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# Social Impact Assessment

## Glossary and References

### Glossary:

**Economic**: Having to do with the impacts of a financial nature beyond those related directly to the operation of the business or organization (e.g. profit/losses). An example is economic wealth creation through offering more jobs.

**Environmental**: Having to do with the natural environment, meaning living organisms and natural resources.

**Financial**: Having to do with the monetary transactions directly involved in the running of the business or organization. These include the traditional performance measurements such as revenue, profits, earnings per share, etc.

**Impact**: Refers to the portion of the total outcome that happened as a result of the activity of the venture, above and beyond what would have happened anyway. In social science, one needs what is called a "counterfactual" to compare the experimental state with the current state in order to discern the effect of the dependent variable from all other factors that could be causing a change. Impacts may be negative, undesirable or unintended, as well as the converse.

**Impact Value Chain**: The Impact Value Chain is a tool that illustrates *how* the venture's activities lead to the venture's ultimate desired outcome and impact. The Impact Value Chain builds on your Theory of Change by articulating the relationship between the ventures activities, outputs, outcomes, and impact.

**Inputs**: The resources used to operate the organization or activity, such as money, people, facilities, and equipment.

**IRIS:** The Impact Reporting & Investment Standards, or IRIS, is a common framework for describing the social and environmental performance of an organization. IRIS provides a library of indicators, with standard definitions, that enable comparison and communication across the breadth of organizations that have social or environmental impact as a primary driver. IRIS indicators span an array of performance objectives and include specialized metrics for a range of sectors including financial services, agriculture, and energy. Additional information can be found on this website: http://iris.thegiin.org/

**Leading Indicators:** See definition for social impact indicators.

**Outcomes**: The ultimate changes one is trying to make in society, as well as the intended and unintended side effects of the business. For a foam company, for example, outcomes could include the emissions avoided and water not consumed as a result of the reduced amount of chemicals used to produce foam, the related cost savings to the company, and the carbon emitted as a result of additional energy consumed in recycling. Outcomes are always expressed as a change, an increase or a decrease of some factor. Often the venture is not capable of measuring changes in outcomes but has some idea about the outcomes it desires (its social benefits).

**Outputs**: A measurable unit of production created by the activities of a business or organization. This can be a good or service delivered, for example the number of people trained, or a by-product. Outputs are operational variables that correlate with the ultimate desired social outcome of the venture.

**Proxy**: A metric or statistic used in social science surveys and other research as an approximation of a desired measure that is infeasible or inconvenient to obtain.

**Social**: Having to do with society, meaning human beings and/or the community. Often "social" is used to mean any or all non-financial impacts including environmental and economic.

**Social Impact Indicators**: Social impact indicators are specific operational outputs that a venture can measure to ascertain whether it is on track to meeting their social benefit objectives. A social impact indicator marks the difference between something that's easy to count but unrelated to actual impact, and something that's both countable and is in fact a valid proxy for impact. They are very similar to financial indicators that all ventures measure to track financial performance; however, social indicators relate to social performance, though some may be the exact same indicators as those for financial success.

**Social Return**: The monetized impact, minus costs, of an intervention, program, organization, or company.

**Social Value Proposition**: A social value proposition is a statement that describes the unique benefit that the venture creates for society.

**Stakeholder**: Any person, group, or organization that can place a claim on an organization's attention, resources, or output, or is affected by that output. The natural environment is typically also considered a stakeholder, though it may not actually be able to place a claim.

**Sustainable**: Having to do with the longevity of an organization. In general, a sustainable business model is one where the organization is constantly learning and improving, does the least harm possible by curtailing its environmental impact, treats all people it touches equitably, and produces profit through a positive, lasting economic impact.

**Theory of Change (TOC)**: A tool for developing solutions to complex social problems. A basic TOC explains how a group of early and intermediate accomplishments sets the stage for producing long-range results. A more complete TOC articulates the assumptions about the process through which change will occur and specifies the ways in which all of the required early and intermediate outcomes related to achieving the desired long-term change will be brought about and documented as they occur.

## References:

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