

Chapter 19

Social Impact Measurement and Management: Between Theory and Practice

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ABSTRACT

This chapter aims to contribute to the debate about performance measurement and management in the social business sector through the analysis of the critical issues that arise in the implementation of impact assessment models in social business organizations. To this aim, the social impact measurement approaches, which are suggested in the literature, are analyzed and the strengths and weaknesses of different frameworks are highlighted. Then, the critical issues that could emerge in the implementation of social impact assessment practices are identified and discussed base on the case of an Italian social enterprise working in the education field, Cometa. Finally, the paper provides some guidelines and recommendations aimed to mitigate these critical issues.

INTRODUCTION

In the last decade, relevant social problems started to afflict our communities and the worldwide financial crisis has restrained the world economy, generating problems of financial sustainability to private and public organizations (Organisation for Economic Co-operation and Development, 2014). This situation has led the need of cutting social programs (like education, health care, work benefits) to preserve financial sustainability (Karanikolos, M., Mladovsky, P., Cylus, J., Thomson, S., Basu, S., Stuckler, D., Mackenbach, & J.P. McKee, M., 2013). One of the solution that have been developed to meet these challenges is represented by social business, that has been defined as a market based arrangement whose primarily focus is on the pursuit of social and environmental objectives, however, ensuring the economic sustainability (Yunus, M., Moingeon, B., & Lehmann - Ortega, L., 2010). In this respect, social busi-

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ness is conceived as a new form of entrepreneurial initiative that joins the social purpose traditionally associated to the not for profit sector with the creation of economic value traditionally associated to for profit organizations (Wilson & Post, 2013; Alter, 2006).

This idea has attracted the attention of many different players in the economic system since there is some preliminary evidence that's social business initiatives can actually pay off, socially and financially (Wilson and Post, 2013). On the one hand, new forms of organizations with the specific aim of developing social business - i.e. the so called Social Enterprises (SEs) - emerged and grew rapidly in numbers (European Commission, 2013). On the other hand, also profit and not for profit organizations started to find a potential role in social business. The profit sector, in fact, saw the opportunity to invest in social business, as a possible way to exploit new synergies between financial and social performances and to redefine their corporate social responsibility strategies (Sinkovics, N., Sinkovics, R. R., & Yamin, M., 2014). The not for profit organizations recognized the ability of social business of dealing effectively with the social problems, being more sustainable in financial terms (Santos, 2012).

Despite the enthusiasm raised by its origin, social business initiatives still struggle to survive and grow, because they have to deal with a progressive reconfiguration that is taking place in the social business ecosystem that requires a change of mindset from the operators as well as the adoption of new managerial tools (Bengo, I., Arena, M., Azzone, G., & Calderini, M., 2016). Concerning this issue, different authors identified the poor understanding of value generated amongst the stakeholders and the rise of tensions and conflicts in meeting both the financial and the social bottom line as critical barriers to the growth of the social business sector (Nicholls, 2010a).

In order to capture this value and demonstrate the impact of social business organizations, proper performance measurement and management systems are needed (Bengo et al., 2016). Over the last two decades, several authors, have proposed different models and instruments to address this issue resulting in a considerable variety of practices that could potentially been used (Pearce & Kay, 2008). However, despite the existence of different models and despite the calls of external stakeholders for the introduction of adequate social impact measurement, most of the organizations that operate in the social business sector tend to resist to the adoption of formalized systems. The main reasons of such resistances are that social enterprises have limited human and financial resources and time constrains (Arena, M., G. Azzone, & Bengo, I., 2015), whilst the development of a performance measurement system is potentially expensive in terms of data and resources invested (Thomas, 2004). In addition, in some cases, they do not perceive the relevance and the usefulness of these instruments.

With this background, this chapter aims to contribute to the debate about performance measurement and management in the social business sector through the analysis of the critical issues that arise in the implementation of impact assessment models in social business organizations. To this aim, we first analyse the approaches that are suggested in the literature to measure performance with specific reference to social impact in social business organizations, highlighting the strengths and weaknesses of different approaches related to their implementation. Then, we present the case of an Italian social business organization, Cometa, that operates in the field of education and we outline its paths in connection to social impact measurement. Based on the case evidence, we highlight the key problems emerged in the implementation of social impact assessment practices and we discuss how these problems could be solved.

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