

Advice on how to choose a propriety social impact measurement system

In the last few weeks and months we have been contacted by many people for advice on **'Which proprietary social value measurement system is best?'**

In simple terms we ask people three key questions:

QUESTION ONE: Are they confident that the tool they are considering using will allow them to unequivocally show and defend that their claimed social impact meets the following basic internationally accepted rules of measurement:

1. **Additionality** – goes beyond core contract and business-as-usual contract requirements.
2. **Materiality** – means something to the communities you are claiming to have helped.
3. **Verifiability** – are based on a rigorously researched theory of change and methodology. The data on which it is based must be transparent, valid (based on validated instruments and measure what it claims to measure) and reliable (repeatable and representative of the population you are representing).
4. **Accuracy** – consider potential negative impacts and counterfactuals like deadweight (what would have happened anyway), attribution (what else could have contributed to the change), displacement (other benefits you may have pushed aside), substitution (other benefits you replaced), drop off (reduction of impacts over time) and cultural differences (in perceptions of social value).

For more information, I point people to the recent webinar with the Australasian Procurement and Construction Council (APCC) on Social Procurement where we discussed the challenges and controversies surrounding social value measurement (See **Resource 42** on our CoP website <https://www.uts.edu.au/about/faculty-design-architecture-and-building/built-environment/social-procurement-community-practice-construction-industry/resources>)

QUESTION 2: Can they confidently say YES to the following simple questions about the methodology underpinning the tool they are considering using:

1. Can you defend it with 100% confidence if you have an expert in the audience asking what validated instruments you used to measure social impacts like improvements in people's mental health, or improvements in community resilience etc.?
2. Do the measures of social value and impact mean anything to the communities which they purport to represent? Were they consulted and do they measure social value in quantitative or monetary terms using the outcomes and indicators employed by the tool?
3. Do they use internationally validated data and instruments to measure social impacts and value, based on peer reviewed research by experts in the field?
4. Are they based on reliable and valid data based on methodologically robust data which was meant to be used for the purposes it is being used for? How is the data collected? What data is collected? Where does it come from? Who is it collected by? Is the data meant to be used for this purpose? How is it analyzed to produce the social impact results? Etc.

I refer them to **Resources 33 and 34** on our CoP website <https://www.uts.edu.au/about/faculty-design-architecture-and-building/built-environment/social-procurement-community-practice-construction-industry/resources>)

QUESTION 3: Why do they need to “measure’ social impact at all? Measurement implies quantification and often monetization. Should they be “assessing” social value instead?

Measurement raises many ethical and methodological questions and can create a reductionist, myopic and simplistic mindset that can reduce innovation by forcing people into a compliance mindset which focusses only on the impacts that are being measured.

I refer everyone to the **Resource 40** on the CoP website <https://www.uts.edu.au/about/faculty-design-architecture-and-building/built-environment/social-procurement-community-practice-construction-industry/resources> which contains a letter from the UK Voluntary Community and Social Enterprise (VCSE) raising similar (and other) serious concerns about one particular social value measurement tool which the VCSE sector argues is promoting a highly simplified, standardised and commercialised approach to social value measurement and reporting which does not align with the social value which VCSE sector organisations create. If these organisations do not conform, this results in them losing opportunities to more commercially driven organisations which are prepared to gamify the system to fit into this approach.

Reducing measurement of social value to a few simple outcomes and quantifiable indicators plays into the hands of those who don't want to do the hard work. It ignores all the hard work that goes on 'behind the scenes' by those in this group of social procurement champions to innovate and excel in this emerging field that is in much need of innovation. It ignores the late-night phone calls to employers who are threatening to sack an ex-offender who hasn't turned up to work for three days, or the 'hidden' and 'immeasurable' behind-the-scenes work many of you do in keeping someone in work who has faced barriers to work which many people (including the designers of these systems) cannot possibly understand.

See **Resources 16 and 17** on the CoP website <https://www.uts.edu.au/about/faculty-design-architecture-and-building/built-environment/social-procurement-community-practice-construction-industry/resources>

These complexities and personal commitments are at the heart of the incredible hard work you all do (often in your own time and on top of your normal jobs) and grossly simplistic (and arguably disrespectful) to ignore these 'inputs' when reporting the social value you create.

We have all probably come across the many versions of this well-known quote that has been attributed to many different people over the years.

“Not everything worthwhile can be measured, and not everything that can be measured is worthwhile”

WHAT DO WE RECOMMEND?

When asked for a recommendation I simply ask people to honestly consider the above questions and ask themselves and their organizations WHY they want to 'measure' social value.

I would note that many large government clients are considering moving away from monetizing and qualifying social value in these reductionist ways. They are looking for more legitimate, rigorous and defensible ways of assessing and communicating social value which mean something to the communities which they represent.

In my view, by far the best way to measure social value and defend it with confidence is to design it in from the start of your initiatives with a rigorously researched theory of change and then work with someone along-the-way (with methodological expertise and training who understands how to do valid and reliable research) to assess it using a range of validated

quantitative and qualitative tools, working in partnership with the communities you seek to help and represent.

No off-the-shelf product does this.

There is a real danger that they all they will do is misrepresent the hard work that goes into your social procurement initiatives and present a simplistic picture of social value which probably means nothing to the people you seek to represent.

At the very worst, they inhibit innovation and allow people who don't really care about social procurement 'off-the-hook' in doing the hard yards.

Please feel free to distribute these emails to anyone you think may be interested to join our growing Community of Practice <https://www.uts.edu.au/about/faculty-design-architecture-and-building/built-environment/social-procurement-community-practice-construction-industry>

Kind regards

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