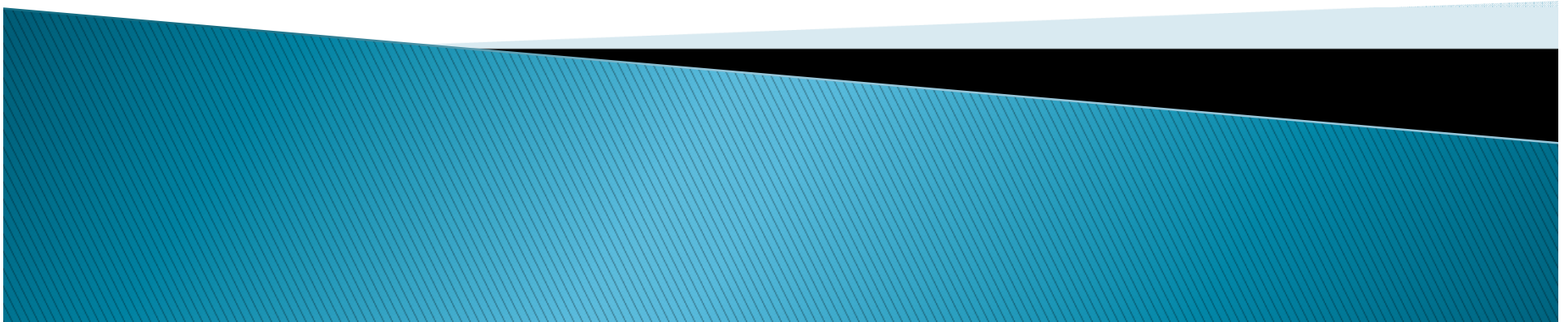


Social Value and Social Impact of Social Enterprises in Hong Kong

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Content

- ▶ Development of SE in Hong Kong
- ▶ Social impact measurement in Hong Kong
- ▶ Our study on social impact measurement (commissioned by the Home Affairs Bureau)
- ▶ Observation on social impact measurement
- ▶ Consideration of social impact measurement



Development of SE in Hong Kong

▶ 1980s–90s : Exploratory period

- Simulated business by NGOs – to provide employment opportunities (1980s)
- Setting up social enterprise to solve social problems (e.g. Senior Citizen Home Safety Association)

▶ 2000s : Government policy-oriented

- Economic downturn and increased poverty and unemployment problem
- Adopted “welfare-to-work approach” by government
- Funding schemes to support social enterprises



Development of SE in Hong Kong

- ▶ **Mid-2000s to now : Diversified development**
- ▶ Lack of financial sustainability by social enterprise led by some NGOs
- ▶ Emergence of Social entrepreneurship
 - Diversification of objectives of social enterprises
 - Business model sand social innovation
- ▶ Emergence of platform organizations
 - HKCSS-HSBC Social Enterprise Business Centre (2006 / 2008)
 - Social Ventures Hong Kong (2007)
 - Hong Kong Social Entrepreneurship Forum (2008)
 - Hong Kong General Chamber of Social Enterprises (2009)
 - The Good Lab(2012)



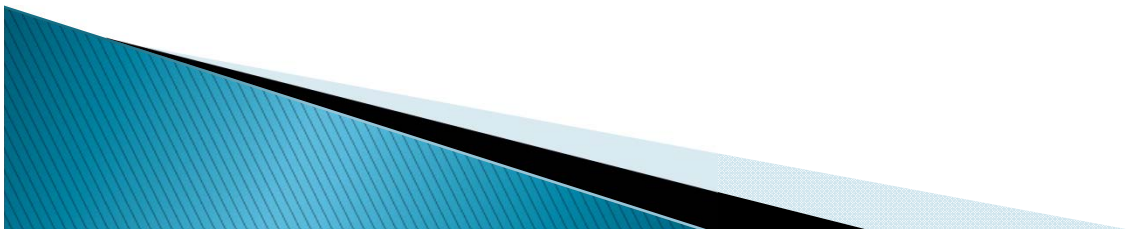
Previous studies of Social impact measurement in Hong Kong

- ▶ Various organizations have developed their own measuring methods
 - Social Impact Assessment Tool (a form of balanced scorecard designed by HKCSS–HSBC collaborate with McKinsey & Co.)
 - SROI (adopted by The Hong Kong Institute of Social Impact Analysts with the collaboration with SROI network)
 - In-house assessment tools (developed by SOW Asia Foundation collaborate with B-Lab to assess the social impact of social businesses and social enterprise)



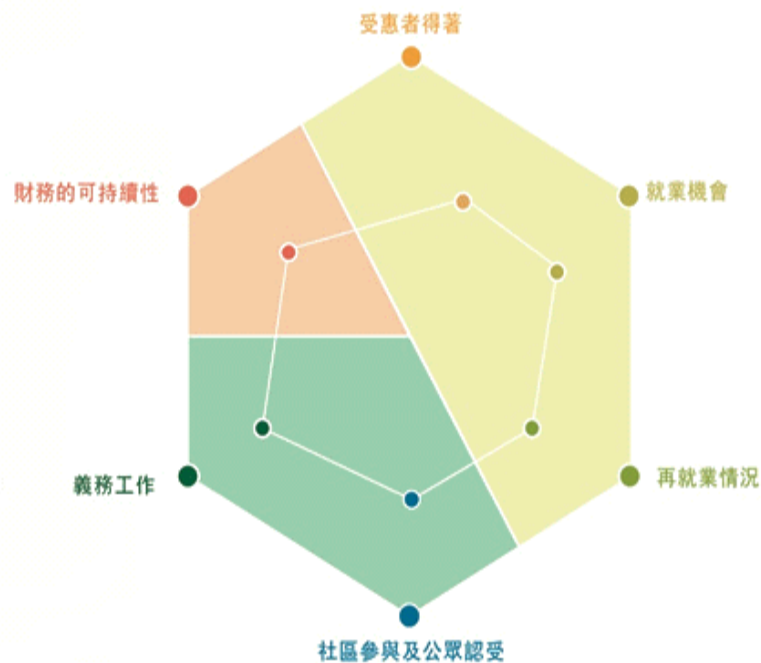
Social Impact Assessment Tool

- ▶ Designed by HKCSS–HSBC, collaborated with the McKinsey & Co.
- ▶ Balanced scorecard approach
- ▶ Categories:
 - Financial sustainability
 - Recipient benefits
 - Employment
 - Outplacement
 - Community Engagement
 - Volunteer Force



Social Impact Assessment Tool

SIAT – Social Impact Assessment Tool 社會效益評估工具



財務的可持續性 Financial Sustainability	受惠者得著 Recipient Benefits	就業機會 Employment
有足夠現金流量以應付營運開支 Ability to retain sufficient cash to pay off its expenses	受惠者的受惠領域(如培訓時數、技能及自我形象提升) Measure of tangible and intangible benefits created for the beneficiaries (Number of training hours, skill advancement and self actualization)	受聘員工數目及背景 Number of jobs created and employee profile
再就業情況 Outplacement	社區參與及公眾認受 Community Engagement	義務工作 Volunteer Force
受聘員工重投公開就業市場的能力評估(如僱員再就業數字) Assessment on the ability to return to the labour market (e.g. number of out-placed worker)	公眾對社企推廣的社會理念的支持度及參與度 Measure of increased community awareness as well as public engagement and supportiveness	參與義工數目、貢獻時數及專業知識 Volunteer involvement in terms of magnitude of volunteering force, contributing hours and expertise

Source: HKCSS-HSBC website

Social Return on Investment

- ▶ Adopted by The Hong Kong Institute of Social Impact Analysts with the collaboration with SROI network
- ▶ A form of adjusted cost–benefit analysis to measure the economic and socio–economic value creation of social enterprises



Social Return on Investment

- ▶ SROI is a framework involves reviewing the inputs, outputs, outcomes and impacts which stakeholders have experienced through the activities of social enterprise
- ▶ using monetary values to represent all relevant factors
- ▶ adopts ratio to identify the impact of social enterprises

$$\text{SROI ratio} = \frac{\text{Net present value of benefits}}{\text{Net present value of inputs (investment)}}$$

SROI ratio (Zappala & Lyons, 2009)



Social Return on Investment

▶ 7 Principles

- Involve stakeholders
- Understand what changes
- Value the things that matter
- Only include what is material
- Don't over-claim
- Be transparent
- Verify the result



Sow Asia's measurement

- ▶ B-Lab's first Asian partner to assess and certify B-Corporations in Asia.
- ▶ In-house developed SOW Card
- ▶ An impact assessment framework for measuring the scale of impact over time in an organization.



Our Study: Studies on Social Impact of Social Enterprises in Hong Kong

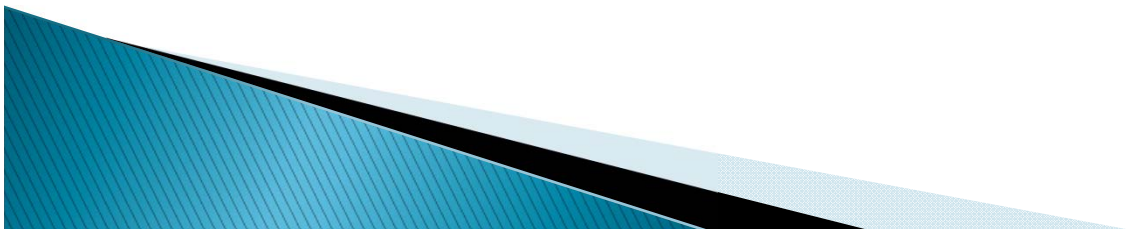
- ▶ Research objective
 - to conduct a social impact evaluation on 'WISEs'
 - To establish a framework and/or a template on evaluating WISEs
- ▶ Case study approach: Collaborated with 3 WISEs (targeting different disadvantaged groups)

	Target population for evaluation
Organization A	Disabled people
Organization B	Women
Organization C	Ethnic Minority

Research design and methodology

▶ SROI

- to analyze the economic benefits directly generated by the investments made.
- these types of outcomes will be mapped out and calculated through cost analysis and financial proxy valuations
- It is adopted in the research with some amendment to fit in the context



Research design and methodology

Six stages in SROI (Nicholls, et al, 2012)

1. *establishing scope and identifying key stakeholders*
2. *mapping outcomes*
3. *evidencing outcomes and valuation*
4. *establishing impact*
5. *calculating the SROI*
6. *reporting, using and embedding*



Social Return on Investment – The Impact Map for the worked example

Organisation	Wheels-to-Meals	
Objectives	Provide luncheon club for 30 elderly local residents with additional health and social benefits by bringing residents to meals	
Scope	Activity	30 places for eligible elderly and/or disabled local residents 5 days a week, 50 weeks of the year
	Contract/Funding/Part of organisation	Local Authority Grant

Stage 1 →		Stage 2 →			
Stakeholders	Intended/unintended changes	Inputs		Outputs	The Outcomes
		Description	Value £		Description
Who do we have an effect on? Who has an effect on us?	What do you think will change for them?	What do they invest?		Summary of activity in numbers	How would you describe the change?
elderly / disabled residents	residents use health services less	time	£0	luncheon club: – group activities (board games, craft, mild/therapeutic exercise, info and awareness sessions)	the mild/therapeutic group exercise sessions made residents fitter, they had fewer falls and ended up in hospital less
	residents get out of the house more				the nurse led group sessions helped residents manage their health and symptoms better and they were healthier
					residents made new friends and spent more time with others through the group activities
					residents had nutritious meals with 3 (out of) 5-a-day and they were healthier

(continues on the next page)

		Name	
		Date	
	Objective of Activity	Time Period	1 year (2010)
	Purpose of Analysis	Forecast or Evaluation	Forecast

Stage 3**The Outcomes (what changes)**

Indicator	Source	Quantity	Duration	Financial proxy	Value £	Source
How would you measure it?	Where did you get the information from?	How much change was there?	How long does it last?	What proxy would you use to value the change?	What is the value of the change?	Where did you get the information from?
fewer falls and associated hospital admissions/stays annually	oneoff research	7	1 year	accident&emergency	£94.00	NHS cost book 07/08
			1 year	geriatric assessment inpatient	£4,964.00	
			1 year	geriatric continuing care-Inpatient (average 5 wks x £1,444)	£7,220.00	
fewer visits to the doctor annually (appointments) and residents report improvement in physical health	questionnaire and interviews	90	5 years	consultation with doctor	£19.00	NHS cost book 2006
new clubs/group activities joined during year and residents report an increase in personal wellbeing/feeling less isolated	questionnaire	16	1 year	average annual membership/cost	£48.25	current average costs of bus trips, bingo and craft clubs
fewer District Nurse visits and residents reporting increased physical activity of 3 hours or more a week	questionnaire	14	2 years	District Nurse visits	£34.00	NHS cost book 07/08

Social Return on Investment – The Impact Map for the worked example (continued from previous page)

Organisation	Wheels-to-Meals	
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Stage 1 duplicate	Stage 2 duplicate	Stage 4			
Stakeholders	The outcomes	Deadweight	Attribution	Drop Off	Impact
	Description	%	%	%	
Groups of people that change as a result of the activity	How would you describe the change?	What would have happened without the activity?	Who else contributed to the change?	Does the outcome drop off in future years?	Quantity times financial proxy, less deadweight, displacement and attribution
elderly / disabled residents	the mild/therapeutic group exercise sessions made residents fitter, they had fewer falls and ended up in hospital less	0%	5%	50%	£625.10
					£33,010.60
					£48,013.00
	the nurse led group sessions helped residents manage their health and symptoms better and they were healthier	0%	10%	10%	£1,539.00
	residents made new friends and spent more time with others through the group activities	10%	35%	0%	£451.62
	residents had nutritious meals with 3 (out of) 5-a-day and they were healthier	100%	0%	0%	£0.00



		Name	
		Date	
Objective of Activity		Time Period	1 year (2010)
Purpose of Analysis		Forecast or Evaluation	Forecast

Stage 5 					
Calculating Social Return					
	Discount rate (%)		3.5%		
	Year 1 (after activity)	Year 2	Year 3	Year 4	Year 5
	£625.10	£0.00	£0.00	£0.00	£0.00
	£33,010.60	£0.00	£0.00	£0.00	£0.00
	£48,013.00	£0.00	£0.00	£0.00	£0.00
	£1,539.00	£1,385.10	£1,246.59	£1,121.93	£1,009.74
	£451.62	£0.00	£0.00	£0.00	£0.00

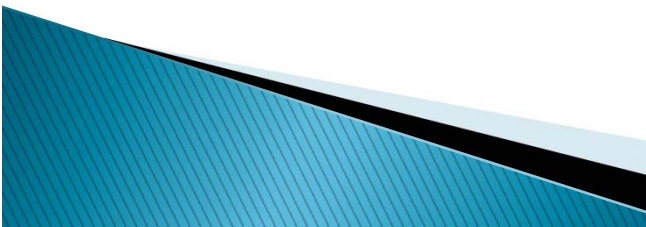
Research design and methodology

- ▶ In-depth interviews with stakeholders
 - Measuring non-monetary or difficult-to-quantify impacts, e.g. social integration or civic participation, etc.
 - Referred as the *structural* and *processual domains* in this study.



Conceptual issue: social impact

- Identified 3 Levels and 4 dimensions of social impact of WISE



Observation on social impact measurement

- ▶ Necessary to conduct for both internally and externally
 - Internally
 - Understand what they have achieved (Bagnoli and Megali, 2011)
 - Help to setup strategies for better operation (DTI, 2002)
 - Externally
 - Responsible for both funders and government (Leat, 2006; Greene, 2002; Clifford, Markey and Malpani, 2013)
 - Organization legitimacy (Lyon & Arvidson, 2011)



Considerations of impact measurement (Hong Kong context)

- ▶ Need extra resources to conduct
 - Most SEs are still tackling financial sustainability
 - Over 70 % of SEs can only reach balance or even record deficit (Chan and Lai, 2013)
- ▶ Be aware of data collection
 - Many hidden costs and cross subsidies in NGO-led SEs (especially when adopting SROI)
 - Not easy to quantify social value and social impact
 - Social inclusion
 - Social empowerment



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Thank you!

