Understanding your social impact

An introduction

This fact sheet provides a basic understanding of the key concepts and is part of a suite of materials developed to support the civil construction industry in Victoria to measure and communicate their impact.

'If we want to shift the conversation from one about spend and hours to one about the outcomes that are happening for people and the flow-on effects into communities, then we are going to have to get better at measuring those outcomes.' –

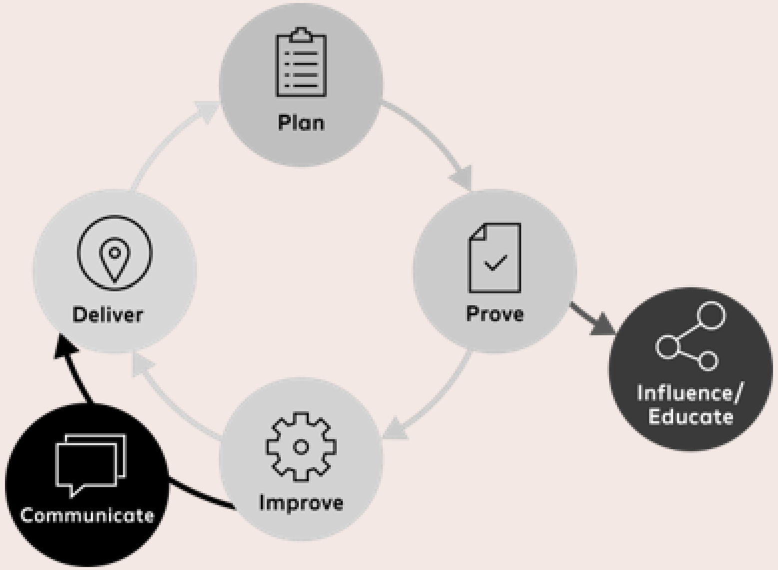
Manager in Civil Construction Industry

What is social impact?

Social impact is the effect on people, communities or the environment that happens as a result of an action, an activity, a project, a program or a policy. t can be positive or negative. It can also be intended or unintended.

Why measure your social impact?

The most common reasons to measure social impact are:



- **Planning** – if you understand the social impact you are achieving, it is easier to plan what you should be doing (and not be doing)
- **Proving –** measuring your social impact tests whether your planned activities are working to achieve what you intend.
- **Improving** – once you know what is working, and why, then you can begin to improve your impact.
- **Delivering** – measurement will ultimately lead to better delivery of social impact as continuous improvement is built into processes.
- **Influencing** –There is opportunity to educate others around what is working to improve social impact hence building capacity across civil construction
- **Communicating** – multiple stakeholders (government, communities where you operate, your employees, clients etc) will want to know about the social impact you are achieving.

Measuring social impact is not easy. There may be challenges and barriers to be overcome before social impact measurement can become established practice in your organisation.

What are the challenges of measuring social impact in civil construction?
The most common barriers are:

Terminology – if you are new to the space, there is a new set of terms that you have to learn. It can feel like learning a new language.

- To support you we have developed 'Understanding Social Impact Terminology', a glossary of the key terms and concepts around measuring social impact.

Expertise – when you are initially measuring social impact it is hard. Most organisations often lack the expertise to do it properly and don't know where to go to get assistance.

- To support you we have developed a short guide to resources and expertise.

Output focus – it is often easier to count the numbers of things that happened (for example hours spent attending training courses) rather than asking what changed as a result of those numbers being achieved.

Not enough good examples –the civil construction industry is achieving great social impact and there are examples of these on the Big Build Website, but they don't all demonstrate the diversity and innovation that exists in the industry

Resources – organisations are often time constrained so cannot resource impact measurement.

While these barriers exist, change is happening. For example, there are more freely accessible resources to support good social impact measurement and a greater focus within companies on Environmental, Social and Governance (ESG) or Sustainability Reporting meaning there is growing capability in-house. This means social impact measurement is becoming more common place.

There are four key foundational building blocks to have in place to make sure you can measure your social impact:

How

This is thinking about how you activity brings about the change i.e. your **theory of change**

What

This is thinking about what outcomes will be achieved, and for whom i.e. your **outcomes framework**

Where

This is thinking about where you will collect the data from that you need to analyse i.e. **data collection**

Who

This is thinking about **who** you need to report to and how best to communicate i.e. **impact reporting**

Each of these foundational building blocks are discrete bits of thinking you have to do but they are also linked in terms of building up to a framework that allows you to better understand and communicate your impact.

Each foundational building block is laid out in more detail in short, easy to read guides on the Big Build Website

Building Block 1 – Theory of Change

'If you are trying to bring about change for people or the planet then you need a theory of change. Having one helps you to be clear on how what you are going to do will bring about the intended impact. Developing a theory of change is about making your intent explicit.'

– Ross Wyatt, Founding Director, Think Impact

How does your activity bring about change?

- When developing your theory of change you are asking yourself 'how' your activity will bring about changes for people, communities or the planet.
- In the civil construction sector these 'how' activities can include training, employment opportunities for First Nations people, subcontracting work to a social benefit supplier or other social procurement activities.
- Alongside being clearer on how your activities will bring about intended change, developing your theory of change will assist you to tell a clearer story of the change you are intending to achieve.
- In looking at the 'how', you are trying to work out the extent to which it is likely that the work you are proposing to do will help you to create your intended social impact

Step 1- Define the problem you are trying to solve and your vision for change

- The initial step in thinking about how your activity brings about change is to establish your start and end points – that is, the problem you are trying to solve or the opportunity you want to leverage –sometimes referred to the 'problem statement'- and the big picture change you want to achieve.
- By getting clear on the problem, or your starting point, you can identify if your planned activity will assist in tackling it.
- Getting clear on your end point from the outset will help ensure you know what you are working towards and test whether your activity will help you get there.

TOP TIPS

When forming your problem statement be as specific as you can be. *For example – **Ex-offenders are excluded from recruitment processes because they are judged on previous behaviour rather than current potential.***

TOP TIPS

When forming your vision, think big. Challenge yourself to imagine your ideal world in 10 years (or longer) . ***For example – civil construction is seen as a safe and welcoming workplace where ex-offenders can thrive***

Step 2- Refine your activities

- Once you are clear on the problem, then you can start to work out whether the solution you are proposing is the right answer.
- For example, if you want to open up trainee, apprenticeship or employment opportunities for people who have ex-offending backgrounds then you could explore having open employment practices.
- i.e. limit the number of barriers and questions that are asked of people prior to gaining an opportunity and instead focus on the key skills/knowledge required for the opportunity.

When designing your activities, do a mapping of the ecosystem to see who else is already operating in the space, what support is already available. Ask whether there are any gaps that you can fill

Step 3- Define your outcomes

- When you have made the clear link between the problem you are aiming to tackle and how your activity will provide a solution, you can then map out what will change for people, organisations or the planet as a result. These are the outcomes or consequences of your actions.
- When you are thinking about outcomes it is useful to have a future focus and think about who will experience the change and what change will have happened for them. The outcomes will be specific to the approach you are taking.

A formula for developing outcomes is:
Who will experience the change + what will change for them. *For example:*

- *Ex-offenders will have gained experience working as part of a team.*
- *Ex-offenders will have a mentor who can be a referee for them.*
- *Ex-offenders will have built their skills in site logistics.*

Step 4- identify how your outcomes link together

- Talking to your stakeholders can often produce a long list of outcomes. To understand what change is occurring you need understand how these outcomes link together. Some outcomes lead to other outcomes. Some might lead to multiple outcomes.
- Mapping out your outcomes into a logical pathway helps you to identify which ones are most important for measuring and the quality of the outcomes required for them to flow on to other changes.
- Seeing how each step flows logically from the one before can help you test the 'logic' of the story you are telling
- For example - Assuming that one short training course in 'safe and inclusive workplaces' will automatically lead to people changing their behaviour, the culture onsite and a reduction in reports of discriminatory behaviour.

TOP TIPS

Avoid the 'miracle leaps' but being clear about your assumptions - How can you be sure one step leads logically to the next? Are there other steps in between that you need to be clear about? How realistic is it for one step to lead to the next?

Key Lessons

Focus on impact not activity

Many organisations confuse their activities with their impact. It is easier to talk about *the things that you have done* (activities) than it is to communicate *what has changed as a result of your activities* (impact). Your audience is going to expect you to talk about your activities, just make sure they understand they are just at the starting point for creating impact.

A helpful way to test you are focused on impact is to ask yourself '*so what?*' in response to activities you have undertaken

For example - Focusing solely on the number of 'cultural safety in the workplace' workshops delivered (the activity) rather than 'increased understanding of how to create a culturally safe workplace' or 'reduction in reports of discriminatory behaviour onsite' (the desired outcomes/impact).

Understand the situation before acting

Before you can start planning for impact, you need to understand your situation – the systems you are working with, the stakeholders you are trying to benefit, what those stakeholders want and what has worked for them before. With this foundation of knowledge, you have a much better chance of designing an activity that will create the impact you are aiming for.

Building Block 2 – Outcomes Framework

> *'An outcomes framework helps you to organise your thinking. It is a tool that focuses on making sure you are collecting the right data to prove the impact you intend to achieve.'*
>
> *Suzi Young, Director, Think Impact*

What outcomes will be achieved for whom?

Once you have your theory of change in place the next step is to map what key changes are happening as a result of your activities and who is experiencing them. You don't need to capture them all, just focus on what you think are the most important changes. **This map is your outcomes framework.**

An outcomes framework is an important tool that identifies and organises the data that needs to be collected to measure and report your impact. Your outcomes framework will show the link between your activities and the impact it creates in a clear and concise way and how you will capture data to demonstrate links

An outcomes framework is composed of five main elements:

Stakeholders

Who is experiencing the change?

- Key people, organisations etc. that will experience the change. Detail who they are.

Domains

In what areas will change take place?

- Group the outcomes you identified while developing your theory of change into a few broad areas, i.e. jobs, wellbeing, community etc. Grouping your outcomes into domains of change helps to structure your outcomes framework and lets you see where the most change is occurring.

Outcomes

What has changed?

- These are the outcomes you identified whilst building your theory of change. These are the specific changes that happen as a result of your activities.

Indicators

How do we know change has occurred?

- Things that let us know the changes described in our outcomes are actually happening. They can be objective, e.g. '# of trainees successfully completing tasks after training' or subjective, e.g. 'degree to which trainees report their skills have improved'. Some outcomes have several indicators

Measures

What measure or data will be collected?

- This is the set of data you collect to measure the change in indicators. This data might be sourced from your own systems or by surveying the people who are experiencing the change. It is important that you select the right measures.

There should be a logic flow to these five elements.

<u>Sample outcomes framework</u> – this has tips for what to include and a worked example using ex-offenders as the stakeholder and inclusive employment as the domain of change

Stakeholder *Who is experiencing the change?*	**Outcome** *What has changed?*	**Indicator** *How do we know change has occurred?*	**Measure** *What measure or data will be collected?*	**Survey method** *Where will data be collected and how often?*	**Responsibility** *Who does collection and analysis?*
Be clear about who is experiencing the change **Domain** *What areas will change take place in?* Broad areas where change will take place	Outcomes expressed in past tense, for example Increased work readiness Avoid using 'and' - this generally indicates two outcomes	May be expressed as: • % • # – The number of • The extent or degree to which something has changed Consider the mix of subjective indicators and objective indicators	Measure references the specific wording of an evaluation question or a type of scale or an established method for measuring the indicator.	Identify the data source and how regularly it's measured	Identifying responsibility helps ensure measurement happens
EXAMPLE: **Stakeholder:** Ex-offenders **Domain:** Employment	Increased skills in site logistics	Number of ex-offenders trained on the job Degree to which ex-offenders report 'increased skills in site logistics'	# of ex-offenders employed and type of training received (5-point scale) '*As a result of you work with X organisation, rate the extent you agree or disagree with the following statement:* *My skills* in logistics *have improved'*	Human resources employment and training records, annually Targeted staff survey	Human resources and social impact lead

TOP TIPS

Stakeholder voice is critical

- **Measuring impact is about understanding and communicating what is changing for people, organisations, etc. Sometimes your understanding of what should be happening is different to what your stakeholders experience or what they tell you when asked.**
- **Don't assume you know what your stakeholders are experiencing even if it seems obvious to you. Instead, be curious, always ask stakeholders about what change they are experiencing. If they have a different perspective to you, seek to understand it.**
- **Ask yourself – '*what can this tell me about assumptions I may be making about my social procurement activities?***

Building Block 3 – Data Collection & Analysis

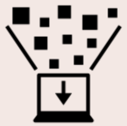
From where will you collect the data that you need to analyse?

Now that you have developed your outcomes framework you need to decide where and how you are going to collect the data to measure your impact

The identification and collection of data is a four-stage process

‘No data without stories and no stories without data. We use this key principle in our work with businesses as they seek to communicate the impact of their social procurement activity.’

Emily Synnott, Social & Sustainability Lead, ArcBlue Consulting



Data Collection

- Data can be both qualitative and quantitative. And can be grouped into multiple categories such as engagement data, feedback data and output data
- Before you embark on the collection of new data do two things: undertake an audit of your existing data collection to see how it might support you track your outcomes; and identify the questions you want answered through the data

Data Analysis

- Data analysis involves you reviewing, comparing, then interpreting your results across different survey questions, outcomes and domains of change.
- The purpose of your analysis is to increase your knowledge of what is happening and get insight into whether outcomes are being achieved (and if so, why).

Reflect and Learn

- Once you have analysed the data and gained new insight, record areas for further discussion within your organisation or for further exploration in the next data collection process
- This might involve you collecting new data to help better answer questions or stop collection data you don’t actually need

Continuous improvement

- Explore how you can apply the insights and learnings from your data analysis and reflections to inform the design and delivery of your programs and your broader approach to creating social and sustainable change

Step 1: Data Collection

Auditing your current data collection approach can also help you understand how much of your existing data you are using and what you can stop collecting. This can slim down your data collection approach.

When working with people/organisations there are **different categories of data*** that can be collected.

Stakeholder Data	• Asks whether your activities are reaching the intended group(s) • Establishes the characteristics of the beneficiaries (people, organisations or entities who are intended to experience change as a result of your activities)
Engagement Data	• Asks how effectively you are continuing to engage the intended beneficiaries of your activities • Establishes the extent, and how, beneficiaries are engaging with you through your activities
Feedback Data	• Asks what your intended beneficiaries think about your) activities • Establishes whether you are getting the reaction you want from them
Output Data	• Asks how many beneficiaries have been reached through your activities / what resources have been invested • Establishes the scale of your investment, the immediate results for beneficiaries that are happening, and can be used to track targets
Outcomes Data	• Asks how people have been influenced/changed by your activities • Establishes the contribution to impact made by your activities

There two main types of data – **quantitative** and **qualitative**.

Quantitative data	Qualitative data

• Numbers based - you can count or measure it numerically
  • Example: *number of trainees enrolled in courses*
• Collection can be straightforward as your organisation is likely to already be collecting a lot of this kind of information for management or compliance reporting
	• Language based and represents information and concepts that are not represented by numbers
	  • Example: *trainee quotes and stories about their experience*
	• Collection can be more challenging as it is less likely your company is collecting this kind of data in a form you can use.
	• There are a range of ways to collect qualitative data including through interviews, surveys, focus groups, observation, questionnaires or creative approaches such as storyboarding.

Before you being the process of data collection and analysis ask yourself three questions:

- **Audience**: Who is going to be receiving the data that has been collected? Who is going to be reviewing the insights?
- **Purpose**: What do you want the audience to do with the data analysis and insights? Is it to make decisions? To be inspired?
- **Rigour**: What level of detail do you therefore need to meet the needs of your audiences? How many data points do you have to capture?

Step 2: Data Analysis

What do you want to know from your data?

Data analysis involves you reviewing, comparing, then interpreting your results across different survey questions, outcomes and domains of change.

The purpose of your analysis is to increase your knowledge of what is happening:

- Are outcomes being achieved, and if so, why?.
- Are some outcomes not being achieved, and if so, why not?
- What can we do differently to improve your approach?

Example questions to ask when analysing outcome data

- How useful is the data in terms of tracking intended outcomes?
    - Is the data you are collecting giving you clarity about what you want to know?
- Is the data helping to answer the questions we want to know?
    - Are there any questions unanswered by the data
    - Are there any questions not fully answered by the data?
- Are you collecting data that you are not using to inform your analysis? Do you need to continue to collect that data?
- What were the response rates and what might this reveal?
    - Is the sample size large enough to feel comfortable it reflects the broader group?
    - Are the responses reflective of the different cohorts?
    - Are there any differences in findings between cohorts / sub-groups?
- What is the data telling us in terms of what outcomes were achieved?
    - Are certain stakeholders experiencing change more than others?
    - Are there any outcomes being achieved that were unintended?

TOP TIPS

Do not rush the data analysis, particularly if you are dealing with qualitative data. It is essential to spend time to move through the process and ensure that you are gaining insight from the data.

Step 3: Reflect & Learn

Once you have analysed the data and gained new insight, make sure you record areas for further discussion within your organisation or for further exploration in the next data collection process and make the appropriate changes to your process.

Useful questions to ask when reflecting on outcome data include:

- What are we learning?
- What the implications for our approach to achieving intended impact?
- What might be required to improve or do differently?

Consider the implications of new insight and learning for your theory of change and outcomes framework. They should be treated as living documents and systematically reviewed based on new data and insight.

Step 4: Continuous improvement

Finally, you need to make sure you apply the lessons learnt to your processes to improve both your future data collection and analysis and your social impact approach more broadly.

To do this effectively, consider:

- Can you involve internal stakeholders within your organisation at strategic points in your data, collection, analysis and learning process?
- How can you draw on data to inform decision-making?
- How can the data help drive the strategic direction of your organisation?

Consider the implications of new insight and learning for your theory of change and outcomes framework. They should be treated as living documents and systematically reviewed based on new data and insight.

Building Block 4 – Impact Reporting

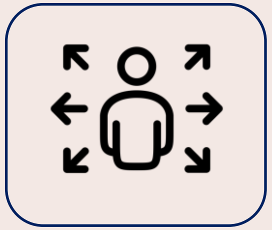
‘Impact reporting is much, much more that compliance. A great impact report can take your stakeholders on a journey as you outline what you intended to do, what you achieved and what you are going to do better in the future.’

Kevin Robbie, Managing Director, Think Impact

To whom do you need to report and how best to communicate?

Now that you have developed your outcomes framework you need to decide where and how you are going to collect the data to measure your impact

Top 3 reasons to report on impact

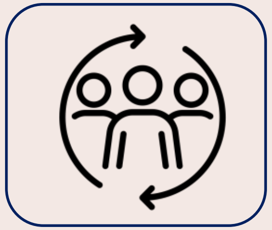


To influence and drive change

The results of data collection and any impact evaluation may reveal insights about the effectiveness of your activities, project or program that can be used to influence decision-makers to drive change.

To engage and attract new buyers/business

A well-structured and compelling impact report can be a powerful tool to demonstrate the social and environmental value of your work and attract new business or investment



To motivate and celebrate the achievements of your team/organisation

Quantifying and telling the story of the social and environmental value of your work can provide a sense of motivation and purpose to current members of your team, aiding retention, and it can incentivise and attract new talent.

Communicate impact to stakeholders in a way they will understand and focus on what will be of most interest to different audiences. E.g. Your staff may want to hear stories about how individual lives have changed; your Government client may be more interested in the scale of the change

Principles of good impact reporting

1. Explain the story of intended change:

- Start with the “problem” you wanted to solve or the “opportunity” you wanted explore – refer back to your theory of change
- Explain how you thought your activities would create positive change

2. Tell the story of what change occurred:

- Lay out the evidence, both qualitative and quantitative, that demonstrate what change has occurred.
- Talk about the outputs of your activities and provide evidence to show whether the activity made a difference
- Use case studies or quotes to bring it to life.

3. Be transparent

- Articulate any assumptions you make and how you came to your conclusions and insights

4. Outline what will happen as a result of learning

- Explain how you will use the analysis and insights to drive and influence change - an impact report should be about driving continuous improvement and influencing change.

5. Clarify how impact was assured:

- Provide rigour to the findings through getting the content of your report verified or assured e.g. Peer review
- As a minimum, you should seek to verify your results and recommendations with your key stakeholders.

TOP TIPS

The format of your impact report should be informed by your intended audience, what they need from the information and the level of detail they require. For example:

- Sections in annual reports, corporate reports or sustainability reports,
- Produce a stand-alone impact report or an impact snapshot.
- Impact evaluations or Social Return on Investment (SROI) analysis.
- Impact films to communicate impact in digital formats.