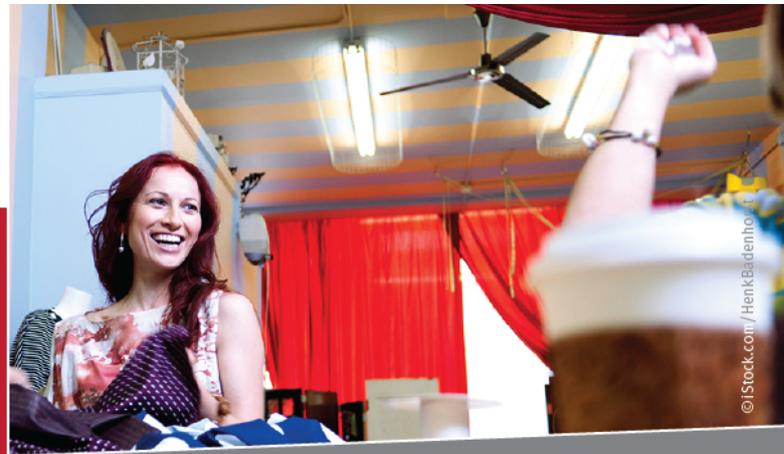




# SOCIAL ENTERPRISE EVALUATION APPROACHES

Social Enterprise Impact Lab (SEIL) Research Team



CSI Swinburne SEIL Factsheet No.3.

## FOCUS ON WHAT FITS YOUR NEEDS

When considering how to approach a social enterprise (SE) evaluation, it's tempting to try and seek answers about what kind of approach is best. While there is no single 'best' approach, different evaluation approaches will suit different needs. Involving the relevant people and understanding your needs will help you find the most fitting evaluation approach.<sup>1,2</sup>

### Numbers and narratives

Quantitative evaluation approaches that collect numerical data can provide a broad sense of outcomes. For example, an employment-focused social enterprise might want to know what proportion of people gain ongoing employment through their involvement with the SE. Qualitative approaches such as interviews can help tell a deeper story. For example, people might describe the differences employment has made in their lives. As social enterprises need to account for both financial and social performance, SE evaluation can often require multiple types of measures, both quantitative and qualitative.<sup>3</sup>

## EXAMPLES OF DIFFERENT EVALUATION APPROACHES

A recent systematic review found more than a dozen different frameworks and approaches to SE evaluations cited – most were focused on either impact assessment (summative outcome evaluation) or performance measurement (ongoing performance evaluation).<sup>4</sup> Two diverse examples are below.

### Program Logic / Theory of Change

One advantage of this approach is that the evaluation design is based on the SE Theory of Change, so the outcome measures should be a good fit with the stated social mission. The disadvantage is that outcome measures are not likely to be very comparable from one SE to another. Given the wide variety in SEs, and that demonstrating legitimacy rather than internal improvement is often the core focus, there is a case for fewer indicators that can be used across multiple SEs rather than each SE developing their own set of unique indicators.<sup>2</sup>

### Social Return on Investment (SROI)

SROI considers the costs and benefits of an SE, and aims to enable comparison of social value creation by assigning proxy financial values to the social outcomes achieved.<sup>5</sup> Potential strengths of SROI include considering costs in evaluating SE performance and outcomes, and expression of direct economic value such as increased income for participants of an SE.

Critiques of SROI approaches question the validity of measuring social impacts in financial terms, and the true comparability of measures where different metrics and approaches to monetising are being used.<sup>6,7</sup>

Developing a fitting evaluation approach requires engagement. It is less about finding and adopting the (imagined) one right measure, method or tool; and more about involving the relevant stakeholders in decision-making, defining the evaluation purposes and scope, and selecting an appropriate range of indicators that will measure what matters most.<sup>1</sup>

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### Key resources

- [The Compass: Your guide to social impact measurement](#)

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