEI[6] (Avise, 2022[14]), (UNAPEI, 2022[15]) .

Why the social economy needs impact measurement, management and maximisation

Social impact measurement, management and maximisation is an essential tool to help all social economy entities achieve their mission and advocate for social change in the collective and general interest. This guide shows how social economy actors of all sizes and formats can embrace it in practice, with careful adaptation.

> Social impact measurement aims to assess the social value produced by the activities of any for-profit or non-profit organisation. It is the process of understanding how much change in people's well-being or the condition of the natural environment[7] has occurred and can be attributed to an organisation's activities (OECD, 2023[10]).

Social impact measurement can help social economy entities understand how their activities further their social mission, **and how to improve them where necessary.** However, identifying and evaluating the full spectrum of their social impacts, especially in terms of individual well-being, social inclusion, community trust and a sense of belonging, is not always easy. When available guidance does not match their needs and characteristics, social economy entities may wish to explore alternative

solutions: of the 58% of European social enterprises that measure their impact, 60.7% have developed their own impact measurement methodology (Dupain et al., 2022[16]). As impact measurement practices become more frequent and proficient, the evidence base will grow steadily. Promoting an impact measurement culture is therefore important to solidify social economy entities' individual and collective contributions to society.

> Impact management is the process by which an organisation understands, acts on and communicates its impacts on people and the natural environment, in order to reduce negative impacts, increase positive impacts, and ultimately achieve sustainability and increase well-being (IMP, 2023[17]).

The ongoing process of social impact management[8] is an important strategic planning tool for social economy entities (OECD, 2023[10]). Impact information is needed to feed the different stages of the decision-making process, both for internal learning purposes (i.e. deriving insight and strategic orientation to improve decisions) and external accountability (i.e. proving credible results that can withstand the test of independent verification). Because social economy entities primarily pursue social goals, social economy entities need impact information to (OECD, 2021[1]):

- **target activities to the social mission**: effectively allocate resources to the social mission, identifying those interventions that are helpful to the given social mission and those that are not, to prove and improve progress on the societal problem at hand,
- **innovate and experiment**: creatively adapt standards (e.g. by involving difficult-to-reach target groups, changing public perception of a product/service, promoting inclusive governance practices), which is particularly relevant when engaging in "social bricolage"[9],
- **engage stakeholders through better participation and collaboration:** work with diverse actors across sectors to design novel solutions (e.g. addressing HIV infections with a combination of stakeholders in the fields of hygiene and education),
- **persuade**: convince potential supporters (e.g. volunteers, donors, financiers) and attempt to influence stakeholders through political and public advocacy (e.g. presenting to parliament).

Generally speaking, the social economy could use more (and better) impact measurement to convince policy makers of its value added. Once a member of the social economy has experienced several impact measurement cycles and set up the building blocks of impact management, it can progressively develop a more permanent and proactive strategy for impact maximisation.

> Impact maximisation is about growing the depth and reach of positive social change in a sustainable and balanced way (Arvidson and Lyon, 2014[18]).

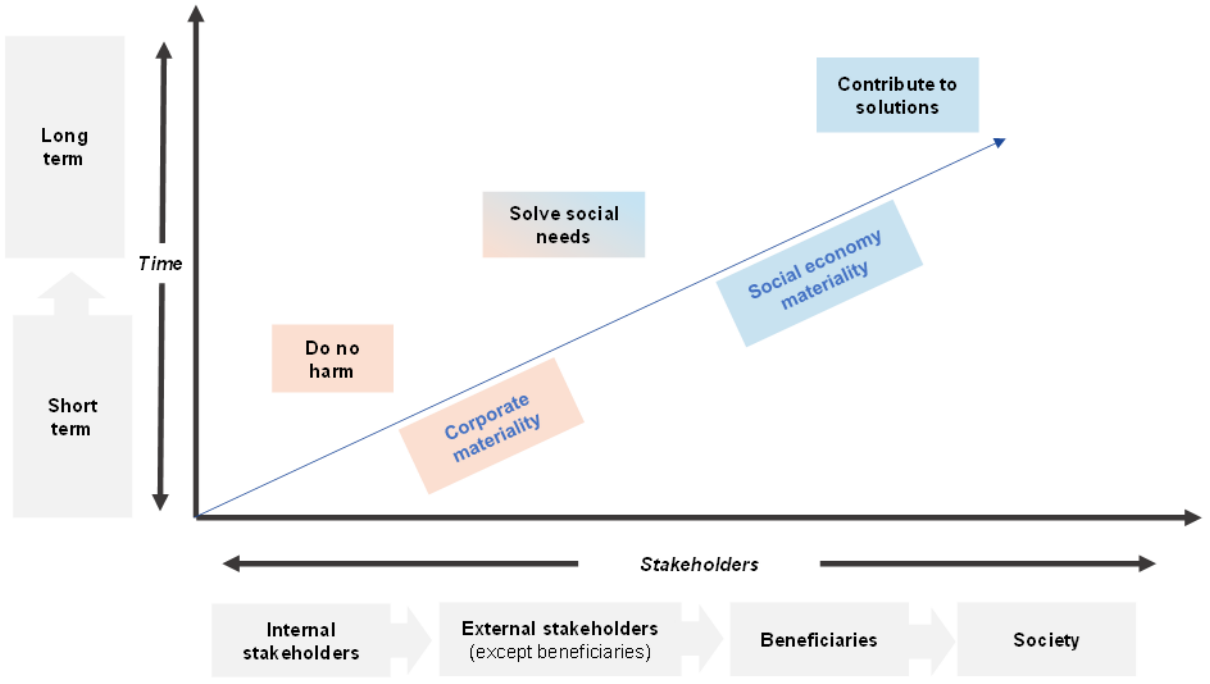
This final stage of impact maximisation is particularly relevant, as it steers the entity's operations towards achieving its long-term strategic objectives and prevents mission drift. It occurs in parallel with the most mature uses of impact measurement, which include regular evidence-based decision-making, adapting and/or scaling operations based on impact results, and collaborating with others in the social economy ecosystem to achieve better visibility (Arvidson and Lyon, 2014[18]).

The social economy as a champion of social impact

Despite its popularity, there exists no shared definition of "social impact" within the social economy space and beyond (OECD, 2021[1]). In its broadest sense, the term "social" can relate to changes in a range of conditions (physical, cultural, economic, emotional, behavioural…) in response to a vast set of needs experienced by people (e.g. for employment, education, health, housing, security) and the planet.[10] The term "impact" designates the positive or negative transformations produced as a result of an organisation's activities (OECD, 2021[1]; OECD, 2023[10]; GECES, 2015[9]).

Social economy entities typically face an expanded notion of materiality – hence the difficulty in narrowing down the expected social impacts. Material outcomes are changes that are important enough for the entity to measure (Aps et al., 2017[11]). Social economy entities are concerned not only with those effects that may positively or negatively affect their activities, but also with those that affect society and the environment at large. "Materiality" for social economy entities, therefore, differs from the traditional accounting sense[11] because of its non-economic nature, which embraces a broader range of diverse stakeholders (see Infographic 2) (Nicholls, 2018[19]). By definition, social economy entities pursue the general or collective interest – either explicitly or through the interests of their members, users and beneficiaries, when socially relevant (OECD, 2023[20]). Their participatory governance model might also influence how materiality checks are performed in practice, with a much more inclusive consultative approach. In other words, the value produced by a social cooperative for its primary internal stakeholders (workers) is as fundamental as the value produced for secondary (external) stakeholders (CECOP, 2020[21]). Civil society organisations may consider as "material" any outcome (over the short, medium or long term) that is relevant and significant to their stakeholders or people in general (HIGGS et al., 2022[22]).[12] This is even truer of social economy entities that aspire to bring about systems change,[13] like social enterprises.

Infographic 2. How social economy entities define what is important to measure



Source: OECD.

Which social impacts distinguish the social economy

International standards on impact measurement are still lagging in recognising the full spectrum of social impacts.[14] In the private sector, despite some instances where it is thoroughly assessed, social impact is often limited to activity-level data, such as employee demographics or gender, and reported without any consultation of the affected population(s). Reporting by conventional companies and investors tends to describe the activities conducted (*what is done*) rather than the consequences of those activities (*what it changes*), overlooking material social impacts that are relevant to their stakeholders.[15] In the area of employment, for example, traditional reporting does not consider actual labour practices in supply chains (as opposed to workplace policy); whether hourly workers are paid a living wage; whether employees experience a safe or exploitative working environment; and, perhaps most importantly, how the entity's products and services affect customers and society at large. There also exists a lack of data on the real socio-economic impact and value of the social economy compared to other components of the market economy (OECD, 2021[1]; European Commission, 2021[23]).

Social economy entities themselves may find it difficult to define social impact precisely, especially in quantitative terms. Some prefer to focus on results that reflect the economic or financial value created, whereas others prefer results that depict the social change (e.g. changes in conditions). This is due in part to the financing methods underpinning social economy entities, which determine their minimum requirements for accountability towards funders and regulators. Inevitably, this means that the measurement of results focuses on numbers (i.e. monetary values and standardised metrics), which can be compared over a series of interventions. While these types of results may also promote learning, they are less apt to help capture, understand and explain the impacts observed (compared to case studies, direct feedback from interviews or recordings).

The social economy addresses societal problems through (often innovative) solutions that can take a long time to bear fruit. Moreover, the changes observed over the medium and long term in impact areas such as social inclusion, community cohesion and well-being can rarely be attributed to the activities of a single entity: they are often brought about by the collective efforts of multiple actors (including for-profit companies and public authorities), making it harder to isolate the role played by the social economy.

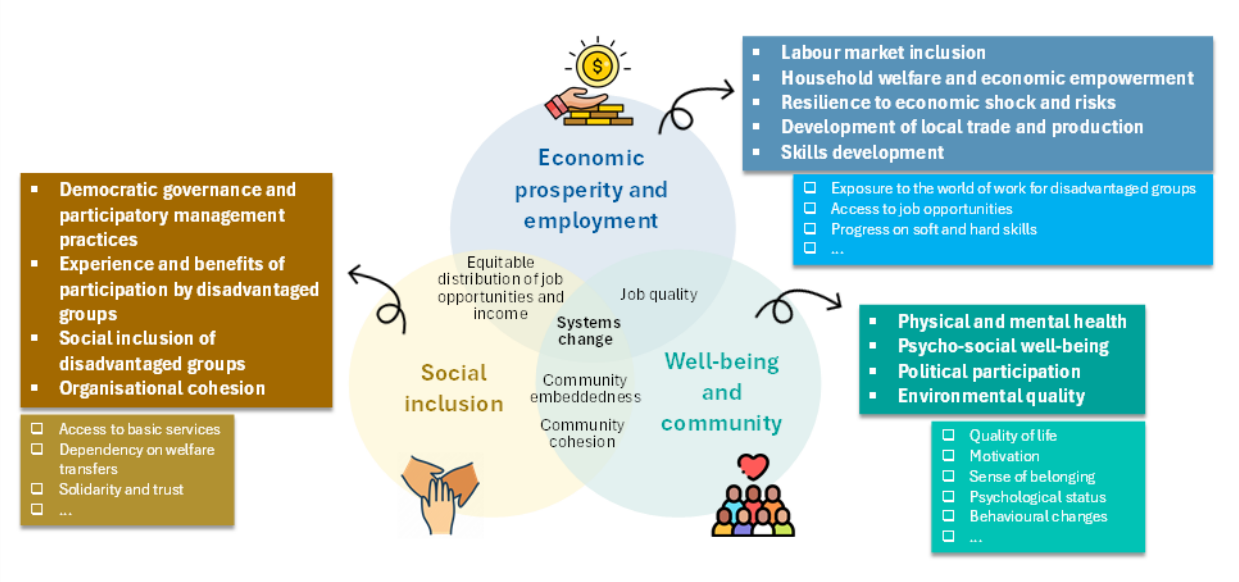
Rising expectations regarding impact demonstration have led to additional notions that enrich – but also complicate – the task of formalising impact objectives for social economy entities. The first notion is "systemic impact" or "systemic change", which designates not only responding to a social need, but also solving its "root causes" (Ashoka, n.d.[24]) (Agir à la Racine, n.d.[25]) (Rockwool Foundation, 2020[26]) (Aspen Institute, 2022[27]). This concept originated in social entrepreneurs' ambition to fundamentally change the system within which they work, beyond organisational growth (World Economic Forum, 2017[28]). The second is "collective impact", which describes the changes resulting from the concerted action of several organisations (Collective Impact Forum, n.d.[29]) (Kania and Kramer, 2011[30]). This becomes particularly relevant to social economy entities that place co-operation over competition. Finally, "social value"[16] stresses the economic importance of social changes created by the organisation and translates it into a monetary value (Social Value International, n.d.[31]) (Nicolls, 2007[32]) (Grieco, Michelini and Iasevoli, 2015[33]) (FONDA, 2019[34]). Depending on their capacities, a growing number of social economy entities may thus wish (or feel compelled) to understand simultaneously both their social value creation and their contribution to a collective, democratic or systemic impact, which can easily become overwhelming.

Economic prosperity and employment, social inclusion, and well-being and community are the most important impact areas for the social economy (see Infographic 3). These touch upon areas that can also be the hardest to translate in quantitative terms, although consensus is gradually emerging in this regard from the growing literature and previous consultations by the OECD with social

economy representatives. These impact areas are closely interconnected and some specific impacts may therefore overlap, also depending on the interpretation provided by each social economy entity and its operating context:

- **"Economic prosperity and employment"** denotes the ways in which social economy entities work to bring traditionally disadvantaged groups to economic prosperity and employment,
- **"Social inclusion"** relates to the support provided to specific disadvantaged groups and the ways in which social economy entities help integrate them into wider societal structures,
- **"Well-being and community"** captures the nuanced ways in which the existence and activities of social economy entities transform individual well-being and community strength, especially through the internal and external relationships they develop.

Infographic 3. Impact areas relevant to the social economy



Source: Authors' elaboration, based on (OECD, 2021[1]).

Specific qualitative or quantitative indicators can be identified for each impact area.[17] The indicators could apply to different levels (outputs, outcomes, impacts), depending on the type of activity conducted by the entity (e.g. sale of goods and services, work integration or training of vulnerable groups, public advocacy). The list does not preclude any additional sector-specific outcomes the entity may also be pursuing, for instance in the areas of public health, education or culture (see Infographic 4).

Having discussed the what and the why, the following chapters will delve into *how* social economy entities can embrace impact measurement and management in a way that promotes impact maximisation.

Infographic 4. Potentially relevant indicators for the social economy

	OUTCOMES	EXAMPLES OF INDICATORS
ECONOMIC PROSPERITY AND EMPLOYMENT	Equitable distribution of income	Facilitated access to job opportunities; access to finance; access to capacity-building; reduction in income inequalities and job positions across different groups
	Household welfare	Reported improvements in investments in housing, health, education, and the quantity and quality of meals eaten
	Economic empowerment of women and disadvantaged groups	Reported improvements in income earned; women's active role in important household decisions
	Skill development	Increased exposure to the world of work for vulnerable groups; training and apprenticeships; progress on soft and hard skills
	Job quality	Compliance with decent work standards; stable work; safety at work; reduced absenteeism; perceived opportunities; work-life balance; career trajectories; new leadership roles; diversity within an industry; representation of leadership
	Labour-market inclusion	Net change in employment directly attributed to social economy entities within disadvantaged groups; speed of hiring vulnerable groups; self-employment
	Resilience to economic shocks and risks	Survival rates of social economy entities; financial resilience of women and disadvantaged groups (e.g., reported improvements in ability to plan finances, ability to save money)
	Development of local trade and production	Reliance on local producers and suppliers versus outsourcing (establishment of local networks, increased number of local partnerships); smaller environmental footprint from economic activity
	Systems change	Emergence or improvement of national or local policies in support of the social economy and social entrepreneurship; growing number of social economy entrepreneurs and organisations; establishment of new collaborations with other social economy, private and public actors; evidence of mainstream businesses moving towards sustainable corporate practices through partnerships with the social economy
SOCIAL INCLUSION	Existence and extent of democratic governance practices	Presence and diversity of stakeholder groups on boards; invitation to and attendance at operational, governance and evaluation meetings
	Participatory management	Voting rights; participation in planning, measurement, delivery, etc.; collective bargaining practices; opportunities to voice concerns and ideas
	Experience and benefits of participation by disadvantaged groups	Range and numbers of disadvantaged groups included in participatory management practices, activities and interventions; sense of empowerment; perception of ability to participate; change in confidence
	Organisational cohesion	Solidarity among members; mutual trust and co-operation; capacity for self-management
	Community cohesion	Social connectedness; perceptions of stakeholder groups; tolerance of local differences
	Integration of disadvantaged groups	Accessibility and use of activities, services and products developed by the social economy entity; official recognition of disadvantage factors in the public system; reduced dependency on welfare transfers; improved access to public health, education and other basic services
WELL-BEING AND COMMUNITY	Physical and mental health	Self-esteem and motivation, psychological status (decrease in depressive symptoms, reduced sense of anxiety and isolation); active lifestyle; behavioural changes (e.g., respite from street life); savings in public health expenditures
	Psycho-social well-being	Improvements in living conditions; reported improvements in quality of life, level of optimism, and life and job satisfaction
	Community embeddedness	New relationships created locally; greater interaction of disadvantaged groups with the community; sense of belonging; sense of pride in community; social recognition; collaboration and partnership with other social economy entities
	Political participation, also referred to as democratic impact	Access to policy makers; confidence to contribute and make a difference; changes occurring in the quality or intensity of citizen participation, the modalities of public debate and decision-making
	Environmental quality	Exposure to loud noise, air pollution, or chemical products

Source: OECD.

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Notes

[1] The social economy, also called in some countries the "solidarity economy" or "social and solidarity economy", is composed of a set of organisations such as associations, cooperatives, mutual organisations, foundations and, more recently, social enterprises. In some cases, community-based, grassroots and spontaneous initiatives are part of the social economy, in addition to non-profit organisations, often dubbed the "solidarity economy". For the sake of simplicity, this report refers exclusively to the social economy.

[2] This report refers to "entities", "organisations", "actors" and "members of the social economy" interchangeably to designate the organisational structures comprising the social economy.

[3] https://sdgimpact.undp.org/enterprise.html.

[4] https://impactmanagementplatform.org/.

[5] https://capitalscoalition.org/the-coalition/.

[6] The French national union of associations of parents, mentally handicapped persons and their friends (Union nationale des associations de parents, de personnes handicapées mentales et de leurs amis).

[7] While a comprehensive understanding of social impact may include the environmental dimension as it ultimately has societal consequences, this guide focuses on social impacts in the narrow sense, for several reasons. First, environmental impacts are inherently less complex to measure quantitatively. Second, any positive or negative environmental consequences arising from social economy activities do not differ significantly from those stemming from the activities of other private-sector actors. Finally, because the measurement of environmental impacts is much less controversial, significant progress has already been made in standardising it. Hence, a wide set of resources and tools is available, even for beginners.

[8] Impact management includes impact measurement; these two processes are sometimes collectively referred to as "impact management and measurement".

[9] "Social bricolage" can be defined as the purposeful and creative recombination of ideas and resources in the day-to-day pursuit of a social mission (Di Domenico, Haugh and Tracey, 2010[35]).

[10] According to this definition, "social impact" can include the economic and environmental consequences of a social economy entity's actions (e.g. the indirect economic impacts on stakeholders, beyond access to employment). For the sake of clarity, however, this report will focus on social and societal consequences, which are deemed the most difficult to measure.

[11] In corporate accounting, information is considered "material" if its omission or inaccurate reporting could lead to poor economic or financial outcomes for an entity. Decisions about what is material are most often taken by accountants or other financial experts. Social Value International offers a narrower definition, whereby "an impact is material when it is relevant and significant for decisions to optimise wellbeing of a stakeholder group. Outcomes and therefore impacts that are not significant can also be considered material if they are relevant to organisational objectives and/or relate to societal norms" (Social Value International, 2023[36]).

[12] In social impact measurement for civil society organisations, "material" is something that is relevant (i.e. recognised by stakeholders/strategies/research/people) and significant (i.e. important to people, more important than something else, or important to the organisation) (HIGGS et al., 2022[22]). Civil society organisations need to determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact (Aps et al., 2017[11]).

[13] A system change follows a change in the root causes of an issue, as opposed to a surface level change which only addresses symptoms. Change is systemic if the way a system operates shifted and hence produces a more positive outcome itself. The term hence describes both an outcome and an approach to social change (Ashoka, 2018[37]).

[14] Although the term "impact" indicates the ultimate significance and transformative effects (potential, assumed or achieved) of an intervention, it is often used to encompass changes observed across the whole results chain, including immediate outputs, intermediary outcomes and long-term impacts (OECD, 2023[10]). "Impact evidence" can be defined as the available body of facts or information that can be used to judge to what extent (or not) impact has occurred. The evidence, which can be both quantitative and qualitative, can be generated by individual social economy entities, groups of social economy entities,

other stakeholders in the social economy ecosystem (e.g. impact investors) and public authorities. It can then be triangulated to evaluate the impact of an organisation or initiative, thereby informing decision-making (OECD, 2021[1]; OECD, 2023[20]).

[15] For a definition of what the term “material” means to the social economy, see Infographic 2.

[16] Social value is a broader definition of value that includes the worth or importance stakeholders place on changes/impacts to their well-being that are not captured through financial transactions (Social Value International, 2023[36]).

[17] The listed indicators are drawn from the following projects: the UNRISD SDPI, the IRIS+ Catalog of Metrics, the OECD Paper Series on Well-Being and Inequality, and Social Value UK’s Outcome Frameworks and Standalone Measures Database and Accompanying Report.

1 Design

At the beginning of each impact measurement cycle, the design phase is critical to ensure that the following data collection efforts will help respond to the social economy entity's learning needs. This phase entails defining the change strategy, identifying learning needs, and setting impact targets. These three subsequent steps will help ensure that the measurement efforts are geared towards the implementation of the social mission and that they adequately promote stakeholder engagement.

Measure impact to support continuous learning

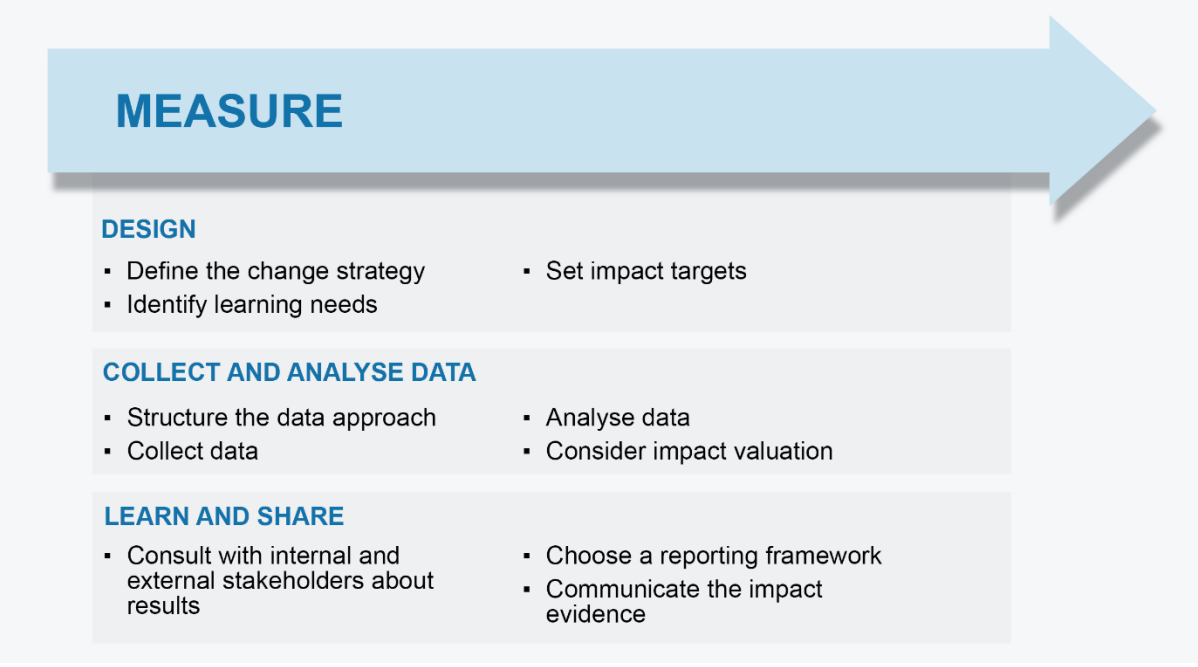
Social impact measurement aims to assess the social value produced by the activities of any for-profit or non-profit organisation. It is the process of understanding how much change in people's well-being or the condition of the natural environment has occurred and can be attributed to an organisation's activities (OECD, 2023[1]).

Based on a simple, easily accessible vision that prioritises continuous improvement, social impact measurement can be structured around three main chronological phases (Infographic 1.1):[1]

- **Design**: defining the change strategy, identifying the learning needs, setting impact targets,
- **Collect and analyse data**: structuring the data approach, data collection, data analysis, (potentially) valuing impact,
- **Learn and share**: consulting stakeholders about results, choosing a reporting framework, communicating the impact evidence.

Stakeholder engagement is a cross-cutting priority through all steps of the measurement cycle, particularly for the social economy. Different measurement cycles may overlap at different levels within the same organisation, and with different timelines.

Infographic 1.1. The impact-measurement cycle



Source: OECD

The design phase comprises three steps: 1) defining the change strategy, 2) identifying learning needs, and 3) setting impact targets. Although social economy entities increasingly understand the importance of impact measurement, conceiving it as an embedded cycle can prove challenging in practice. Indeed, social economy entities may struggle to translate their social mission into concrete social changes for their beneficiaries and beyond. Designing a precise change strategy and developing awareness of the underlying assumptions is critical not only to the success of the measurement cycle, but also to achieving the social mission (Aps et al., 2017[2]); (VISES, 2017[3]); (OECD, 2021[4]); (Impact Management Platform, n.d.[5]). Prioritising learning needs and setting impact targets is another sensitive exercise, given the diversity of stakeholders and motivations for engaging in impact measurement.

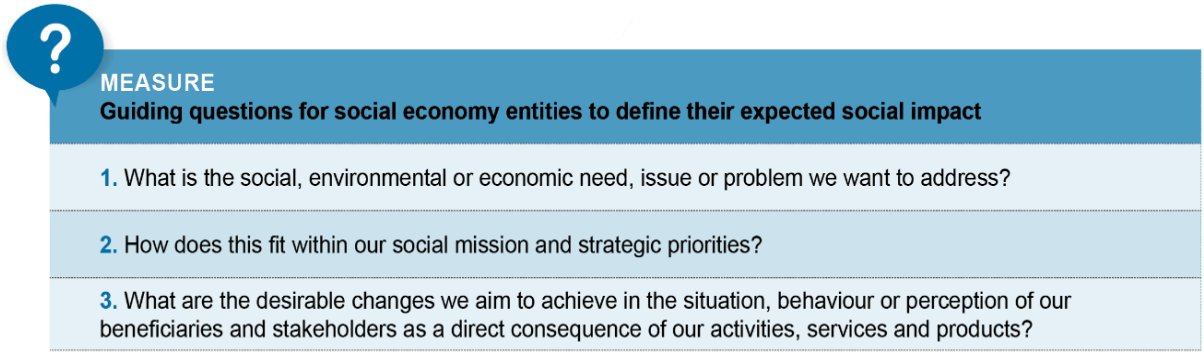
Define the change strategy

Despite having a well-defined social mission, social economy entities can struggle to describe their change strategy, which links the activities implemented to the expected changes. This involves first distinguishing between direct, indirect beneficiaries and other stakeholders, and then describing the theoretical relation between "*what is done*" (the actions being implemented) and "*what we seek to change*" (the impact objectives arising from the social economy entity's mission) (see Infographic 1.1.). Entities can avail themselves of a wide array of freely accessible online resources to this end (Better Evaluation, n.d.[6]) (Change the Game Academy, n.d.[7]) (ThinkNPC, n.d.[8]) (Learning for Sustainability, n.d.[9]).

The social impact pursued by a social economy entity derives from its social mission, which is typically enshrined in its founding documents. Still, the entity may face several challenges when translating that mission into its impact objectives. Depending on the situation, it may observe divergences (Baudet, 2019[10]; OECD, 2021[4]; OECD, 2023[1]) relating to:

- The **temporality of changes considered:** does social impact designate short-, medium- or long-term changes?
- How **unintended or unexpected changes** should be factored in: does social impact refer only to the expected consequences of given actions, or does it also include those that are observed even if they were not foreseen?
- The **positive or negative nature** of the expected changes: is social impact only positive or should the negative consequences of actions also be considered?
- The **question of contribution or attribution**: does social impact refer to all observable changes, or more specifically to changes that can be tied to a specific action via attribution or contribution analysis?

Infographic 1.2. Guiding questions for social economy entities to define their expected social impact



Source: OECD.

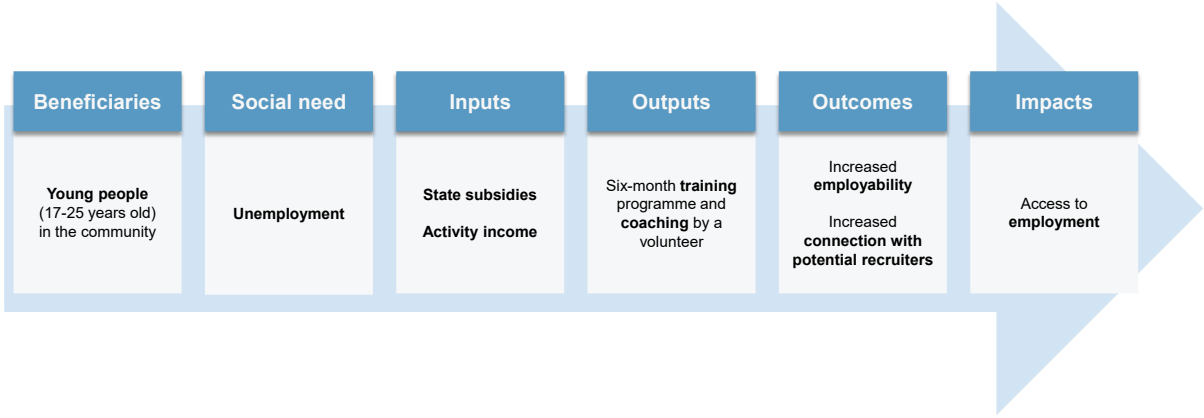
A growing challenge is distinguishing between "social impact" and "externalities". The increasingly frequent use of the term "impact" by companies belonging to the conventional economy is blurring the lines with social economy entities, whose operating model is founded on the pursuit of a social mission. The statutory goal of generating social change is the main differentiator between "impact" and "externality". It follows that a social economy entity's ability to explain its intentionality by formalising a change strategy is a critical step in the impact measurement cycle.

Ideally, social economy entities will develop a change strategy at the corporate level and then deploy it throughout their activities, starting at the project development stage. In practice, however, they often define the change strategy around a specific activity or programme – either early on, for fundraising purposes, or retroactively, to fulfil reporting requirements. Thus, larger social economy entities with several ongoing activities or programmes may need to reconcile several strategies, to structure a consistent impact-measurement cycle that serves all of them. In such situations, the social economy entity will need to design a unique organisational change strategy explaining how it intends to fulfil its mission, as well as several underlying strategies depicting how it will achieve each programme's impact targets.[2]

Broadly speaking, a social economy entity can choose from among three main solutions to develop its theory of change:[3] logic models, impact mapping and causal chains. However, adaptations are constantly emerging, such as the "Wheel of Change" and "story of change", which were developed primarily for the social economy. Especially in the area of social innovation, planned activities and desired outcomes are constantly evolving through experimentation, so that "theory of change" models may be considered too constraining. To advance social change, impact objectives and targets need to match the vision of a "desirable future", as expressed by a diverse range of stakeholders (Besançon and Chochoy, 2019[11]).

As a general rule, social economy entities and their funders prefer the simplicity of the *logic model*. This approach helps align different change strategies (e.g. at the organisational and programme level) and identify learning needs (see Figure 1.1). The logic model can be a default entry-level solution in many situations (supported by a wide set of free resources online), preparing for more sophisticated forms of change strategy. At minimum, the logic model helps organisations distinguish between the inputs, outputs, outcomes and impacts of their activities (Social Impact Navigator, n.d.[12]) (Center for Social Impact Strategy, n.d.[13]) (Social Impact Toolbox, n.d.[14]). More advanced versions describe the social needs targeted, how the model can be linked to the organisation's goals, and even how to formulate the learning questions to be addressed in the social impact-measurement cycle. The "Wheel of Change" framework can prove useful in this regard (Neelands and Garcia, 2023[15]).

Figure 1.1. Logic model for a job-training-programme



Source: OECD.

***Impact mapping*[4] encourages social economy entities to identify the various internal and external stakeholders affected by the implemented activities and spell out the impacts expected for each** (VisibleNetwork, n.d.[16]; Rockwool Foundation, 2020[17]), either by consulting directly with stakeholders or exploiting existing evidence (see Figure 1.2).[5] Such an approach describes how the organisation fits into the wider social economy and offers a vision of its "footprint". However, impact mapping generally cannot pinpoint the causal links between the implemented action(s) and the expected impacts, and is therefore better suited to defining the change strategy at the organisational level. Similar approaches, like the "story of change" model,[6] place greater emphasis on explaining why stakeholder groups and expected impacts are included in the change strategy.

Figure 1.2. Impact mapping for a job-training programme

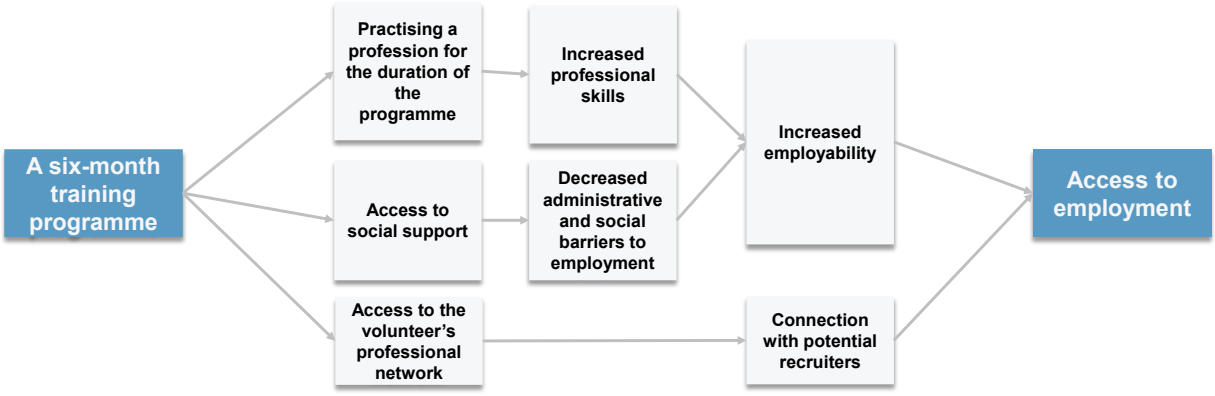
	Direct beneficiaries	Indirect beneficiaries	Community	Volunteers
Stakeholders	Young people (17-25 years old)	Companies and recruiters	Public actors	Elderly professionals
Activity		Access to candidates	Support in the employment policy	Access to volunteering opportunities
Impacts	Access to employment	Increased diversity among employees	Avoided cost of unemployment benefits	Personal fulfilment

Source: OECD.

Identifying the *causal chains* leading to expected impacts is the most advanced approach.[7] This exercise forces social economy entities to delineate the different stages, mechanisms, factors and cause-and-effect relationships that should link the activities (logically or chronologically) to the desired impacts (see Figure 1.3). This requires them to reflect carefully on their intervention techniques, and therefore design a more elaborate version of their operating model. Such visual representations are often very

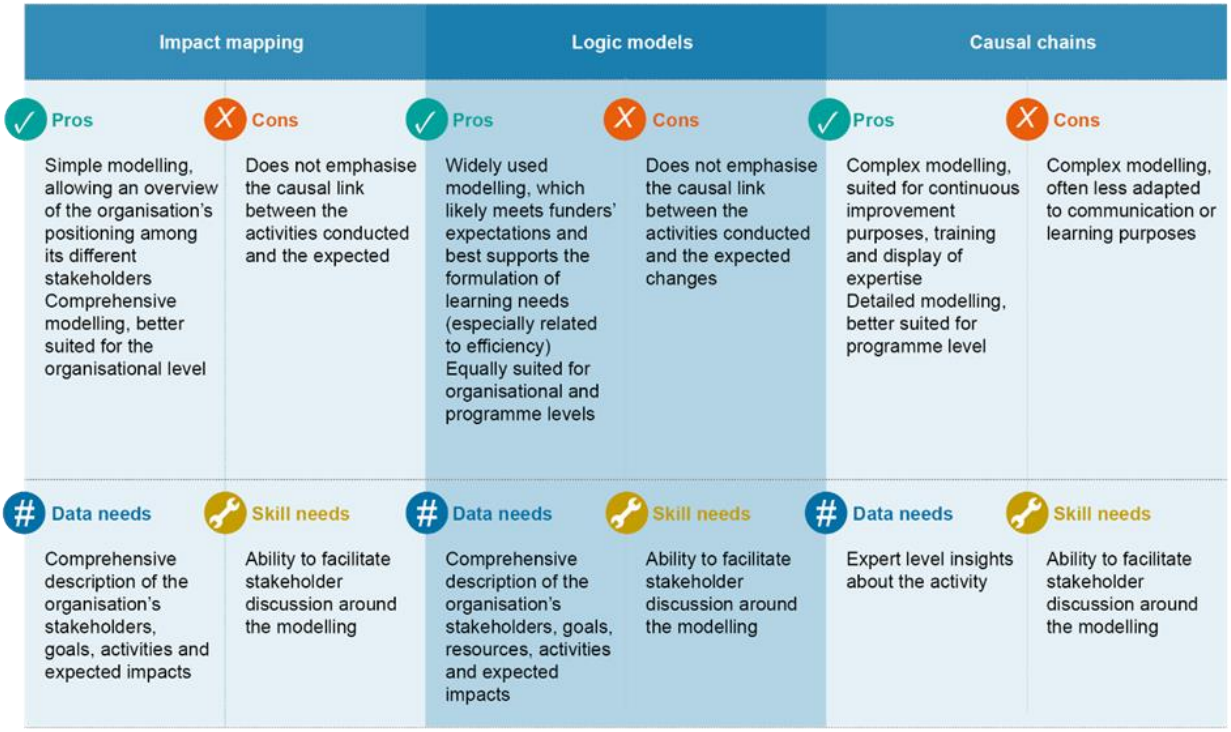
detailed and possibly difficult to read and understand, complicating communication and decision-making. They may also be perceived as too rigid, with little room for experimentation, especially in the field of social innovation (Besançon and Chochoy, 2019[11]). Being the most complex option, causal chains are best suited for the programme level, where the delivery model may be easier to pin down. Infographic 1.2 gives an overview of these approaches.

Figure 1.3. Causal chain for a job-training programme



Source: OECD.

Infographic 1.3. Alternative ways to define the change strategy



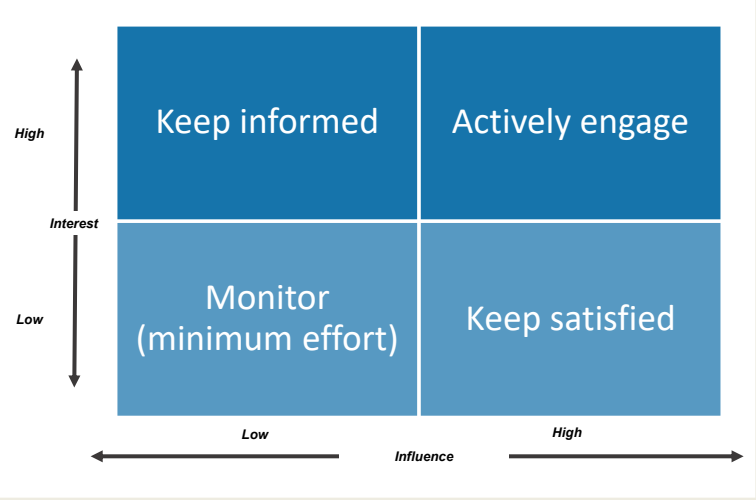
Source: OECD.

A social economy entity using any one of these approaches to formalise its change strategy will need to consider carefully how it can translate its mission into impact objectives. External support may be needed to develop the theory of change and align the viewpoints of different stakeholders. Besides selecting the most appropriate approach to define its change strategies, the entity must also choose which stakeholders to engage in the process (see Box 1.1).

Box 1.1. Choosing which stakeholders to engage in the design phase

Social economy entities are generally embedded in a complex network of stakeholders, who influence both the conduct of their activities and the situation of their beneficiaries. The entities may be tempted to include all their stakeholders in building their change strategy, further complicating this process. Stakeholder mapping is particularly useful in this regard, in that it helps identify the most relevant groups.

Stakeholder mapping involves naming all the stakeholder groups that are relevant to an organisation, analysing how they may (either positively or negatively) influence results, and planning to engage them during the impact measurement phases and steps. Although the notion of "relevance" in this context has several definitions, it generally refers to those stakeholders who are material (i.e. they are affected by or could affect an organisation's decisions), or have the power and resources to influence an entity's activities and outcomes. A stakeholder map is therefore typically constructed as a 2x2 matrix, based on high or low interest and influence.



Based on the position within the matrix, the social economy entity can determine whether – and how – these stakeholders should be involved in refining the change strategy, or at another point in the impact measurement cycle. The mapping exercise can involve a few selected internal stakeholders (e.g. managers, employees and beneficiaries) or a wider range of external stakeholders (e.g. suppliers, funders, regulators and competitors), depending on how much time and resources the entity has to perform the mapping.

Further reflection to help inform the change strategy may be guided by the following questions: Why are these individual stakeholders important to us? Which problem(s) do we intend to solve for them? What are their/our expectations in terms of impact (e.g. changes in situation, behaviour or perception)?

Source: (Reed and Curzon, 2015[18]); (HIGGS et al., 2022[19]).

Identify learning needs

During the design phase, the social economy entity will strive to understand which learning questions the data collection and analysis must answer. This is an opportunity to establish what the entity wants to know (not only in terms of impact results), as well as for and from whom it needs this information (its audience and data sources, e.g. employees, beneficiaries, funders and partners) (see Infographic 1.3.). This internal reflection will in turn inform the selection of indicators, tools and methods, and the nature of the data collected (including the balance between qualitative and quantitative). It also prompts the entity to clarify how it will use the data collected for a specific indicator or target and to double-check whether critical information gaps will be filled. Guidance already exists on how to formulate possible learning needs, often in the form of evaluation questions (European Commission, 2006[20]) (European Evaluation Society, n.d.[21]) (American Evaluation Association, n.d.[22]).

Infographic 1.4. Guiding questions to help formulate internal learning needs

MEASURE **Guiding questions to help formulate internal learning needs**
Effectiveness: Is the intervention achieving its impact targets? To what extent has it achieved – or is it expected to achieve – its objectives and results, including any differential results across groups?
Impacts and sustainability: What difference is the social economy making in the situation or trajectories of beneficiaries? Will the impacts last?
Efficiency: How well is the social economy using resources? To what extent is the intervention delivering or is it likely to deliver results in an economic and timely manner?
Relevance: Is the social economy entity doing the right things to tackle social needs? To what extent do the intervention's objectives and design respond to beneficiaries, as well as to global, country and partner/ institutional needs, policies and priorities, and will they continue to do so as circumstances change?
Coherence: How well do the social economy entity and its actions fit into the existing ecosystem? Is the intervention compatible with other interventions in a country, sector or institution?

Note: These questions draw on the six evaluation criteria proposed by the OECD DAC Network on Development Evaluation.
Source: (OECD DAC Network on Development Evaluation, n.d.[23]).

Impact measurement by social economy entities often only tackles the question of effectiveness, sometimes adding actual impacts depending on the available means. However, the other questions may be important to help interpret the impact evidence and serve other learning needs (e.g. which partnerships to develop, how to better exploit existing resources, and what additional beneficiaries to target in the future). Indeed, "efficiency" and "effectiveness" are typically accountability-based, whereas the other questions are more conducive to internal learning. Each of these learning questions will have direct repercussions on the social economy entity's approach to data collection and analysis; hence it will need to review them carefully and balance their weight in the design of the impact measurement cycle.

Social economy entities sometimes struggle to identify the question(s) that will best serve their interest and prioritise between the different learning needs. The general recommendation is to formalise the learning needs(s) according to the motivations underpinning each social impact measurement exercise (OECD, 2021[4]). Different questions may be addressed through subsequent impact-measurement cycles. At times, entities may need expert support to identify information gaps and detect internal learning priorities transpiring from the various stakeholders involved in their governance and activities, in addition to the accountability requirements imposed by external funders and public regulators.

Set impact targets

To assess their effectiveness, social economy entities need to define qualitative and quantitative impact targets. To do so, they must tackle questions like "What do we want to change or to achieve?" or "How much do we want to change or achieve?" In other words, they have to specify both the nature of the expected changes ("we intend to increase access to long-term employment in this community"), and their intensity and extent ("we commit to supporting 100 people in this community and have 75% of them occupy a full-time job over the next 24 months"). This becomes particularly important in the context of their relationships with external funders (especially when they identify as impact investors or venture philanthropists), or when engaging in social procurement opportunities (OECD, 2023[24]).

Targets typically derive from the expected outputs, outcomes and impacts identified in the social economy entity's change strategy. Box 1.2 on the Poverty Stoplight illustrates how a complex and multidimensional social problem like poverty can be broken down into impact targets. Similarly, the "Quality of Life Model" developed in Catalonia (Spain) reflects individual desires related to eight essential needs: emotional well-being, interpersonal relations, material well-being, personal development, physical well-being, self-determination, social inclusion and rights (Institut Català d'Assistencia, 2009[25]; Gomez et al., 2011[26]). Entities working in social services use this model to select the dimensions that are relevant to their activity and the items they want to measure, possibly also adapting the formulation of each item to their particular context. Similar resources, such as the OECD's work on philanthropy for social and emotional skills (OECD, 2023[27]), are available for other topics or social needs. Such resources are very useful in helping the entity formalise its change strategy and develop data-collection tools.

Box 1.2. Defining qualitative impact targets: The example of Poverty Stoplight

Many social economy entities act in response to complex multidimensional social and societal issues that are often difficult to define. For example, how does one define a situation of poverty or exclusion? What does "empowerment" mean, concretely? In the context of impact measurement, this challenge is particularly manifest when building the change strategy and defining impact targets, because social economy entities struggle to express the observable "outputs" and "impacts" they intend to produce.

The Poverty Stoplight was developed to measure and address multidimensional poverty at the household level. It empowers vulnerable or marginalised individuals and communities to self-diagnose their own level of poverty and take targeted actions to improve their well-being. It lists specific deprivations that help grasp "what it means not to be poor" across six dimensions:

- **Income and employment**: This dimension aims to measure the monetary aspects of well-being, (including the availability of sufficient financial means to live), and the skills and habits necessary for employment and financial management. It focuses not only on the capacity to acquire resources, but also on their management and use.
- **Health and environment**: This dimension features indicators related to the various components of health, as well as the determinants (both personal and environmental) that influence the biopsychosocial well-being of the person and the family.
- **Housing and infrastructure**: This dimension measures the protected and stable environment that makes personal and family privacy possible, as well as the basic physical systems (in the dwelling and in neighbourhood) that allow access to essential elements of well-being.
- **Education and culture**: This dimension refers to the importance of having tools and knowledge for personal and social development. Education is essential for people to acquire skills and develop their potential, and provides access to information and cultural wealth. Culture is essential for identity formation, and allows a deeper understanding of life and the possibility of sharing experiences.

- **Organisation and participation**: This dimension refers to the interpersonal opportunities and capabilities to have control over one's own life and be connected to others.
- **Interiority and motivation**: This dimension refers to the intrapersonal aspects that reflect the capacity to have control over one's own life, recognising the importance of autonomy and the capacity to make decisions that reflect personal and collective values.

These dimensions are further divided into 50 indicators measuring deprivations. Each indicator is accompanied by simple explanations and three images, representing extreme poverty (red), poverty (yellow) and non-poverty (green). This helps families self-assess their status relative to each indicator; social economy entities can also define their change strategy and impact targets around these indicators.

The Poverty Stoplight breaks down the complex issue of poverty into smaller, more manageable problems that become visible and can therefore be tracked in the data collection. In line with the principles of the social economy, the Poverty Stoplight promotes a participatory approach, where a diverse range of community members can contribute to the impact measurement design.

Originally developed by Fundación Paraguaya, the Poverty Stoplight has been implemented globally, including in the United Kingdom and several Eastern European countries. The European Union (EU) is collaborating with the Poverty Stoplight to empower marginalised households through community action and tailored interventions. Notable beneficiaries include the Roma community in Bulgaria, the Slovak Republic and Romania. Through the Poverty Stoplight, participants are expected to gain agency (the capacity to act independently), self-efficacy (the belief in their ability to act) and community mobilisation to achieve structural change.

Source: (Poverty Stoplight, n.d.[28]).

Setting quantitative targets requires an additional element – the baseline, which is the starting point from which progress can be measured (see Box 1.3 for an example). Social economy entities can try to identify the baseline in several ways, including:

- **a historical approach** based on past performance, with stakeholders generally asking to maintain or improve the existing situation
- **comparison with available public data** or other documentation on social needs, with stakeholders generally requesting that the beneficiaries of the action evolve as well or better than the average of a comparable population
- **reference to external norms or standards**, with the entity defining its impact targets based on indicators and performance levels proposed by reference institutions) (UNSTAT, n.d.[29]) (OECD, 2023[27])
- **their own diagnosis of the beneficiaries' initial situation**, in the absence of a body of data or knowledge around emerging social needs.

Regardless of the approach, defining impact targets carries high stakes. It generally requires close consideration of the context, a good level of information on the social problem at hand, and available data on the effectiveness of comparable interventions and the operating model of the social economy entity. This level of difficulty often leads entities to prefer outputs- or outcomes-based objectives over impact targets.

Box 1.3. Documenting the impact of social enterprises involved in the Lithuanian Rural Development Programme

The Ministry of Agriculture of the Republic of Lithuania has been investing in social business and the social economy since 2017 in the framework of the EU-funded Rural Development Programme. As part of this programme, social enterprises agree to measure social impact and prove that any support, including minor aid, granted for the start-up or development of a social business shall be used only for the purpose of achieving or enhancing a positive social impact.

To meet the reporting agreements, social enterprises set clear, measurable social **impact indicators.** Applicants must delineate a geographic area (e.g. village, town, district, municipality, county), as well as define the way in which the problem is identified and the extent of the social impact area. This must be supported by relevant statistical data (e.g. scientific studies), strategic documents from the municipality in which the project will be implemented, or other official documents provided by the institution or organisation collecting such data (e.g. municipality, public health centre, addiction centre, probation service). For those social business or start-ups acting on standard social problems (e.g. unemployment, elderly and child care, and nursing), standard methods and indicators have been proposed, but project applicants are free to choose those best suited to their specific activity.

For example, the social enterprise "Geri Norai" received funding for its "Rykantai Post" project through the Rural Development Programme. The project aimed to decrease rural inequalities by creating a community of social innovators, providing capacity-building programmes, and creating a marketplace for locally produced goods and services. Its primary activities are "social leader breakfasts", a residency programme for social innovators and sales support. To measure the effectiveness and impact of these activities, the social enterprise selected four clear and measurable indicators: 1) number of initiatives proposed by the local community to the government; 2) number of new people opening new businesses, employed, or enrolled in training; 3) number of people with special needs involved in the project; and 4) number of companies supported that are still in business. These indicators had original baseline starting positions; they were measured immediately after the intervention, and at 6-month and 12-month intervals.

Source: www.rykantupastas.lt (in Lithuanian).

Infographic 1.4. provides an overview of the success factors and pitfalls to avoid during the design phase of the impact measurement cycle.

Infographic 1.5. Success factors and pitfalls to avoid in the design phase

DESIGN PHASE	
SUCCESS FACTORS	**PITFALLS TO AVOID**
✓ It is never too early to start planning for impact measurement. Although changes occur later (often after a year or more), planning to measure change right from the start has many benefits, including possessing a baseline with which to compare later change.	✗ Starting the design phase when the programme is already well under way.
✓ To strengthen the theoretical robustness of the change strategy, adopt existing concepts and frameworks from social sciences (e.g. sociology, psychology, behavioural sciences) to conceptualise so-called "qualitative" impacts (e.g. representations, intentions, capacities).	✗ Building a change strategy that does not consider potentially negative or unexpected impacts. Even if measurement efforts mostly aim to validate positive impact assumptions, they should also include an exploratory dimension. When reconstructing causal chains that link activities to expected impacts, it is good practice to identify the underlying assumptions and risks.
✓ Start from the change strategy to identify who is expected to experience the change. Include the viewpoints of members, beneficiaries, clients and customers to help define the impact targets (and indicators in the next phase) in terms that reflect value for them.	✗ Designing the measurement cycle without considering how the impact data will be used. By anticipating the potential use of the final learnings well in advance, data can be collected in the appropriate timing and form.
✓ Consider the time needed to achieve each type of change. The change strategy should include expectations for which types of change are short-term and which are long(er)-term. Some of the most desired changes, such as poverty alleviation, often take many years to materialise.	✗ Defining targets that are too ambitious for the given time frame, or too vague to be measured in practice.
✓ To reduce the cost generated by fresh data creation, identify targets based on existing (and accessible) datasets whenever possible.	
✓ To facilitate data collection, define impact sources based on the most relevant stakeholder groups and consider the most effective way to engage them.	✗ Failing to identify relevant stakeholder groups (internal and external) as both data owners and users. Failing to co-ordinate across different measurement efforts which may create "evaluation fatigue" among stakeholders.
✓ To enhance its learning potential, revise the impact measurement design regularly by updating the change strategy and impact objectives, based on lessons learned from the data collected.	✗ Applying the same design to different measurement levels (programme, organisational), or at the same level but at different points in time, without considering the need for adaptations.

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Notes

[1] This approach is inspired by the vision expressed by representatives of the European social economy (GECES, 2015[35]; VISES, 2017[3]). It is also closely aligned with the main international standards emerging from the private investment and for-profit business sectors (IMP, 2023[33]; Martínez, Gaggiotti and Gianoncelli, 2021[34]).

[2] Going forward, the report only refers to change strategy at the programme level – which itself may need to incorporate different strategies at the project level. Large social economy entities (e.g. international NGOs running a diverse portfolio of activities across many themes and countries) typically deal with several levels.

[3] A "theory of change" is a method that explains how a given activity is expected to lead to a given change, drawing on a causal analysis based on available evidence. The approach pushes organisations to identify who needs to change (individuals, groups or relationships in society), what is expected to change (for instance, beneficiaries' situation, behaviour or perceptions), and how the change could occur (i.e. how the planned activities will lead to expected results). The approach encourages critical thinking by defining and testing critical assumptions, which helps to clarify the organisation's role in contributing to change (OECD, 2012[32]; United Nations Development Group, 2017[30]). It is increasingly considered an essential practice within social development (INTRAC, 2017[31]).

[4] Sometimes called "outcome mapping" (see, for example, https://www.betterevaluation.org/methods-approaches/approaches/outcome-mapping).

[5] When the impact map is created using existing evidence, it is called "outcome harvesting" https://www.betterevaluation.org/methods-approaches/approaches/outcome-harvesting.

[6] See, for instance: https://happymuseum.gn.apc.org/wp-content/uploads/2016/03/HM_1_Story_of_Change_Feb2016.pdf.

[7] Depending on the situation, this approach is also variously referred to as a "causal model", "causal pathway" or "causal tree".

2 Collect and analyse data

Central to any impact measurement cycle is the data collection and analysis phase, which in the case of the social economy will typically follow a multi-stakeholder, participatory approach. The structuring step often starts during the design phase, while data collection may partially overlap with the ongoing analysis. Social economy entities can choose among a wide range of solutions, from mainstream ones that are shared with other private sector actors to tailored ones that have explicitly been developed for them. When selecting a specific solution for data collection and/or analysis, each social economy entity should carefully consider the data and skill needs required, besides the impact areas being covered.

Data collection and analysis can be broadly divided into three steps: structuring the data approach, which often starts during the design phase; data collection, which may partially overlap with the third step; and ongoing data analysis. Concretely, this means selecting indicators and identifying the data sources, then gathering and analysing quantitative or qualitative data (e.g. about changes in individual or group conditions, such as behaviours, skills, knowledge or health) to assess whether the intended impact outlined in the objectives has occurred (and the targets have been met). The complexity of the steps required to measure results will depend on which tool is selected. As an example, conducting a randomised control trial[1] requires many more steps and protocols than writing a case study. At the same time, the method selected should depend on the types of impact results or dimensions needing to be measured.

While most available solutions were designed to match the needs of investors and conventional businesses, solutions are now increasingly addressing the situation of social economy entities. Examples range from identifying indicators that express the unique value creation by social economy entities (UNRISD, 2022[1]); integrating qualitative approaches preferred by social economy entities (Beer, Micheli and Besharov, 2022[2]); and building tools specific to the social economy's needs and audiences like the Outcome Star™ and Mutual Value Measurement (MVM) Framework ©.

Structure the data approach

Selecting indicators based on the needs of the social economy entity

Based on the impact objectives, targets and available data sources, social economy entities can select those indicators that are most relevant to their learning needs. Indicators are the building blocks for measuring and analysing outcomes: they identify the points of change. When selecting indicators, entities should consider how well they meet each of the following criteria: relevance, usability, clarity, feasibility and comparability (Sinha, 2017[3]). Especially for small entities at the beginning of their impact-measurement journey, it is advisable to focus on a small number of indicators.

Social economy entities mostly draw their indicators from international standards, which are strongly influenced by the financial or business sector and poorly adapted to their capacities and needs (OECD, 2021[4]). The most popular standard is the IRIS+ Catalog of Metrics, developed by the Global Impact Investing Network to help impact investors and their investees measure social and environmental performance in a consistent and comparable manner.[2] Some of the thematic areas covered by the IRIS+ Catalog – especially financial inclusion, diversity and inclusion, and quality jobs – are relevant to social economy entities. The Institute for Economic Research, for example, used IRIS+ metrics in the model it developed to measure the impact of social enterprises in Slovenia.[3] Each indicator comes with guidance for its calculation and different available options, facilitating its implementation by entities with limited access to primary and secondary data sources. Access to the IRIS+ Catalog is free and requires only creating an account; the website provides training on using the guide.

Especially for social economy entities that are new to social impact measurement, using off-the-shelf indicators may be easier overall: harmonised indicators aim to ensure a minimum level of quality, to enable data aggregation and comparison within and across interventions. Still, many social economy entities claim these fail to capture some aspects of their results and are therefore difficult to exploit for learning purposes (Molecke and Pinkse, 2017[5]). This is especially true for impact areas where self-reporting by beneficiaries is necessary to understand whether, and to what degree, change has happened (e.g. in terms of well-being and social inclusion). Moreover, the same indicators may not be appropriate for all types of members, beneficiaries, customers or clients (Sinha, 2017[3]).

Several ongoing efforts within social economy systems are working to identify and develop indicators that can convey the unique value of social economy entities. In Canada, the "Common Foundations" framework emphasises that encouraging a mixture of four minimum flexible, community-driven standards, which are aligned with other standards and approaches, and tailored indicators can help social economy entities get more meaningful information from their impact-measurement efforts (Common Approach, n.d.[6]). Other notable examples at the international level include the United Nations Research Institute for Social Development (UNRISD) indicators for sustainable development (see Box 2.1), OECD work on well-being and inequalities,[4] and indicators on the social and environmental impact of culture and sport.[5] Importantly, since social economy entities often operate under severe resource constraints, the measures selected should not only correspond to the investors' perspective, but also support the entity in understanding and improving on its unique attributes. The emerging consensus is that all indicators need to be co-defined with social economy actors; indeed, efforts to involve them are producing greater clarity about the specific indicators that can be used. See Box 2.2 for a framework developed to enable measuring the value created by co-operatives and mutuals. Infographic 2.2 summarises main considerations in choosing the right approach to selecting indicators.

Box 2.1. UNRISD Sustainable Development Performance Indicators for the social economy

UNRISD's Platform on Sustainable Development Performance Indicators (SDPI) responds to the growing demand for measures that capture genuine progress towards the Sustainable Development Goals (SDGs). Having identified metrics to assess thresholds and targets indicative of sustainable development, the project provides an online platform where both for-profit and social economy entities can assess their impact for free.

Among a broader list of 55 indicators, **UNRISD has identified six indicators which are specific to social economy entities and that will help them express their unique transformational value**:

- **Attendance at annual general meetings**: this indicator calls for disclosing attendance at the annual general meeting (or an equivalent mechanism for member participation in decision-making) to inform on the effectiveness of social economy entities' participatory governance mechanisms.
- **Democratic elections** (Y/N answer): this indicator assesses social economy entities' participatory decision-making practices and use of democratic processes to elect persons in managerial, executive and organisational governance roles.
- **Participatory management** (Y/N answer): this indicator calls for the organisation to determine and disclose: the proportion of managers who are selected by their own staff and the specific ways in which staff have actually participated in the selection process (through a formal consultation, participation in the selection committee, etc.).
- **Stakeholder participation** (non-employee): this indicator requires social economy entities to disclose whether formal mechanisms are in place to allow non-employee stakeholders (members, consumers, communities, etc.) to participate in strategic decision-making, underscoring their inclusive decision-making or multistakeholder deliberation practices.
- **Training of vulnerable groups**: this indicator assesses the extent to which social economy entities engage in skill training and employment of vulnerable groups, showcasing their inclusivity.
- **Work integration**: this indicator calls for disclosing the percentage of workers who received skill training through the social economy entity's work integration programme(s) and subsequently went on to find employment or pursue education in the last two years.

The six indicators were developed to capture the importance of participatory governance and vulnerable groups as primary areas of value creation for social economy entities. As of November 2023, over half of UNRISD's approximately 600 subscribers were affiliated with social economy entities. Of these, 32 cooperatives and 34 social enterprises have already used the beta version of the platform. For example, the German ethical bank GLS has used the SDPI indicators to help position its sustainability reporting in the global context, aligning its performance objectives for wage range, gender pay gap and water consumption with the context-based approach and specific targets proposed by the SDPI platform.

Source: https://sdpi.unrisd.org; (GLS Bank, 2020[7]).

Box 2.2. Measuring the total value of mutuals and co-operatives with the Mutual Value Measurement Framework (MVM) Framework©

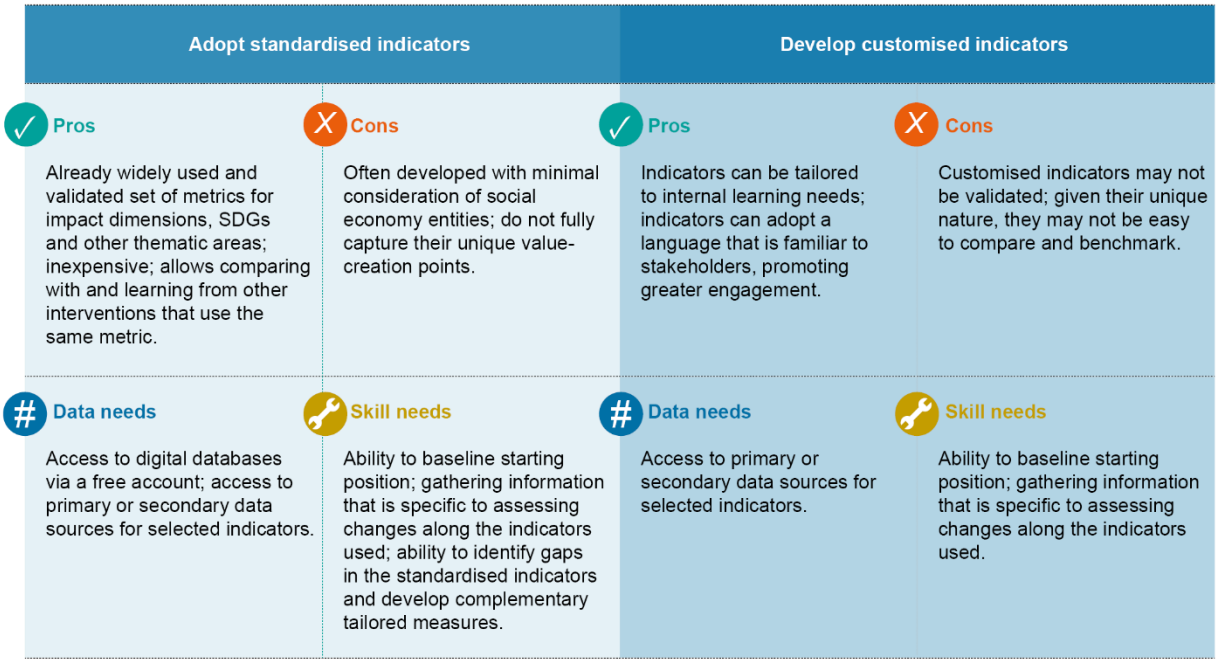
The MVM Framework was developed by the Australian Business Council of Co-operatives and Mutuals to enable measuring the unique and total value created by this type of social economy entity. The framework focuses on six dimensions: commerciality, shaping markets, member relationships, community relationships, ecosystem and reciprocity, and mutual mindset. It uses a shared language to measure value across these dimensions and can in principle be used in any industry, or for any size of organisation.

The "community relationships" dimension refers to building and maintaining strong and sustainable relationships with the broader community, and is measured by indicators such as "engagement with community organisations" and "charitable relationships and support". All indicators require "proof points" – either quantitative data that can be tracked or qualitative narratives that can be repeated. By incorporating the MVM into the impact measurement cycle, mutuals and co-operatives can identify the positive impact they have on members, customers, the community and the economy over time.

The Geraldton Fisherman's Co-operative in Australia adopted the MVM to frame and improve its strategy for embedding itself as a positive force in local communities. It identified opportunities to improve the local fishing supply chain and engage with local citizens, such as through a "blessing of the fleet" and offering "Christmas crays". The co-operative now regularly measures its performance against the indicators.

Note: There is a fee to become MVM-accredited and another fee to use the tool itself.
Source: (Brolos, n.d.[8]).

Infographic 2.1. Choosing the right approach to selecting indicators



Source: OECD.

Identifying data sources

The data collected and analysed by a social economy entity to measure its impact may originate from a primary or secondary source, and be quantitative or qualitative. Primary data are any information collected that provides a first-hand account of the topic of interest to the entity, for instance through registration forms, questionnaires, surveys, written or oral feedback, employee notes, meeting minutes, books, diaries, statistics or field observations. Secondary data have not been directly collected by the social economy entity, but are relevant to understanding and assessing its impact. They are sourced from existing analysis on the topic, based on datasets and studies produced by public administrations,[6] think tanks, academic bodies, published research and reports from other social economy entities. Not all secondary data sources are available free of charge; social economy entities should therefore earmark a budget to access them for whatever time will be necessary.

Accommodations can be made to make it easier for different vulnerable groups to participate in data collection and analysis. Social economy entities working in the area of migrant reception and integration can ask translators to attend individual or collective interviews to facilitate members' active participation. Some flexibility can be factored in to meet specific beneficiary characteristics. For example, in situations where literacy levels may be low, oral interviews may replace written questionnaires or surveys. Where the survey method may be unsuitable, children may be asked to select images, such as smileys or sad faces, to indicate a positive or negative response, rather than having to answer along numbered scales. To accommodate participants' various learning, neurodiversity or accessibility needs, staff-reported observations of behavioural changes may be used in lieu of self-reported changes. Finally, cost-reducing incentives could be offered to individuals with economic vulnerabilities (e.g. by allowing them to use online instead of in-person tools, or offering travel vouchers or child-minding services). However, changes in the way data are collected or analysed need to be approached with caution, as they may threaten the comparability of results, lead to conflicts of interest or promote internal bias. To avoid such risks, all decisions related to accommodations should be taken in a transparent manner, with stakeholder consultation.

Collect data

There exist many data-collection tools, stemming from different research areas (social sciences, psychology, public health…), and they are constantly evolving. Some of those presented below (stakeholder interviews, focus groups, case studies, surveys) are more mainstream, in that they can be used in all impact measurement approaches. Others (outcome journals, Outcome Stars) pertain more to social economy characteristics: they were developed by social economy entities, using language that is familiar to social economy workers and methods adapted to the needs of different stakeholders, especially beneficiaries.

Different data-collection tools often require specific capabilities to engage stakeholders successfully. Facilitating interviews and focus groups entails different skills than forecasting, deadweight and financial proxy calculations when performing cost-benefit analysis, or conducting literature reviews to understand the effects of different interventions on particular groups. Although much progress has been made to reduce the expense and accessibility of these measurement tools, employees will still need time and training to familiarise themselves with them, and learn how best to deploy them for particular stakeholder needs. The diverse range of professionals working within social economy entities, along with their associated working habits and background training, can represent an additional challenge to securing buy-in and motivation in the measurement process.

Stakeholder interviews

Interviews engage stakeholders in a conversation about their experiences with and perceptions of a service, product, intervention, activity, situation or organisation. They are primarily a way of asking them open-ended questions that delve into how they experience, feel or think about certain topics (Boyce and Neale, 2006[9]). Semi-structured interviews allow some flexibility in how questions are put to different individuals, which is more conducive to working with vulnerable groups (e.g. those with low literacy levels or neurodiversity). When several individuals are interviewed at the same time, the tool is called "group interview", "workshop" or "focus group".[7] Social economy entities, for example, may conduct a focus group to collect data on how a group of people with similar demographics or profiles feel or think about a topic.

In the design phase, interviews can help understand what different groups expect of the social economy entity in terms of impact measurement. For example, the entities might want to ask stakeholders whether they are measuring the right outcomes ("Are the objectives identified the right ones for this intervention? Are the outcome measures representative of the type of change we expect to see? What others could we use instead?"). Interviews can also help determine the most appropriate role for individual stakeholders in the measurement cycle ("How much would they like to be involved? At what point in time? What skills can they contribute?").

Conducting and analysing interviews requires specific skills. The interviewer will help the person being interviewed feel comfortable, usually by paying attention and responding to social cues and reactions. The interviewer must also preserve respondents' anonymity. In cases where vulnerable groups are being interviewed or vulnerable subjects discussed, specialist training may be necessary.[8] Transcribing interviews can also be time-consuming. Finally, analytical techniques for identifying important themes within the responses may require training in qualitative research techniques, to ensure rigour and transparency (Gioia, Corley and Hamilton, 2013[10]).

Surveys

Surveys involve asking respondents a series of questions on a topic of interest. They are conducted in written form (using paper and pen, online forms or mobile applications) or administered by research assistants (in person or over the telephone).[9] Like interviews, surveys are a rather flexible tool which, depending on the objectives, may require advanced skills. Box 2.3 outlines the basic considerations when approaching survey design.

Box 2.3. Five considerations for survey design

When selecting the survey approach, social economy entities should consider five elements to ensure that the data collected will be relevant to impact objectives and create enough information for a rigorous analysis, with valid results:

- **The target audience**: Are the total numbers of the stakeholder group populations known? Are they literate, and in what languages? Are those individuals accessible?
- **Sampling considerations**: Are there contact details for the stakeholder group? Can all stakeholders be reached? Are enough stakeholders likely to respond? How can stakeholders be supported to answer the survey?
- **The questions**: Is the language appropriate for the stakeholder group? How long will it take to answer the survey? What sequence of questions is best? Will stakeholders be expected to know the answers, or will answering require learning research?
- **Bias**: How can "social desirability" (the eagerness to "look good" to others) be avoided? How can false answers be avoided and/or detected?
- **Administrative considerations**: How much the survey will cost, what equipment will be needed to run the survey (on paper or online), and how much time and personnel with relevant skills will be needed for analysis.

Source: (Conjointly, n.d.[11]).

Surveys can be a useful way to collect data in cases where a wide range or group of stakeholders must be included. At times, creating several versions of a survey may be necessary to ensure that different stakeholders, for example from different age ranges, can respond. The "UCL Museum Wellbeing Measures Toolkit", designed to capture evidence about the psychological well-being effects of museum initiatives, developed six different surveys, varying in length and the topics covered, to accommodate different age groups.[10] Collecting all the answers can take considerable time, but newer online and mobile application technologies allow collecting and aggregating real-time survey feedback, providing social economy entities with timely and actionable insights. Nevertheless, deciding on the most appropriate survey technique entails considering its accessibility for stakeholders with certain disadvantages, with some groups preferring to respond with paper and pen.

Surveys have the power of translating qualitative changes into quantitative data through statistical treatment. In the absence of a baseline, they allow cross-sectional analysis, comparing different beneficiaries across time, locations or programmes. However, when the whole population cannot be targeted, sampling and stratification may become sensitive, depending on the factors of disadvantage.

Case studies

Case studies can combine quantitative data and qualitative observations to provide a narrative about a unit of interest (e.g. a product, service, process or outcome). They are a more complex data-collection tool which can rely on several individual or group interviews, as well as field observations and secondary data. Box 2.4 gives an example of a social enterprise using a mixture of data from survey responses and stakeholder interviews to create a case study depicting the organisation's core activities and outcomes. Case studies are often told from the perspectives of different stakeholder groups. They can be structured in different ways, depending on the contributor or audience: they can, for example, illustrate someone's character (e.g. a beneficiary, employee, partner); explore the reasons behind a change or outcome (i.e. the type of experience, the way the activity unfolded, the nature of relationships); consider a critical incident (i.e. an accident or a strong success moment); or help understand operations or effects (i.e. implementation protocols, standards, and why processes unfolded). They may be written for internal audiences, as a way of learning about ways to improve employee behaviours or processes, or for external audiences, as a form of accountability for the activities undertaken and the outcomes achieved.

Box 2.4. DrDoctor: Using case studies to demonstrate the core social change activities and outcomes

DrDoctor is a social enterprise based in the United Kingdom that works with doctors, caregivers and patients to improve healthcare service delivery through technological advancements.

In one project, DrDoctor helped a trust in Bradford improve patient experience and engagement by upgrading its technology. Working collaboratively with the Bradford Trust stakeholders, DrDoctor helped them identify patient letters as a critical activity that could be improved with a digital upgrade to save on the costs of physical letters and improve stakeholder reactions. DrDoctor helped the trust design and implement an online system for patient letters, with options for patients to receive a physical copy.

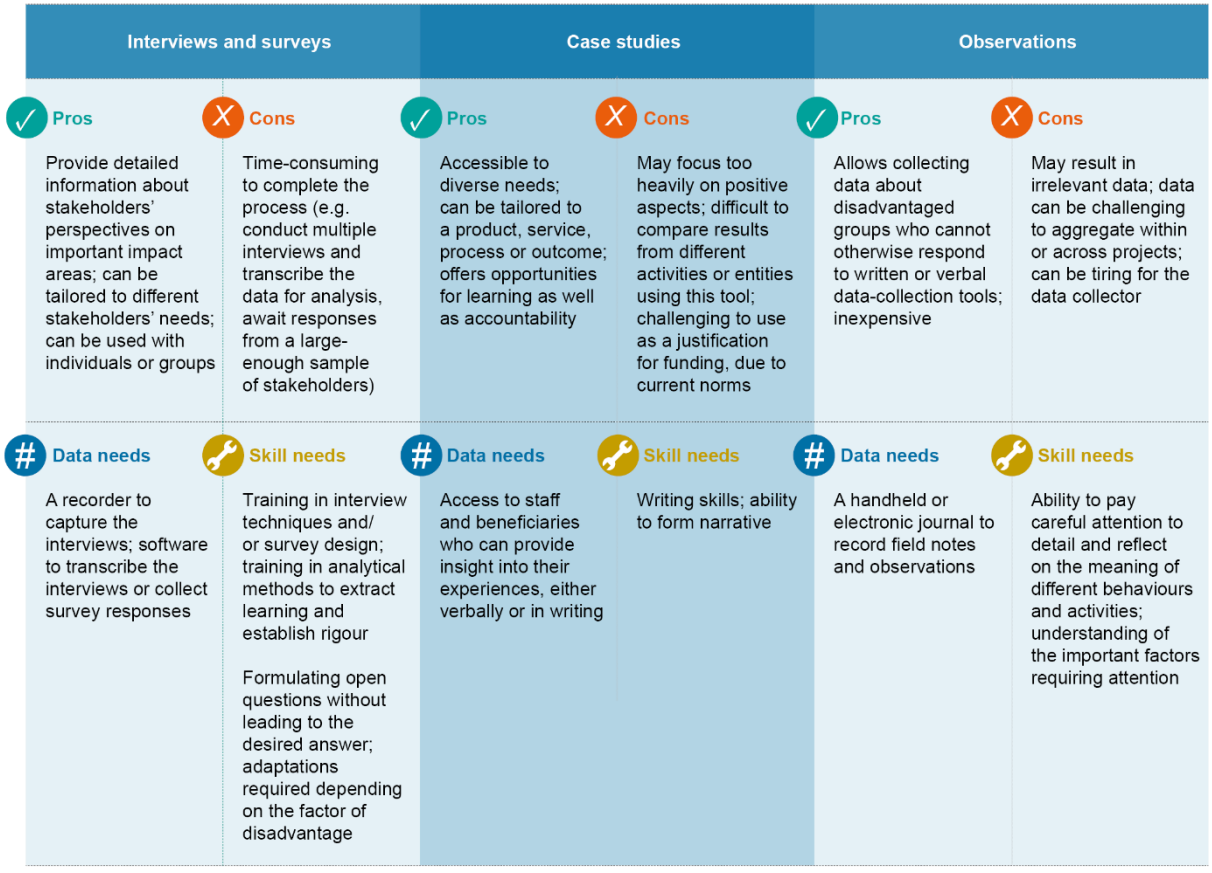
The case study about this project presented on the DrDoctor website uses a mix of project data, survey responses and stakeholder interviews to demonstrate its service quality and range of outcomes. For example, the digital offering was first explored through a pilot and then went live after 12 weeks, with 60% of patients signing up for the digital service. Testimonials from staff at the trust talk about the quality of the service exceeding expectations and the number of digital appointment letters sent out in the first year. Overall, the case study allowed DrDoctor to assemble a range of information to demonstrate its social change-related activities and outcomes.

Source: (DrDoctor, n.d.[12]).

Observations

Observation involves paying attention to important factors of stakeholder opinions, habits, behaviours and actions to determine whether change is happening, and what is contributing to that change. Observation can be made by an employee who is actively participating in the activities (participant observation) or by someone who is not involved (non-participant observation). It may be planned and structured, to capture specific details about a person, process or activity (i.e. what is working well and what is not working as expected), or unstructured, to capture general details about a project and its stakeholders. It may be especially useful with groups of stakeholders who have disadvantages that prevent them from engaging with other data-collection tools. Observation is a rather inexpensive approach to data collection that can be conducted with relatively little training or experience, beyond familiarity with the important factors to be observed. Infographic 2.2. provides a summary of these mainstream data collection tools.

Infographic 2.2. Relevance of mainstream data-collection tools for the social economy



Source: OECD.

Outcome Stars

The Outcome Star is a tool that focuses on measuring and managing transformational change within vulnerable groups. It was developed by a social enterprise consultancy to offer a measurement framework tailored to the needs of frontline organisations and their beneficiaries. It achieves this by using language that is familiar and accessible to entities working in specific social areas, such as homelessness, mental health, financial insecurity, empowerment, disaster recovery and community-building. Its design is accessible to people with different learning needs (the "stars" are easy to read and allow visualising the desired change). Finally, the tool is easy to use, as all stars have outcomes tailored to the social problem which staff and beneficiaries discuss and decide upon together. See Box 2.5 for an example of its implementation.

Box 2.5. STŘEP: Implementing the Outcome Star to improve family service outcomes

STŘEP is a non-governmental organisation (NGO) in the Czech Republic that works with families and children at high risk of neglect or abuse. The organisation adopted the "Family Star Plus" version of the Outcome Star alongside other existing risk assessment tools to provide insight into the families' views about their situation and attitudes towards solutions. Using the information collected with the Outcome Star, STŘEP was able to monitor and act upon its key outcomes for family services, including the number of goals created by clients, goal achievement, number of children removed by court order, length of case management and number of services accessed.

The two-year period during which support workers implemented the Family Star Plus with families produced several outcomes related to service improvement. Individuals' families created more goals, the goals they created were more precise, and families achieved on average 9.3 more goals than before the introduction of the Star; there were seven fewer court-ordered removals of children and three more children temporarily and voluntarily placed in residential centres at the parents' request, thanks to their improved insight into their situation and needs; and the length of case management was extended, enabling more personalised goals to be set and supported.

The implementation of the measurement tool was also linked to several benefits for stakeholders as well. The organisation witnessed improved collaboration between families and the NGO, as well as other social service entities. The families were more motivated to engage in a wider set of services and had an overall better chance of not needing future support, as they had greater awareness of their situation and how to improve it.

Note: The improvements reported in this example are based on a two-year quasi-experimental study conducted at STŘEP, using a pre-post intervention design before and after the introduction of the Family Plus Star.
Source: www.outcomesstar.org.uk.

Outcome journals

Outcome journals are a means to collect information on an individual's experience. Three different types of journals help understand in detail what progress is being made towards the intended changes in the map or where progress is being stalled, and why. *Outcome journals* focus on gathering qualitative observations from the beneficiaries of the intervention or the other partners (such as groups or organisations) that are also involved in delivering the change. *Strategy journals* record the activities conducted as part of the delivery and are compiled by the project managers. Finally, internal stakeholders at the social economy entity can create a *learning journal*, writing down their reflections and observations about what is working well overall, and what is challenging or creating obstacles to progress in an operational sense. See Table 2.1 for an example of an outcome journal template.

Table 2.1. Sample template for an outcome journal

Date of entry
Name and project
Stakeholder being observed (beneficiary, partner organisation, employee, etc.)
• Change observed • Details of timing, location, event • Describe the observed change (e.g. physical or emotional state, behaviour, knowledge, practice, capability, skill) • What inputs, activities or outputs of the project contributed to this change? How do you know?
Significance of change • How does this change relate to the project's impact objectives and targets? • How does this change link to the theory of change? • How important is this change for the stakeholder? For the project?
Additional sources of evidence

Source: Adapted from www.outcomemapping.ca/resource/example-outcome-journal-template.

Taken together, these tools offer a wide range of options that can be tailored to the skill level and data needs of social economy entities. Yet when it comes to data collection with beneficiaries, who often have factors of disadvantage, there are additional considerations and precautions to be taken when implementing impact measurement, to safeguard and enhance their ability to participate in the data collection and analysis.[11] Table 2.2 provides a list of typical factors of disadvantage, how they can be considered in data collection, and potential adaptations.

Table 2.2. Challenges encountered by disadvantaged stakeholders and potential adaptations for data collection

Factors of disadvantage	Barriers to participation	Potential adaptations
Language barriers	Beneficiaries cannot fully understand or express themselves (i.e. talking, reading and/or writing) in the evaluator's language. It is therefore more difficult to collect precise data on their perceptions, situations and trajectories.	Questionnaires or interview guides may be translated. Likewise, the social economy entity or evaluator may accompany respondents by providing a translator or other form of translation support. These adaptations may introduce biases, which can be stated in the analysis.
Illiteracy	Beneficiaries cannot fully understand or express themselves with written data-collection tools (e.g. survey questionnaires).	Impact measurement may rely more heavily on the collection of qualitative data (interviews) or an accompanied administration of the questionnaires (support provided to the respondent by the social economy entity or the evaluator).
Digital illiteracy	Beneficiaries cannot use, or do not have access to, digital data-collection tools (i.e. email surveys, survey platforms, mobile applications) on their own.	Data collection may rely more heavily on written means (paper, postal survey) or an accompanied administration of the questionnaires (support provided to the respondent by the social economy entity or the evaluator).
Old age or cognitive impairments	Beneficiaries may have physical or mental health conditions which prevent them from fully understanding and expressing themselves in either oral, written or reading forms. They may tire quickly or may not have access to transportation.	Data collection may be based on clinical observation or indirect data (e.g. data from relatives). If direct data collection is chosen, the tools can be adapted by using simpler questions or pictures. If a qualitative approach is chosen, the interview process must take into account the respondents' difficulties of comprehension or expression, as well as their fatigue.

Factors of disadvantage	Barriers to participation	Potential adaptations
Young age	Younger beneficiaries are generally not able to answer questions. Collecting declarative data, either through interviews or questionnaires, is not possible.	Data collection may be based on observational data or tests, or on indirect data (collected from relatives or teachers). If direct data collection is chosen, the tools can be adapted by providing simpler questions or pictures (e.g. using smiley faces rather than numbered scales to respond).
Neurodiversity	Beneficiaries may not understand the questions in the same way as neurotypical beneficiaries and may not be able to express themselves fully using traditional methods.	Data collection may be based on observational data or tests, or on indirect data (collected from relatives or teachers). If direct data collection is chosen, the tools can be adapted by providing simpler questions or pictures (e.g. using smiley faces rather than numbered scales to respond).
Economic vulnerabilities (e.g. low income, poverty)	Beneficiaries may find themselves in a situation of economic dependence. This may lessen their ability to participate in surveys (travel expenses), prevent them from participating (lack of childcare) or impact the sincerity of their responses in cases where financial compensation is offered. Personal data relating to income and economic situation must be subject to specific protection.	Data collection may provide incentives for these individuals to participate, such as public transport fare and/or childcare services on site. However, this creates a risk of induced biases.
Social vulnerabilities (e.g. refugees, homeless people, victims of abuse)	Beneficiaries may be exposed to pressure, or even threats, that prevent them from participating in the survey or answering questions truthfully. Greater sensitivity to their conditions is necessary, including through training in data collection on sensitive subjects. Collecting precise data on their perceptions, situations and trajectories may prove more difficult. These situations can both limit the volume of data collected and introduce bias in the responses. Personal data relating to political opinions must be subject to specific protection.	If a quantitative methodology is chosen, the data-collection process must ensure it creates the conditions conducive to an honest response to the surveys. Secondary data may also be collected, shedding light on social needs or impacts studied from another angle. Alternatively, the data collection could be based on a qualitative and ethnographic approach (e.g. interviews, field observations). As a general rule, the data-collection process should never expose respondents to additional risks.

Source : OECD.

Analyse data

Triangulating different sets of data is important to strengthen their validity. Triangulation (or cross-analysis) may take place when the impact-measurement lead uses multiple sources of data collected from one project to determine whether there is evidence of impact, when multiple individuals analyse the evidence independently and come up with the same result, or when multiple methods are used to measure impact and converge on results.[12] This process helps consolidate evidence on whether, how, and possibly why impact (including potentially negative or undesired consequences) has occurred; it also helps answer other learning questions, such as relevance and coherence.

A major focus of data analysis in the context of social impact measurement is establishing a causal relation between the activities implemented and the social change achieved. This allows the social economy entity to determine as clearly as possible whether its activities directly affected the targeted population in the intended manner. The entity can establish a causal relation by using data to prove that its activities can be directly attributed to a change or contributed to a change. Analysis that enables attribution claims involves counterfactual impact evaluations. Randomised control trials, for example, have been used on a large scale to understand global poverty mechanisms (e.g. productivity, educational outcomes and vaccine rates),[13] but are often beyond the reach of social economy entities. Contribution analysis approaches are more accessible, since they use a combination of qualitative and quantitative data to demonstrate how a specific aspect of the programme contributed to the resulting changes (OECD, 2021[4]).

Contribution analysis is an evaluation approach that explores causal mechanisms and enables causal inference (Mayne, 2012[13])**.** Rather than attempt to prove that an intervention "caused" an outcome, it focuses on whether certain activities within the intervention could have contributed to the results, while also considering plausible alternative interventions or activities (e.g. by other social economy entities or government programmes) that could also have played a role. Often, this depends on the social economy entity having crafted a theory of change that outlines the assumptions about how an intervention will create change. The evaluation then attempts to infer whether the intervention's activities can be reliably linked to any noticeable changes among beneficiaries. Several variations of contribution analysis are relevant to social economy entities:

- ***Realist evaluation*** **uses existing theory and empirical evidence, in the form of literature reviews and secondary data, to infer whether an intervention will be effective for people with specific characteristics.**[14] Rather than attempt to determine how an intervention "causes" a uniform effect on a population, it theorises what internal processes or behaviours at an individual level may be influenced by an intervention, and how this links to an observable change. Thus, realist evaluators pay attention to the context in which the intervention is conducted, the various mechanisms that drive internal change and the outcomes that can be observed. A realist evaluation often relies on capturing data before and after an intervention, after which it focuses on analysing variations in outcomes across the individuals involved in the intervention.
- ***Developmental evaluation*** **is an adaptive and flexible approach to analysis that uses real-time feedback and quick learning to determine the effectiveness of social innovations.**[15] This approach is best used in complex and emergent contexts, where unique solutions are not available and the effectiveness of different interventions is largely unknown (Patton, 2016[14]; Patton, 2010[15]). To minimise the uncertainty of decisions and actions, developmental evaluation encourages the use of available data, flexible measurement approaches to capture new data, and pattern recognition and relationship-building to respond to emerging understandings of how the initiative is working (or not) to address an issue and meet stakeholder needs.
- ***Qualitative comparative analysis*** **analyses the contextual aspects that are contributing to the effects and desired outcomes of an intervention.** This requires theoretical identification of all the contextual features which, through their presence or absence, may contribute to the desired outcome, and analysing the configurations that are leading to an effect on the desired conditions. This type of analysis is especially useful when there is more than one factor contributing to an outcome or there are multiple possible routes to reach an outcome. It can also help reveal the necessary or sufficient conditions for change to occur.

Consider impact valuation

Social economy entities increasingly wish to understand the value created by their activity in monetary terms. This is a potential step that may (or may not) occur towards the end of the data collection and analysis phase (ESSEC Business School, 2021[16]; OECD, 2021[4]). A social economy entity may have several reasons for undertaking a monetisation exercise:

- From a **management perspective**, monetisation makes it possible to overcome a common difficulty, namely, comparing resources and results. Although resources are often expressed as a monetary value, social impacts in general are not. When both variables are expressed in monetary equivalents, decision makers at the social economy entity can better understand whether the operating model is efficient and compare different courses of action, choosing those with a higher potential for social impact. This may ultimately promote a more efficient use of resources and bring the social economy entity closer to achieving its mission.

- From a **reporting perspective**, monetising impacts can enrich the social economy entity's accounting, offering an integrated view of its financial and non-financial performance.
- From a **communication perspective**, monetisation can offer an argument for fundraising and advocacy towards public or private stakeholders.

As a general rule, social economy entities first need to choose the valuation frameworks they will use for the efficiency analysis, and then the techniques they will apply to monetise the impacts.

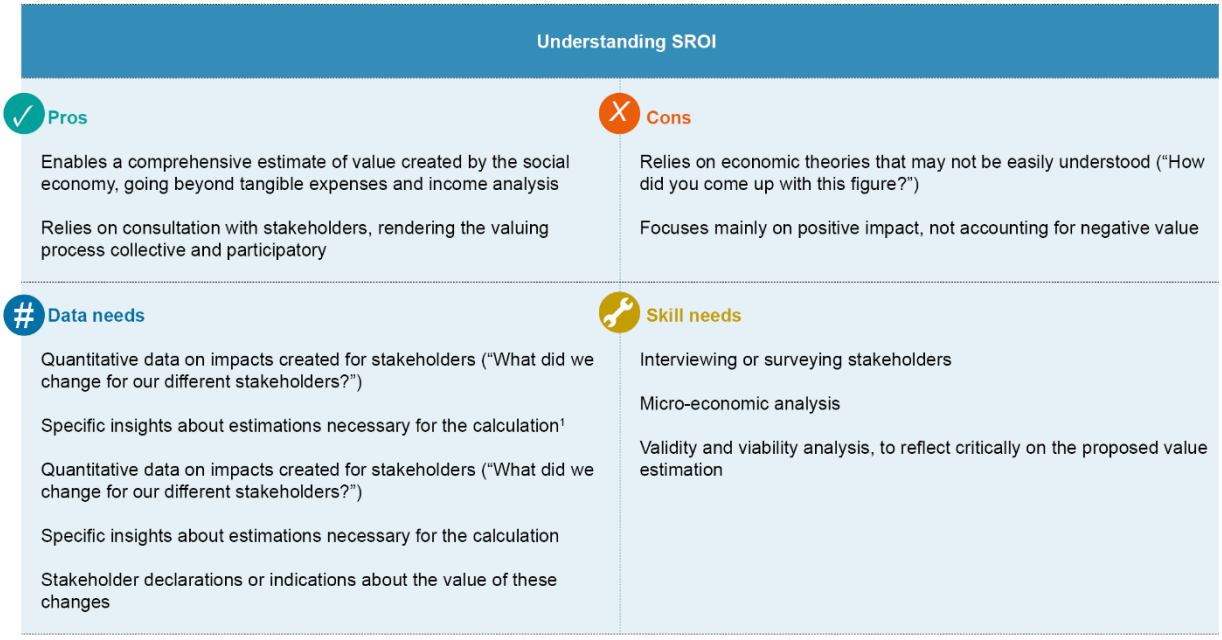
Valuation frameworks

Social return on investment (SROI) is one of the most common frameworks for analysing the efficiency of social economy entities.[16] Originating in the field of social entrepreneurship and impact investment, SROI calculates the net present value of a monetary unit invested in the organisation (Nicholls, 2017[17]) (Social Value International, 2012[18]). The valuation work is carried out *comprehensively*, in the sense that all the organisation's impacts are monetised. In a typical situation, every significantly impacted stakeholder (direct beneficiaries, indirect beneficiaries, employees and volunteers, public stakeholders) is taken into account.

The SROI ratio measures social value by monetising the value of the change created per every monetary unit spent on a project or intervention. Gathering, analysing and communicating social value using the SROI ratio involves adhering to eight principles: 1) involve stakeholders; 2) understand the positive and negative change; 3) value what matters based on stakeholder preferences; 4) include only what is material (relevant; 5) do not overclaim; 6) be transparent about the process and results; 7) verify results, and 8) be responsive to stakeholders. The data gathered with and from stakeholders are used to answer several questions: who is involved (the number of people and the effects on them), at what cost (how much time and money was invested, and what financial value this produced), and with what outputs (number of activities) and outcomes (change experienced by stakeholders).

Calculating a social value ratio requires using proxies to determine aspects of value (e.g. present value, net present value, discounting and sensitivity analysis). Measuring the results of an intervention (i.e. determining how much the change is worth), therefore, requires a social economy entity to determine how much change has happened, and the value of that change. It can do this by using primary data (direct consultations with stakeholders) or secondary data (leveraging previous studies or evaluations to determine the likely change and a proxy for its value, such as using the daily cost to the public purse of housing a homeless person in a shelter as an indication of the daily value of preventing homelessness for an individual). Given the need to undergo training to become a validated practitioner, apply formulas and have access to databases, SROI remains a complex option for social economy entities to measure results. Infographic 2.3. provides an overview of SROI. See Box 2.6 for an example of an SROI calculation.

Infographic 2.3. Understanding SROI



Note: [1]When conducting SROI, general assumptions need to be made around impact: deadweight and displacement, attribution and drop off. These variables provide a way of estimating the degree to which the outcome would have happened anyway, and what proportion of the outcome can be isolated as being added by the implemented activities.
Source: OECD.

Box 2.6. SROI ratio calculation at the Coventry UK City of Culture 2021

SROI was one of the tools adopted by the non-profit trust set up to deliver and measure the social impact of Coventry UK City of Culture 2021 on marginalised groups. It was conducted by external evaluators with specific SROI training and applied to four events run by social economy entities, using a combination of qualitative and quantitative data sources and involving more than 10 000 participants. Among the social objectives of the events were increasing civic pride and improving subjective well-being scores.

When primary data were used, the evaluators consulted with stakeholders before the event to identify and rank outcomes, and then afterwards, to identify the change that had occurred and its value. For example, one of the projects commissioned by the trust, in partnership with local organisations (Pirates in the Canal Basin), aimed to improve participation by disabled artists. The evaluators consulted this group through interviews and workshops before and after the event, first to identify the outcomes they wanted to achieve – e.g. in terms of employment skills, access to jobs in the cultural sector and confidence to work – and second, to rank those outcomes and determine their monetary value (i.e. GBP 12 500 [pounds sterling] for employment skills, GBP 10 000 for cultural-sector jobs and GBP 8 000 for work confidence). Those values were then used when calculating the ratio (1 to 4.4).

When primary data were not available due to issues with timing or accessing stakeholders, secondary data were used to determine the baseline. For example, although the "ANIMALS" project involved local school children in creating a community performance, access to these pupils was not possible before the project. Instead, the evaluators referred to the local household survey that contained information about the number of times stakeholder groups engaged in a cultural activity before Coventry hosted the

City of Culture, and afterwards. They could then allocate a value for the change, based on what others had previously said they would pay to receive a similar service (e.g. to attend a community performance) and on previous research that had investigated community life.

The use of the primary data sources in stakeholder-oriented SROI allowed the cultural events' producers to identify the beneficiaries' motives for participating in the event, which were sometimes different from the targeted outcomes. This helped them discuss the wider value created by their event and understand their beneficiary group more deeply.

Source: (Coventry UK City of Culture 2021, n.d.[19]).

Cost-benefit analysis is another useful analytical framework. Originating in the field of public policy evaluation and regularly applied by social economy entities, it calculates a cost-benefit ratio for one or several stakeholders by understanding the indirect economic benefits induced by social and environmental impacts (OECD, 2018[20]). Unlike SROI, the valuation work is more targeted, in that it only monetises some of the organisation's impacts. Typically, the social economy entity will only consider the stakeholder it is trying to convince (for fundraising, commercial or advocacy purposes) and estimate the tangible costs, avoided costs and revenue induced by its activities in relation to this stakeholder's economic situation. The recent study measuring the social economy's contribution to social and territorial cohesion in Spain is a concrete example of cost-benefit analysis (OECD, 2023[21]).

Monetisation techniques

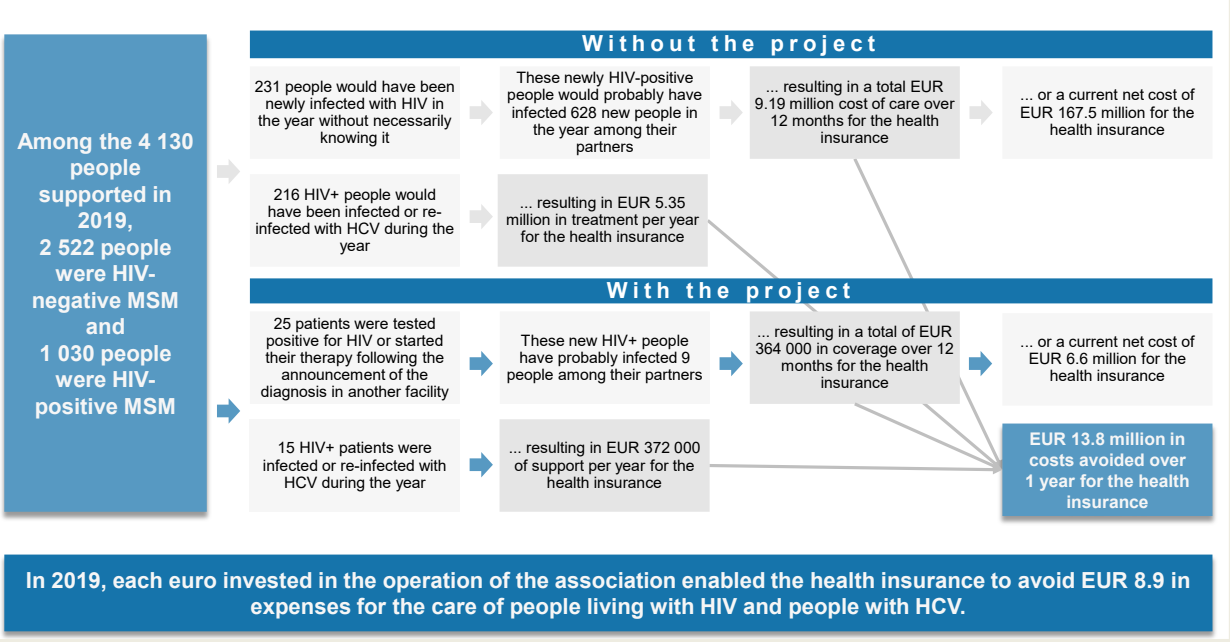
To apply either of these efficiency analysis frameworks, social economy entities can use one or more monetisation techniques based on avoided costs, perceived value, and restoration or renewal cost.

- The "**avoided cost" approach** estimates the monetary value created by a social economy entity by measuring the indirect economic benefits produced for one or more stakeholders. Promoted by social entrepreneurship networks (Ashoka, 2012[22]), this technique is mainly used in the context of interactions between a social economy entity and public stakeholders around activities with the potential to prevent occurrence, perpetuation or aggravation of a social need. Despite its name, it generally takes into account both the avoidance of (public) expenses and the additional revenue generated for the relevant stakeholders. Hence, the economic value created for the public authorities by a person's return to employment will be estimated both in terms of the avoided expenses (e.g. social and unemployment benefits) and the additional tax revenue (taxes on wages and consumption) induced by the evolution of the person's trajectory. Box 2.7 provides a concrete example.
- The **"perceived value" approach** estimates the economic value created by a social economy entity by relying on the beneficiaries' perception of its support and impacts. The umbrella term of "perceived value" is particularly prevalent in methodological publications on SROI and designates a variety of techniques, some of which are based on micro-economic utility functions.[17] These include contingent valuation (the beneficiary puts a price on the service received and its impacts),[18] monetisation based on proxies, transport costs, or even revealed preference[19] (UK Government, 2011[23]); (Social Value International, 2012[18]). A common concern when using this approach is finding financial proxies that will provide an acceptable approximate of the monetary value of the good or service provided to beneficiaries. See Box 2.6 on SROI calculation at the Coventry UK City of Culture for a concrete example of perceived value. Section 2 describes available digital tools that list "peer-reviewed" proxies to facilitate and strengthen the valuation work.[20]

- Finally, the **"restoration" or "renewal cost" approach** is used more specifically in the context of alternative or "triple capital" accounting, implemented by some social economy entities and a growing number of conventional companies. Unlike the two previous approaches, it was mainly developed to integrate an organisation's *negative social and environmental externalities* in the financial assessment of its performance. It attributes a monetary value to these negative externalities, corresponding to the costs of renewing the human or environmental capitals degraded by the activity. Methodological resources to support the implementation of this approach, such as the Natural Capital Protocol (Capitals Coalition, n.d.[24]), the CARE-TDL method[21] and impact-weighted accounts (Harvard Business School, n.d.[25]), are freely available.

Box 2.7. Avoided cost analysis for a sexual health centre in France

To increase government funding and gain recognition as an efficient partner in HIV prevention, the French NGO AIDES decided to estimate as precisely as possible the indirect economic impacts of its actions on the national health insurance system. It chose to apply the avoided social cost analysis to its sexual health centre, whose mission is to prevent the spread of sexually transmitted diseases.



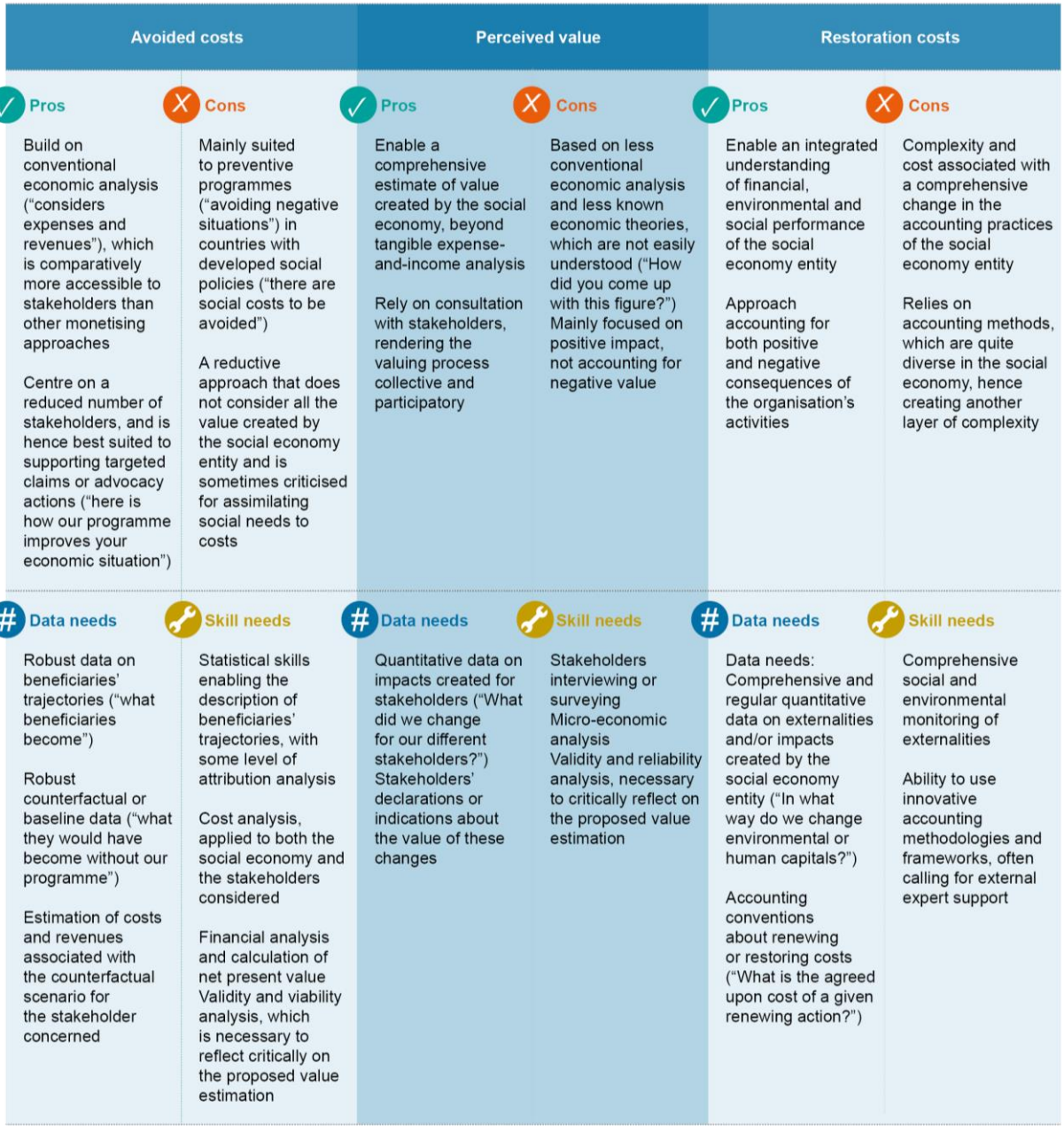
Building on the available clinical research, impact data collected by the organisation among its beneficiaries, and public data describing the cost of care for people living with HIV, the AIDES study highlighted the centre's indirect economic impact on France's health-care system.

Building on the cost-benefit ratio highlighted by this analysis, the NGO could strengthen its advocacy, communication and fundraising efforts.

Notes: MSM = men who have sex with men; HCV: Hepatitis C virus.
Source: (Aides, n.d.[26]), (Avise, 2023[27]).

These different monetisation techniques require a significant set of data and technical skills. In the business setting, monetisation methodologies are still nascent and have been criticised for relying on strong assumptions and ad-hoc parameters that are not supported by economic theory or rooted in scientific best practice (Murtin and Siegerink, 2023[28]). They require 1) quantified data on the activity's social impact (beneficiaries' medium and/or long-term trajectories) and attribution (credible counterfactual data); 2) credible data on the public costs associated with the social needs addressed; and 3) above all, access to consensual calculation conventions (duration of the impacts considered, discount rate, assumptions about the costs of renewing human and environmental capital). Infographic 2.4. outlines the pros and cons as well as different needs related to these monetisation techniques.

Infographic 2.4. A comparative look at monetisation techniques



Source: OECD.

The need for data and technical skills increases significantly when several monetisation techniques are used simultaneously to offer a more comprehensive valuation of impacts, for instance in the areas of wage inequality and employee well-being (see Box 2.8).

Box 2.8. Valuing business impacts in the areas of wage inequality and employee well-being

Employment and working conditions at companies have a large impact on employee well-being. The European Quality of Life Survey helps confirm the important externalities exerted by firms on workers' well-being:

- Employed workers have higher well-being relative to inactive people.
- Poor working conditions due to (for instance) excessive working hours, tensions with management and high job insecurity have a highly negative impact on workers' well-being.
- Long working hours, job insecurity, full employment and absence of tension with management have a welfare impact equal to 1.5%, 4.5%, 7.4% and 13.9% of household income, respectively.

Consolidating theoretical and empirical frameworks drawn from welfare economics, the OECD has been piloting a new method of monetising employee well-being, which currently covers only five dimensions: wage inequality, being employed, excessive working hours, relationships with management and job security.

The preliminary results from the OECD analysis show a large loss of welfare arising from within-firm wage inequality, as well as a strong impact of working conditions on workers' well-being. On the aggregate, suppressing the negative externalities of the firm linked to excessive working hours, tensions with management and job insecurity would yield an increase in social welfare equivalent to a 25% increase in household income, representing many years of economic growth. Greater transparency on company wage distributions and working conditions is necessary to apply this valuation technique to real firms.

Source: (Murtin and Siegerink, 2023[28]).

Given these difficulties, social economy entities may need to mobilise external support to perform the monetisation exercise. Infographic 2.5. provides an overview of the data collection and analysis phase of the impact measurement cycle.

Infographic 2.5. Success factors and pitfalls to avoid in data collection and analysis

DATA COLLECTION AND ANALYSIS PHASE	
SUCCESS FACTORS	**PITFALLS TO AVOID**
✓ Refer to the stakeholder map to identify the relevant groups to involve in data collection and analysis, when to engage them and their needs for engagement	✗ Using measurement approaches that are too burdensome and costly for the social economy entity, or selecting stakeholders who are unwilling to engage in measurement processes
✓ Measure results using approaches known (at least partially) to the social economy entity. Combine quantitative and qualitative approaches to measure results in both standardised and tailored ways	✗ Only using measurement approaches that other stakeholders impose on the organisation, without considering how they may be adapted to meet internal needs and priorities
✓ Consider a range of data-collection tools (including creative and tailored ones) and pick those most adapted to stakeholder characteristics	✗ Using data-collection tools that are inappropriate for stakeholder needs (e.g. literacy, computer skills, disabilities, neurodiversity, medication, languages)
✓ If the social economy entity wishes to do a monetary valuation, anticipate this in the data collection. Select indicators that describe the evolution of beneficiaries before and after the intervention to uphold causal claims	✗ Starting the impact measurement with monetisation, since the different monetisation techniques often can only be implemented based on existing data on social impact, particularly the trajectories of the beneficiaries supported
✓ Choose a monetisation technique suited to producing results that can be applied to decision-making, advocacy or organisational development. In particular, ensure that the intended audience (e.g. public authorities) will accept the proposed results, both in substance and in form	✗ Comparing the SROI or cost-benefit ratios of several organisations without taking into account the different assumptions used in their calculation. In most cases, this comparison is simply not valid, and should therefore not be used to benchmark across social economy entities
✓ Provide opportunities for the social economy entity's members and employees to learn about and undertake training in impact measurement	✗ Delegating the data collection to external experts, without taking the opportunity for internal capacity development

Source: OECD.

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Notes

[1] A randomised control trial is an experimental form of impact evaluation in which the population receiving the programme is chosen at random from the eligible population, and a control group is also chosen at random from the same eligible population (White, Sabarwal and de Hoop, 2014[31]). Often regarded as the most rigorous form of impact evaluation, randomised control trials require significant resources and expertise, and are thus not commonly implemented by individual social economy entities (OECD, 2021[4]).

[2] https://iris.thegiin.org/plus/home/.

[3] www.ier.si/wp-content/uploads/2023/10/ekonomiera_04-2023.pdf.

[4] www.oecd-ilibrary.org/social-issues-migration-health/oecd-papers-on-well-being-and-inequalities_4ca48f7c-en.

[5] The OECD guide to measuring the impact of culture, sports and business events (OECD, 2023[33]) suggests nine indicators on the social impact of cultural and sports interventions: percentage of target groups reporting increased frequency of participation (in culture, sports, business, etc.); participation in sport; increase in physical activity; active and passive participation in culture; percentage of target groups reporting change in health and well-being; percentage of event participants from underrepresented groups; change in percentage of community residents reporting a sense of local pride; change in percentage of public reporting positive perception of underrepresented groups; percentage of volunteers motivated to volunteer more.

[6] This is especially interesting for those counties where national satellite accounts have been created to track the activity of social economy entities, or where public observatories and regular monitoring surveys are in place (OECD, 2023[21]).

[7] www.betterevaluation.org/methods-approaches/methods/focus-groups.

[8] https://euaa.europa.eu/training-catalogue/interviewing-vulnerable-persons-0 or https://courses.epigeum.com/online-module/290?course_id=404

[9] When it is not possible to write or type a response, a survey can be conducted using the interview approach.

[10] www.ucl.ac.uk/culture/sites/culture/files/ucl_museum_wellbeing_measures_toolkit_sept2013.pdf

[11] See also NPC's Centring Lived Experience guide.

[12] www.unaids.org/sites/default/files/sub_landing/files/10_4-Intro-to-triangulation-MEF.pdf.

[13] www.nobelprize.org/uploads/2019/10/advanced-economicsciencesprize2019.pdf.

[14] www.betterevaluation.org/methods-approaches/approaches/realist-evaluation.

[15] www.betterevaluation.org/sites/default/files/DE%2520201%2520EN.pdf

[16] See, for instance, the nationwide study conducted in Germany by the Federal Working Group on Workshops for Disabled in 2015 (OECD, 2021[29]).

[17] Scientific monetisation frameworks rely on a model of individual preferences, called a "utility function" in economic jargon. A utility function allows deriving the welfare weights of non-monetary dimensions of well-being in order to assess their equivalent income or people's willingness to pay for them. These weights reflect people's actual preferences with respect to non-monetary dimensions, relative to income. Any weight attributed to non-monetary outcomes or income inequality therefore reflects the individual and social welfare that is created or destroyed by a change in those outcomes (Murtin and Siegerink, 2023[28]).

[18] Stated preferences can be collected in terms of willingness to pay (to receive or avoid an outcome) or to accept (as compensation for a loss).

[19] This technique involves inferring the implicit price consumers place on a good by examining their behaviour in a similar or related market.

[20] See, for instance, the Social Value Engine platform: https://socialvalueengine.com/platform-features-and-benefits/.

[21] The Comprehensive Accounting in Respect of Ecology/Triple Depreciation Line (CARE-TDL) model explores the operational modalities of capital conservation by applying a principle of depreciation across all three sources of capital. In so doing, the model is designed to fully integrate the costs (or expense) of maintaining human, financial and environmental capitals in corporate accounting (Richard, 2020[30]; Avise, 2020[32]).

3 Learn and share

The final stage of the measurement cycle features three main steps: consulting with stakeholders, creating a report using a template, and communicating the results internally and externally. Often sacrificed due to budget and skill limitations, this phase is central to understanding social change mechanisms, continuously improving operations and motivating people working on the frontlines.

The final stage of the measurement cycle features three main steps: consulting with stakeholders about the results, creating a report using a template, and communicating and disseminating the results and conclusions (Hehenberger, Mair and Metz, 2019[1])**.** This learning and sharing phase begins with the social economy entity seeking to present, discuss and gain internal agreement on the results, conclusions and recommendations deriving from the data analysis conducted during the impact measurement cycle. When internal agreement has been reached, the social economy entity may involve a wider array of stakeholders (i.e. its members, board, funders and even beneficiaries) in considering and developing the main learning points and opportunities of the impact evidence. As a final step, the entity may create an impact report, using a (more-or-less) customised reporting template, to share the insights with its own stakeholders or the wider social economy ecosystem.

This phase is increasingly seen as a critical and imperative stage in the measurement cycle, although it often falls outside the budget (in terms of financing, time or human capital), especially for smaller social economy entities. This is partly due to a historical focus on accountability, where the goal has been to determine efficiency and effectiveness, and measurement is seen as a "necessary evil" to justify funding (Ebrahim, Battilana and Mair, 2014[2]). As the field becomes more mature, there is a greater realisation of how "learning" is absolutely necessary to strengthen the social economy's impact and long-term development. Shifting the emphasis to "improving alongside proving" implies meeting social economy entities at different stages of their journey, by providing appropriate measurement methods, not over-prescribing and providing opportunities for (qualitative) deep dives into the data (Budzyna et al., 2023[3]). While learning efforts would technically always be relevant at the end of any measurement cycle, they often remain "optional" because of the resources that are realistically available. Learning remains central to motivating people on the frontlines to do this work (Beer, Micheli and Besharov, 2022[4]). It is at the heart of understanding social change mechanisms, continuously improving operations and maximising impact, but it requires training and skill development (Hehenberger, Buckland and Gold, 2020[5]).

Consult with internal and external stakeholders about results

Consulting with internal and external stakeholders about the results helps strengthen and validate the findings, conclusions and recommendations. This step primarily involves setting up meetings to present and discuss the results of the data analysis, providing an opportunity for stakeholders to question and challenge whether the results match their pre- and post-conditions and address all the identified learning needs. For example, the social economy entity may present the alleged results from an intervention to the beneficiaries for confirmation that these can indeed be attributed to the intervention, or that the value assigned to the outcome is accurate.

The social economy entity may sometimes wish to co-construct these conclusions and recommendations with key stakeholders, such as beneficiaries and funders. In this scenario, the impact-measurement lead will either meet stakeholders independently or as a group, or request their written or electronic feedback on the results. Whatever the format, the point should always be to engage stakeholders in identifying the conclusions and recommendations. This will likely involve directed reflection and recording responses on a series of questions: "What is the most insightful element of these results? What is unexpected, and why? What went wrong, and why? Where did we succeed? Where did we fail? How can we use this information to improve the intervention, organisational operations, relationships or processes? How might others use this information? How can we best share this information to reach audiences who might use it? In what format?" (Jancovich and Stevenson, 2023[6]). Doing this exercise with stakeholders from different groups often helps the social economy entity identify novel insights and ways of sharing them. Yet just like data-collection approaches, which may feature barriers to participation for certain groups, consultation may need to look different to engage different stakeholders.

The consultation process may also be subject to the constant tension of responding to different stakeholder needs and expectations. This tension resides most often in the need to balance internal stakeholders' learning needs (i.e. deriving insight about coherence, reliability and strategic orientation to improve decisions) with external stakeholders' requests for accountability (i.e. providing credible results that can withstand the test of independent verification). This is especially true where resources are scarce, as happens with many social economy entities. The impact-measurement lead will still need to take the final decision concerning the results, conclusions and recommendations that will best address the entity's legally mandated and voluntarily agreed reporting objectives (Molecke and Pinkse, 2020[7]).

Choose a reporting framework

There exist many available reporting frameworks covering social, environmental and governance aspects, which can be applied to the social economy. Social economy entities may decide to voluntarily embrace a harmonised reporting and disclosure approach to gain independent certification, such as B Corp Certification.[1] However, wider environmental, social and governance[2] frameworks do not serve the same purpose as impact measurement: their rationale is to identify and manage risks to increase profitability – not to provide an understanding of the value and extent of change occurring (Barman, 2007[8]). Social economy entities must often deal with multiple reporting obligations in order to meet the demands of different stakeholders at both the programme and organisational levels. Wherever possible, they would be well advised to work with internal and external stakeholders early on, to identify how they can align the reporting frameworks (i.e. shared indicators, templates) across these multiple levels.

Besides abiding by legal and voluntary reporting commitments, social economy entities may choose to create their own reporting framework or adopt a freely available template, like the Social Reporting Standard.[3] In many countries, legally recognised social economy entities (such as registered social cooperatives, social enterprises and non-profit organisations) must comply with mandatory reporting frameworks, depending on the national or local regulation. In Europe, social and worker cooperatives are actively sharing their social impact reporting practices and gradually converging towards a common approach (Box 3.1).

Box 3.1. Social reporting by European cooperatives

Cooperatives in countries like France, Italy, Germany and Poland began developing their own ways of assessing social performance in the early 20th century. The European Confederation of Industrial and Service Cooperatives (CECOP) has been collecting good practices for social impact assessment that have been designed and tested by cooperatives. The data emerging from the social audits of worker and social cooperatives in Spain and Italy show they are major actors in advancing decent work, sustainability and social inclusion.

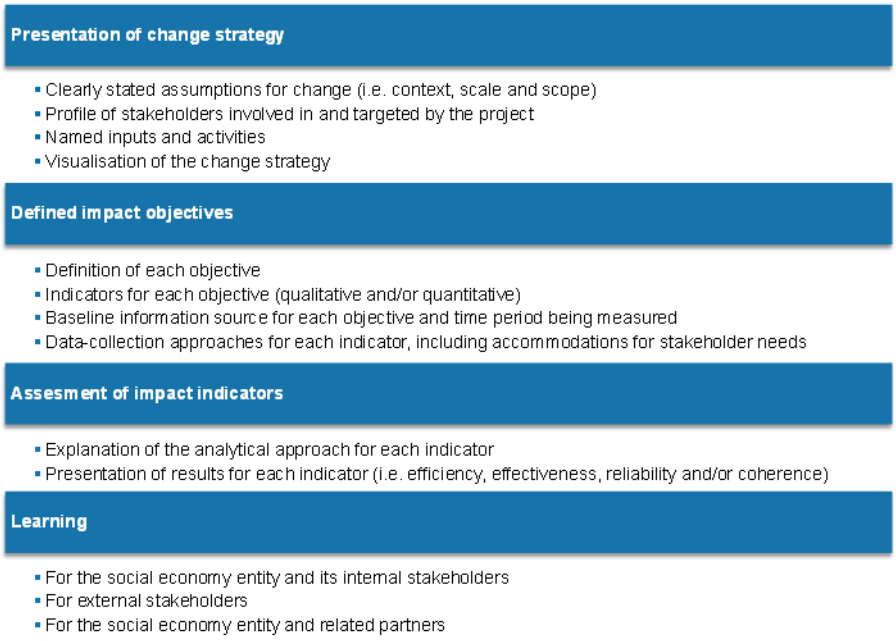
Having developed together the *Balanç Social* reporting tool, the Spanish Confederation and the Catalan Network on Solidarity Economy have been collecting data over the last decade from the social economy initiatives in Spain that have applied it. Originally conceived in Catalan, the tool has now been translated into Spanish, Basque and Galician. The goal is to ensure that 5-10% of respondents are audited each year, to guarantee the reliability of the data.

In Italy, all social enterprises (including social cooperatives) are required to prepare and publish annually a "social report" *(Bilancio Sociale)*. The public regulation stipulates that this social report is a "reporting tool on the responsibilities, the behaviours and the social, environmental and financial results of an organisation's activities", whose aim is to offer stakeholders information that is not included in traditional financial reporting. The report must include several compulsory sections (related to methodology, statutory information, governance, personnel, objectives and activities, and financial statements) and other information (possibly including social and environmental impact). In 2020, about 16 000 Italian social enterprises and social cooperatives published a social report.

Source: Ministero del Lavoro e delle Politiche Sociali (2019), Decreto 4 luglio 2019, "Adozione delle linee guida per la redazione del bilancio sociale degli enti del Terzo Settore", *Gazzetta Ufficiale delle Repubblica Italiana*; (Repubblica Italiana, 2019[9]); (CECOP, 2021[10]).

Taken together, these existing reporting initiatives allow setting a template for impact reporting in the social economy that supports robust and transparent communication of impact evidence. See Infographic 3.1. for an example. At minimum, impact reports should present their change strategy (where possible, in visual form); set out clearly defined objectives, relevant indicators and data sources for measuring those objectives; assess performance on those indicators (i.e. efficiency, effectiveness, reliability and/or coherence), especially in relation to identified learning needs; provide stakeholder perspectives on the featured outcomes; and include some insights into the entity's change strategy, organisational or evaluation processes, and/or collective evidence about the strength of the social economy.

Infographic 3.1. Template for impact reporting



Note: This template represents the content that would be expected in an impact report. Its presentation and ordering will be more of a creative process for the social economy entity, based on its identity, values and strategy.
Source:OECD.

For social economy entities, communicating the findings of the impact-measurement report serves two purposes: accountability (to justify investment in the organisation, as well as the trustworthiness of its beneficiaries and communities) and learning (to disseminate the findings, operating principles and outcomes of the intervention to other entities and institutions interested in the same social issue). Typically, five categories of information need to be present across all sections of the impact report: 1) objectives and expectations; 2) relevant measures linked to the objectives; 3) performance results; 4) integrated stakeholder perspectives; and 5) risks (Gelfand and Budzyna, 2022[11]).[4] See Box 3.2 on weaving qualitative data into quantitative reporting.

Box 3.2. Weaving qualitative data into quantitative reporting

The most effective approaches to impact measurement entail balancing quantitative and qualitative data to achieve the two distinct, but interconnected, purposes. Quantitative data, which offer information about the impact achieved and the degree of change, are the most popular, owing to the advanced methodologies and standardised indicators available. Qualitative data provide insights into the "how" and the "why" of change. They are most often used to: 1) provide context; 2) illustrate how change is happening, or what is preventing change from happening; or 3) understand the rationales and reflections of key stakeholders. Qualitative data can take the form of interviews, stories or narratives, such as a structured case study detailing a participant's personal experience of an intervention, a video showing the intervention in process and how people reacted, or photographs of different stages along the intervention.

While qualitative data are traditionally considered less "objective" and harder to interpret than quantitative data, considerable work has gone into improving their rigour, consistency and dependability to capture and convey impact (Gioia, Corley and Hamilton, 2013[12])**.** As such, qualitative data may be more conducive to internal learning, as they help: 1) inspire people to connect to social problems; 2) communicate abstract ideas in accessible ways; 3) introduce a new topic into public dialogue; and 4) share lessons about a programme's strengths and weaknesses (Rockefeller Foundation, 2014[13]). They are therefore especially useful for social economy entities, which can rely on the measurement process to learn about their intervention, possible areas for improvement and their stakeholders' needs. Qualitative data can be used to elaborate on the context, supporting the quantitative results by providing additional details and evidence of the change being created. This yields a broader picture of the impact results and offers different stakeholders opportunities to engage with them meaningfully.

When qualitative data are used to illustrate the change occurring or obstacles to change, analysis relies on more extensive data collection, such as interviews, open-ended questionnaires or focus groups. The data can be thematically analysed to pinpoint why or how an intervention had the observed result. Reports then typically focus on presenting and explaining the results, using different media depending on the intended audience and purpose. Results may be presented in written, video or photographic form, using visuals or direct quotations from participants. Qualitative data can be included in regular quarterly reports requested by funders, within regular monthly newsletters produced by the social economy entity or as a regular feature on the website, which can then be shared on social media (see Box 3.3 and Box 3.4).

Box 3.3. Oxfam: Illustrating change using "impact stories"

Oxfam is an international charity with a mission to overcome poverty by fighting against the conditions and inequalities that create it. It offers relief services, ranging from water sanitation and emergency response to fighting for women's rights and food provision. As of 2023, it was operating in 86 countries. This requires the organisation to enact a wide range of activities and projects tailored to specific regions.

As a way of providing deeper insight into these varied projects and activities, Oxfam has workers write "Impact stories" for its website. The stories illustrate how activities are leading to change, using first-person accounts of the work being done. For example, a project manager in Indonesia explains how she helps build communities that are resilient to drought by teaching local women about climate concepts. The format allows her to elaborate on how she teaches adaptive farming techniques and the plant choices that are more resistant to drought, such as sorghum.

Oxfam's annual reports showcases impact stories, video interviews and testimonials from the whole confederation.

Source: (Oxfam, n.d.[14]).

Communicate the impact evidence

Most social economy entities need to communicate and disseminate impact evidence, conclusions and results to both internal and external stakeholders, as well as the broader social economy system. A social economy entity may have determined each stakeholder's demands for impact reporting while identifying the learning needs for the social impact measurement cycle. Alternatively, it can reference the stakeholder map to ensure it communicates with all relevant stakeholders in an appropriate and relevant manner. Ideally, the entity will utilise the impact evidence to ensure that internal stakeholders can learn and adapt when necessary, and that external stakeholders have robust and transparent evidence that justify its resources and actions. Moreover, the impact evidence will help the social economy entity gain visibility and recognition. It is good practice to define a dissemination strategy that identifies the stakeholders targeted, the message the entity wishes to convey, and the most suitable channel and frequency of communication (Higgs et al., 2022[15]).

Box 3.4. Reporting beneficiary testimonials as evidence of impact context

Dementia UK has started publishing a summary video of its impact report that uses beneficiaries' testimonials as further evidence. The animation provides a brief overview of some of the main achievements across the financial year, along with quotes that demonstrate the impact on beneficiaries. By showing the results in different formats, the organisation hopes to engage a wider range of stakeholders in discussions about the importance of learning about dementia, and to spread knowledge about how best to care for those living with it.

The entity shares the animation in an email to supporters and on social media to raise awareness of its services for families affected by dementia and encourage people to donate, fundraise, volunteer or campaign. It includes a call to action to get involved and contact details to reach its clinical services. The animation is also useful for internal teams, such as fundraising staff, who can use it as a source of key statistics and feature quotes from beneficiaries in supporter-facing materials.

Source: (Dementia UK, n.d.[16]).

Reporting for learning **means communicating impact results as a means to derive insight and strategic orientation**. It primarily involves using the data to understand the activities and mechanisms that are creating or hindering the intended results (Hehenberger, 2023[17]). This entails working closely with stakeholders (such as employees and beneficiaries) to reflect honestly on the results and ways to improve them (for example, by looking at areas of failure alongside strengths, or pooling data from various entities to learn about a problem's interconnections and possible solutions). In Lithuania, the "Green Impact Measured" programme has created a website to report on its findings regarding ways to measure sustainability consistently and systematically. By presenting the information in a series of reports, open-house events and case studies, the programme helps other social entrepreneurs learn about the process of measuring sustainability (e.g. in terms of air quality or waste disposal) and improve their own practices.[5]

Reporting for accountability **primarily involves using impact data to justify funding from external funders or public authorities.** This style of reporting is most closely designed to meet contractual obligations, ensure safeguarding and justify resources. It can prove that resources are being spent as agreed and are generating an impact, or that the social economy entity deserves to be recognised through a specific legal status or other form of certification (Hehenberger, Mair and Metz, 2019[1]). It is less likely to lead to open conversations about the results, since relationships with stakeholders are more about compliance and transactional exchange (Beer, Micheli and Besharov, 2022[4]). Box describes how the cooperative sector in Italy has mandated the use of a particular reporting template, the "Social Report", to ensure that organisations identifying as cooperatives uphold their contributions to the market and society.

Reporting for the social economy ecosystem **involves contributing to public repositories of knowledge and offering evidence that can help the social economy develop**. Knowledge repositories may be run by government bodies or academic institutions as a way of accumulating knowledge about both the positive and negative effects of different interventions on specific social issues. For example, the International Network for Data on Impact and Government Outcomes[6] at the University of Oxford hosts datasets on current and upcoming project outcomes around the world. Other notable examples include the Impact Tank's Wall of Solutions in France, which displays impact stories collected by social economy entities as inspiration or templates for their peers, and the Social Enterprise Evidence Space in Australia, which provides a well-curated catalogue of impact evidence, case studies, scientific articles and good practices. Through these knowledge repositories, social economy entities and other partners can find validated evidence to inform their own strategies, design better interventions, and identify relevant impact indicators and baseline sources. These data, in turn, can help social economy entities build compelling funding applications and advocate for more policy support.

Infographic 3.2. provides an overview of the learning and sharing phase of the impact measurement cycle.

Infographic 3.2. Success factors and pitfalls to avoid in the learn-and-share phase

LEARN AND SHARE PHASE	
SUCCESS FACTORS	**PITFALLS TO AVOID**
✓ Knowledge management: store beneficiary information over time	✗ Erasing beneficiary data once the programme is completed
✓ Use quantitative and qualitative forms of reporting to meet the needs of different stakeholders (both internal and external)	✗ Only reporting for accountability purposes
✓ Provide a balanced view of strengths and weaknesses	✗ Overclaiming results to appear positively to stakeholders
✓ Conciseness in reporting: managers and board members always prefer to deal with brief reports, bullet points and clearly presented data	✗ "Cherry-picking" anecdotes to demonstrate success, which is no more than an exercise in public relations; it is much more helpful (and credible) to present both successes and failures
✓ Where management and board feel involved in the design of the impact measurement approach, they are more likely to use the ensuing learnings	✗ Communicating results externally, but not taking the time and resources to learn from the results internally
✓ Establish a formal system for when and how outcomes findings are reviewed and debated	✗ Not allocating the necessary budget and time to maintaining relationships and providing feedback to stakeholders on progress made in measurement, as well as decisions taken and learnings

Source: OECD.

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Notes

[1] www.bcorporation.net/en-us/programs-and-tools/b-impact-assessment/.

[2] Commonly referred to under the acronym “ESG”.

[3] The Social Reporting Standard (www.social-impact-navigator.org/improving-social-impact/sharing-stories/social-reporting-standard/) was designed specifically for social economy entities. It does not require large amounts of data to be compiled and purposefully focuses on areas that help social economy entities learn about their processes and impact, rather than just be accountable for results. A free software and guide are available online in both German and English. The tool requires each social economy entity to provide information about its organisational leadership and finances, the interventions and activities it performs to create impact, details about its target groups, and any results it has been collecting. It allows entities to reflect on the assumptions embedded within their theory of change or logic model, results and risks.

[4] https://bluemarktideline.com/raising-the-bar/.

[5] https://lisva.org/green-impact-measured/.

[6] https://golab.bsg.ox.ac.uk/knowledge-bank/indigo/

4 The building blocks of impact management

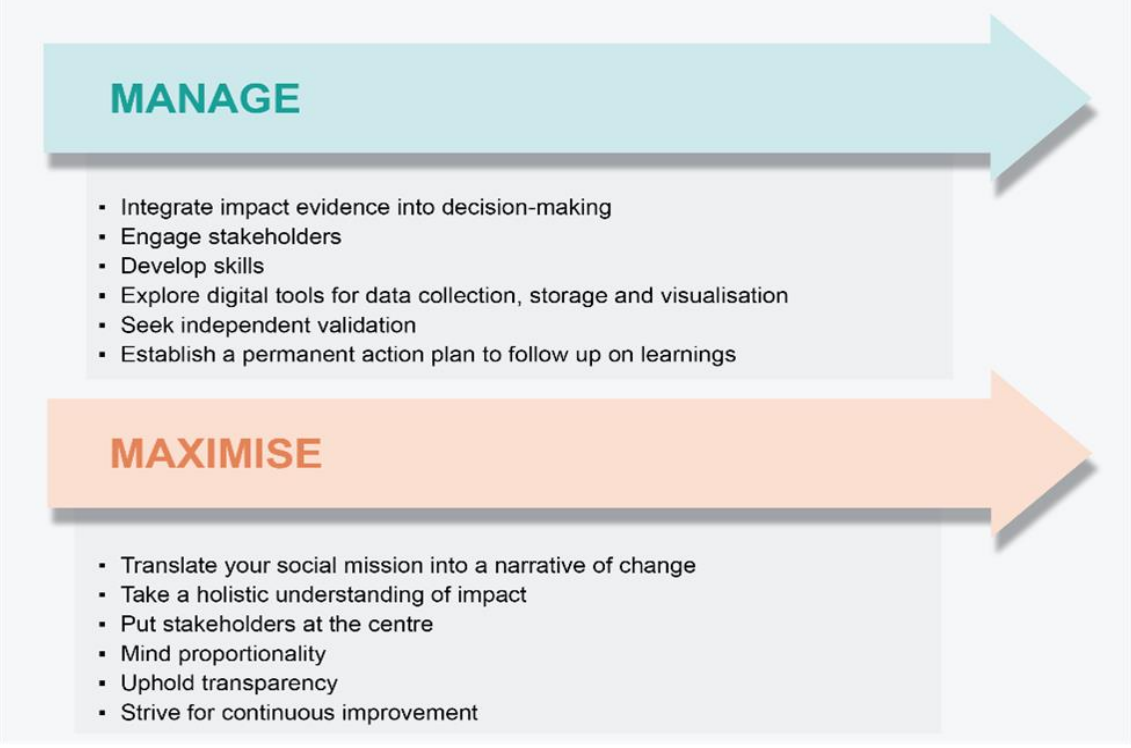
Social impact measurement needs to be integrated in a permanent management process to enable evidence-based decision making and organisational learning. Impact management involves repeated measurement and continuous monitoring to understand what works and integrating those lessons into organisational practices and policies. This chapter outlines six building blocks that structure an impact management system that is not only used for reporting to external stakeholders but also for feeding into strategic action and planning.

Manage and maximise impact for strategic decision-making

Most organisations embrace impact measurement progressively. Impact measurement practices run along a continuum, from the more basic solutions (e.g. developing a theory of change and monitoring outputs) to those requiring more sophisticated skills and data (e.g. impact attribution and monetisation) (OECD, 2021[1]; HIGGS et al., 2022[2]). During consecutive measurement cycles, the social economy entity will fine-tune the number and complexity of tools it deploys, the way it uses them, and the level of ambition/challenge involved.

An organisation can only maximise its positive impacts, and mitigate the negative ones, if it embeds impact management directly into its long-term strategy and governance, and across its activities (IMP, 2023[3])**.** Organisational learning is an iterative and evidence-based process that takes time. Social impact management can complement strategic planning, reducing the risk of performing unnecessary actions or wasting resources. Impact management involves repeated measurement and continuous monitoring to understand what works, and integrating those lessons into organisational practices and policies. This includes adopting a level of quality checks and balances for impact measurement similar to what is done for other functions, like human resource management and accounting.

Infographic 4.1. Steps to manage and maximise social impact



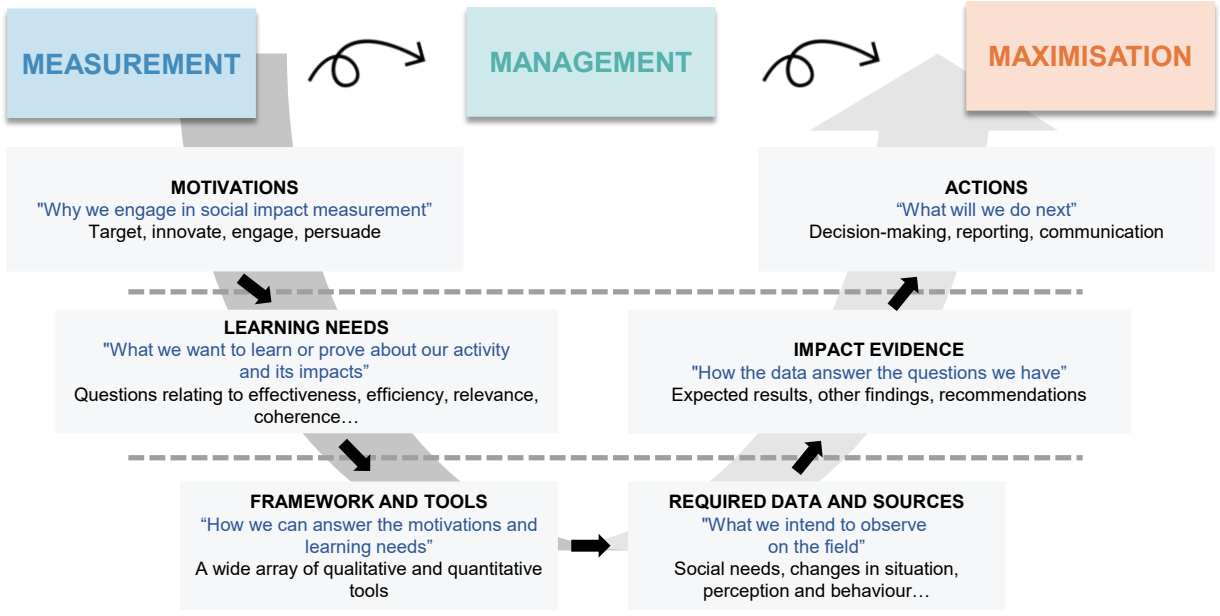
Source: OECD

> Impact management is the process by which an organisation understands, acts on and communicates its impacts on people and the natural environment, in order to reduce negative impacts, increase positive impacts, and ultimately achieve sustainability and increase well-being (IMP, 2023[4]).

Impact measurement alone is not enough to enable evidence-based decision-making and organisational learning. Impact evidence becomes most powerful when integrated in a permanent process of impact management, which feeds into the social economy entity's strategic and operational decisions. Institutionalising feedback loops with beneficiaries, members, employees and owners at an appropriate timing and frequency will ensure that the information collected is not only useful for reporting to external stakeholders, but also for strategic action and planning (Figure 4.1).

Social economy entities go through different phases in their impact creation journey. Each has different commitments and motivations for undertaking impact measurement, based on its fundamental activities, priorities and challenges. The pathway to impact creation is not necessarily linear. Instead, social economy entities enter, exit and revisit their measurement and management approach in response to changing needs, priorities, resources and contexts (Budzyna et al., 2023[5]). Many will move from purely formal compliance (responding to funders' requests) to slowly reducing the level of internal resistance and starting to use the data for management purposes (structuring meetings, holding specific discussions and widening participation) and finally engaging actively in evidence-based decision-making, adapting interventions and processes, collaborating with others in the ecosystem (Arvidson and Lyon, 2014[6]). Over time, and with repeated measurement cycles, the impact management infrastructure will come to crystallise the social economy entity's experience and inform future decisions to maximise impact. Figure 4.1 outlines the journey from measurement and management to maximisation.

Figure 4.1. The journey from impact measurement to maximisation



Source: OECD.

Integrate impact evidence into decision-making

To serve decision makers' needs in a responsive and timely fashion, it is important to embed social impact measurement in the social economy entity's strategic governance system. Impact measurement should not be regarded as a one-shot, standalone activity, but should rather be integrated in the end-to-end process of performance management, with its own timeframe and feedback loops to ensure proposer use of the information. To better fit the needs of social economy entities, the impact management process should be:

- **Strategic**: What can and should be measured depends on the social economy entity's visibility and control over impacts, and how its operating model and mission evolve.
- **Adaptive**: Social economy entities cannot hold conditions constant or use the same metrics consistently (i.e. over time and with peers) because their context, resources, mission and strategy change over time.
- **Iterative**: The impact measurement and management journey ebbs and flows, from sophisticated and multidimensional approaches to simple and direct measures, and then back again (Budzyna et al., 2023[5]).

With the notable exception of foundations, social economy entities have historically relied on participative and collaborative governance structures to spur their development. The composition of formal governance bodies, such as the general assembly and the board of directors, reflects the pursuit of the collective or general interest (OECD, 2023[7]). Mutual societies and cooperatives are owned and controlled by their members, who are also users, producers or workers. Over 68% of social enterprises in Europe involve employees in organisational decision-making to a (very) high extent, and almost 55% also involve beneficiaries to a moderate or (very) high extent (Dupain et al., 2022[8]). It follows that decision-making bodies are particularly relevant to informing the impact measurement process, as they are already an intrinsic expression of stakeholder engagement.

Impact management responsibilities need to be formalised as part of the governance and oversight functions. Typically, the governing body will be responsible for adopting the change strategy at the organisational level, in accordance with the social economy entity's mission, and defining the impact-measurement priorities (ideally, by adopting a multi-annual plan reconciling learning needs and reporting deadlines). It may also adopt impact management policies, in compliance with international standards and requirements for public disclosure of impact evidence. Finally, it will approve annual reports before their dissemination, and oversee the consistency of external communication and fundraising efforts with the stated impact objectives.

Every social economy entity will decide which stakeholders to involve and when, ideally utilising stakeholder engagement tools that help establish relevance. Different measurement tools require different capabilities and not all tools are appropriate for all audiences, due to their levels of complexity, cost, or suitability for the parameter being measured (Hall, Millo and Barman, 2015[9]). Social economy entities can decide which tools are most appropriate based on whether there is sufficient budget to undertake the whole process, whether the impact-measurement lead (i.e. the person responsible for leading the whole measurement cycle internally) has the necessary skills to measure using specific tools, and whether the data and complexity of the process match the needs of the stakeholder group being asked to participate.

To consider impact evidence holistically, social economy entities can carefully synchronise the measurement cycle(s) with the management process. The impact-measurement lead can set up regular meetings with executive or operational management, encourage reflection before meetings, debate emerging findings with internal stakeholders, identify failures and strengths, disseminate regular updates on key performance indicators and reader-friendly summaries of longer reports, and so on. These interactions can be scheduled in advance of important dates in the social economy entity's calendar, for instance strategic meetings, negotiations with funders and partners, performance reviews, sectoral conferences (see Box 4.1).

Box 4.1. Creating spaces for dialogue based on impact evidence

Impact evidence can be particularly helpful to the social economy in balancing social and financial considerations, especially when decisions are reached through participatory practices.

Social economy entities have experimented with creating **spaces for negotiation,** where internal stakeholders come together to share their different – and sometimes conflicting – understandings of the main goals and results, review potential resolutions to any difficulties encountered, and decide on the strategic actions and trade-offs necessary to address the entity's mission.

These can be complemented by **herding spaces**, which involve similar debates and conflict resolution, but with external stakeholders at the institutional or sectoral level (e.g. with incubators or other social enterprises). By involving the wider community of external stakeholders, herding spaces provide a moral, motivational and pragmatic compass to internal decision makers. In fact, they often serve as a reminder of the social economy entity's ideological purpose ("why we are doing this") and methods ("how we can do it"). They also help understand the normative expectations and evolving conditions in which the entity operates.

Both spaces for negotiation and herding spaces are considered essential in enabling social enterprises to avoid mission drift, ultimately also helping to scale operations in a sustainable manner.

Source: (Ometto et al., 2018[10]).

Furthermore, as some interventions target longer-term change, social economy entities must allocate sufficient budget and time to establishing and maintaining important stakeholder relationships over longer periods. Depending upon whether impact is expected within the short, medium or long term, social economy entities may need to collect several years' worth of data to determine whether the intended change has occurred, checking in with the stakeholder group either annually or bi-annually, using the agreed method (e.g. surveys, interviews, face-to-face meetings or focus groups). This will require closely managing the stakeholder relationship by sending results back to the stakeholder group after every round of data collection, to maintain contact and increase the likelihood of commitment. This may also be required at the programme level, although external stakeholders rarely provide support (in terms of resources and reporting deadlines) over the long term.

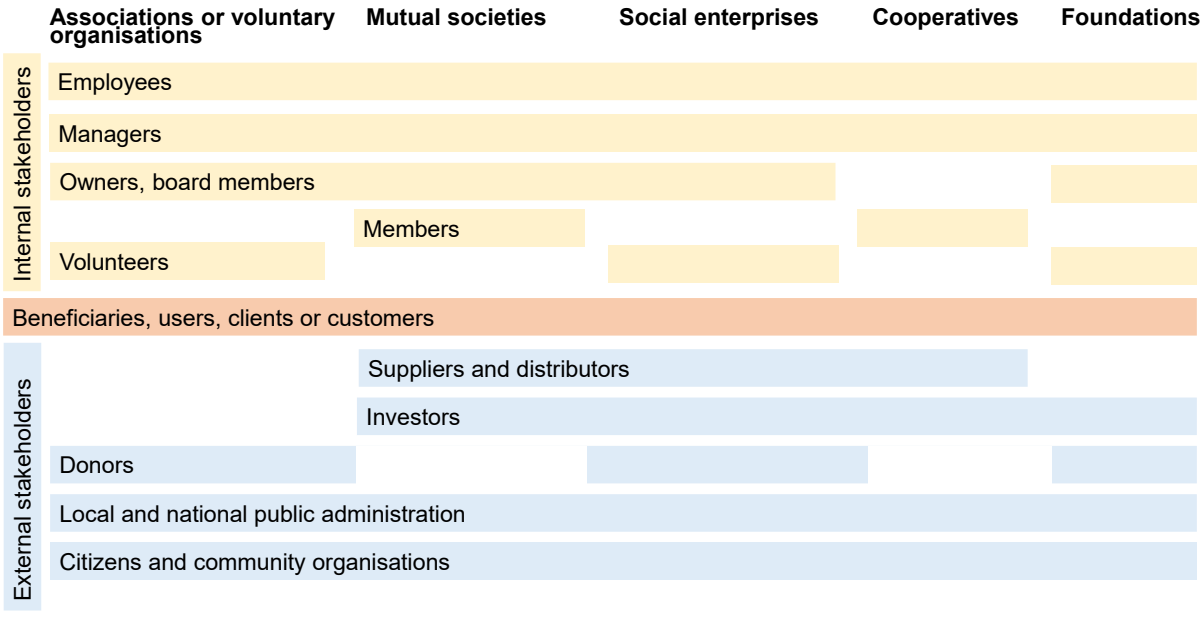
Engage stakeholders

Participatory governance is one of the fundamental principles of the social economy. Concretely, it means ensuring that the interests of all relevant stakeholders are represented in decision-making processes (European Commission, 2020[11]). This is especially true for cooperatives and mutual benefit societies, which have shared ownership by design. Social impact measurement and management represents an important venue for engaging stakeholders in the decision-making process, offering them an opportunity to scrutinise and debate an organisation's values, activities, performance and social outcomes (Brown and Dillard, 2015[12]).

A social economy entity's stakeholders are people or groups who are directly or indirectly affected by its operations or interventions, or may influence the outcomes positively or negatively. Typical *internal* stakeholder groups include owners, board members, managers, clients and members (of social enterprises, cooperatives and mutual societies), employees, volunteers, and clients or beneficiaries (the

end users receiving a social change intervention). A characteristic that helps distinguish social economy entities from conventional businesses is that they have *beneficiaries*. These can at times overlap with users, clients and customers, who may benefit from reduced costs or more targeted services and products that might otherwise not exist on the market. Common *external* stakeholder groups include suppliers and distributors, local and national public administrators (financiers and/or regulators), private investors and funders, local community organisations and citizens, and professional and trade networks. Figure 4.2 shows the various stakeholders by type of social economy entity.

Figure 4.2. Stakeholder groups by type of social economy entity



Source: Authors, based on (OECD, 2023[7]).

Since participatory governance is a building block of social economy entities, various stakeholder groups may already be identified and consulted in the decision-making process. This might facilitate the social impact measurement and management process at the corporate level. For instance, worker and social cooperatives in Europe already have access to a common blueprint for categorising them (CECOP, 2021[13]). However, impact measurement at the programme level may require identifying a more specific set of stakeholders (e.g. local rather than umbrella organisations). Moreover, the operational and governance model chosen by the social economy entities implies that one or more of these groups are vulnerable in some way (i.e. suffering from poverty, health issues, trauma, living with disabilities or under conditions of displacement). It follows that stakeholder engagement is even more fundamental when assessing indicators relating to social inclusion, well-being and sense of community, as this often requires beneficiaries to describe the change being created in their own words or values.

Yet stakeholders come with their own expectations for participating in impact measurement, and not all need or want to be involved in all phases of the measurement cycle. While internal stakeholders (such as managers and employees) are primarily responsible for supervising and providing inputs until its completion, other groups may only intervene sporadically. Social economy entities also need to accommodate the needs of the different groups with which they work, whose different vulnerabilities can strongly influence their ability to engage with the various components and methods of the measurement cycle. Due to the intrinsic social orientation and participatory values of the social economy, any dedicated

effort to measure their impact will therefore strive to put stakeholder engagement at centre stage. Figure 4.3 provides a checklist for having meaningful consultations with stakeholders.

Figure 4.3. Checklist for a meaningful consultation with stakeholders

Source: (OECD, 2023[7]).

In conclusion, there are both benefits and challenges to engaging stakeholders. Stakeholders can help mobilise additional contributions (both in terms of resources and data), identify important externalities and build trust with communities. Yet stakeholder consultation during impact measurement is often costly, and may be underutilised for lack of budget or capabilities. Moreover, gaining access to the full range of relevant stakeholders (all of whom have diverse needs, values and interests) in a timely and consistent manner is rife with operational challenges. Table 4.1 lists the benefits and challenges of stakeholder engagement.

Table 4.1. Benefits and challenges of stakeholder engagement

Benefits	Challenges
Engagement can lead to more ownership and control over the outcomes. When people participate in decisions that affect them, they are more likely to understand the reason for the decision and participate in implementing and maintaining the activities supported by that decision.	Engaging stakeholders is especially challenging for social economy entities owing to high costs, limited capabilities, poor access to information and stakeholders' different needs.
Engagement minimises the risk of failing to involve people who may be affected by a decision and might as a result attempt to undermine or disrupt the initiative decided upon by others.	Social economy entities have different budgets for impact measurement, influencing their options and degree of engagement with various groups.
Internally, it provides managers and employees with more opportunities to learn and improve the entity's activities and operational processes, based on a better understanding of stakeholders' needs and demands, as expressed through ongoing consultations.	Stakeholder engagement varies across the measurement process: the tools that will be required (from identifying the stakeholders to be involved, to generating a consensus on the objectives, to gathering data from stakeholder groups – especially vulnerable ones – and then valuing and validating those data before reporting them) are likely to require different capabilities and skill sets.
Consistent engagement is likely to promote a learning culture, developing trust between various stakeholder groups. This opens the possibilities of sharing and confronting failures rather than avoiding them or being fearful of discussing problems, ultimately reducing risks.	Tools such as stakeholder mapping and outcome mapping, which help social economy entities detect relevant stakeholders and identify their impact measurement needs, can also help them plan the necessary resources to engage stakeholder groups at different stages. However, the different stakeholder groups may not always be identified beforehand, especially if they are external to the operating model and geographically dispersed. Consequently, they may fail to be engaged at the right time – or in the right way – in the impact measurement process.

Source: (World Economic Forum, 2017[14]), (Hehenberger, 2023[15]), (Beer, Micheli and Besharov, 2022[16]), (Kingston et al., 2023[17]).

Develop skills

Impact analysis requires specific skills, especially for quantitative data treatment, monetisation and engaging vulnerable groups. Social economy entities can choose to source that capacity externally or develop it internally. Even when resorting to independent experts, they may still need to build some level of impact literacy in-house to interpret, use and communicate the results of the impact measurement process meaningfully.

At some point along their impact journey, social economy entities may wish to establish the impact measurement function in-house, with an impact measurement lead and possibly a supporting team. This does not necessarily require a full-time equivalent employee (especially in small structures), but responsibilities throughout the measurement cycle need to be clearly defined as part of the management process. Larger social economy entities may have three or four staff members on the impact measurement team, one of whom needs to take the lead. Smaller entities without a permanent team tend to assign responsibility to employees working in marketing or operations. In such cases, data collection becomes an additional task, and often does not receive enough attention to confer robustness and credibility without external validation.

Even before independent verification, it is critical to identify a single one person responsible for internal quality checks in order to support good and credible data. When conducting surveys, for example, it is helpful to test the questionnaire beforehand and check the answers as they are coming in, to provide prompt feedback about whether corrections are needed and still possible. The impact measurement lead requires a range of skills, such as knowledge of stakeholder engagement and management, as well as quantitative and qualitative indicator design; the ability to analyse and interpret multiple datasets (written and oral); and a talent for communication and advocacy. To promote effective stakeholder engagement in particular, the team should also possess soft skills. These include reflexivity and the ability to facilitate group dynamics, listen and respond appropriately to sensitive subjects, and counsel vulnerable individual suffering with difficult life circumstances.

Many options are emerging internationally for trainings and certifications on impact measurement, some of which are available at no cost. Public authorities have supported the creation of free trainings on social impact measurement in many countries, although these are often short-lived projects (OECD, 2023[18]). These trainings are generally offered by:

- Universities and research institutions: the free virtual training on "Impact Measurement and Management for the Sustainable Development Goals" was created by the Center for the Advancement of Social Entrepreneurship (CASE) at Duke University (United States) as part of the United Nations Development Programme (UNDP)'s "SDG Impact" initiative.[1] The Coursera e-learning platform proposes several other courses, for instance by the University of Pennsylvania[2] and ESSEC Business School.[3] While the modules are generally accessible for free, most certifications can only be obtained through payment. Similarly, hybrid or in-person trainings, like the "Impact Measurement Programme" taught by Oxford University,[4] typically require tuition fees.
- Social economy umbrella organisations and social enterprise incubators or accelerators: among their offerings are the social impact measurement training platform for social enterprises in Lithuania and "*Développons et Évaluons Notre Impact Social*" (DENIS), a project implemented in Wallonia, Belgium (OECD, 2023[18]).
- Professional networks of impact measurement experts or standard-setting organisations, often targeting the broader social economy system: notable examples include the accreditation on SROI and impact measurement and management granted by Social Value International and its affiliated providers,[5] the educational offerings by the Global Impact Investing Network to support the implementation of IRIS+,[6] and the Cerise+ Social Performance Task Force (Cerise+SPTF) certification on social and environmental performance management.[7] National or local competence centres may also provide workshops or fully fledged training programmes on impact measurement, like the centre recently established in Turin, Italy (OECD, 2023[18]), or the Social Impact Labs in Germany.

In Europe, several resources for capacity-building on impact measurement and management targeted at the social economy are available for free, thanks to co-financing by the European Commission. Since 2022, the online platform of the Social Impact Measurement for Civil Society Organizations (SIM4CSOs) has been offering free training materials specifically designed for civil society organisations, their volunteers and staff (Box 4.2).

Box 4.2. Training on Social Impact Measurement for Civil Society Organizations (SIM4CSOs)

The EU-funded SIM4CSOs project was implemented from 2020 to 2022 in eight countries with the goal of empowering non-profit organisations by enhancing their effectiveness, transparency and governance through the application of social impact measurement methods.

Comprehensive training materials were developed through research, surveys and focus groups at the country level. The online learning platform provides free access (though a simple registration process) to three mini lessons on the design and implementation of a social impact measurement system. Besides the virtual learning environment, the website offers a methodological manual, practical worksheets, filled examples and a self-assessment checklist, all free to download.[8]

By the end of the project, more than 100 people had registered on the online learning platform. In feedback surveys, users positively assessed the quality and coherence of the content, as well as the platform's usefulness and efficacy. They especially appreciated the lessons' clarity in illustrating the transition from theory to practice, the immediacy and extent of the content, the simplicity of the language used, and the provision of relatable examples and practices.

Source: https://measuringimpact.eu/.

While these efforts aim to directly capacitate social economy entities, they serve a secondary function: they enhance the understanding of stakeholders in the broader social economy system (including public and private funders), and independent experts who may accompany them in implementing social impact measurement and management. These resources may also boost the offer for social impact verification by third-party service providers.

Explore digital tools for data collection, storage and visualisation

On top of the regular monitoring usually undertaken by social economy entities, impact measurement requires collecting new information about social needs and external stakeholders, and even counterfactual data. Impact data also need to be retrieved from external stakeholders, creating additional technical and operational hurdles. In the absence of an adequate infrastructure for information and knowledge management, difficulties relating to reliability and compliance with regulatory requirements – particularly on data protection – are very common. Ultimately, the analysis and presentation of impact evidence for reporting and communication may require new equipment that is not yet available in-house. Introducing these new functionalities in the social economy entity's information system may therefore generate recurring difficulties (OECD, 2021[1]).

Today, social economy entities may tap into an extensive set of online survey tools for remote data collection.[9] These tools are not specifically aimed at social economy entities: they are designed for all types of organisations wishing to hear from their customers, stakeholders or beneficiaries. By facilitating the rollout of questionnaire surveys, they help lighten the burden on internal staff and reduce the cost of data collection. The design of the questionnaires, their means of dissemination (emails, SMS, telephone, etc.), the purchase of respondent panels, as well as the more-or-less developed functionalities for exporting, analysing and visualising data, may vary. Although such questionnaires are suitable for questioning the general public and people with full mastery of digital communications, they may be less suited for the specific audiences supported by social economy entities, such as migrants, elderly people and people with disabilities, who may have difficulties in mastering language, different levels of digital literacy, and physical or cognitive impairments (IMISCOE, 2013[19]); (IDEAS, 2021[20]).

Social economy entities can systematise their impact measurement efforts by integrating them into their beneficiary management system. It is generally good practice to integrate, inasmuch as possible, ad-hoc data-collection tools into the existing data infrastructure, since data collected at the earlier stages of a given change strategy (e.g. inputs, activities and outputs) will be relevant for assessing medium-term outcomes and even long-term impacts. Using their own resources or external support, social economy entities can strengthen their information system by developing specific modules dedicated to recurrent impact data collection and analysis. Ideally, these modules provide for collecting longitudinal data about beneficiaries before, after and sometimes during the activities provided by the entity. For instance, in the case of a work integration programme, the information system could be expanded to track (Table 4.2):

- the beneficiaries' pre-existing conditions and needs: during the initial interview, go beyond the administrative situation and the level of qualification by recording information on barriers to employment (mobility, language skills, family difficulties, etc.) and their intensity.
- the beneficiaries' conditions at the end of the programme, and the impacts of the support: during the final interview, go beyond the description of the employment situation (contract, duration, etc.) by recording data on the increase in employability, the level of income and even the level of personal fulfilment in the new job.

By integrating the collection of impact data in the relationship with beneficiaries and planning for regular check-ins, social economy entities can achieve systematic data collection, which will significantly lighten the burden of annual (or end-of-project) impact reporting.

Table 4.2. Potentially relevant data for impact measurement

Outreach	Outputs	Observed changes
• Characteristics of beneficiaries, users, customers or clients • Factors of disadvantage • Location (rural, urban, etc.)	• Access to different products/services • Feedback • Drop-out	• Change in situation (employment, training qualifications, welfare status) • Change in perception (self-confidence, proactiveness) • Change in behaviour (habits, lifestyle, relationships)

More comprehensive online platforms also exist for collecting, analysing and reporting impact data, some of which cater explicitly to social economy entities.[10] These solutions start by developing a theory of change for the organisation, and are thus better suited to the social mission of the social economy. In some cases, large social enterprises, non-profit associations or foundations have developed a customised platform for data collection, often as a spin-off to their existing information technology (IT) infrastructure. These (costly) developments are often sponsored by big players in the digital industry, for instance as an extension of pre-existing solutions for accounting, customer relationships, human resources or patient journey management for health care organisations. Still, the vast majority of available solutions mainly target conventional for-profit companies wishing to fulfil their corporate social responsibility (CSR) commitments.[11] Building on existing CSR standards, these solutions typically support the identification and mitigation of potentially harmful externalities.

These different platforms directly underpin the digitalisation, automation and cost reduction of regular impact monitoring. Generally inspired by shared impact management principles, they can be used at the project, programme (portfolio) or organisational level. While they may offer free demonstrations or partial access, most will charge a fixed rate to install them, and then monthly subscriptions. The user journey typically includes:

- an initial description of the organisation, its operating model and the social need it is trying to address,
- refining the change strategy, often structured around the logical model or causal chains identified by the organisation,
- selecting indicators from existing menus (e.g. the IRIS+ Catalog of Metrics), or defining ad-hoc indicators for the expected outputs, outcomes and impacts identified,
- defining the corresponding sources and data-collection tools,
- directly capturing information from beneficiaries and external stakeholders, or importing datasets produced elsewhere,
- optional assistance with analysis, formatting and visualisation of the impact evidence.

Depending on the service provider, significant variations may exist in the modalities for administering the survey (e.g. SMS questionnaire, QR code); advanced analysis functionalities (e.g. monetisation proxies and calculation of the SROI ratio), dashboard visualisations and the guarantees of regulatory compliance on data management. The service provider may also collect data from stakeholders (often suppliers) through blockchain technologies or from online databases, using artificial intelligence technologies. It may also offer extensive integration with existing information systems and direct assistance to improve the user experience. See Box 4.3 and Box 4.4 for examples.

Box 4.3. The SPI Online platform for social and environmental performance management

Freely accessible on the SPI Online platform, the social performance indicators (SPI) are open to all organisations targeting vulnerable and underserved clients, to measure and manage the achievement of their social strategy. Users include purpose-driven financial service providers (such as microfinance institutions and financial cooperatives), social enterprises and NGOs.

The portal offers a full range of free resources, including audit tools, guidelines, template reports, e-learning and access to a network of qualified experts. Its content is aligned with international standards, including the Universal Standards for Social and Environmental Performance Management, standards developed by the International Labour Organization and the OECD (on decent work, human rights, health/security), and the Sustainable Development Goals.

Each organisation can engage at its own pace, according to its own priorities (e.g. social audit, environmental performance or outcomes management). Users select different pathways and choose different tools, depending on their needs (e.g. taking the first step towards improving their social and environmental performance, or conducting a comprehensive assessment of their practices); the indicators to be completed are determined accordingly. Users can visualise the results with dashboards designed to generate actionable insights and benchmark their performance against peers.

One example is the Framework on Outcomes Management, which helps build concrete surveys and data analysis of clients aligned on social goals. Some of the leading questions include: "Do clients have access to financial services for the first time? Do they feel they are treated fairly? Is repayment a burden? What changes do they see in terms of economic growth, gender equality and access to basic needs?" By conducting segmented analysis of social outcomes along client categories (gender, level of income or age) and shedding light on the unintended negative consequences, organisations enhance their understanding of the risks and changes observed, so as to improve their products and services.

Another noteworthy example is the Social Business Scorecard (SBS), a self-assessment tool designed to help social businesses boost their credibility and avoid misusing the concept. The absence of principles to guide practices in a so-called "double-bottom-line" sector opens the door to mission drift and abuse. Social businesses can thus refine their social strategy; define indicators; generate an ergonomic dashboard to share social achievements with board members, investors and partners; and ultimately drive decision-making based on the social mission, thereby enhancing their services to clients.

The audit tools available on the SPI Online platform have been used by more than 800 financial service providers in more than 100 countries, amounting to about 2 000 audits. One-third of the audits were conducted by financial NGOs and cooperatives, either as self-assessments or with the support of external auditors. The tools facilitate participative governance, by equipping members with a common language for general assemblies, concrete assessment and dashboards of their practices, and clear roadmaps for implementation. For instance, several financial cooperatives in Latin America and Africa rely on SPI Online to inform their discussions on impact.

Note: Cerise+SPTF is a joint venture between Cerise, a French non-profit association created in 1998 that has been working on the SPI with committed financial service providers since 2001, and SPTF, which started the Universal Standards for Social and Environmental Performance Management for inclusive finance in 2005. SBS is the result of a three-year collaborative effort led by Cerise with representatives from NGOs, foundations and companies that support social businesses worldwide. While most resources on the SPI Online platform are in English, SBS is only available in French.
Source: https://cerise-sptf.org; https://en.spi-online.org; https://en.spi-online.org/resources/view/resources-collection-outcomes-and-sdgs

Box 4.4. Show Your Heart", the digital platform that supports Spanish social enterprises and cooperatives in measuring impact and aggregating results

"Show your Heart" (*Ensenya el Cor*) is an impact measurement software that supports several environmental, social and governance (ESG) accounting methods. It was developed by the Catalan Network of Solidarity Economy (Xarxa d'Economia Solidària de Catalunya [XES]) in 2008 to help members self-assess their commitment to social economy values. By 2016, the solution had been adopted by the Spanish Network of Networks of Alternative and Solidarity Economy (Red de Redes de Economía Alternativa y Solidaria [REAS]) and hence scaled up to the whole national territory. It enables social cooperatives and other legally recognised social enterprises to assess and improve their social and environmental impact, as well as their governance practices.

The "Show your Heart" platform offers 13 sectoral or regional modules or user pathways, allowing adaptation to the entity's profile (e.g. social cooperatives, social enterprises, non-profits, urban commons), as well as its local and socio-economic context (e.g. specific methods developed by some regional networks within REAS). Each module typically consists of a set of ESG topics, with associated key impact performance indicators and surveys for data collection. All modules share a common set of basic indicators, reflecting the core values of the social economy.

As an example, the Social Balance (*Balanç Social*) module is expected to be applied annually by XES members, but is open and free for any organisation to use. Besides economic and environmental performance, it covers topics like:

- Social commitments: purchase of goods and services from other social economy entities; production of goods, services or materials that are made available at no cost; promotion of functional diversity and social inclusion.
- Workplace quality: active measures to promote workplace health and improve work-life balance beyond legal obligations; internal policies improving on the conditions stipulated by collective labour agreements; encouraging the training of workers; ensuring the availability spaces for workers' emotional and physical care.
- Democracy and equity: worker demographics (average age, disability rate, gender disaggregation of management, executive and political positions); participation in the preparation and approval of the management plan and annual budget; online publication of the "Social Balance report"; gap between the highest and lowest remunerations; disclosure of wages to workers; use of non-sexist and inclusive language; adoption, monitoring and evaluation of an equality plan; existence of a protocol for the prevention and handling of sexual harassment.

The data are collected through surveys addressed to organisational managers or, where available, impact measurement leads. The platform also allows deploying stakeholder surveys, which can elicit subjective assessments from workers and business partners. The Social Balance has two variants: a brief version featuring 80 indicators and the complete version (including stakeholder surveys) featuring 200 indicators. Entities with an overall score equal to or greater than four out of ten can download an automatically generated infographic and impact report.

A state-wide, bottom-up, democratic process was followed to agree on a core set of 70 indicators that are common to all ESG accounting methods. These core indicators facilitate the creation of aggregated reports that analyse data from all organisations within the same network at the regional or country level, which in turn demonstrates the overall performance of the social economy and its inherently value-driven behaviour. For instance, they help highlight the low pay gaps and the gender-balance ratios in the sector, and then compare them to the conventional Spanish economy. Thematic reports are also sometimes issued on specific topics (e.g. environmental sustainability, the feminist economy).

Around 700 social economy entities throughout Spain use the online platform every year. “Show your Heart” is licensed as open-source software, and its dissemination is supported by freely available guides and reports. In collaboration with other social economy networks, the tool is being piloted in the Netherlands, with additional opportunities for transposition abroad in the medium term.

Source: www.ensenyaelcor.org; (Aliaga, 2022[21]); (XES, n.d.[22]); (Alquézar and Suriñach, 2019[23]); (CECOP, 2019[24]).

Seek independent validation

Like all private-sector actors, social economy entities are increasingly subjected to public scrutiny. Considering the growing importance of impact data in social economy entities’ decision-making (and interactions with stakeholders), and the multiplication of similar approaches in the private sector, entities are increasingly aware of the risk of "impact washing". In response, growing attention is being paid to the robustness of results from the impact measurement process, with the result that it is increasingly common to subject impact claims to some form of independent validation (OECD, 2021[1]).[12]

There exist several ways to obtain independent validation of impact claims, from functional separation to external audit. Their relevance depends on the means available to the social economy entity and whether the impact measurement processes relied mostly on quantitative monitoring (e.g. regular data collection with impact indicators for management or reporting purposes) or ad-hoc research work (studies based on theoretical frameworks from the social or clinical sciences and relying on primary data collection).

- Social economy entities may establish **an internal but independent team dedicated to impact measurement**. The unit may bring together all the oversight functions, often including audit. Its independence is warranted by the fact that it reports directly to the governing board, rather than line management. Especially in small organisations, the responsibility for impact measurement is often located within the same team that is in charge of operations, fundraising, advocacy or communication.
- In cases where the social impact measurement approach mainly consisted of quantitative monitoring of the organisation’s impacts, **an audit of impact data can be performed by an independent third party** (usually an audit or consulting firm), which primarily ensures the *opposability* of the data used and disclosed by organisations on their achievements or impacts.[13]
- If the social impact measurement primarily involves research work (rather than monitoring data, as described earlier), **an independent expert or peer can review the impact report**. This critical review will focus on assessing the *validity* and *reliability* of the reported results, also explaining any biases and limitations of the study. It is mainly conducted by researchers with relevant expertise or ad-hoc bodies (e.g. scientific committee or expert committee) formed around the study work.

In practice, some form of independent audit is often imposed when social economy entities decide to seek external recognition of their commitment to impact, for instance through B-Corp certification[14] or the BBB Wise Giving Alliance Standards.[15] In some cases, the audit may extend to benchmarking among a group of peers, as happens with rankings of charitable organisations.[16] In Spain, as part of the *Balanç Social* systems, 5-10% of respondents are audited every year to guarantee the reliability of the data.

Designating a dedicated team may only be possible in larger entities. Whether resorting to external verification by audit or review, social economy entities must anticipate an additional cost in the impact measurement cycle, mainly associated with the services provided by the independent third party. This additional cost is sometimes difficult to justify for social economy entities with limited resources (OECD, 2021[1]).

To date, there exist no shared or institutionalised quality criteria for social impact measurement in the social economy. The existence of charters (e.g. by the American Evaluation Society or European Evaluation Society) defining the practices of evaluators in the realm of public policies partly addresses this lack. Other initiatives aimed at a more general public and intending to raise critical awareness around social impact measurement can also be identified. See Box 4.5 for a perspective on social impact reports in France. Infographic 4.1 takes a comparative look at the independent verification options.

Box 4.5. A critical perspective on social impact reports (France)

As the impact measurement practice is developing considerably among French social economy actors, it is particularly important to focus on transparency and the quality of reports, analyses and data produced. In 2020, a working group led by Convergences and Avise, comprising evaluation practitioners, social economy entities and funders, developed a practical tool for analysing the quality of impact measurement.

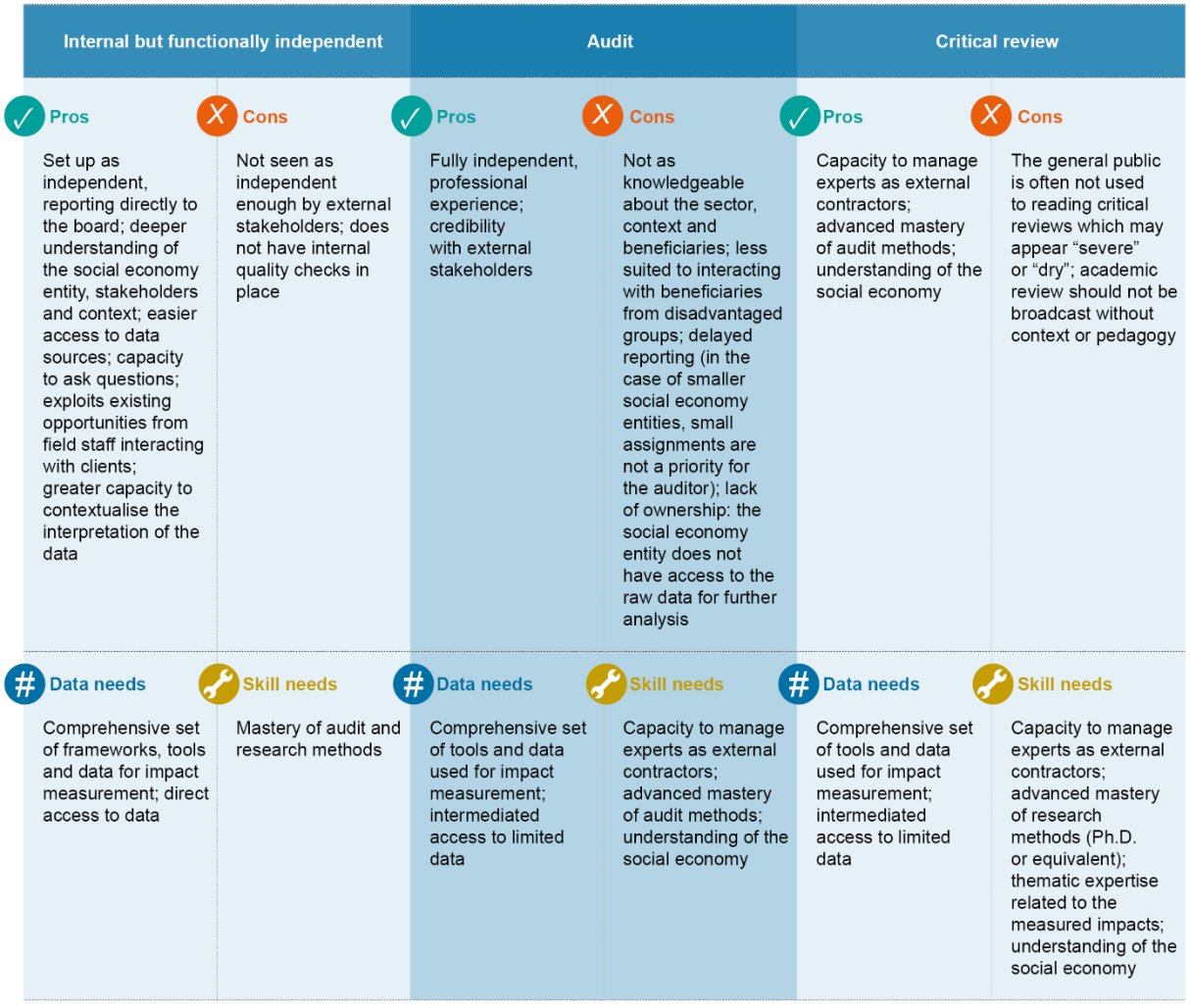
Intended for a broad and non-specialist audience, *Mesure d'impact: pour un regard critique* (Avise, 2022[25]) assists those who read and use material related to the impact of organisations (such as reports and studies) in their analysis and decryption work by providing objective and consensual guidelines for critical thinking. The proposed critical review process addresses four successive questions:

- **Nature of data: does the publication actually focus on social impact?** Initial guidelines invite the reader to ensure that the information contained in the document actually relates to transformations or social changes occurring as a result of the organisation's activities – and not, for example, to the activities conducted or the satisfaction of beneficiaries.
- **Intentionality: does the organisation intend to generate this impact?** A second set of guidelines invites the reader to analyse the existence and quality of the theory of change developed by the organisation – and thus to distinguish reports relating to the impact from data relating to externalities.
- **Robustness of the method: was the assessment methodology robust?** Acknowledging the need to implement methodologies adapted to each organisation's context and objectives, the reader is invited to question the validity and reliability of the data and results proposed, and even more, to question the transparency (or lack thereof) around the biases and limits of the publication.
- **Use of lessons learned: are the data and lessons actually used by the organisation?** To distinguish between purely symbolic impact measurement approaches and more desirable approaches that actually influence decision-making, the reader is invited to verify that the organisation has explained the observed or expected impacts of the impact measurement.

While these criteria remain succinct and cannot alone warrant the validity and reliability of quantitative, qualitative or mixed research, they constitute an interesting attempt to raise public awareness on the risk of impact washing.

Source: (Avise, 2022[25]).

Infographic 4.2. A comparative look at independent verification options



Source: OECD.

Establish a permanent action plan to follow up on learnings

Social economy entities with a mature impact management approach will establish a formal process to facilitate the uptake of lessons emerging from the impact measurement cycle. Ultimately, the resulting learnings might lead to a management decision to stop, scale or change an activity (Aps et al., 2017[26]). Concretely, the management process may entail:

- Reviewing early findings with internal management: for example, once the impact data become available, the impact measurement lead can organise a meeting to brief and obtain feedback from senior management on the implications.
- Developing an action plan to improve operations based on the final impact evidence, explicitly addressing areas of underachievement or unintended consequences: the plan should clearly list the actions to be implemented, their timeframe and the person or team in charge (see Table 4.3).
- Submitting a summary of the measurement findings to the governing board or general assembly, accompanied by management recommendations for action based on those findings: if the measurement cycle included external consulting or verification, a formal response may be prepared.
- Discussing the learnings and refining the actions to be implemented with employees, members and volunteers during the regular staff meetings or special dissemination events.

Table 4.3. Template for an action plan for following up on the implementation of learnings

Finding	Actions to be implemented	Person or team in charge	Timeline	Progress
Indicator, findings, recommendations stemming from impact measurement	Concrete changes agreed with internal governance and management	Impact lead, management or staff members	Short, medium or long term Number of months	On track/completed Obstacles identified Alternative actions
…	…	…	…	…
…	…	…	…	…
…	…	…	…	…

At the end of the impact measurement cycle (especially if it was the first), social economy entities may wish to review the process and identify aspects that may be strengthened. Potential improvements include choosing to collect or manage data in-house, rather than externally; better exploiting new technologies; extending the timeframe to detect longer-term change; investing in staff training; reserving sufficient time (and possibly introducing incentives) for field staff to engage in data collection; strengthening the procedures for data quality checks; and developing dashboards or upgrading software for routine reporting (Sinha, 2017[27]). See Infographic 4.2 for some guiding questions for self-reflection.

Infographic 4.3. Guiding questions to self-reflect and refine measurement practice

MANAGE

Guiding questions for a social economy entity to refine its measurement practice with progressive marginal improvements, and through subsequent measurement cycles:

1. Among the data we have collected, what do we want to share, and with which stakeholders (funders, beneficiaries, partners, community, etc.)?
2. What forms and what frequency work best for us (e.g. based on reporting cycles, operating cycles, intervention cycles)?
3. What indicators have become redundant and could be removed? Which ones would we want to introduce (i.e. what have we learned from our indicators in this reporting cycle/year, what else do we need to know that is not covered yet, what indicators are no longer providing the relevant learning)?

In a learning organisation, the impact targets and indicators can be reviewed and adapted over time. Table 4.4 offers a series of questions social economy entities can ask themselves to test and determine the relevance of single indicators in their measurement system (Gray, Micheli and Pavlov, 2015[28]). Obviously, these questions can already be asked about indicators used during each measurement cycle's design phase, but they become even more relevant in hindsight.

Table 4.4. Checklist for reviewing impact indicators over time

Criteria	Questions
Accuracy	Is the indicator measuring what it is meant to measure?
Precision	Is the indicator consistent whenever or whoever it measures?
Access	Can the data be readily communicated and easily understood?
Clarity	Is any ambiguity possible in the interpretation of the results?
Timeliness	Can we collect the data early enough so that action can be taken?
Action	Have the data been acted upon? What effect has this indicator triggered in terms of management?
Incentives	What behavioural changes does the indicator encourage?
Cost	Is it worth the cost of collecting and analysing the data?

Source: Adapted from (Gray, Micheli and Pavlov, 2015[28]).

Infographic 4.3. provides an overview of impact management touching upon the success factors and pitfalls to avoid.

Infographic 4.4. Success factors and pitfalls in impact management for the social economy

MANAGEMENT PHASE	
SUCCESS FACTORS	**PITFALLS TO AVOID**
✓ If data collection and analysis are contracted out to external service providers, choose an institution or consultant who has; 1) a proven track record and/or qualifications in impact measurement, 2) a good understanding of the social economy, and 3) experience in the geography and sector of activity.	X Assuming that external research is a shortcut that will save time: instead, dedicate sufficient time to detailing the entity's social mission, operational and governance model, and context to the external party; designate an experienced member of the team to accompany them throughout the process.
✓ Designate at least one person with the responsibility for impact measurement and quality checks. Ensure that person has sufficient authority to co-ordinate across the organisation.	X Not accepting disappointment: not all beneficiaries will improve at the same speed, not all programmes are fit for purpose, and some of the assumptions in the change strategy might not materialise. Impact measurement offers an opportunity to learn from failures.
✓ Equip the social economy entity with a solution for managing impact data so as not to fall behind the opportunities offered by the digital revolution.	X Choosing a platform poorly suited to the social economy entity's needs; although the term "impact" is increasingly frequently used in the context of CSR, many impact management platforms, despite their name, are designed for conventional companies and not adapted to the organisational model of social economy entities.
✓ Integrate the costs of IT equipment, and possibly staff training, in project budgeting and external fundraising efforts.	X Lack of compliance with regulations on the collection and storage of personal or sensitive data.
✓ Ensure some form of independent verification as part of each impact measurement cycle. This additional investment is always desirable, but not always essential to achieve the stated objectives.	X Even in the absence of external verification, not disclosing the biases and limitations of the report.
✓ To mobilise external peer reviewers, establish partnerships with research institutions where free participation in the critical review is compensated by access to data or field work.	X Not anticipating the audit or critical review from the beginning of the measurement cycle, creating a risk that the verification criteria will not be met.

Source: OECD.

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[1] www.coursera.org/learn/impact-for-sdgs.

[2] "Social Impact Strategy: Tools for Entrepreneurs and Innovators": www.coursera.org/learn/social-impact.

[3] "*Évaluation & Mesure d'Impact Social*" (in French): www.coursera.org/learn/evaluation-mesure-impact-social.

[4] www.sbs.ox.ac.uk/programmes/executive-education/person-programmes/oxford-impact-measurement-programme.

[5] www.socialvalueint.org/accredited-training.

[6] https://thegiin.org/imm/.

[7] https://en.spi-online.org/training.

[8] https://measuringimpact.eu/.

[9] Several partially or completely free access tools can be cited as examples: FrontlineSMS, Kobo Toolbox, HubSpot Free Online Form Builder, SurveyMonkey, SurveySparrow, Lucky Orange, ProProfs Survey Maker, LimeSurvey, Delighted, Survicate, Sogolytics, Typeform, Qualtrics, SurveyPlanet, Google Forms, Alchemer, SurveyLegend, Zoho Survey, Crowdsignal, Survs and FreeOnlineSurveys.

[10] Several platforms can be cited as examples: Impact Track (France) (Impact Track, n.d.[32]), Social Value Engine (Social Value Engine, n.d.[31]), ImpactSo (Czech Republic) (ImpactSo, n.d.[34]), Makerble (United Kingdom) (Makerble, n.d.[35]), SoPact (United States) (SoPact, n.d.[29]) and Impact Wizard (Belgium) (Impact Wizard, n.d.[33]).

[11] Several solutions can be cited as examples: MASImpact (Spain), Social Value Portal (United Kingdom), Impact reporting (United Kingdom), Impaakt (Czech Republic), Leonardo (Germany), Impact Software (Netherlands) and Social Handprint (Netherlands).

[12] Depending on the type of social impact measurement work conducted, different notions can be used to reflect on the quality of impact data and reports. When the data collection relies mainly on quantitative monitoring, it is opposability. In the context of auditing, opposability refers to the ability of data to be used

as evidence by relevant stakeholders. An opposable conclusion can be relied upon in regulatory, financial or decision-making actions. When the data collection relies on research work, the notions are validity and reliability. In social science, validity refers to the extent to which a measurement instrument assesses what it is intended to assess. In other words, a measurement is considered valid if it accurately measures what it claims to measure. Social economy entities need to consider two types of validity: internal validity, which ensures that the impacts highlighted are indeed attributable to the action evaluated, and external validity, which ensures that the conclusions of the study are indeed applicable beyond the beneficiaries observed in the study. “Reliability” refers to the consistency and stability of a measurement. It indicates to what extent the results of a measurement are reproducible and consistent. A measurement is considered reliable if it produces similar results when repeated under similar conditions. The biases and limits of the ensuing report should typically be discussed using validity and reliability concerns.

[13] This approach was notably illustrated in the context of the verification of data produced by organisations involved in social impacts bonds (OECD, 2016[30]). Several standard-setting organisations are currently working on defining or refining the impact reporting or management practices underpinning the verification, including the Global Reporting Initiative (GRI), IRIS+, the “Operating Principles for Impact Management” (OPIM), the “Principles for Responsible Investment” (PRI), the Sustainability Accounting Standards Board (SASB), the Sustainable Development Goals (SDGs) and the “Social Bond Principles” (SBP).

[14] www.bcorporation.net/en-us/standards/.

[15] https://give.org/donor-landing-page/bbb-standards-for-charity-accountability.

[16] See, for example: www.charitynavigator.org; www.givewell.org.

5 A principle-based approach for impact maximisation

Social impact measurement can accompany social economy entities in their quest to increase the effectiveness and long-term sustainability of their activities. Social economy entities can incorporate the evidence stemming from their measurement efforts and management processes in their operational and strategic decisions related to organisational growth, impact scaling and internationalisation. This chapter offers a set of guiding principles that can help social economy entities maximise their impact over time.

> Impact maximisation is about growing the depth and reach of positive social change in a sustainable and balanced way (Arvidson and Lyon, 2014[1]).

Independently of their size, social economy entities can enhance their capacity to promote social change by incorporating the impact evidence distilled from impact measurement and management processes in their decision-making. This allows them to adapt their activities as needed, based on the results they see through measurement. Social impact measurement and management enables them to capitalise on social innovation around their goods and services, as well as adjust their business models. It also helps them improve collaborations with stakeholders through increased engagement. Finally, impact data contribute to strengthening the recognition and visibility of social economy entities and their mission (Arvidson and Lyon, 2014[1]).

Social impact measurement and management offers social economy entities an opportunity to move towards an impact-based culture, where decisions are grounded in evidence. This transition happens through a continuous learning process, where they derive lessons from their experience. Not only does establishing feedback loops and promoting stakeholder engagement help them stay true to their social mission, but it also enables them to scale their impact.

For the social economy as a whole, the process of impact measurement, management and maximisation is essential, not only to substantiate the "repair" function, but also the "transform" function. Indeed, much of the social economy activity around the world is not limited to responding to market failures or providing emergency relief. Rather, it aims to promote systems change and (social) innovation to support a just transition, since social economy representatives need more and better evidence to advocate for change in local, national and global fora. Social economy entities can transfer their long-term commitment to impact maximisation to other stakeholders (funders, suppliers, users, customers, researchers...) by embedding it in their external co-operation relationships.

Use impact evidence to inform the long-term organisational strategy

Social impact measurement can accompany social economy entities in their quest to increase the effect of their activities. Entities can "maximise" the positive change generated by their activities through:

- *organisational growth*, for example by increasing the volume of operations or the number of employees,
- *scaling their impact*, either by reaching a higher number of stakeholders or diversifying activities,
- *internationalising their presence*, by combining organisational growth strategies in new geographies with the ultimate objective of scaling their social impact.

Organisational growth

Social economy entities differ from conventional companies because of their commitment to improving social value for stakeholders, as opposed to prioritising value maximisation for their shareholders. Increasing the scale of their operations can help them deliver goods and services with greater efficiency. While some social economy entities may deliberately operate at a smaller level, some may choose to expand to cover a greater number of users and beneficiaries, or larger geographic areas. Sustaining an entity over the long-term requires decision makers to experiment with new ways of delivering, partnering or funding (Smith and Besharov, 2019[2]). Impact data can help provide the evidence to assess the effectiveness and efficiency of these new strategies.

Social impact measurement can help social economy entities understand the effectiveness of their inputs with regard to achieving social change. Among other methods, change and valuation frameworks may help entities identify the most effective ways to deliver the desired social change with given resources. They can then conduct an evidence-based decision-making process to underpin resource allocation and growth strategies. Impact data can help entities understand their progress. They provide a compass for them to follow their social mission and improve its delivery with the objective of reaching a higher number of stakeholders through greater coverage (Ometto et al., 2018[3]).

Organisational growth entails not only growing in numbers, but also putting in place mechanisms to identify gaps and opportunities through continuous learning. Social impact measurement and management empowers social economy entities to build an impact culture within the organisation. This helps them review and evaluate their activities and strategies continuously, looking for innovative ways of meeting their social mission. Social impact measurement and management can facilitate organisational innovation, so that social economy entities can better structure their activities and resources around the ultimate objective of generating positive social change.

Scaling impact

Social economy entities can consider different long-term strategies to scale their impact. "Scaling" does not only point towards organisational growth, like increasing the number of employees or improving the volume of operations. Social economy entities can also scale their social impact – meaning that they can produce a significant effect on a societal problem on a larger scale. They can pursue two different (but not mutually exclusive) approaches (OECD/EC, 2016[4]). They can scale:

- *widely,* by reaching a greater number of users or beneficiaries than would be helped by organisational growth, or
- *deeply,* by diversifying their activities to address emerging needs at the local level or tackling the same needs from multiple angles.

Social impact measurement provides the much-needed evidence to inform these different scaling strategies. Both approaches translate into expanding, replicating and adapting innovative ideas, organisational structures and processes. They can also mean entering into new and strategic partnerships with public and private stakeholders, and sharing knowledge. Each social impact measurement cycle offers a check-in opportunity to understand the effectiveness of these scaling strategies. Since operating in a larger service area may not necessarily translate into greater social change, impact data provide a clearer picture of the outcomes deriving from the chosen strategies.

Here again, stakeholder engagement can be particularly useful in assessing the effectiveness of scaling strategies. Scaling can often entail serving or working with a higher number of people, launching new partnerships and engaging with stakeholders from more diverse contexts. Integrating stakeholder opinions systematically in the impact measurement and management practices helps social economy entities understand how this increased interaction with stakeholders leads to social change.

Internationalisation

Social economy entities are increasingly internationalising their presence to deliver their social mission on a wider scale, combining strategies to grow organisationally with strategies to scale social impact. They may engage in international activities to respond to shocks and crises, or to seize new opportunities. They may also use internationalisation as a way to generate direct social impact for a larger group or geographic area – or to improve access to resources (such as technology and funding) in order to strengthen their impact on the same target group. Both motivations require informed decisions based on impact evidence, which in turn necessitates a formalised narrative of change, data collection and analysis.

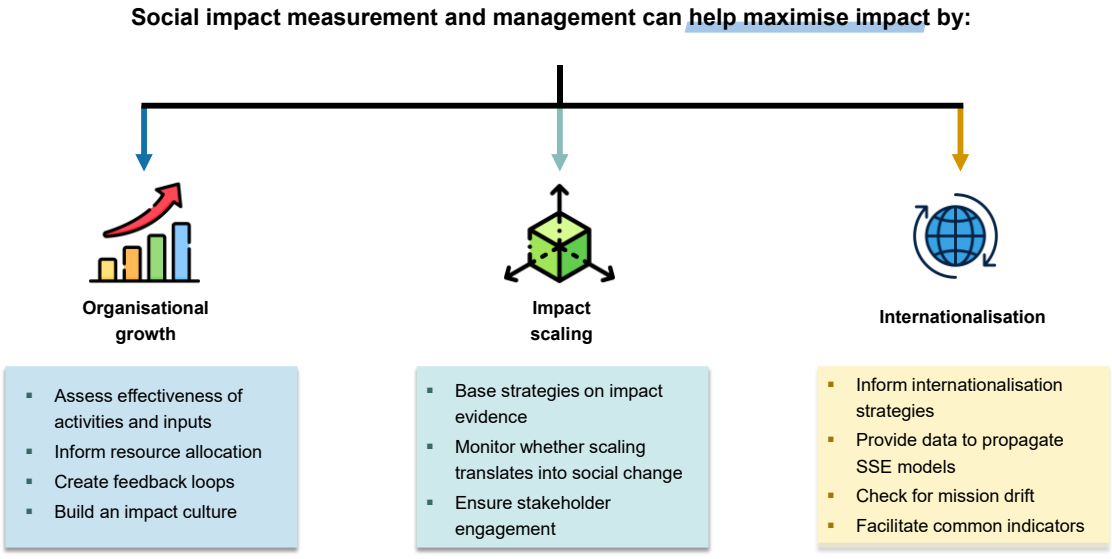
Higher engagement by social economy entities in the flow of goods and services, investments and intangible assets (such as specific know-how, branding, data and licences) can propagate the social economy culture internationally, making value chains more inclusive and sustainable (OECD, 2023[5]). Indeed, scaling up their international operations can help disseminate social economy models, influencing the way work and people are organised to deliver goods and services globally (Bloom and Chatterji, 2009[6]).

Social economy entities that increase their international presence may face concerns over mission drift, as the trade-off between social and financial objectives may be tilted. Balancing these two objectives requires careful consideration. Impact management produces an internal learning culture, which allows weighing the pros and cons of strategic decisions transparently. Instituting social impact measurement and management within organisational processes, therefore, can inform growth strategies and integrate mission-driven values in corporate decision-making.

However, measuring social impact across multiple geographies may prove difficult. Some impact indicators may be more relevant to specific country contexts and less so in others. Efforts to converge towards an established and standardised system of impact metrics and indicators can help address this variation in impact measurement across countries. Such a standardised system would also significantly bolster data-collection efforts on the aggregate social impact of social economy entities worldwide.

In summary, social impact evidence will underpin the definition of social economy entities' impact maximisation strategy, whether through organisational growth, impact scaling or internationalisation (see Figure 5.1). Basing social economy entities' organisational decision-making on impact evidence helps direct their mission of facilitating social value creation at every step of their organisational development and growth. The core characteristics of social economy entities, which set them apart from conventional enterprises, provide the guiding framework for making the most of impact measurement and management.

Figure 5.1. Measuring and managing to maximise social impact



Source: OECD.

Six guiding principles co-constructed with the social economy

Growing calls to demonstrate impact have been coupled with efforts to mainstream the way impact is measured, managed and reported. These are often driven by the urgent need to exploit credible, aggregate evidence on the impact of the social economy in an accurate and transparent manner. Social economy entities differ widely from one another, not only in terms of legal forms, but also in terms of the societal problems addressed, the stakeholders reached and the specific context of their intervention. Given this diversity and richness of the social economy, it is not feasible – nor desirable – to impose a one-size-fits-all solution (OECD, 2021[7]). Instituting a guiding set of principles helps social economy entities make the most of their social impact measurement and management processes.

Like conventional enterprises, social economy entities differ in terms of maturity, size or areas of activity. These differences become important when choosing a particular method to measure and manage impact. A large entity operating in more than one area may require multiple social impact measurement and management frameworks to better reflect the situation in each particular sector. A smaller entity with fewer resources may start with small steps and use simpler methods to demonstrate its contribution to society. As social economy entities grow larger or expand into new areas or markets, they will need to revisit and change their methods of data collection and impact monitoring and reporting. The impact measurement principles should reflect this flexibility and multiplicity, both over time and across different levels of the organisation.

A principle-based approach could facilitate voluntary uptake by social economy entities and open the way for a progressive convergence of social impact measurement and management practices. Different approaches to impact measurement and management exist, not only across different organisations but also within them, at the programme and project levels. The principles help establish the main considerations when conducting social impact measurement and management, but do not overwhelm social economy entities by introducing overly rigorous requirements that will weigh down their processes.

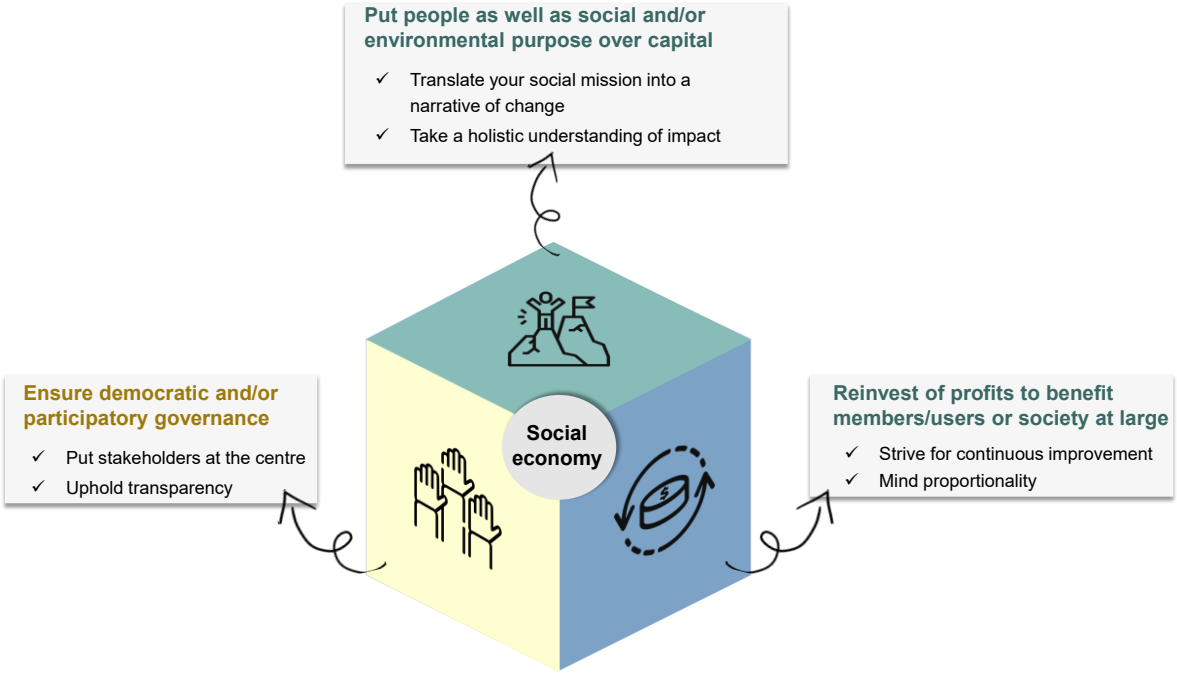
Jointly with social economy representatives, the OECD has steered the elaboration of guiding principles on social impact measurement and management (Infographic 5.1). These principles offer flexible guidance without introducing new standards. They build on the available international guidance[1] and were co-constructed through extensive dialogue with representatives from the social economy who are actively engaged in social impact measurement, as well as experts in social impact measurement with significant experience in the social economy.[2] The principles identify core notions of social impact measurement and management, amplifying the perspective of the social economy in the debate. While they are centred on the characteristics and needs of the social economy, they are also aligned with the existing guidance on social impact measurement and management.[3]

Infographic 5.1. Guiding principles for social impact maximisation in the social economy

Source: OECD.

The guiding principles on social impact measurement and management are aligned with the three main characteristics of the social economy: 1) primacy of people, as well as social and/or environmental purpose, over capital; 2) democratic and/or participatory governance; and 3) reinvestment of profits to benefit members/users or society at large (see Figure 5.2). Understanding whether it has achieved its social mission is a priority for any social economy entity, which is why guidance on social impact measurement and management needs to correspond to one or more of its core attributes.

Figure 5.2. Guiding principles and main characteristics of the social economy



Source: Authors' elaboration, based on (OECD, 2023[8]).

When social impact measurement and management abides by the principles above, it can help inform the social economy's scaling strategies for impact maximisation.

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Notes

[1] A thorough review of available guidance was followed by consultations with experts to understand what is specific to social economy entities when it comes to social impact measurement and management. The reviewed principles and standards include the "Proposed approaches to social impact measurement in European Commission legislation and in practice relating to EuSEF and the EaSI" (GECES sub-group on impact measurement, 2014[16]), the UNDP's "SDG Impact Standards for Enterprises" (UNDP, n.d.[13]), Social Value International's "Principles of Social Value" (Social Value International, n.d.[10]), the "OECD-UNDP Impact Standards for Financing Sustainable Development" (OECD/UNDP, 2021[9]), OECD/Development Assistance Committee's principles on "Managing for Sustainable Development Results" (OECD/DAC, 2019[12]), the "Operating Principles for Impact Management" (Operating Principles for Impact Management, n.d.[11]), "Principles for Responsible Banking" by the United Nations Environmental Programme Finance Initiative (UNEP FI) (n.d.[14]), the "Principles for Positive Impact Finance" (UNEP FI, 2017[17]), "The Ten Principles of the UN Global Compact" (UN Global Compact, n.d.[18]), the "Equator Principles" (Equator Principles, 2020[24]), "Guidelines on Outcomes Management for Financial Service Providers" (Social Performance Task Force, n.d.[19]), "Principles for Responsible Financing of Sustainable Development" (EDFI, 2019[23]), the "International Association for Impact Assessment Principles Specific to SIA Practice" (International Association for Impact Assessment, 2003[15]), the "Principles for Responsible Investment" (UN PRI, n.d.[20]), the "Australian Government

Principles for Social Impact Investing" (Australian Government Treasury, n.d.[21]) and "Impact Measurement Principles for Entrepreneurship Support" (IMPES) (Frontiers Lab Asia, n.d.[22]).

[2] These principles emerged from extensive consultations with experts on social impact measurement and management, and representatives from social economy entities and networks that engage in social impact measurement practices. An international expert workshop was organised on 27 November 2023 to co-construct a guiding set of principles on social impact measurement and management. In addition to international experts, the organisations consulted included ACT Grupa; Aiccon; Ashoka; Avise; Banca Popolare Etica; Beka Finance; Cases Portugal; CECOP; Centre of Expertise for Social Enterprises in Finland; CIRIEC International; Collaboration Ireland; Common Approach; ConcertES; Cooperative Development Portal of Poland; Department for Digital, Culture, Media and Sport of the United Kingdom; ENSIE; Erste Group; Euricse; the European Commission; the European Platform for Rehabilitation; the Federal Ministry of Social Affairs, Health, Care and Consumer Protection of Austria; Fundación ONCE; Giving Evidence; Impact Track; Innoviris; the Institute for Economic Research in Slovenia; the Institute for the Development of Social Responsibility in Slovenia; LUT University; the Ministry of Economic Affairs and Climate Policy of the Netherlands; the Ministry of Family, Labour and Social Policy of Poland; the Ministry of Labour of Luxembourg; Ohio University; the Panhellenic Confederation of Unions of Social and Solidarity Economy; Reach for Change; Rethink Ireland; Social Entrepreneurship Network Austria; Social Impact Ireland; Social Innovation Portugal; Social Value; Sopact; Spain NAB; Statistics Poland; STŘEP; Triangle Consulting; Universidad Pontificia Comillas; Università degli Studi di Milano-Bicocca; Universitat Pompeu Fabra; Université du Québec à Montréal; UNRISD; Warwick Business School; Windesheim University of Applied Sciences; and XES.

[3] For further details, see Annex.

Annex A. Principles on social impact measurement and management for social economy aligned with existing standards

Guiding principles on social impact measurement and management for the social economy	Alignment with existing standards
Translate your social mission into a narrative of change	"Providing a clear framework to demonstrate change" is echoed in many principles and guidance, including: • "Standard 1 – Impact Strategy", from the OECD UNDP Impact Standards for Financing Sustainable Development (OECD/UNDP, 2021[1]) • "Understanding what changes", from the Principles of Social Value by Social Value International (Social Value International, n.d.[2]) • "Define strategic impact objective(s), consistent with the investment strategy" and "Establish the Manager's contribution to the achievement of impact" from the Operating Principles for Impact Management (Operating Principles for Impact Management[3]) • "Understand the sustainability context and map current and future potential material impacts", "Set goals in line with now integrated purpose and strategy", and "Develop impact measurement and management (IMM) framework" from the UNDP SDG Impact Standards for Enterprises (UNDP, n.d.[4]) • "Principle 2 – Impact and Target Setting", from UNEP FI's Principles for Responsible Banking (UNEP FI, n.d.[5]) • "Environmental and Social Assessment", from the Equator Principles (Equator Principles, 2020[6]) • "Support sustainable development goals and desired change" and "Develop a results system that is manageable and reliable", from the OECD's Managing for Sustainable Development Results (OECD/DAC, 2019[7]) • "Many of the social impacts of planned interventions can be predicted", from the International Principles for Social Impact Assessment by IAIA (International Association for Impact Assessment, 2003[8]).
Take a holistic understanding of impact	"Clarifying what is meant by impact and opting for a comprehensive understanding of impact" is reflect in many principles, such as: • "Standard 1 – Impact Strategy" and "Standard 2 – Impact management approach", from the OECD UNDP Impact Standards for Financing Sustainable Development (OECD/UNDP, 2021[1]) • "Assess the expected impact of each investment, based on a systematic approach" and "Assess, address, monitor, and manage potential negative impacts of each

Guiding principles on social impact measurement and management for the social economy	Alignment with existing standards
	investment", from the Operating Principles for Impact Management (Operating Principles for Impact Management[3]) • "Understanding what changes", from the Principles of Social Value by Social Value International (Social Value International, n.d.[2]) • "Understand the sustainability context and map current and future potential material impacts", from the UNDP SDG Impact Standards for Enterprises (UNDP, n.d.[4]) • "Principle 1 – Alignment", from UNEP FI's Principles for Responsible Banking (UNEP FI, n.d.[5]) • "Review and Categorisation", from the Equator Principles (Equator Principles, 2020[6]) • "Full consideration should be given to the potential mitigation measures of social and environmental impacts, even where impacted", from the International Principles for Social Impact Assessment by IAIA (International Association for Impact Assessment, 2003[8])
Put stakeholders at the centre	"Engaging stakeholders throughout the social impact measurement and management process" is highlighted in: • "Involve stakeholders", from the Principles of Social Value by Social Value International (Social Value International, n.d.[2]) • "Standard 3 – Transparency and accountability" and "Standard 4 – Governance", from the OECD UNDP Impact Standards for Financing Sustainable Development (OECD/UNDP, 2021[1]) • "Principle 3 – Clients and Customers", "Principle 4 – Stakeholders" and "Principle 6 – Transparency and Accountability", from the UNEP FI's Principles for Responsible Banking (UNEP FI, n.d.[5]) • "Stakeholder Engagement" from the Equator Principles (Equator Principles, 2020[6]) • "In all planned interventions, but especially where there are unavoidable impacts, ways to turn impacted peoples into beneficiaries" and "Local knowledge and experience and acknowledgement of different local cultural values should be incorporated in any assessment", from the International Principles for Social Impact Assessment by IAIA (International Association for Impact Assessment, 2003[8])
Mind proportionality	"Letting the benefits from social impact measurement and management not exceed their cost mentioned in many principles, including: • "Value the things that matter", "Only include what is material", from the Principles of Social Value by Social Value International (Social Value International, n.d.[2]) • "There should be a focus on socially sustainable development, with SIA contributing to the determination of best development alternative(s) – SIA (and EIA) have more to offer than just being an arbiter between economic benefit and social cost", from the International Principles for Social Impact Assessment by IAIA (International Association for Impact Assessment, 2003[8]) • "Manage strategic impact on a portfolio basis" and "Conduct exits considering the effect on sustainable impact", from the Operating Principles for Impact Management (Operating Principles for Impact Management[3])
Uphold transparency	"Clearly demonstrating what is and what is not being measured" is echoed in available guidance, such as:

Guiding principles on social impact measurement and management for the social economy	Alignment with existing standards
	• "Standard 3 – Transparency and Accountability", from the OECD UNDP Impact Standards for Financing Sustainable Development (OECD/UNDP, 2021[1]) • "Be transparent", "Do not overclaim", and "Verify the result", from the Principles of Social Value by Social Value International (Social Value International, n.d.[2]) • "Disclose how sustainability and the SDGs are integrated into decision-making, and report on performance", from the UNDP SDG Impact Standards for Enterprises (UNDP, n.d.[4]) • "Monitor the progress of each investment in achieving impact against expectations and respond appropriately" and "Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment", from the Operating Principles for Impact Management (Operating Principles for Impact Management[3]) • "Principle 6 –Transparency and Accountability", from UNEP FI's Principles for Responsible Banking (UNEP FI, n.d.[5]) • "Independent Review", "Independent Monitoring and Reporting" and "Reporting and Transparency", from the Equator Principles (Equator Principles, 2020[6]) • "Enhance country ownership, mutual accountability and transparency", from the OECD's Managing for Sustainable Development Results (OECD/DAC, 2019[7])
Strive for continuous improvement	"Integrating social impact measurement and management within organisational decision-making and building an impact culture" is highlighted in: • "Standard 2 – Impact Management Approach" and "Standard 4 – Governance", from the OECD UNDP Impact Standards for Financing Sustainable Development (OECD/UNDP, 2021[1]) • "Review, document, and improve decisions and processes based on the achievement of impact and lessons learned", from the Operating Principles for Impact Management (Operating Principles for Impact Management[3]) • "Be responsive", from the Principles of Social Value by Social Value International (Social Value International, n.d.[2]) • "Adjust strategy and goals as needed to optimise impact", "Align culture, structure, and skills with purpose and strategy", "Integrate IMM framework into management systems and decision-making", "Embed continuous improvement", "Integrate sustainability, the SDGs and managing for impact into governance framework" and "Ensure governing body leads by example", from the UNDP SDG Impact Standards for Enterprises (UNDP, n.d.[4]) • "Principle 5 – Governance and Culture", from UNEP FI's Principles for Responsible Banking (UNEP FI, n.d.[5]) • "Environmental and Social Management System and Equator Principles Action Plan", from the Equator Principles (Equator Principles, 2020[6]) • "Maximise the use of results information for learning and decision-making" and "Foster a culture of results and learning", from the OECD's Managing for Sustainable Development Results (OECD/DAC, 2019[7])

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Local Economic and Employment Development (LEED)

Measure, Manage and Maximise Your Impact

A GUIDE FOR THE SOCIAL ECONOMY

Social impact measurement and management is a particularly helpful practice for social economy entities to understand their contribution to society and potentially improve the achievement of their mission. Impact areas that are particularly important for the social economy, such as economic prosperity and employment, social inclusion and well-being and community, are often the hardest to translate into quantitative metrics. Current social impact measurement and management practices are largely shaped by funders and for-profits with limited focus on the social economy. This guide offers a simple, straightforward approach for social economy entities to measure, manage and ultimately maximise their impact, and to prioritise the use of findings for strategic organisational learning and improvement.

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