

Dr Gianni Zappalà

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How did you get into this field of measuring impact in the social sector?

I was an academic working in the field of labour market and employment studies and was looking to apply the research skills and knowledge I had in the non-profit sector. This coincided with The Smith Family embarking on their change journey from charity to social enterprise in 1999, which involved establishing a research and advocacy team, which I joined.

Part of my responsibility was to evaluate many of their longstanding programs to assist their transition to becoming an evidence-based organisation with a stronger policy influence. This required developing a framework that could be applied throughout the organisation. It was challenging as The Smith Family had been around for 80 years and had undertaken little to no evaluation.

By the time I left, three years later, I was happy that a culture shift had occurred, with an evaluation framework in place that people understood and valued, in terms of program design and modification. I then continued doing program design and impact assessment work with not-for-profits and corporations through Orfeus Research and more recently with the Centre for Social Impact.

Does the view that 99% of donations should go to the work on the ground, rather than a portion to research or evaluation, still make it hard for non-profit organisations to undertake this work?

There is a greater appreciation among funders now of the importance of evaluation, but it's not widespread. The Westpac Foundation is one of the few philanthropic funders to ensure

that non-profits factor into their project budgets and plans an amount allocated to evaluation. We also provide non-financial support in the form of internal workshops that we run for our grantees on social impact assessment and evaluation frameworks. We want the organisations we support to be aware of the main issues, frameworks and tools in evaluation, so they are in a position to do it themselves if they have the internal capacity or to facilitate engaging an external consultant to assist them. We've also funded external consultants to work with our grantees to help them undertake their own evaluations and impact assessments.

It's not just financial resources that are needed, people and time must be allocated to do this work. Particularly in small non-profits, if people are doing evaluation it does take them away from their day-to-day jobs. So if funders are expecting evaluation to take place, they need to fund them to buy in experts or employ an additional resource to do it.

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The other resource we need is a culture change. Organisations need to appreciate the value of doing this work and allocate resources to it. No-one questions the need to appoint an accountant to manage the finances of an organisation – we need a similar mentality with respect to employing a ‘social accountant’, to document and manage an organisation’s social impact.

What’s it going to take to achieve this culture shift?

The organisations themselves need to see the merit of doing this work and see it as an important and valuable internal process and not just something imposed on them. Many of the newer social enterprises recognise that value. Government and philanthropy can play an important role in terms of support with funding and capacity building. Then you have organisations like the Centre for Social Impact that provide education, training and assistance to those undertaking social impact assessments.

Can we learn much from social impact work done overseas?

Yes, we can learn from the UK’s recent experience where the government has played a key role in the promotion of Social Return on Investment (SROI). A valuable lesson from the US experience is that organisations don’t have to do this alone,

that there is value in collaborating and sharing measurement systems across organisations. A very good study was done recently by Mark Kramer and his colleagues* looking at different ways that organisations can collaborate and share in terms of social impact assessment, such as the use of online platforms.

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One of the things we've found at the Westpac Foundation is that it can be more effective to undertake training in clusters, working with groups of organisations that want to implement a particular type of framework, getting them to go through that process together and use each other as critical friends and sounding-boards. They tell us this is one of the most valuable things, the opportunity to network and exchange information. Funders could play a bigger role in encouraging and facilitating collaboration in social impact assessment.

Can you explain how SROI differs from social accounting?

I prefer to speak of approaches to social impact assessment and then within these approaches delineate between frameworks and methodologies or tools. Social Accounting and Logframe, for example, are frameworks because they don't prescribe a particular type of indicator or method, whether quantitative or qualitative. Rather they offer a template or process which organisations can follow and are quite flexible in terms of the type of indicators and data that can be used.

SROI, on the other hand, is more a tool or method in that the end result or SROI ratio compares the social value generated in monetary terms from a particular program for every dollar of investment or input required to run a program. So the SROI method is premised on placing a financial proxy on outcomes.

This is easier to do for some, such as the value of a new job, compared to say an improvement in self-esteem, or an outcome that involves the creation of cultural or artistic value. And then one needs to adjust the analysis for factors like what would have happened anyway, whether the program displaced other activity, whether certain outcomes would have happened in any case and how long they will generally last.

Does the type of organisation – not-for-profit, charity or social enterprise – need to be taken into account when designing the impact measurement?

I think the critical point is that the type of social impact assessment should be contingent on the type of program an organisation is running. It doesn't make sense for all types of organisations to measure long term impacts if what they're doing is relatively straightforward, and what's more important

is to get better understanding of the outputs and perhaps outcomes they are achieving in the short to medium term.

Small organisations in particular should think carefully before embarking on sophisticated impact studies. Larger organisations with greater resources, capacity and programs that are focused on systemic change should be thinking seriously about frameworks that enable them to track longer term outcomes and impact.

What do you think of the argument that overemphasis on impact makes funders risk averse?

There is something to that argument as innovative approaches to social problems often don't have the evidence to confirm or predict their success. If you say we'll only fund something where there is a strong evidence-base, then you're not going to fund anything new and untested in the social field. But if you can go to a funder and say I've got this great new idea for addressing a particular social problem and this is the way I'm planning to assess its impact you can at least demonstrate that you are thinking about the right issues and asking the right questions. This is where predictive (as opposed to evaluative) SROIs can play a valuable role.

Is there a difference between evaluation and social impact assessment?

Social impact frameworks clearly borrow from the field of evaluation and share aspects with particular types of approaches to evaluating programs. Social impact assessment is generally focused on capturing longer term changes that have come about as a result of a particular program or intervention whereas evaluation can be more short term in focus.

A key difference has been the tendency for traditional evaluation of social programs to want to aim for the 'gold standard', namely randomised control trials, which is the dominant approach in medical and health research. This has its place but there are a range of difficulties in wanting to emulate this in the social field: ethical, practical, cost, complexity of interventions and so on.

Not all approaches to social impact assessment require this 'gold standard', which is why I called the inaugural course I'll be teaching at the Centre for Social Impact this summer, demonstrating social impact rather than measuring social impact. It's about the underlying principles and approaches that can enable organisations to demonstrate the impact they're having, without necessarily having to provide the kind of data and evidence that is required in medical research. This includes principles such as stakeholder engagement, which is fundamental across all steps in a social impact assessment process (scope, materiality analysis, data collection, indicators and so on) verification and assurance, which are not always part of traditional evaluations. ■

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*See Further afield on page 25.