

## **So why should we have to measure our social impact anyway?**

*“Social and ethical accounting is not for softies or funks. It takes guts to hang your dirty linen in public and to walk your talk.” Jorgen Giversen, former CEO of SBN Bank*

I have worked with social and community enterprises for a long time – even in those days when they were called community businesses and there was a ‘Community Business Movement’ in Scotland. In those days community businesses were set up by local people wanting to use business methods to create jobs for the long term unemployed in their communities and to provide services that had been reduced due to swingeing government and local authority cutbacks. Community businesses had a central purpose to create social or community benefit. The idea was that community owned business would be given a start-up funds initially and they would trade, become profitable and use the surplus to create more jobs and services. Some of them did this and are still surviving, but others went under as they struggled to become profitable while maximising services and real and secure jobs in difficult social and economic environments.

The trouble was that they were being judged only on the basis of their profitability - not on the social and economic benefits that they were creating. Some of us felt this was an unfair way of judging success as it only used the yardstick of finance and ignored the social and community benefits that were lost when they closed down. So we thought to create a DIY method of assessing and keeping an account of social and community benefit reflecting the central purpose of a community business. Organisations could keep social accounts to run alongside their financial accounts – giving a holistic picture of benefit and success. And to provide integrity, these social accounts could be audited externally. Thus the idea of social accounting and audit was born...

These days we have a mushrooming social enterprise sector. Social enterprises claim to have a social purpose central to what they do - with their business activities used entirely for social and community benefit. So of course they should be assessing or measuring their social benefit in a way that is as important as keeping their financial accounts. Unfortunately many voluntary organisations, charities and social economy organisations are not doing this adequately... and they know it. They would love to be able to tell their story, paint the picture of what they have achieved, back up anecdotes on what they have done with hard evidence, prove to others and themselves what they have done, and overall get better.

It takes an effort to keep a social report on what you do. Most organisations in the Third Sector do not have to do it so it can easily slip to the bottom of the proverbial in-tray. But if they were to report regularly on their social and environment performance and impact it would help them in strategic planning, in making decisions, in managing their organisation. It would also help them in reporting to their backers (as well as themselves) and to the regulators – and in going for contracts and reporting objectively on achievements. It could save them time and money.

So why do not more Third Sector organisations keep social reports? Well – it is an extra thing to do...effort is involved...it could be disruptive going through the process. Nobody is really demanding a social report and what is more, there are masses of different methods and tools and frameworks out there - Social Accounting and Audit, Social

Return on Investment, toolkits, 'lookie-likie' techniques created by consultants-in-their-garrets and academics in their ivory towers. Let's not bother until someone demands it...

I think keeping track of your social purpose is important for your own organisation and more importantly for yourself to know that you are honestly making a difference.

The Social Enterprise Academy is aware of these issues and offers a one day introduction to Measuring Social Impact (the next one on 21<sup>st</sup> September). This then follows on to learning about Social Accounting and Audit in partnership with the Social Audit Network (SAN); or to Social Return on Investment in partnership with the SROI Network. Check it out...you may find that you can tailor a social report together using the information and data you already collect and mix'n'matching a variety of tools, frameworks and systems.... Let's not be softies or funks...

Alan Kay

Article originally written for Third Force News. Alan Kay is a SAN Board Member and can be contacted at the following email address - [alan.kay20@gmail.com](mailto:alan.kay20@gmail.com)