

THE IMPACT OF USING THE SROI TOOL, AN  
ORGANIZATIONAL PERSPECTIVE

Ana Margarida Lucas Correia

Dissertation submitted as partial requirement for the conferral of  
Master in Business Administration

Supervisor:

Msc Ana Margarida Simaens, Assistant, ISCTE Business School, Departamento de Marketing,  
Operações e Gestão Geral

Co-supervisor:

Prof. Marjan Sara Jalali, Prof. Auxiliar, ISCTE Business School, Departamento de Marketing,  
Operações e Gestão Geral

September 2014

THE IMPACT OF USING THE SROI TOOL, AN ORGANIZATIONAL PERSPECTIVE

**Ana Margarida Lucas Correia**

- Spine -

*“Our greatest weakness lies in giving up.  
The most certain way to succeed is always to try just one more time.”*

*(Thomas A. Edison)*

## **Acknowledgements**

I would like to start my acknowledgments with my family. A special thanks to my mother, father, brother and grandfather for all support and understanding. Without you it would not have been possible.

Other two people that were really important for this project were Ana Simaens and Marjan Jalali. More than my supervisors, you were my coaches during this year of research. Your encouraging words and support helped me to see the light in the crucial moments. Finally it is possible to say: YES, I CAN! Thank you.

I would also like to thank Gabriela Silva and Mariana Branco (4Change) and Cláudia Pedra (Stone Soup). Your professional experience was essential to do exactly what I have idealized for this project. Of course, this thesis would not exist without the collaboration of CLIP, especially without the collaboration of Inês Bastos, Irene Pinto and Filomena Pinto, who readily answered to all my questions and doubts. Although the views and arguments expressed herein are the authors' responsibility (and do not necessarily reflect the view of the CLIP or representatives involved), I hope this work could also be useful for the organization.

Continuing, I also have to leave a thanking word to Elisabete Castro, Solange Moreira, and Filipa Tavares, my thesis buddies. With you, this journey was really easier. Thank you too to Maria Modista and TFC. Even indirectly, all of you taught me the importance of three simple (but important) things: focus, continuous improvement and to never give up.

Last, but not least, I thank my other friends, who were always available for me. A special word for Margarida Melícias, Catarina Ramos, Fábio Pinto, Sónia Filipe, Francisco Peres and Julia Symulenko.

**Abstract**

Assuming the context of resources scarcity and great competition in which Third Sector Organizations are operating, more than be moved by a social motive, they have been strongly pressured to demonstrate their ability to be effective and also to be efficient. Thus, more than ever they have to prove the value of their work to funders, workers, beneficiaries and to society in general.

In this way, SROI have has been used by some organizations as a way to give a monetary value to the social value created by them. But more than return a ratio, SROI promises a set of advantages that could beneficiate organizations in terms of their accountability and strategic management dimensions.

Taking this into account, and using a specific case study, the purpose of this research work is to analyse the organizational impact of SROI according those two dimensions, i.e., as an accountability and/or strategic tool of the organization, by examining its perceptions, the drivers and the results experienced in relation to SROI.

**Keywords:** Third Sector; Social Return on Investment; Accountability; Strategic Management

**JEL Classification System:** M10 - General; M13 - New Firms • Startups;

## **Resumo**

Conhecendo o contexto de escassez de recursos e de grande competição no qual as Organizações do Terceiro Sector operam, mais do que ter uma missão de cariz social, elas têm sido fortemente pressionadas para demonstrar a sua eficácia e eficiência. Assim, mais do que nunca elas têm de dar prova do valor que criam aos seus financiadores, trabalhadores, beneficiários e à sociedade em geral.

Tendo isto em conta, o SROI tem vindo a ser usada por algumas organizações como uma ferramenta que atribui um valor monetário ao valor social que elas criam. Mas mais do que oferecer um rácio, o SROI promete um conjunto de benefícios às organizações que usam, nomeadamente em termos da sua prestação de contas para o exterior, como também da sua gestão estratégica.

Assim, e através de um estudo de caso, este trabalho de pesquisa tem como objectivo analisar o impacto organizacional que o SROI poderá ter nessas duas dimensões, i.e., na prestação de contas e na gestão estratégica da organização, ao estudar as suas percepções, os drivers e os resultados experienciados em relação à ferramenta SROI.

**Keywords:** Third Sector; Social Return on Investment; Accountability; Strategic Management

## **Index**

1. Introduction.....	1
1.1. Research problem .....	1
2. Literature Review .....	5
2.1. Third Sector .....	5
2.1.1. Third Sector Organizations and their life-cycle priorities.....	6
2.2. Social Value.....	9
2.2.1. Defining the concept of Social Value.....	9
2.2.2. Reasons to measure Social Value.....	11
2.2.3. Measuring Social Value.....	12
2.2.4. Different approaches to measure Social Value.....	14
2.3. Social Return on Investment.....	16
2.3.1. Defining the concept of SROI.....	16
2.3.2. How to calculate the SROI ratio.....	18
2.3.3. Benefits of using SROI.....	19
2.3.4. Challenges and ambitions of SROI .....	22
2.4. Accountability approach .....	25
2.4.1. Defining the concept of Accountability.....	25
2.4.2. Drivers for Accountability.....	26
2.4.3. Using the Signalling Theory to communicate the Social Value.....	27
2.5. Strategic Management Approach.....	28
2.5.1. Defining the concept of Strategic Management .....	28
2.5.2. Strategic Management in the context of Third Sector.....	29
2.5.3. Strategic Management and Social Value Measurement .....	32
3. Objectives and Research Framework .....	37
4. Methodology and Research Strategy .....	40
4.1. Theoretical paradigm .....	40
4.2. Method of analysis.....	40
4.3. Research strategy – Case Study .....	41
4.4. Methods for data collection and analysis.....	43
4.4.1. Interviewing and secondary data .....	43
4.4.2. Techniques of analysis.....	44
5. CLIP – Resources and Development .....	47
6. Findings and Discussion .....	49

6.1. CLIP’s general description .....	49
6.1.1. CLIP’s accountability perspective.....	53
6.1.2. CLIP’s strategic management perspective .....	55
6.2. CLIP’s Drivers for conducting SROI analysis .....	58
6.3. Perception about the SROI tool .....	60
6.4. Results experienced by CLIP after using SROI tool .....	65
7. Conclusions.....	67
8. References.....	72
Appendices .....	77



## **Index of Figures**

Figure 1 – Hybrid Spectrum .....	5
Figure 2 - Impact Value Chain .....	9
Figure 3 – SIMPLE Model’s Stages.....	33
Figure 4 - SIMPLE Model, detailed strategic version.....	34
Figure 5 – SROI Project Cycle .....	35
Figure 6 - Research Objectives.....	37
Figure 7 - Research Framework .....	39

**Index of Tables**

Table 1 - Interview Structure .....	45
Table 2 – Coding System (Simplified).....	48

## **List of Abbreviations**

BACO – Best Available Charitable Option

BCR – Benefit-Cost Ratio

CBA – Cost-Benefit Analysis

CSR – Corporate Social Responsibility

FPO – For-Profit Organization

NGO – Non-Governmental Organization

NPO – Non-Profit Organization

NPV SROI – Net Present Value SROI

PP – Payback Period

SAA – Social Accounting and Audit

SROI – Social Return on Investment

TSO – Third Sector Organization

## **1. Introduction**

### **1.1. Research problem**

Over the last years, concepts related to the Third Sector, Social Economy and Social Enterprises have emerged in the literature. Actually, this movement began to be studied by US scholars during the 70s (Borzaga and Defourny, 2001) and despite the ambiguity of concepts in the literature, it is a topic gathering growing interest, namely because it has emerged in the context of civil society (Borzaga and Defourny, 2001).

In fact, the existence of a perceived ‘empty space’ amongst the government and the private sectors (often denominated as ‘social space’<sup>2</sup>), and considering the fact that the welfare state is failing (Boddewyn and Doh, 2011) and the social bonds are becoming less evident (Borzaga and Defourny, 2001), some ‘intermediary institutions’ are composing the civil society. These institutions may be defined as “non-governmental organizations and institutions that manifest interest, and will of citizens, individuals and organizations”<sup>1</sup>, remaining independent from government and private sectors<sup>2,3</sup>, and so are able to bridge the gap between citizens and the State, involving different societal groups (Roloff, 2008), e.g. groups linking citizens and the state.

As those Third Sector Organizations (TSOs) are occupying the ‘social space’, they have a ‘mission-motive’, meaning they use “resources, input processes or policies (...) to generate improvements in individuals’ lives or society as a whole” (REDF, 2001:3). But contrary to what one might think, or might be expected, TSOs are also being pressured toward income generation, to ensure their economic sustainability. Actually, they are under a process of “exploring the true nature of value” (Emerson, 2003:1), as a mix of social and economic terms, for instance.

Traditionally, social and financial issues were perceived as opposite goals, however Emerson (2003) advocates that there is no reason for a trade-off between them, since this is a process happening in a continuum between economic, socio-economic and social dimensions (REDF, 2001), and for this reason, it makes sense to pursue “an embedded value proposition composed of both” (Emerson, 2003: 3). The central issue here is not about ‘profit versus non-profit’ but rather the “priority given to the creation of social

---

<sup>1</sup> <http://dictionary.reference.com/browse/civil+society?s=t>, consulted on 29-03-2014

<sup>2</sup> <http://www.civilsocietyinternational.org/whatisCS.htm>, consulted on 29-03-2014

<sup>3</sup> <http://www.who.int/trade/glossary/story006/en/>, consulted on 29-03-2014

wealth versus the economic one” (Mair and Marti, 2006, cited by Cabrita, 2011: 16). This is corroborated by the findings of the European Venture Philanthropy Association (2014: 6), concluding that “Societal return remains the primary objective (...), but in times of scarce resources, recycling capital is increasingly important” and for this reason, social and financial return have been put on an equal footing by organizations. Vanclay (2003) and Hirigoyen (2003) further express this importance, and the need for a careful balance between economic, social and environmental goals – called the ‘triple bottom line’ (Millar and Hall, 2013).

This triple bottom line toward TSOs are currently operating creates the need for a model able to settle financial issues (related to financing and economic sustainability) and, at the same time, providing social welfare, suggesting a kind of a mix between “the best of Non-Profit Organizations and For-Profit businesses” (Boyd, Henning, Reyna, Wang and Welch, 2009: 7). According to Boyd et al (2009: 8), those organizations having a ‘hybrid’ purpose are responsible for generating either social and economic value, and can be characterized according to the priority given to i) motive, ii) accountability, and iii) the use of income. Assuming these three ‘conditions’, Arli and Zappalà (2009) argue there is an increased demand to demonstrate the social value they create. This means that having a social motive is not enough anymore, it is also necessary to measure and prove it.

Taking this into account, it is possible to see that the topic of social value measurement is gaining importance. However, it is in its early stages and under development, requiring a deeper analysis at different levels, as explained next.

Starting with the academic dimension, further research is needed on social value measurement (McLoughlin, Kaminsk, Sodagar et al, 2009). Firstly, because there are still gaps in the research on this topic (Ebrahim and Rangan, 2010), as well as a lack of consensus with regard to the definition on concepts, approaches and tools to measure the social value created. Secondly, there are also misunderstandings about how to calculate, interpret and use the social returns values.

But the importance of measuring social value goes even further and may be seen in terms of three different lenses: the social, the economic and the organizational.

This topic assumes, necessarily, the creation of social value. Organizations measuring the social value that was (or will be) created by them are inferring that people’s lives are

being transformed in some way, as a result of their projects and initiatives. So, in social terms, the goal is to carry out projects with higher social returns and maximized benefits (Vanclay, 2003). Organizations and institutions taking those projects which promise maximized benefits, are able to provide real and enhanced changes and improvements in beneficiaries' lives. In addition, this practice of social value measurement includes the community/society as an integral part of the process and their interests and needs are taken into account in the whole process.

This topic can also be seen under an economic perspective, since organizations enrolled in the process of social value measurement will, to some extent, promote a more equitable and fair economy. In reality, such organizations are looking for projects with high social benefits that even indirectly will create wealth to society. For instance, an organization focused on the local development of a specific geographic area is able to create positive economic impacts, for instance, at the level of GDP growth or employment on that region (McLoughlin et al, 2009), thus contributing to sustainable development.

Finally, the organizations themselves can benefit from measuring the social value they create. The most obvious reason for this is related to the fact that such measurement give projects and organizations accountability (Brouwers, Prins and Salverda, 2010). They furthermore improve communication with interested parties, and allow organizations to ensure the efficiency and effectiveness of their initiatives and as a result, to become more competitive. In the perspective of Midttun (2008), cited by Koljatic and Silva (2010), the benefits are also related to improved conflict management ability, visibility and reputation of the organization. Moreover, the World Economic Forum (2003)<sup>4</sup> evidences that organizations are attempting this kind of activities in order to improve their reputation to external audiences.

In conclusion, and assuming that the topic is relevant in terms of its scientific, social, economic and organizational dimensions, this research work has different purposes.

The first purpose is directly related to the clarification of key concepts in the field of social value measurement, a useful step for this and potentially for future research work as well. The second purpose is related to the process of social value measurement *per se*:

---

<sup>4</sup> [www.scribd.com/doc/6293577/World-Economic-Forum-Annual-Report-20022003](http://www.scribd.com/doc/6293577/World-Economic-Forum-Annual-Report-20022003), consulted on 15-11-2013

this research work aims to clarify what social value is, why it should be measured, and how it can be measured. As SROI is becoming a popular tool in both the literature and in practical terms, since it is able to put a monetary value into social issues, giving accountability to TSOs, the third purpose of this research work is to know more specifically how it works. Moreover, as the title of this work suggests, this research will also analyse the impact this tool may have on the organizations that are using it. More specifically, this research aims to understand which factors lead TSOs to use SROI and what kind of benefits and results they experience from it, at both internal and external levels.

Taking into account these aims, the literature review presented here is divided into four main parts. The first is directly related to the Third Sector and the second is about social value, discussing the reasons to measure it and the best way to do it. The third part is about a specific tool through which social value can be measured (in this case, the selected one is SROI since it is able to handle the need of organizations to measure and prove the value they create). Finally, and taking into consideration the aims of this research, the importance of accountability and strategic management for TSOs and how SROI can support these two organizational needs will also be discussed.

## 2. Literature Review

### 2.1. Third Sector

Borzaga and Defourny (2001: 3) characterize the Third Sector as the one comprising the “enterprises and organizations which are not primarily seeking profit nor are part of the public sector”, such that the ‘space’ they occupy is still a ‘grey area’, contributing to inconsistencies in the use of some concepts, namely the concept of ‘Third Sector’ itself. For instance, Mulgan (2012) notes that some authors use ‘Third Sector’, ‘Social Economy’ and ‘voluntary’ to express exactly the same idea.

However, and in order to have a ‘big picture’ about the topic, it could be useful to bear in mind the idea of hybrid organizations, exposed by Boyd et al (2009). On the one hand, there are traditional For-Profit Organizations (FPOs), entirely concerned with profit. On the other hand, there are the Non-Profit Organizations (NPOs) (traditionally called ‘Non-Governmental Organizations’ or NGOs), exclusively focusing the social problems or environmental issues. Between these two extremes, there is a continuum of hybrid organizations (Figure 1).



**Figure 1** – Hybrid Spectrum (Source: Boyd et al, 2009)

So, a hybrid organization is “market-oriented, common-good mission-centered” and it “operates in the blurred space between traditional For-Profit and Non-Profit Enterprises” (Boyd et al, 2009: 9). Therefore, the hybrid spectrum includes any organization that creates social value through CSR practices, but still has profit maximization as its main focus; ‘Social Enterprises’ - belonging to Social Economy - (Mulgan, 2012); and others whose main purpose is to create social impact and reinvest their monetary earnings (Boyd et al, 2009).

Despite the non-clarity of concepts, it can be deduced from the literature that the Third Sector is the left side of the hybrid spectrum, including the traditional NPOs, NPOs with income generating activities and, with certain reservations, Social Enterprises. The reservations about



the inclusion or not of Social Enterprises lie in the differences between the European and the Anglo-Saxon perspectives and their different notions about a specific type of Social Enterprise: the Cooperatives. According to the legislation of each country and its taxation rules (Anheier and Seibel, 1990), they may have different purposes and different configurations, influencing its categorization into the hybrid spectrum.

In summary, the Third Sector includes “Non-Governmental Organizations which are value-driven (...) reinvest their surpluses to further social, environmental and cultural objectives; it includes Voluntary (...), Charities and Social Enterprises, Cooperatives” (NAO, 2009: 5, cited by Corry, 2010). Simaens and Koster (2013: 2) share a similar opinion, defining the Third Sector as “a wide range of Non-Profits, Associations, NGOs, mutual benefit societies and some foundations amongst others”. Also Corry (2010: 15) states that the concept includes “Charities, NGOs, self-help groups, Social Enterprises, networks, and clubs, to name a few that do not fall into the state or market categories”.

Due to the variety of terminology existent, this project will focus on the concept of TSOs and, consequently, the left side of the hybrid spectrum (Figure 1). It is not the purpose of this work to discuss exactly what it includes or not, but rather to define a framework of analysis and to limit the research boundaries. Whenever relevant, in the literature review, we will specify which form of TSO is being referred to.

With regard to TSOs, it is also useful to understand how they work in practice and what their main characteristics are, using for this purpose the life-cycle theory. As we will see later on, literature about TSO life-cycle will certainly support the aims of this research and add value to its findings.

### **2.1.1. Third Sector Organizations and their life-cycle priorities**

The application of life-cycle models to TSOs or NPOs is not properly recent, since the literature already recognizes that “board and staff roles vary with the stage an NPO occupies in its life cycle” (McClusky, 2002: 551). The same idea is supported by Dart, Bradshaw, Murray and Wolpin (1996) and Mathiasen (1998), suggesting that board behaviour varies according to the stages of life-cycle. In this way, it can be assumed that TSOs also follow a certain life-cycle, since it is possible to observe some “regularities in organizational development and that these

regularities occur in such a way that the organizations' developmental processes lend themselves to segmentation into stages or periods of time" (Smith, Mitchell and Summer, 1985: 801).

Barnett (1988) mentions a Non-Profit life-cycle model, including three different stages:

- (i) Start-up phase, in which an informal group of individuals identifies a specific need and considers different ways to satisfy that need. Organizations in this stage have "informal, flexible operating procedures" (Barnett, 1988: 14) and generally the funding is equivalent to the initial capital;
- (ii) Professionalization phase, in which it is already known how the perceived need will be satisfied and there is a professional staff working on it. At this stage "funds are now flowing into the agency" (Barnett, 1988: 14);
- (iii) Institutionalization phase, in which there are already standard procedures and the organizational structure is formal, with "a reliable, steady flow of revenues" (Barnett, 1988: 14). At this stage, constituency building is an organizational concern to gain legitimacy and increase income generation.

As in this context the collaboration between the different societal groups and organizations is frequent, Roloff (2008) also contributes to this topic by pointing out a more specific life-cycle model for multi-stakeholder networks, composed by agents from business, civil society and state. In this case, the author refers a more specific model composed by seven phases: (i) initiation; (ii) acquaintance; (iii) first agreement; (iv) second agreement; (v) implementation; (vi) consolidation; (vii) institutionalization or extinction. This is not so dissimilar from the previous models presented if we aggregate the first five stages, corresponding to the start-up phase of Barnett (1988); the fifth and sixth phases are equivalent to the professionalization stage; and finally, the last phase mentioned by Roloff (2008) is comparable to the institutionalization phase of Barnett's life-cycle model.

Taking the three general phases in which TSOs develop their structures, we can expect them to have different priorities in each stage. According to Barnett (1988), it can be assumed that during the start-up stage, experimentation is the main concern of the organization and the focus is on short-term issues. For this reason, the decision-making structure seeks 'here and now' solutions. As the organizational structure progresses, organizational goals will become more

strategic focusing on the long-term and the decision time frame will lengthen. Therefore, in the second stage, the organization can be expected to focus on “supporting the professional service resource”. In the third stage, the organization will put all its efforts into “increasing agency legitimacy” (Barnett, 1988: 14).

In the perspective of McClusky (2002), there is not such a huge difference between the board’s management and operational concerns in the first stage, because of the small dimension of organizations, “with few if any managerial level staff, and a small volunteer workforce” (McClusky, 2002: 551). This is corroborated by the conclusions of Dart et al (1996), in which it is stated that although the boards become more formal as organization grow, this does not imply they exclusively perform strategic or operational functions in older and younger organizations, respectively.

Barnett (1988) also related the evaluation criteria used by organization to measure its performance with the organizational life-cycle, and the author concludes that in the first stage, the organization is evaluated in terms of the needs addressed. It is only in the last stage of development that it becomes more usual to use quantitative information to evaluate organizational performance.

Still, it is not possible to clearly distinguish the priorities at each stage of organizational life-cycle, dissimilarities between For-Profit and Non-Profits, and between Non-Profits having a single founder or a group of founding organizers (Bess, 1998). Notwithstanding, a common element in all the perspectives is the less informal organizational structures in the beginning of the life-cycle, making short-term and operational matters the main concern for Third Sector boards. Only in the advanced stages of the life-cycle does there seems to be a concern with organizational performance. Relating this with social value measurement, the starting point of this research work, it is expected that the measurement of social value created will not be a priority for those organizations in the early stages of their development, but rather in a more mature stage. In fact, according to Roloff (2008), it is during the consolidation phase (the sixth and penultimate one) that organization must handle ‘deliberative processes’, namely in terms of outcomes.

Having introduced and clarified some concepts related to TSOs, the next chapter focuses on the topic of social value and highlights how and why organizations should be involved in the process of its measurement.

## 2.2. Social Value

### 2.2.1. Defining the concept of Social Value

There are different definitions in the literature for social value, varying in scope and specificity, but in a general way, it is defined as “a group of consequences for human population (...) that alters the way people live, work, relate to each other and meet their needs” (Moutinho and Mouta, 2012: 260). These consequences include cultural alterations - norms, values and beliefs (Institute for Environmental Studies, 1995; Vanclay, 2003 and Moutinho and Mouta, 2012). Mulgan (2010: 38) simply defines it as the “non-financial impacts of programs, organizations and interventions”, including the wellbeing of individuals, society, social capital and the environment.

An easy way to understand what is meant by ‘social value’ is by distinguishing outputs from outcomes, as an integral part of the impact value chain (Figure 2), concept defined by Clark, Rosenzweig, Long and Olsen (2004). The authors explain that organizations use and manage their **(i) inputs** (the necessary resources) to make **(ii) activities** happen. The activities carried out will transform inputs into **(iii) outputs**, defined as direct or indirect results of the activities. In the long run, these activities will produce **(iv) outcomes**, i.e., changes in people’s lives.

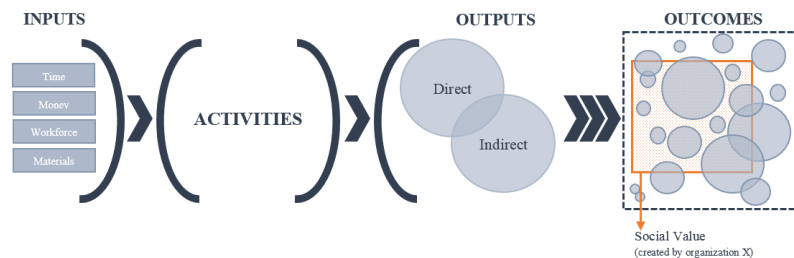


Figure 2 - Impact Value Chain (Adapted from Clark et al, 2004)

Mulgan (2010: 1) defines outcomes as “the long term observed effects of the outputs and often the ‘real’ changes that organizations are trying to make”. However, just a proportion of the obtained outcomes can be attributed to the specific action of an organization and for this reason, it is necessary to “adjust the outcome to take into account what would have happened anyway” (SROI Primer, 2004: 4). Only after this, is it possible to know the amount of social value created.

In the perspective of SROI Primer (2004), Social Value is all about the long-term and includes the idea of measuring it from the perspective of different stakeholders, using for this purpose a ‘participatory process’ (Vanclay, 2003: 6) to identify the stakeholders’ needs and interests.

Moreover, Mulgan (2010: 38) classifies it as ‘soft outcomes’, expressing the idea that social value is “difficult to quantify and measure”. In fact, it has a clearly intangible dimension since it deals with changes in people’s lives.

Once the concept of social value has been defined, it is possible to conclude that social value measurement is the way “of demonstrating (...) benefits through evidence of social outcomes” (McLoughlin et al, 2009: 154). But an important question comes along with the measurement of social value: what kind of outcomes is it possible to obtain? In this regard, many impact lists have emerged in the literature and they are often grouped into five major categories: (i) population characteristics; (ii) community/institution infrastructures; (iii) social/political resources; (iv) individual/family structures and (v) community resources (The US Department of Commerce (1994) in Moutinho and Murta; Institute for Environmental Studies, 1995 and Asselin and Parkis, 2009). As there are many lists, the Appendix 1 collects and summarizes the different perspectives found in the literature about the topic.

Vanclay (2002: 188) has a different perspective and for the author, the above categories and respective social impacts are merely “indicators to be used to determine social impacts in a particular community, and not social impacts *per se*”, suggesting the existence of ambiguity between the experiences of an individual/community (and their characteristics) and the impacts they really experience. For this reason, the concept of ‘social change processes’ was introduced (Vanclay, 2002)- for instance, the existence of a multicultural workforce or a workforce composed by temporary workers are not impacts, but rather processes that will generate certain social impacts, such as loss of community cohesion. Taking into account this rationale, the author proposes a distinction between change processes and their respective results (social impacts).

Nevertheless, Asselin and Parkis (2009) argue that ‘predetermined lists’ of indicators should not be used as a ‘checklist’ (Vanclay, 2002), since it may be difficult to extrapolate conclusions due to context dependency. Moreover, “a change has a way of creating other changes” (Institute for Environmental Studies, 1995: 17) and this may lead to other impacts that are not being considered.

### **2.2.2. Reasons to measure Social Value**

It was already mentioned that more than having a social motive, there is an increased pressure for organizations to measure and prove they effectively impact the lives of the people with whom they interact. Actually, the current context of scarcity and pressure demands an ability to track and invest in the most effective and efficient projects and, consequently, “to forecast the effect that a proposed development will have on people” (D’Amore, 1978: 35). This is all about the measurement of the social value created. In addition, social value measurement is defined as ‘process oriented’ by ensuring that social changes are taken into account during the design, planning and implementation phases of a project and, at the same time, by guaranteeing their “development is acceptable, equitable and sustainable” (Branch and Ross, 1997 cited by Vanclay, 2002: 190). So, one of the main reasons to get involved in the process of social value measurement is related to its functionalities, such as planning and monitoring.

The process of measuring social value is often seen as a practice that allows organizations to not only look back, but also forward. According to SROI Primer (2004), it is a critical thinking process since it allows organizations to look back and evaluate what was already done, and it attempts “to anticipate, manage or mitigate the impact of planned interventions” (Asselin and Parkis, 2009: 484). This may be translated into “economic and social gains for organizations” (McLoughlin et al, 2009: 155) in order “to evaluate their impact and improve their performance” (DTI, 2006 cited by McLoughlin et al, 2009: 155).

There is another benefit related to the measurement of the social value created. The process can be seen as one which allows organizations to ask the ‘right questions’ and then, having obtained the right answers, supports the definition of a strategic direction (Mulgan, 2010) and the planning of future organizational activities (SROI Primer, 2004). This allows a better alignment of strategic and operational goals. Still at the internal level, organizations can benefit from it, since it allows an “increased understanding of the impact of the organizational work” (SROI Primer, 2004: 2), impacting the staff’s motivation.

In addition to being a strategic tool, Mulgan argues that this practice enables organizations “to justify the impact of any external funding received and defend their role” (2010: 39). Assessing the creation of social value also promotes a stronger communication based on what really matters, with all the stakeholders (Mulgan, 2010 and SROI Primer, 2004). In conclusion, and in the perspective of Mulgan (2010), social value measurement should act upon decision makers

in three different roles: (i) accounting to external stakeholders; (ii) managing internal operations and (iii) assessing societal impact.

It is even possible to mention other reasons to measure social value, more related to structural conditions. One that could be mentioned is linked with the economic crisis and the consequent resource scarcity, which has made the allocation of resources an extremely important task, especially for TSOs strongly dependent on external funding. In this context, being effective and efficient at the same time is a major concern for these organizations (Mulgan, 2010). Another structural condition is related to the multidimensional pressures these organizations face (Mulgan, 2010), from all sides. More than ever, TSOs need to prove their impact “to funders, partners and beneficiaries” (Mulgan, 2010: 38). For instance, funders aim to apply their financial resources “to the most effective projects” (Mulgan, 2013: 1), governments and policymakers “have to account for their spending decisions” and “investors want hard data analogous to measure the profit” (Mulgan, 2010: 38). Summing up, there is a great pressure to be accountable.

### **2.2.3. Measuring Social Value**

Before introducing how social value is measured, it should be noted that it is a complex process (Koljatic and Silva, 2010) since it involves “efforts to assess or estimate, in advance, the social consequences that are likely to follow” (Institute for Environmental Studies, 1995: 12). Moreover, the ‘real picture’ of the value created, requires the inclusion of all the stakeholders’ perspectives, who most of the times have different (and divergent) goals and interests<sup>5</sup>. The process of measurement is even described as a challenge, namely because of the complex process of “selection of meaningful and consistent metrics” (Hirigoyen, 2013: 1) to measure the social outcomes.

The requirement for a full understanding of the social dynamics, as a result of multiple social interactions (Ruebottom, 2011), also contributes to that challenge. It deals with attitudes, perceptions and values of the people impacted (D’Amore, 1978), i.e. with intangible issues. Furthermore, it is a process that should be done regarding “direct, aesthetic, physical, historic, cultural, economic, social and health effects” (Moutinho and Mouta, 2011: 260), i.e. there is a specific context dependency that should be taken into account. The ‘big picture’ will be even

---

<sup>5</sup> [http://www.marsdd.com/dmsassets/reports/MaRS\\_Social\\_Metrics\\_2010.pdf](http://www.marsdd.com/dmsassets/reports/MaRS_Social_Metrics_2010.pdf), consulted on 17-09-2013

more complete if longitudinal studies are used to measure long-run impacts and social dynamics (Finsterbush and Wolf, 1977 cited by D'Amore, 1978: 5 and Nicholls, 2005 cited by Ruebottom, 2011: 174).

Lastly, Koljatic and Silva (2010: 375) also note the barriers associated to social value measurement and point out as main difficulties, the “broad mission statement that precludes targeted impact, lack of resources, the high cost of formal evaluation, and lack of control of external variables that affect outcomes”.

Regardless of all the difficulties and complexities associated, there is an increasing agreement that “outcomes of social initiatives need to be measured” (Koljatic and Silva, 2010) supported by the arguments described above. The tendency to measure them is also supported by the fact that it “is an effective way of improving social initiatives” (Koljatic and Silva, 2010: 376) and consequently, a way to prove their efficacy. Another strength of this practice is that it is not restrictive, which means it can be applied to a diversified set of planned interventions, in different contexts and with a diversified set of actors (Vanclay, 2003).

The Institute for Environmental Studies (1995: 25) defined a framework that could support social value measurement, as it works as the ‘best practice’ in this field. This framework includes a set of sequential steps: (i) Involvement of all interested parties; (ii) Identification of alternatives; (iii) Definition of baseline conditions; (iv) Scoping; (v) Projection of estimated effects; (vi) Prediction of responses to impacts; (vii) Prediction of Indirect and cumulative impacts; (viii) Changes in alternatives; (ix) Mitigation plan; (x) Monitoring plan. This framework is supported by Vanclay’s (2003: 5) definition of social value assessment as a way of “analysing, monitoring and managing the intended and unintended social consequences of development”, which demands a well-defined mission and “a systematic assessment of (...) progress towards the mission” (Forbesm 1998 cited by Koljatic and Silva, 2010: 2). Thus, only a “proactive stance to development and better development outcomes” (Vanclay, 2003: 375) can bring value to social initiatives.

Regarding how social impacts are measured, the next section presents and compares some of the approaches mentioned in the literature.



#### **2.2.4. Different approaches to measure Social Value**

In practical terms, several approaches and frameworks are available to measure social value (Peattie and Marley, 2008 cited by McLoughlin et al, 2009). Each one with its own strengths and weaknesses, some were adapted from the For-Profit sector, using traditional financial measures but adjusted to TSOs (Arvidson, Lyon, Mckay and Moro, 2010). However, there is still no broadly recognized format or “there is no proven method, code of practice” (Robert and Woods, 2005 cited by Ruebottom, 2011: 173) to assess the social impact and social value created by TSOs. This gap often results in inappropriate comparisons between organizations or even between projects.

From the literature<sup>6</sup>, it is possible to indicate that the most commonly used (and mentioned in the literature) tools<sup>7</sup> are: (i) Social Return on Investment (SROI); (ii) Social Accounting and Audit (SAA); (iii) Cost-Benefit Analysis (CBA); (iv) Best Available Charitable Option (BACO) and (v) Benefit-Cost Ratio (BCR).

SROI is a framework aiming at the understanding and managing of “how certain activities can generate value” (Arli and Zappalà, 2009: 4), using monetary terms to describe that generation of value. Its main purpose is to include in the ‘traditional’ market what does not have a market value<sup>8</sup>, i.e., to express in monetary terms the social, economic and environmental value created, by an organization’s past or future activities/projects. An important feature of this approach is related to its ability to both assess what has already happened and what will happen as well (Mulgan, 2010).

In its turn, SAA is a “systematic analysis of the effects of an organization on its communities of interest or stakeholders, with stakeholder input as part of data that are analysed for the accounting statement” (Quarter et al, 2003 cited by Zappalà and Lyons, 2009: 8). SAA requires a complete analysis of different stakeholders to report what has happened within an organization<sup>9</sup>, having three purposes: prove, improve and account<sup>10</sup>.

---

<sup>6</sup> D’Amore (1978); Lopo de Carvalho (2012); McLoughlin et al (2009); Mulgan (2010); Leighton and Wood (2010); The SROI Network (2012); Tuan (2008), and Zappalà and Lyons (2009).

<sup>7</sup> There are other tools mentioned in the literature, such as: Cost per Impact, Outcome Approaches, OASIS or Cost Effectiveness Analysis. However, these tools are not being considered for this project because they were mentioned just punctually during the reviewed articles. Furthermore, after a brief analysis, it seems the focus of these tools is not totally aligned with the research problem here stated.

<sup>8</sup> <http://www.thesroinetwork.org/what-is-sroi>, consulted on 22-01-2014

<sup>9</sup> <http://www.thesroinetwork.org/what-is-sroi>, consulted on 22-01-2014

<sup>10</sup> <http://www.socialauditnetwork.org.uk/getting-started/what-is-social-accounting-and-audit/>, consulted on 23-01-2014

Another often mentioned tool is CBA. It intends to conclude about the ‘desirability’ of a certain project (Arvidson, Lyon, Mckay and Moro, 2013) regarding the comparison of the costs and benefits associated with it (Tuan, 2008). If the benefits of the project are higher than its costs, thus there is “economic justification for the project to go ahead” (Mulgan, 2013: 3). Similarly with other tools such as SROI, also the CBA method provides a basis to justify an investment and also to make comparisons of projects within an organization (Mulgan, 2013).

More strictly related to the Non-Profit sector is the BACO approach. Expressed by a ratio, BACO compares “the prospective merit of an individual investment opportunity versus making a charitable grant” (Tuan, 2008: 12). It is useful to manage ‘philanthropic capital’ and to inform about the most effective investments, finding an answer to the question “for each dollar invested, how much social output will this generate over the life of the investment relative to the best available charitable option?”<sup>11</sup>.

The last mentioned tool is the Benefit-Cost Ratio, directly related to the purpose of poverty mitigation (Lopo de Carvalho, 2012). More specifically, BCR transforms the outcomes of social programs into a ‘monetized value’ relative to “poverty fighting on an ongoing basis to answer the question: which programs to fund and how much to spend on each?” (Tuan, 2008: 12). According to Tuan (2008: 12), BCR is not actually used to decide where to allocate resources between portfolios, instead “decisions are made about individual grants, regardless of the portfolio of which they are a part of”.

Reflecting about these different tools, Millar and Hall (2013: 924) mention that SROI is being seen as a “preferred technique for measuring impact and outcomes” because it seems to be the most complete and also the most complex one (Leighton and Wood, 2010), using the rationale of other mentioned tools, such as the CBA method (Millar and Hall, 2013). Also Krlev et al (2013) compare SROI with other tools through four different dimensions: (i) target (process, monetization and/or impact methods); (ii) purpose (monitoring, reporting and/or evaluation); (iii) timeframe (retrospective and/or prospective); and (iv) perspective (micro level of individual, meso level of organization and/or macro level of society). Using these criteria, the authors state that SROI distinguishes itself from other tools because it is the only one that may assume simultaneously all the above characteristics. SROI focuses simultaneously on process, monetization and on impacts, with a triple purpose of monitoring, reporting and evaluating.

---

<sup>11</sup> <http://acumen.org/idea/the-best-available-charitable-option/>, consulted on 26-01-2014

Additionally, it can be used to assess what was already done or to predict what will happen at a micro, meso or macro level.

Due to its potential, this research work will scrutinize the SROI tool, as a way to measure the created social value and what kind of benefits it could bring to organizations that are using it.

## **2.3. Social Return on Investment**

### **2.3.1. Defining the concept of SROI**

The SROI concept was developed by Roberts Enterprise Development Fund (REDF) in the USA, in 2000. Later, in 2004, it was tested by the New Economics Foundation (NEF) in the UK (Millar and Hall, 2013) and due to the importance it gained, different associations have been created with the purpose of promoting the use and development of the SROI methodology on an international scale<sup>12</sup>.

As its name states, SROI focuses on the idea that an investment can also provide returns or impacts other than merely the economic ones, and this was the main reason for the ROI (Return on Investment), the traditional financial tool, to have evolved to SROI. According to Arli and Zappalà (2009), while ROI is used to assess the efficiency of an investment (in terms of profit or cost savings), by comparing the amount of money invested in a project and the amount of money it later generates, SROI goes beyond what is obtained in financial terms (Brouwers et al, 2010 and Nicholls et al, 2009). In fact, the SROI tool returns more than a ratio. It tells a story by understanding how certain activities create social value (Arli and Zapallà, 2009) and how change happens (Nicholls et al, 2009) using appropriate key indicators to track changes. Another important issue addressed by SROI, but commonly debated in literature, is the fact that SROI transforms what does not have market value into monetary terms (Nicholls et al, 2009).

Nonetheless, SROI is not yet a widespread practice among TSOs. Arli and Zappalà (2009) justify this 'state-of-the-art' due to the reduced awareness of organizations about it, as well as its requirement of great amounts of resources (money and time). In fact, information solely about the inputs and outputs tells little about the efficiency and effectiveness of a specific project and deeper analyses (like the SROI analysis) are being demanded by external parties. This notion of deeper analysis is also supported by the definition of SROI given by Nicholls et

---

<sup>12</sup> Namely, The SROI Network, The Roberts Enterprise Development Fund and New Economics Foundation

al (2009: 9), as a “framework for measuring and accounting for a much broader concept of value” - whether economic, social or environmental value – with the final purpose of “[reducing] the social inequality and environmental degradation and [improving] wellbeing” (Arvidson et al, 2010: 17). SROI analyses the inputs, how they generate outputs, outcomes and the impacts that the organization’s activities will generate for each one of the affected groups (according to Figure 2, presented above).

It is also important to mention there are two types of SROI: the evaluative and the predictive (Nicholls et al, 2009; Mulgan, 2013 and Millar and Hall, 2013). As the name suggests, the evaluative SROI looks back and assesses outcomes that have already occurred. In opposition, the predictive SROI forecasts the social value that will be created, assuming that the expected outcomes will be met. According to the *Guide to Social Return on Investment* (Nicholls et al, 2009), when an organization is using SROI for the first time, the predictive SROI is likely to be the most adequate one since it is a way to guarantee that the organization already has improved systems to collect data in future applications.

It should also be noted that depending on the type of SROI used, different changes are expected to occur in the organization. It is expected that a predictive SROI will lead to a review of planned activities and systems to collect information, creating more ‘standard’ procedures, a constant dialogue with stakeholders and joint work with partners (Nicholls et al, 2009), helping on attribution process. On the other hand, an evaluative SROI allows a critical analysis on how/which activities are being improved (or not), a better alignment with the strategic plan and a better communication with stakeholders. The results of the process are also useful to critically think about the implications for organizational objectives, systems and working practices (Nicholls et al, 2009).

Moreover, SROI analysis may be used by almost all organizations, whether “small, large, new (...) [or] established” (Nicholls et al, 2009). More specifically, it can be used by TSOs (Nicholls et al, 2009) or by those, in some way involved in social economy<sup>13</sup>, whether “start-up organizations developing business plans or established organizations” (Nicholls et al, 2009: 11), to communicate to different audiences (The SROI Network, 2012). This is an interesting point, because it means that although the priorities of an organization in its early stages of

---

<sup>13</sup> <http://www.4change.org/resources/4p-sroi.pdf>, consulted on 13-12-2013

development might be more related to experimentation and operational/practical issues, the SROI tool can also be implemented by them also at that stage.

### **2.3.2. How to calculate the SROI ratio**

Regarding the *Guide to Social Return on Investment*, Nicholls et al (2009) delineate a process to support the calculation of SROI. The authors define six steps through which it should happen:

- (i) definition of the scope and identification of stakeholders – it is an analysis plan clarifying why the analysis is being conducted (its purpose), the necessary resources, the priorities for measurement and the chronogram;
- (ii) outcomes mapping, requiring the development of the impact value chain and the creation of the Theory of Change’s map – a map figuring out “how an activity makes a difference (...) how it uses its resources to provide activities that then lead to particular outcomes for different stakeholders” (Nicholls et al, 2009: 85)
- (iii) valuation of outcomes, using for the purpose appropriate indicators and associated financial proxies;
- (iv) establishment of impact by summing all the monetary values of obtained results, but taking into consideration deadweight, displacement and attribution factors – concepts defined in Appendix 2;
- (v) Calculation of the SROI using the pre-defined formula;
- (vi) Reporting, using and embedding, i.e, construction of a narrative telling how the change was/will be created and that can be used for internal management purposes, for public distribution, and/or for discussions with different stakeholders;

As the process of calculation is not the focus of this research work, Appendix 2 presents a detailed description of the above mentioned steps.

In conclusion, and according to the essence of SROI, “investment is really a gift and the return is measured in benefits to society rather than financial benefits to the investors” (Zappalà and Lyons, 2009: 5), measuring the “changes in ways that are relevant to people that are experiencing or contributing to it” (Nicholls et al, 2009: 9), always with the motto of “prove and improve” (Arvidson et al, 2013: 7).

The definition of the tool would not be completed without a discussion of its main strengths, ambitions, and challenges, the content of the next two sections.

### **2.3.3. Benefits of using SROI**

In terms of the benefits of SROI, the most obvious are those related to the seven principles of the tool (Zappalà and Lyons, 2009 and Nicholls et al, 2009). Thus, SROI (i) involves all stakeholders, who experience the change and more than trying to understand their perspectives, it also requires (ii) understanding what changes. This second principle is about reflecting how change happens and the consequent gathering of information to evidence it (Nicholls et al, 2009). In addition, it is useful to be critical in analysing not only the positive and intended changes but also the negative and unintended ones.

As any SROI analysis must (iii) value what matters and (iv) only include what is material, it is likely to get a more real picture and make the decisions of funders easier, or at least, it gives the coherent information to support investment decisions. In fact, the monetization process gives a common language, easily understood and recognized by organizations and stakeholders. By including only what is material – and by material is meant the “assessment of whether a person would make a different decision if a particular piece of information were excluded” (Nicholls et al, 2009: 9) – it helps maintain the focus on what is important for ongoing monitoring of activities (SVA, 2002).

The principles of (v) not over claiming and (vi) being transparent are also important to guarantee the accuracy and honesty of the process (Zappalà and Lyons, 2009). This also impacts communication with stakeholders, ensuring the results are properly reported and discussed with them (Nicholls et al, 2009). The last principle - (vii) verify the results – highlights the importance for after the planning and implementation stages, to perform an appropriate and independent control process must in order to assess the whole process.

From the literature and the research done within this field, the importance of SROI relies either on its ability to provide benefits for organizations themselves, both on internal and external levels.

At the internal level, Nicholls et al (2009: 11) suggests the importance that the SROI assumes for TSOs “as a management tool, to improve performance, inform expenditure and highlight

added value”. Lingane and Olsen (2004) attribute three basic functions to the SROI: (i) planning; (ii) management and (iii) assessment, which are useful for the process of strategic management of organizations, impacting people (staff), and ongoing learning (SVA, 2002).

Regarding the planning function, SROI supports the design of strategic organizational options (Lingane and Olsen, 2004), since it focuses on what issues “might change or enhance in the future” (SVA, 2002: 14), not only to improve the value created, but also to improve the performance of the organization over time, always aligned with its strategic goals. In its management function, SROI controls the “ongoing operational management and capital decisions” (Lingane and Olsen, 2004: 5). According to the literature, it is used to control forecasts, to improve the performance of an organization, to adjust spending and the limit of involvement in a certain activity/project if it is no more profitable (Arli and Zappalà, 2009), to facilitate the allocation of resources (Ryan and Lyne, 2008), and also to facilitate decision-making processes (Zappalà and Lyons, 2009). With its assessment function, SROI also seeks to evaluate the efficiency and effectiveness of investments made, in both at monetary and non-monetary terms. This assessment phase must boost real changes (Nicholls et al, 2009) in the maximization of social value and at the organizational level as well. Through an optimized organizational work, the idea is to reflect through SROI overall results, what went wrong and what could be improved, feeding “directly into the strategic planning that the organization undertakes” (SVA, 2002: 14).

To conclude about strategic benefits, SVA (2002) found that organizations effectively involved in the SROI process gained a more detailed understanding of their internal operations due to stakeholders’ involved (Millar and Hall, 2013). This involvement improves communication with them as well as the monitoring of ongoing activities. Based on this notion of monitoring, the concept of ‘baseline SROI’ was introduced (SVA, 2002: 15), which is neither related to forecast nor evaluative analysis, but rather with the ‘present’ and what the organization is achieving now. Yet from an organizational perspective, SVA (2002) focuses on the ability of SROI to positively influence staff motivation. According to their findings, the ‘open-environment’ promoted by SROI increases the understanding and engagement of workers in the process of value creation. Even though specific training and mentoring programs are needed due to the lack of technical skills and experience (SVA, 2002), SROI promotes organizational learning and constant development (Millar and Hall, 2013), through regular revisions and improvements of work.

With regard to its external purposes, SROI is useful in terms of (i) differentiation for funding applications, attributing accountability to the organization (Millar and Hall, 2013). The SROI can be used as a (ii) marketing tool used for future benchmarks (Arvidson et al, 2013 and Millar and Hall, 2013). Finally, SROI may be a means of (iii) gaining organizational legitimacy (Nicholls, 2010).

In a first instance, SROI is used by organizations as a differentiation tool in terms of funding applications. By using it, organizations are able to attract funds (NPC, 2010 cited by Arvidson et al, 2013). If an organization is using SROI, it is providing a “compelling story to investors” (SVA, 2002: 17) and at the same time being transparent about what/how it is performing and the ‘real costs’ incurred. This is extremely important if we consider that there is a growing pressure on TSOs to measure their performance and the value they are creating (Peattie and Morley, 2008). In the perspective of Lyon and Arvidson (2011), SROI may also be assumed as a marketing tool and, then, be used to obtain a competitive advantage (Millar and Hall, 2013), by focusing on the corporate image (Arvidson et al, 2013). It may also be upgraded and be used to perform benchmark analyses, supporting strategic and performance evaluations (SVA, 2002). Finally, SROI may also be a legitimacy tool (Nicholls, 2010). Since organizational legitimacy is impelled by a ‘moral obligation’ (Arvidson et al, 2013), SROI looks for the projects with the highest social impact and as it is based on the ‘no over-claiming’ principle, supports the legitimate position of organization within the society.

Taking into account what has already been mentioned about SROI, it is possible to conclude that SROI is useful to understand, manage and communicate the social value created in a clear, consistent and transparent way to all the interested parties. In fact, SROI provides a full picture of how and where the value is created, focusing on a large group of actors. Another important topic is the fact that the information provided is easily understood by everyone, as SROI expresses “the currency of social value” (Arvidson et al, 2010: 5). According to Arvidson et al (2013: 12), the monetization process is also important “to legitimate social outcomes as financial terms”.

Millar and Hall (2013) evidence the tendency of organizations to adopt internal developed measurement tools, since generic tools may not serve the specific principles of each organization. However, the authors found that 30%<sup>14</sup> of the social enterprises studied are

---

<sup>14</sup> The research performed by the authors focused on Social Enterprises



actually using SROI, even “in addition to customized tools” (Millar and Hall, 2013: 932), mainly because its benefits are being evidenced by other organizations already involved in this process.

All of this led Krlev et al (2013: 43) to write about what is meant by “a good SROI study”, using different dimensions to do it and studying how organizations have been performing along those ‘quality categories’ over time. The first of these categories is related to transparency and whether organizations clearly explain “why and how SROI approach was used” (Krlev et al, 2013: 26). The second one is whether the provided documentation of analysis is enough and meaningful for readers to understand the results – the authors concluded that more than 42% of the organizations are not performing this requirement in a satisfactory way. Another important dimension, necessary to support strategic decisions, relates to the final result that should reflect much more information rather than just focusing on the final SROI ratio

However, the process of measuring social value is not a ‘straightforward’ one (Millar and Hall, 2013: 924), and for this reason SROI also presents a set of ambitions and challenges as discussed next.

#### **2.3.4. Challenges and ambitions of SROI**

Despite being a holistic and integrative framework, SROI is also a “difficult process with a number of challenges” (Mulgan, 2013: 1).

The most evident restriction of SROI is related to its complexity (Mulgan, 2013). Firstly, it is a very specific tool requiring staff to be trained in specific skills (Arvidson et al, 2013 and SVA, 2002), such as accounting skills or experience in stakeholders involvement (Nicholls et al, 2009). This complexity is even more critical if an organization is just starting social value measurement. Secondly, the complexity of the real-world makes it difficult to describe and monetize real problems. According to Mulgan (2013: 6), there are “inherent difficulties of giving mathematical expression to the complexity of human behaviour”. Finally, the author also points out the possibility of this approach limiting innovation within organizations, because it can lead to a special focus on “easy metrics for success” (Mulgan, 2013: 6). This complexity is directly related to the amount of time and money required to perform a SROI analysis (Zappalà and Lyons, 2009; Gair, 2009 and SVA, 2002). These costs can be incurred for training purposes

(Leighton and Wood, 2010) or at the level of time spent to undertake the analysis. According to Nicholls et al (2009), the time spent varies according to the purpose of SROI (if it has external or internal purposes), the availability (or not) of systematized information and the level of development of internal capabilities (technical knowledge, information systems and so on) to conduct a SROI analysis in an effective and efficient way. Considering this, it is also important to mention that the size of the organization also matters (Millar and Hall, 2013), in the sense that larger organizations will have more resources available (financial or not) to conduct an SROI analysis.

Quantification is another issue frequently mentioned in the literature (Lingane and Olsen, 2004 and Mulgan, 2010), both at the level of inputs and benefits (Nicholls et al, 2009). The ‘transformation’ process is not easy because often the soft-outcomes (Sheridan, 2011) are about feelings and other intangible issues hard to identify and quantify (Nicholls et al, 2009). This requirement to quantify is often responsible for inadequate monetization because sometimes it is impossible to “meaningfully reduce [social impacts] to monetary terms alone” (Lingane and Olsen, 2004: 11). Associated with the issue of quantification, are the assumptions made (Millar and Hall, 2013). As they vary according to each situation, the comparisons between projects and organizations are inappropriate (Lingane and Olsen, 2004). In fact, the “quality of assumptions made” (Arli and Zappalà, 2009: 6), the time required to create them and the financial proxies used are unlikely to be the same from one project to another. Since there are still huge variations in how each organization reports its impacts, this also contributes to the difficulty of making external comparisons (Arli and Zappalà, 2009).

Value judgements (Tuan, 2008 and Millar and Hall, 2013) also deserve special attention. In fact, SROI is not free of subjective judgements (Lingane and Olsen, 2004), especially during the definition of the expected impacts and the choice of impact indicators (Arvidson et al, 2010). The authors also mention the existence of subjective judgements in the assumptions made. According to Tuan (2008: 17), there is not yet a “consistent approach to deal with value judgement”, a potential reason for what Lingane and Olsen (2004: 9) called for ‘personal or political measurement’, when organizations over claim the results.

In order to conduct a SROI analysis, organizations must have good information systems: these facilitate the gathering of evidence and the monitoring of outcomes but raise costs (SVA, 2002).

Arvidson et al (2010) also wrote that the current context of crisis and scarcity in which organizations are operating may lead to an inflation of SROI ratios. The inflation of a specific project may be deliberately induced in order to be more attractive in the perspective of investors. Selecting purposely those indicators giving a more positive ‘picture’ of change, is one of the ways in which this can be done.

Different authors mention deadweight, displacement and attribution as limitations as well (Arvidson et al, 2010; Brouwers et al, 2010 and Millar and Hall, 2013). Even though their determinations are fundamental to ensure the credibility of the results communicated, these add a great level of complexity, requiring a “high degree of judgements and discretion” (Arvidson et al, 2013: 11).

Tuan (2008) also mentions other two limitations<sup>15</sup>. The first one has already been mentioned and is related to the use of discount rates, since each sector is using a different range of values. The second one refers to the difficulty of finding real financial proxies to social outcomes, and then with their quantification.

So, for those involved in the calculation of the SROI ratio, there is a set of limitations associated. These limitations are even more prominent for small organizations, experiencing great pressures in terms of financial and time resources. However, there are also a set of clear ambitions that could help them to improve their strategic management abilities and their accountability for external parties as well. This supports the two main perspectives regarding which we can look for as SROI tool: (i) the accountability perspective and (ii) the strategic management one. Actually, SROI has much more potential than just providing a ratio to stakeholders (i.e. to be an accountability tool) and it may be also useful for internal purposes. As discussed previously, the SROI ratio is just a means, not an end in itself, meaning that there may be more ambitions beyond the accountability ones.

The next two topics are accountability and strategic management in TSOs. Using these two lenses, this research aims to clarify their importance for organizations from the Third Sector and in what way can SROI handle the two topics in a proper way.

---

<sup>15</sup> The limitations are transversal to all social impact measures point out by the author, but as SROI is included within the author’s scope of analysis, it is assumed these are limitations of SROI as well

## **2.4. Accountability approach**

### **2.4.1. Defining the concept of Accountability**

Funding is no longer a mere ‘gift or donation’ and investors are increasingly demanding to know in detail “how funds [are] to be applied”, requiring more transparency and rigor (SVA, 2012: 9). This is about accountability (Ebrahim, 2003), and ‘being accountable’ is “about being ‘held responsible’ by others and about ‘taking responsibility’ for oneself” (Cornwall et al, 1998 cited by Ebrahim, 2003: 814). It is related to organizational performance (Kilby, 2006) and includes the concepts of “power, authority and ownership” (Kilby, 2006: 953). Simaens and Koster (2013) also associate the idea of ‘obligation’ to “explain and justify his or her conduct” (Bovens, 2007: 450). Bovens defines accountability as “a relationship between an actor and a forum, in which the actor has an obligation to explain and justify his or her conduct, (...) and the actor may face consequences” (2007: 450). Supporting this, accountability defines “who can call whom to account and who owes a duty of explanation and rectification” (Kilby, 2006: 953).

The literature recognizes that ‘being accountable’ is not an easy process, since it requires multiple stakeholders (Ebrahim, 2003 and Kilby, 2006), who have different interests and expectations, be dealt with and reported to. Based on this, Unerman and O’Dwyer (2010) distinguish four types of accountability:

- (i) Identity accountability, based on “what a particular NGO should do” (Unerman and O’Dwyer, 2010: 480) taking into account ethics and the values of the organization;
- (ii) Upward accountability, targeting those providing funds. This is the most common form of accountability and it “contains information predefined by each donor (...) to create a report from the NGO as a whole to each funder” (Unerman and O’Dwyer, 2010: 481);
- (iii) Downward accountability, focusing on the beneficiaries. There is a “desirability to learn from the local expertise and knowledge of the beneficiaries” (Unerman and O’Dwyer, 2010: 482) as a way to guarantee organizations meet the needs of the beneficiaries and, consequently, to guarantee their effectiveness;
- (iv) Holistic accountability, integrating the upward and downward accountabilities, proposing “NGOs should be accountable to all of those upon whom their activities impact” (Unerman and O’Dwyer, 2010: 482).

Avina (1993) cited by Ebrahim (2003: 815) also distinguishes accountability according to whether it refers to the short or the long-term. Respectively, accountability may be defined as (i) functional accountability, if it is about “accounting for resources, resource use and immediate impacts” or (ii) strategic accountability, if it is related to “accounting for the impacts (...) activities have on (...) the wider environment”. Taking this into account, Najam (1996a) cited by Ebrahim (2003) states that functional accountability to funders is the most common practice, namely through reports and accounts. The author also mentions that the strategic accountability is not common at all, noting that organizations “are focused on short-term activities rather than on long-term change” (Ebrahim, 2003: 815).

#### **2.4.2. Drivers for Accountability**

As organizations are integrated in large networks, it is not surprising that they are being pressed to be accountable both at strategic and operational levels, and on upward and at downward levels as well. Supporting this idea, Simaens and Koster (2013) mention that organizations have to ensure their sustainability not only in economic terms, but also at environmental and social levels. In this way, regarding a set of mechanisms, accountability is useful for TSOs to be more effective and, at the same time, “have a real impact on the quality of the lives of many people” (Unerman and O’Dwyer, 2010: 480), i.e., to be more sustainable at those three levels. In fact, they have to meet the expectations of those who are involved and affected, and then evidence how their actions and intentions led to the desirable results (Goodin, 2003), demonstrating it to those to whom they are accountable.

Najam (1996a) cited by Ebrahim (2003) states NGOs may be accountable to different groups, i.e., to “a broader range of stakeholders than just beneficiaries and donors” (Unerman and O’Dwyer, 2010: 482). In a generic way, the same may be applied to all the TSOs, since all of them depend on donors, governments, funders, beneficiaries and themselves (in terms of ‘internal accountability’, meaning responsibility towards mission and staff, for instance). In his discussion about to those to whom are organizations accountable, Goodin (2003) concludes that the Third Sector may be accountable to ‘tax authorities’, to ‘public authorities’, to ‘the moral community’, or to ‘their donors’, for instance.

Nevertheless, the conceptual notions that organizations have about their own intentions, actions and results (Goodin, 2003) may differ from stakeholders’ perceptions or they may not perceive

them in the correct way. Simaens and Koster (2013: 3) mention this phenomena as an ‘information asymmetry’ amongst organizations and their stakeholders and, for this reason, organizations need to ‘signal’ their conduct, a concept derived from the signalling theory (Connelly et al., 2011 and Spence, 1973 cited by Simaens and Koster, 2013), described in the next.

### **2.4.3. Using the Signalling Theory to communicate the Social Value**

Although organizations are aware of their conduct, they need to demonstrate to their stakeholders that they are performing in a way that guarantees their economic, environmental and social sustainability. This need results from different external pressures, such as from the funders, from competitors or just to gain organizational legitimacy (Simaens and Koster, 2013).

In terms of how organizations demonstrate their performance, Ebrahim (2003) suggests a set of approaches, regarding which organizations (signallers) may communicate their conduct (the signal) to external parties (receivers of the signal). Those are: statements and reports, performance assessment and evaluation, participation and/or self-regulation. It is of interest to understand what kind of signals TSOs intend to send to the different groups of stakeholders. So, to investors/funders, they may aim to demonstrate they are handling the projects with higher social returns. They may also desire to distinguish themselves from other organizations. To staff members, organizations might want to demonstrate the purpose of their work, namely how they create change. To communities/society, organizations will hope to evidence the social value created by them as a way to gain legitimacy.

The current challenge for TSO is therefore signal their social performance to those to whom they are accountable, with a holistic perspective, i.e., going beyond upward and downward accountability. According to what was already mentioned regarding SROI tool, this could be a comprehensive way to achieve this purpose – in other words, the SROI ratio and the SROI narrative can be used as a signal to be sent to the stakeholders. Firstly, because SROI focuses on the economic, social and environmental value in a way that is easily understood by different stakeholders (using the ratio and by ‘telling a story’). Secondly, because it is concerned with the involvement of all key stakeholders regarding in a ‘participative project’, so it is like a way to communicate with them. Thirdly, it relies on a set of principles that can be considered as important when they are signalling their conduct, such as the transparency and the no over-

claim principles. Finally, because reporting the results in a meaningful way is one of its purposes and accountability is a way of showing them.

Concluding, and according to what was presented in the previous chapter, SROI is seen in the literature as a tool attributing accountability to organizations (Millar and Hall, 2013), i.e., it is a way to prove to stakeholders the value creation and, consequently, a way for stakeholders to recognize value creation in real and consistent terms.

## **2.5. Strategic Management Approach**

### **2.5.1. Defining the concept of Strategic Management**

The field of strategic management has evolved since the 60s/70s (Courtney, 2013), from a “deterministic one-best-way approach” (Furrer, Thomas and Goussevskaia, 2008: 3), to a more flexible perspective, recognizing that organizations must adapt themselves to successfully operate in their ‘interconnected’ context. Later in the 80s, the focus changed again to “firm’s internal resources and capabilities” (Furrer et al, 2008: 15), relating those resources and capabilities with the organizational performance (Resource-based theory). This perspective focuses on how “valuable, rare, inimitable and non-substitutable” resources and capabilities are used and managed (Furrer et al, 2008: 5) to achieve a “sustained superior performance” (Barney, 1991 cited by Furrer et al, 2008: 5).

Assuming that “every organization has a strategy whether it realizes it or not” (Courtney, 2013: 35), strategic management may be seen as a method to materialize strategic decisions or to “determine the overall direction of an enterprise (...) in light of the (...) changes that may occur in its (...) environments” (Quinn, 1980 cited by Courtney, 2013: 37). Ansoff (1990: xv) similarly defines strategic management as an approach “to position and relate the firm to its environment”, guaranteeing its ability to cope with external demands and to strategically manage their resources and capabilities. Thus, strategic management is based on continually “[coordinating] and [aligning] resources and actions with mission, vision and strategy throughout an organization”<sup>16</sup>, and thus helps create a balance between efficiency and effectiveness (Miller and Dess, 1996).

---

<sup>16</sup><https://balancedscorecard.org/BSCResources/StrategicPlanningBasics/tabid/459/Default.aspx>, consulted on 12-03-2014

In general terms, Miller and Dess (1996) mentioned a process of strategic management including (i) Strategic analysis; (ii) Strategy Formulation; (iii) Strategy Execution; and (iv) Evaluation, evidencing the linkage amongst the plans and the organizational performance (Jasper and Crossan, 2012), giving the necessary strategic management feedback to better align what is going on and what was previously defined (Jasper and Crossan, 2012). In other words strategic management aims at both ‘fostering anticipation’ (using the planning function) and ongoing monitoring to track organizational performance.

Summing up, the evidences pointed out by Nutt and Backoff (2007) support to a great extent, the process above described: (i) strategic management requires an internal and external analysis, in order to promote efficiency and effectiveness and (ii) strategic management is a group of managerial decisions and activities seeking the creation of competitive advantages over competitors.

### **2.5.2. Strategic Management in the context of Third Sector**

It was only during the 80s/90s that strategic management also became popular in the context of the Third Sector (Courtney, 2013). This gap in time was influenced the exclusive association or certain concepts and ideas with the private sector. For instance, Wilcox (2006) cited by Courtney (2013: 67) mentions the existence of some bias hold by those responsible to manage organizations with respect to the adequacy of traditional business models and tools to the context of Third Sector or the idea that if “sophisticated management approaches were not needed to get the organization set up during the successful entrepreneurial phase”, they would also not be needed during a growth phase.

Despite the differences between the Non-Profit and the For-Profit businesses, the literature largely recognizes the possibility of applying strategic management practices to the specificities of TSOs (Courtney, 2013), albeit with some adaptations (Courtney, 2013 and Kong, 2008 cited by Jasper and Crossan, 2012). This need to adapt is explained, firstly, due their financial *versus* social motive (Drucker, 1990), i.e., traditional businesses define themselves in terms of financial results (or at least, in terms of more quantifiable results), and the same is not true for TSOs, which can contribute to an ambiguity in their organizational goals. Secondly, the management of TSOs is also hampered by the fact they work on a ‘joint commitments’ basis. So, the dependency between different parties is bigger and it is necessary to include all of them



“directly in the process, by consulting them or by considering their visions” (Mason and Mitroff, 1981 cited by Nutt and Backoff, 2007: 45).

A pertinent question is why strategic management is also important for TSOs and at this level, different perspectives may be pointed out. One is directly related to those governments and agencies “increasingly holding the organizations accountable through monitoring and evaluation processes for the outcomes of that funding” (Courtney, 2013: 69). Another perspective is related to the competitiveness of the environment and the context of scarcity in which organizations are operating, namely the competition in terms of funding (Courtney, 2013). Lindenberg (2001) notices the importance for TSOs of adjusting their strategies in order to create more social value and, at the same time, to evidence their higher efficiency and effectiveness when compared with other Non-Profit, public and/or private organizations (Courtney, 2013).

Nutt and Backoff (2007: 44) note the existence of “critical needs to articulate, evaluate and manage the evolution of their strategies” and Courtney (2013: 35) highlights the propensity for TSOs to develop strategic plans that “simply describe what the organization already does”. This reflects the incongruence of strategies that, most of the time, are just “responding to the opportunities provided by particular funding sources”, which does not imply that they are necessarily being used in reality “to guide the development of the organization” (Courtney, 2013: 35).

Independently of the difficulties or its current ‘state-of-the-art’, strategic management practice can potentially be useful for TSOs. Both (strategic management practice and TSOs) have as premise change and improvement, and they can be seen as complementary. On the one hand, “every Non-Profit institution exists for the sake of performance in changing people and society” (Drucker, 1990: 107). On the other hand, strategic management compares performance with the plans and then makes the necessary corrections in order to improve future course of actions. So, the improvement may be at the level of future projects and activities in order to subsequently deliver more and better social value.

Courtney (2013) discusses the effectiveness of strategic management in the context of the Third Sector and here a relevant issue emerges related to the criteria that can be used to assess effectiveness in Third Sector. Citing a set of studies previously carried out, Courtney (2013) points out the following criteria: income generation; financial strength; reputation/satisfaction

with funders; satisfaction with CEO/Staff; assessment by experts; assessment with all stakeholders; community acceptance; goal attainment; service or membership growth. Therefore, different case studies have found that planning issues help “maintain stakeholder satisfaction, (...) a continued flow of resources” (Crittenden et al, 1998 cited by Courtney, 2013: 88); organizations with a formal strategic planning, regardless of their dimension, “had higher levels of financial and social performance” (Siciliano, 1977 cited by Courtney, 2013: 88); and those “organizations with little strategic direction and without a clear funding strategy were more likely to demonstrate poor or faltering financial performance” (Crittenden et al, 2000 cited by Courtney, 2013: 89). Also Nutt and Backoff (1993) stress the importance of strategic management to help organizations “to cope with external change” (Ginter et al cited by Jasper and Crossan, 2012). To conclude, Courtney (2013) points out as the main four advantages of strategic management the clarity of organizational focus; the improvement of organizational unity; the improvement of financial planning; and also the improvement of monitoring of performance.

One last issue that deserves some attention is related to the process of strategic management in the specific context of TSOs and Courtney (2013) also mentions four main stages: (i) strategic thinking, including the strategic analysis of the external and internal environment of the organization, using tools such as SWOT Analysis, Scenario Analysis, or Needs Assessments for external purposes, and Peer Reviews; (ii) strategy choices, meaning the strategic options through which organizations intend to achieve their missions and their organizational goals; (iii) formulation of strategic planning, that is nothing more than “putting together a framework for making decisions about future development” (Courtney, 2013: 169); and (iv) implementation, that is to put in practice the strategic plan. At this level, Courtney (2013) underlines the importance of engagement and motivation of staff and volunteers to guarantee that the strategic plan is successfully executed, and also the importance of having “a framework (...) in place at the beginning to control and monitor progress against the plan” (Courtney, 2013: 256). Therefore, monitoring means measuring progress and the author affirms that it helps to keep the focus on the execution of the strategic plan and “enables the board to feel much more in control of the outcomes of the organization” (Courtney, 2013: 256).

In conclusion, during the monitoring phase, organizations try to conclude regarding the effectiveness of their strategic plans, and amongst the several models available for TSOs, Courtney (2013) mentions SROI tool as one of them, since SROI also intends to measure the

progress and demonstrate the effectiveness of the organization or of a specific social project. The next section will relate social value measurement and the SROI as processes supporting the strategic management of TSOs.

### **2.5.3. Strategic Management and Social Value Measurement**

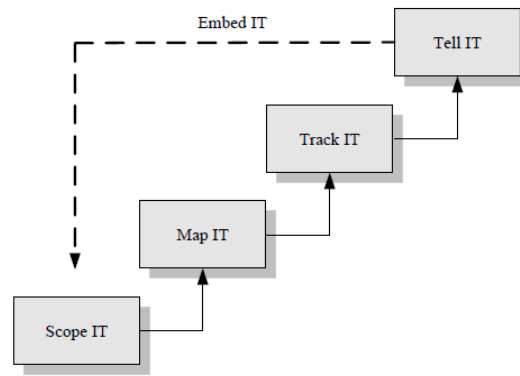
Considering that TSOs have the purpose of meeting unsatisfied social needs to create social value (McLoughlin et al, 2009), they have to evidence this through the “systematic, effective and appropriate measurement of their social contribution and which, hopefully, demonstrates competitive advantage over alternative providers” (McLoughlin et al, 2009: 155). Moreover, they have to achieve superior performance, when compared with other competitors, in order to attract funding (Courtney, 2013).

McLoughlin et al (2009) consider the concepts of social value measurement and strategic management as complementary. In fact, as will be discussed next, they are processes with mutual benefits, since they can mutually support each other. Using this idea of complementarity between the two approaches, McLoughlin et al (2009: 159) recognize the need for a “holistic practical social impact model” able to couple the measurement of social impact with strategic issues. In this sense, the authors presented the SIMPLE Model as a strategic methodology to measure social impact for Social Enterprises<sup>17</sup>.

The main idea of the SIMPLE Model is to link traditional social value measurement with the “ongoing business planning and strategic management processes” (McLoughlin et al, 2009: 161) in order to achieve a robust basis not only for continuous improvement, but also to drive change, i.e., to maximize the positive social value created and mitigate the negative impacts created. As shown in Figure 3, the SIMPLE Model is based on 5 different stages:

---

<sup>17</sup> The authors used the terminology of ‘Social Enterprises’ but they did not clarified which type of organizations they included, for this reason, and as Social Enterprises are often included in the spectrum of TSOs, it will be assumed that SIMPLE Model may also be applied to any TSO.

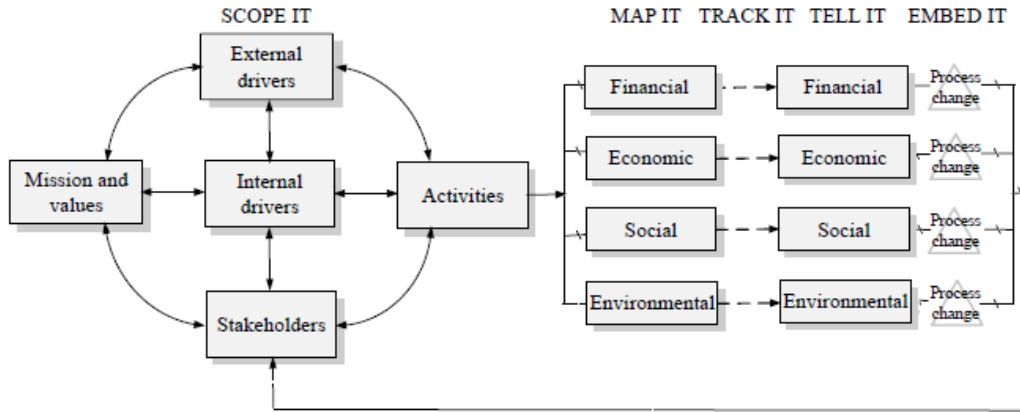


**Figure 3** – SIMPLE Model’s Stages (Source: McLoughlin et al, 2009)

The first stage is the ‘Scope It’ (Figure 4), including the understanding of four different dimensions: mission, vision and values; external drivers (the context of the impact); internal drivers (organizational context and decision-making structures); and stakeholders.

The next three stages are about the process of measurement *per se*. According to the authors, SROI is “complementary and fully compatible with the SIMPLE Methodology” (McLoughlin et al, 2009:174) and can be used to execute these three stages. More specifically, the ‘Map It’ phase (Figure 4) includes the categorization of impacts (into financial, economic, environmental) after which it is important to draw the map of impact (composing the value chain, already mentioned in section 2.2.1. After, mapping the impact, it is necessary to ‘Track It’ (Figure 4). This stage requires the choice of outcomes and impacts that will be measured, the determination of change indicators, the strategy for data collection and finally, its implementation. Ultimately, it is time to ‘Tell It’ (Figure 4), which means to report and communicate the results to all the interested parties.

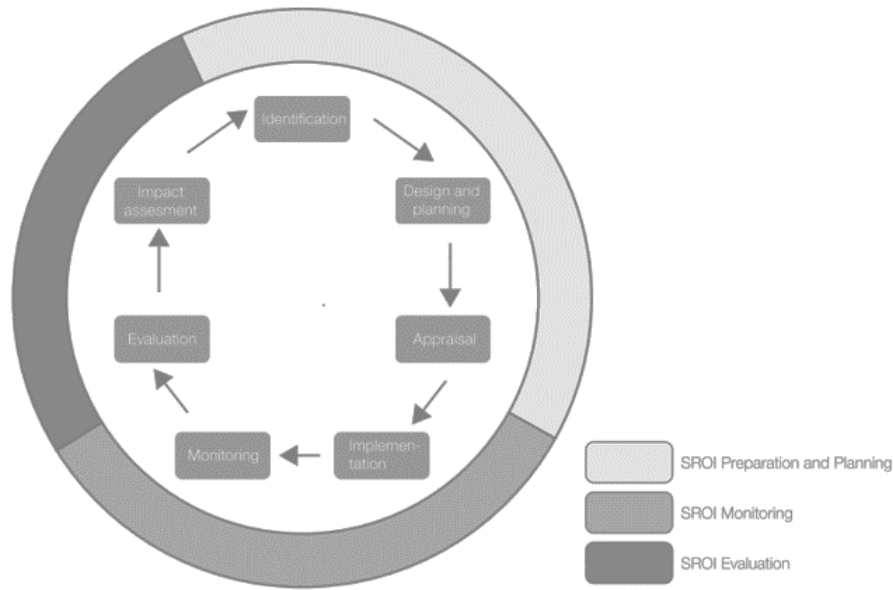
The ‘Embed It’ phase, the last one and the practical connection between the social impact measurement and the strategic management, is defined by the authors as the “key management and cultural challenge” (McLoughlin et al, 2009: 170) for organizations. This stage requires the integration of all levels and functions of organization (IT, Finance, HR, Quality Assurance and so on), ensuring that the changes resultant of social value measurement are incorporated and are a basis for future improvements.



**Figure 4** - SIMPLE Model, detailed strategic version (Source: McLoughlin et al, 2009)

At a glance, the SIMPLE Model (McLoughlin et al, 2009) seems to be a powerful tool for TSOs. It matches the strategic management process with social value measurement, expecting the use of SROI tool to complete the process. In fact, the process proposed by the SIMPLE Model suggests similarities with the process of strategic management: the ‘scope it’ corresponds to the ‘strategic thinking’ stage; the ‘map it’ matches the strategy formulation; the ‘track it’ stage may be seen as the implementation stage; and finally, the ‘tell it’ and ‘embed it’ stages match the monitoring phase of strategic management.

More specifically, SROI is able to support the process of strategic management of an organization due to a set of reasons. Firstly, considering the SROI project cycle (Figure 5) suggested by Brouwers et al (2010), there are similarities between it and the process of strategic management, since both include the planning, the monitoring (of implementation) and then, evaluation. After evaluation, SROI has as its goal the opportunity for later improvements, giving inputs and supporting the purpose of strategic management.



**Figure 5**– SROI Project Cycle (Source: Brouwers et al, 2010)

Secondly, one of the ‘best practices’ of SROI is related to the involvement of all the interested parties. This could be important for the strategic management process on two different levels. Involving all the staff and promoting an open-environment means less resistance in accepting the changes resultant from the process. Then, by involving stakeholders, organizations can easily and strategically manage their performance in order to meet their different expectations. In addition, the principles of valuing what matters, transparency and the valuation of results can add value to the strategic management process.

Thirdly, the SROI can be seen as the basis for the feedback required by the strategic management process. As stated above, SROI is considered as a management tool able to monitor the ongoing activities of organizations, to focus on what is important and to facilitate the decision-making process.

To conclude, it is possible to say social value measurement regarding SROI tool may also be seen under a strategic management perspective, being useful for organizations to achieve superior performance with regard to their main purpose: to create social value in a sustained way.

Taking into consideration the literature review presented, there is much more that could have been scrutinized. In fact, during the introduction of this research work, the importance that this topic may assume at different levels was identified, and one of them is at the organizational one. In the specific case of TSOs, this point may also assume great interest. Firstly, since often

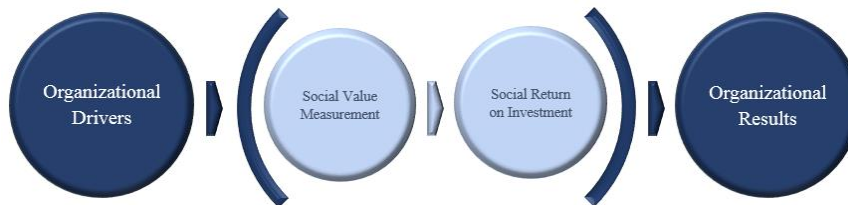
they experience situations of scarcity (money, knowledge, and so on), it is puzzling why they get involved in this kind of complex analysis but the literature points out a set of benefits to it. This leads us to the second research objective of this study, which is to understand exactly what the drivers and the usefulness of the SROI for TSOs are, namely in terms of their accountability and strategic management as well.

Taking into account these purposes, the next chapter will discuss and identify the adequate methodology to address these issues and the methods that will be used to study this research problem in practical terms.

### 3. Objectives and Research Framework

The need for ongoing research in the field of social value measurement in general and in the field of SROI in particular, has already been identified, with the conclusion that this topic is a recent and unexplored one. Accordingly, Ruane (2055: 12) argues that the exploratory studies are the most adequate ones in order to gain in-depth understanding about “a new or little researched setting, group or phenomenon”

Taking all of this into account, and also reflecting the research purposes mentioned in chapter 1, Figure 6 evidences the research objectives of this exploratory study, which are detailed throughout this chapter.



**Figure 6** - Research Objectives

Beginning with the already mentioned theoretical gap, this research work intends to clarify some conceptual matters. Thus it starts with general concepts in order to contextualize the research problem – more specifically, it presents the definition of Third Sector, its purpose and boundaries; then, it introduces and defines the concept of Social Value, why and how it should be measured; as a result, the research focuses the SROI as a tool to measure the creation of social value, explaining how it works, its ambitions and challenges.

Once the concepts have been clarified, it is possible to define a set of more ‘practical’ objectives, as evidenced by Figure 6. The first key objective of this research project is to understand the main drivers for organizations to use SROI to measure the social value they create. This is an interesting point if we consider that it is in TSOs that a major concern about social value measurement is verified. It is true they are the ones having the creation of social value as the central purpose, but they are also the ones which operate in a context of higher resources scarcity, and SROI requires great amounts of resources. The second research objective is directly related to the SROI tool and, at this point, this research aims to clarify how the process is conducted and what the main difficulties and expectations experienced by those agents directly involved with the tool are. The third key objective is related to the results that



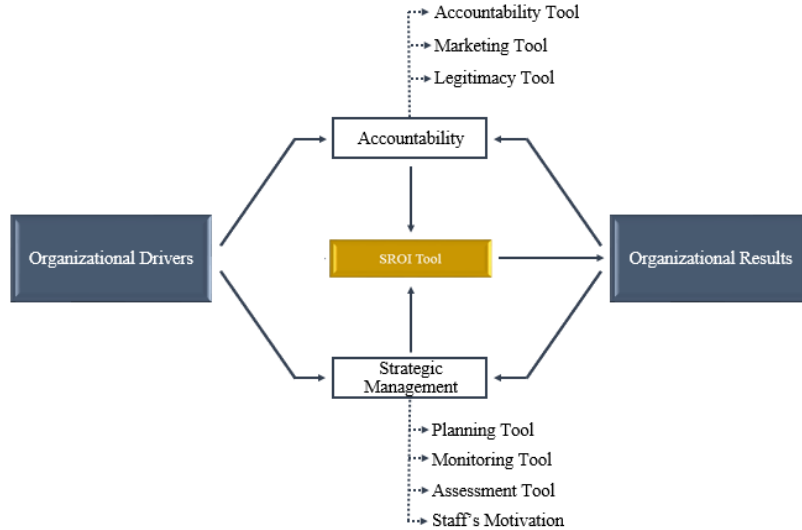
organizations experience after using the SROI tool. Indeed, SROI tool is resource intensive but it is also full of potential at the organizational level, namely in terms of accountability and strategic management purposes. Despite the potential of the tool, organizations commonly use it merely as a way to transform their activities' results into a number and then, their main priority is to communicate that number to the investors. Accordingly, this study intends to explore if there are other organizational results.

Once the research objectives for this project have been defined, it is possible to define the research questions and the research framework that will guide and support the following stages. In their discussion of research questions, Eriksson and Kovalainen (2008) write that there are three types of questions: *what*, *how* and *why* questions. According to the authors, *how* and *why* questions are more exploratory as the goal is to discover causes and consequences. However, Yin (2009) argues that some '*what* questions' are also exploratory if these do not follow a research rationale of 'how many' or 'how much'.

Matching the literature review, the three research objectives mentioned above and the research design of this project (the exploratory one), it is possible to define the following research questions:

- (i) Why do organizations decide to use the SROI tool? What are the organizational drivers behind its adoption?
- (ii) How is the SROI tool and its implementation process perceived by organizations?
- (iii) What are, in the perspective of the organizations, the experienced results after using the SROI tool?

Putting these questions together, it is possible to design a research framework (Figure 7). The objective is not to test it, but rather to understand how the three different theoretical approaches (SROI Tool, Accountability and Strategic Management) may relate to each other, and to guide the definition of the research strategy for this study.



**Figure 7 - Research Framework**

The above research framework, designed for the specific context of this research project, addresses the three key research objectives and puts SROI under two different lenses: the accountability and the strategic management one. The accountability lens assumes an external dimension for organizations, and the strategic management one assumes an internal one. Detailing it, organizations using SROI may have different drivers, divided into accountability and/or strategic management. After the use of SROI, organizations may experience different organizational results, also divided into accountability results and/or strategic management results. Apart from understanding the organizational drivers and results of using SROI, the framework also foresees the understanding of the experience of those involved in the process of SROI calculation (for instance, in terms of the difficulties experienced), since different organizations may perceive the tool in different ways depending on their context, for instance.

As we will see in the next chapter, this conceptual model is the basis to define the methodology that will be used to answer the research questions.

## **4. Methodology and Research Strategy**

The definition of the methodology constitutes a fundamental step in any research since it delineates how that research is designed and conducted (Eriksson and Kovalainen, 2008). This chapter describes the perspective used to answer to research questions, the method of analysis adopted and the research strategies that support it.

### **4.1. Theoretical paradigm**

This research faces a reality that is clearly not objective as it intends to understand the organizational drivers, experiences and results in terms of SROI tool. At might be expected, the organizational drivers, experiences and results depend on a variety of conditions and they differ across organizations, and therefore it is arguably impossible to obtain a single and uniform answer for each one of the research questions defined. As such, this research fitted within an interpretative paradigm, and according to Eriksson and Kovalainen (2008: 19), by using an interpretivist perspective, we are “interested in how people, as individuals or as a group, interpret and understand social events and settings”. In this way, it implies to know each case in detail and interpret it in light of its environment and its own characteristics. This justifies the choice of a specific organization as a case study, as will be explained in detail later.

To attain this purpose, a partially inductive logic of research was used in the sense that it had “the realm of concepts and theory” (Ruane, 2005: 49) as starting point, but the relationships between these concepts and theories had not (to the best of our knowledge) been analysed. Hence, using three distinct theories whose interrelationships have been hitherto unexplored (SROI, Accountability and Strategic Management), we collected data in order to understand how they may relate with each other and, hopefully, to add to the body of knowledge about this ‘new’ topic.

### **4.2. Method of analysis**

As an exploratory study under an interpretative paradigm, it mainly (but not exclusively) produced qualitative data, i.e., “evidence presented in words, pictures or some other narrative” (Ruane, 2005: 12). Additionally, it assumed the interpretation of the “phenomena in terms of

the meanings people bring to them” (Denzin and Lincoln, 2011: 3) and, for this reason, the final output was a narrative built around how the organizations deal and/or dealt with the SROI tool.

Taking this into account, a qualitative approach to this research problem seemed to be the most effective one since it is based on “a set of interpretive, material practices that make the world visible” (Denzin and Lincoln, 2011: 3) and they are important “when prior insights about a phenomenon under scrutiny are modest” (Ghauri, Gronhaug and Kritianslund, 2005: 202) as is the case with exploratory investigations.

### **4.3. Research strategy – Case Study**

At this stage, it is necessary to define the strategies that were used to obtain the required information. Yin (2009) argues that a case study strategy is the most effective when we are dealing with complex social phenomena and that it is related to “interpretative, ethnographic and field-research traditions” (Dyer and Wilkins, 1991 and David, 2006, cited by Eriksson and Kovalainen, 2008: 116). More specifically, this is a method that allows us to get “the holistic and meaningful characteristics of real-life events – such as (...) organizational and managerial processes” (Yin, 2009: 4). Moreover, Eriksson and Kovalainen (2008: 116) mention that the use of case studies in the business context is very common since it is a method which allows “hard-to-grasp business issues” to be transformed into simplified and practical concepts. More, it offers “detail, richness, completeness and within-case variance” (Flyvbjerg, 2011: 314).

Within the case study strategy, Eriksson and Kovalainen (2008: 115) write that the main issue is about “the construction of ‘the case’ or ‘several cases’”, or the ‘single’ versus ‘multiple’ case studies (Yin, 2009). In this sense, multiple case studies are more robust, but also require more time and resources, while the opposite is valid in single case studies. Eriksson and Kovalainen (2008: 118) further distinguish them, in the sense that single case study is more ‘qualitative’ having the purpose of “understanding a unique case from the inside by providing a thick, holistic and contextualized description”. On the other hand, a multiple case study is more related to ‘quantitative’ issues, since it intends on the “elaboration, testing or generation of generalizable theoretical constructs by comparing (replicating) a number of cases” (Eriksson and Kovalainen, 2008: 118).

Considering that the purpose of the single (or intensive) case study is not to generalize, but rather to scrutinize and explore how a specific case “works as a configurative and ideographic unit of analysis” (Eriksson and Kovalainen, 2008: 121), and using a rationale presented by Yin (2009: 47) to justify the choice of this type of case study (‘the case represents an extreme case or a unique case’, as explained and detailed later), this was the typology of case study chosen for this research work.

### *Selection of the case*

The process of selecting the case started with the *4Change* Consultancy. *4Change* is a Portuguese Consultant specialized in the management of social impact and one of the services they offer to organizations from all the sectors is related to SROI analysis. As they are closely involved with Portuguese organizations that use or have used the SROI tool, it was a good starting point to obtain initial insights about how SROI is practiced in Portugal and to understand what kind of organizations were or are involved in the process.

Within the context of this work, *4Change* introduced us the *Programa do Impacto Social*. This was an initiative promoted in 2013 by *CASES* (a cooperative with the mission of recognizing, promoting, strengthening and upgrading the Portuguese Social Economy) and *Fundação Montepio* (a foundation that operates towards the improvement of organizations and leaders in the Social Economy in Portugal), in partnership with *4Change and Audax* (a lab for entrepreneurship), with the goal of developing and promoting in TSOs the necessary capabilities to use the SROI tool. The *Programa do Impacto Social* had the duration of three months and it included different stages: an introductory training, a mentoring program, the process of calculating the SROI ratio and a final conference. From the ten organizations involved at the start of the project, seven concluded the whole process.

After a brief analysis of each one of the organizations, there was one organization that differentiated itself due to its involvement in SROI at the very beginning of its life cycle stage – CLIP had just started their activities in October 2012 when they got involved in the *Programa do Impacto Social* in 2013. In addition, *4Change* also mentioned that one of the reasons for CLIP to participate in this program was related to planning purposes.

As referred several times in the literature review, the application of the SROI tool is a complex process, requiring great amounts of resources and it is expectable that only organizations with bigger structures are able to put it into practice. Furthermore, it is also expected that

organizations that are just starting their operations have other concerns than the measurement of the impact that they will create in the future – i.e., taking into account the context of those organizations that are just initiating their activities, implementing the SROI in an initial stage of the life-cycle may be hard to operationalize and this may be seen as an interesting research topic. Using the evidence offered by the literature review, it is possible to consider that CLIP “represent[s] (...) a unique case” (Yin, 2009: 49) and for all of these reasons, it was chosen as the case study of this research.

#### **4.4. Methods for data collection and analysis**

According to Erikson and Kovalainen (2008: 116), it is crucial that the methods to assess a certain case study should be chosen “depending on the purpose and aims of the study and the more specific research questions”. The authors also mention the importance of including more than one source of information in order to enrich the case study. The next topic describes the methods that were used in the present study.

##### **4.4.1. Interviewing and secondary data**

Erikson and Kovalainen (2008) argue that in-depth interviews are the most common primary basis to collect empirical data and then, other secondary sources are used to complement the empirical data.

As it is an exploratory research, the in-depth interview was used as the primary source of empirical data, since a greater proximity to and focus on the phenomenon is possible (Yin, 2009). More specifically, it was used a guided and semi-structured interview (Erikson and Kovalainen, 2008). This means that although there was a set of defined questions to guide the interviews, those were flexible in order to produce informal and fluid conversations (Yin, 2009). The basis of the interview script was the research framework defined in chapter 3, and it was divided into four parts. The first one included questions about the organization, focusing mostly on its structure and evolution. The second part was about the SROI *per se* and its process of implementation and execution. The last two parts were about the accountability and strategic management perspectives and extent to which they are implemented in the organization in question. Table 2 summarizes the topics used to guide the interviews (for the full interview script, see Appendix 3).

	Part I The Organization	Part II SROI Tool	Part III Accountability Approach	Part IV Strategic Management Approach
Topic 1	Idea of the project	Drivers to use SROI	Importance of being accountable to different stakeholders	Importance given to the planning activities
Topic 2	Stakeholders	Influence of organizational practices in using the SROI tool	Influence of SROI in the communication with stakeholders	Importance given to the monitoring activities
Topic 3	Organizational structure	Perceived challenges and difficulties	Influence of SROI in signalling the organizational performance	Importance given to the evaluation of organizational results
Topic 4	Organizational evolution	Perceived results (internal and external results)		Influence of SROI in the strategic management of the organization
Topic 5		Involvement of stakeholders in the process		

Table 1 - Interview Structure

Taking into account the structure of the interview and to ensure that the respondents had enough knowledge/experience in the asked topics, it was decided that the interviewees should be workers directly involved in the process of SROI calculation - in this case, CLIP had two members involved in the process – and a person directly involved in the board and in the management of the organization (CLIP).

In this specific case, it was also possible to use other sources to collect the necessary data, and for this reason, secondary data was used as well. According to Yin (2009: 103), documentation is useful “to corroborate and augment evidence from other sources” and also to understand how the organization communicate with external parties. So in terms of secondary sources, the report produced by CLIP within the scope of *Programa do Impacto Social* was used, in which the organization explained all the process regarding which it calculated the SROI ratio. The report of activities developed and published by CLIP in 2012 and 2013 were also a secondary source of information.

#### 4.4.2. Techniques of analysis

In order to analyze the gathered data, the first step was to make transcripts of the conducted interviews, using for this purpose the F4 and MaxQDA 11 software.

In terms of organizing and structuring the obtained data, it was useful to create a structure (aligned literature review made) to classify the information. Thus, it was developed a case description that according to Yin (2009) it is a process of creating a specific coding system to organize the case study.

The main procedures of this stage are enumerated:

1. A Coding System was created based on the literature review, composed of general codes and sub codes. Appendix 4 evidences how the codes were created, based on the different

topics studied. As some of the topics are more about contextualization and concept definition, these do not have any associated code.

2. A pre-codification of the interview questions was carried out according to this first version of the Coding System (Appendix 5). Although the interview script was flexible, this pre-codification made the subsequent content analysis easier. It should be noted that a topic may be codified into more than one code, since the aim is to relate concepts.
3. After, the organization of the information was a useful step to align the Coding System with our Research Framework. Appendix 6 identifies the codes, sub-codes and the criteria used to codify the collected data.
4. There are other considerations to be mentioned:
  - a) Even though it has not been considered initially in the creation of Coding System, three new codes have been created – “the idea”; “Stakeholders”; “Organizational Structure” – in order to better characterize the organization.
  - b) Although in the literature the ‘functionalities’ of SROI (internal and external) tend to be mentioned as a single topic, it made sense to create two different codes to include them: “Organizational Drivers” and “Organization Results”. This is explained by the fact that the organization may experience a criterion (such as, planning or differentiation) as a result and not as a driver, and vice-versa.
  - c) Inclusion of the sub code “Marketing Materials” into the code “Signalling Strategies”. The communication materials were not mentioned in the literature but they may be considered as a way to signal organizational performance (in addition to statements and reports; performance assessment and evaluation; participation; and self-regulation).
  - d) Inclusion of the sub code “Other”. During the codification, it was necessary to include this code in order to include the personal perceptions of the interviewees about the tool, the needs and the criticisms they made about it, the strengths, and the suggestions for the future.
  - e) Inclusion of the sub code “To Beneficiaries” into the code “Signals”. Beneficiaries are an important element for any Third Sector Organization. In addition, they could not be considered as Funders, Market, Staff or Society.
  - f) Inclusion of the sub code “Mentoring” into the code “SROI Barriers”, since the *Programa do Impacto Social* included a mentoring program to support the organizations involved, fact which was mentioned several times during the interviews.



5. The codes were introduced in the software MaxQDA 11, from which Table 2 was obtained. This presents a summarized (and final) version of coding system developed in this research.

Coding System	
Dimensions, Codes and Sub Codes	
<b>1. Characterization of Organization</b> 1.1. The idea 1.2. Stakeholders 1.3. Organizational Structure	<b>7. SROI Tool, Challenges and ambitions of SROI (Cont.)</b> 7.7. Inflation of SROI ratios 7.8. Deadweight, Displacement and Attribution 7.9. Discount Rates 7.10. Financial Proxies 7.11. Mentoring 7.12. Others
<b>2. Organizational Evolution</b> 2.1. Life Cycle Stage 2.1.1. Start-up 2.1.2. Professionalization 2.1.3. Institutionalization	<b>8. Accountability Approach, The Concept</b> 8.1. Types of Accountability 8.1.1. Identity Accountability 8.1.2. Upward Accountability 8.1.3. Downward Accountability 8.1.4. Holistic Accountability 8.2. Length of Accountability 8.2.1. Short-Term 8.2.2. Long-Term 8.3. Signalling Strategies 8.3.1. Statements and Reports 8.3.2. Performance Assessment and Evaluation 8.3.3. Participation 8.3.4. Self-Regulation 8.3.5. Marketing Materials 8.4. Signals 8.4.1. To funders 8.4.2. To the market 8.4.3. To staff members 8.4.4. To community/society 8.4.5. To beneficiaries
<b>3. Social Value Measurement</b> 3.1. Reasons to measure Social Value 3.1.1. Benefits 3.1.1.1. Planning, Monitoring and Evaluation 3.1.1.2. Support Organizational Direction 3.1.1.3. Justification for External Funding 3.1.2. Characteristics of the Environment 3.1.2.1. Global Economic Crisis 3.1.2.2. Resources scarcity 3.1.2.3. External pressures	
<b>4. Measuring Social Value</b> 4.1. Barriers	<b>9. Accountability Approach, Accountability Drivers + Results</b> 9.1. Differentiation Tool 9.2. Marketing Tool 9.3. Legitimacy Tool 9.4. Communication Tool 9.5. Others
<b>5. SROI Tool, The Concept</b> 5.1. Types of SROI 5.1.1. Retrospective 5.1.2. Prospective 5.2. SROI Principles 5.2.1. Involvement of stakeholders 5.2.2. Understanding of what changes 5.2.3. Value what matters and just include what is material 5.2.4. No over claim and transparency 5.2.5. Verification of results 5.2.6. Compatibility and complementarity with internal tools	
<b>6. SROI Tool, How to calculate SROI ratio</b> 6.1. Process of calculation 6.1.1. Establishment of impact and identification of stakeholders 6.1.2. Outcomes mapping 6.1.3. Valuation of outcomes 6.1.4. Establishment of impact 6.1.5. Calculation of SROI ratio 6.1.6. Reporting, using and embedding	<b>10. Strategic Management Approach, The Process</b> 10.1. Strategic Thinking 10.2. Strategy Choices and Strategy Formulation 10.3. Implementation 10.4. Monitoring
<b>7. SROI Tool, Challenges and ambitions of SROI</b> 7.1. Complexity 7.2. Time and money 7.3. Quantification 7.4. Assumptions 7.5. Value judgement 7.6. Information systems	
	<b>11. Strategic Management Approach, Strategic Manag. Drivers + Results</b> 11.1. Planning Tool 11.2. Management Tool 11.3. Assessment Tool 11.4. Others

Table 2 – Coding System (Simplified)

With regard to analysis, the technique used was ‘explanation building’, which according to Yin (2009: 141), is a particularly pertinent for exploratory case studies. According to the author, “the goal is to analyze the case study by building an explanation about the case”. Through the associations between the ‘how’s’ and the ‘why’s’ of the specific situation under analysis, it was built a narrative about the case. Whenever possible, the findings were supported by some examples of arguments presented in the literature review chapter and by excerpts from the interviews, thus increasing the robustness of the conclusions.

## **5. CLIP – Resources and Development**

CLIP is a Non-Profit Association composed of 34 different entities from the public and private sectors, civil society, as well as from academia, and it is geographically situated in *Alta de Lisboa* (a recent area in the city of Lisbon). It was created in October 2012 with the purpose of supporting individual and community interventions for local development. Using values such as cooperation, active participation, and equality of opportunities, CLIP has as its main goals: (i) to be a working platform for the continuous development of the *Alta de Lisboa*; (ii) to have qualified Human Resources for community development; (iii) to establish ‘*side by side*’ and cooperative relationships between individuals, the community and local organizations; (iv) to promote the participation of the private sector as a way to boost local development; and finally (v) to provide opportunities for partnerships, confluence of interests and sharing of resources.

In terms of its organizational structure, CLIP has four governing bodies: the Board, the General Assembly, and the Advisory and Supervisory Boards. However, CLIP has a distinctive feature, influencing all the operational issues of the organization: CLIP works as a network for those 34 entities (which are formal partners or not), each one of whom is responsible for the management and running of its own organization and activities. This means that CLIP is a network of different entities working together and it does not have any volunteers working exclusively for it. Rather, all the volunteers working in CLIP do so in representation of their own associations or organizations. This implies a horizontal perspective of the organization, joint work and a shared governance system, within which all the decisions are made jointly, i.e., CLIP expects the involvement of all the partners in decision-making processes, regardless of the sector to which they belong.

The organization materializes its mission, through four main areas of activity:

- (i) Physical Resources (space and equipment) – the organization offers different spaces and resources in order to meet the different needs of its collaborating associations and organizations, such as a room for training sessions and meetings, two offices, individual lockers and a cyber café. The main goal is to share the material and immaterial resources that are available;
- (ii) Mobilization of Resources – this dimension of CLIP has its major concern the effective and efficient management of resources, focusing on savings and on access to new resources. One example of the activities performed at this level are the

protocols established with different suppliers to promote the collective acquisition of goods and services in order to benefit from cost advantages;

- (iii) Training and Information – CLIP also has as one of its objective the dissemination and development of different initiatives with the purpose of supporting the organizations in the performance of their own organizational activities. These initiatives promoted by CLIP include briefing and training sessions, co-work sessions, newsletters for funding, among others;
- (iv) Lobby and Advocacy– this dimension includes the development of different initiatives in order to strengthen CLIP member’s visibility and effectiveness.

In terms of its strategy, CLIP follows a low investment logic, because the goal is to mobilize existing resources and make them available everyone in order to obtain high returns (the logic is one of multiplication of results). In addition, CLIP does not have any paid volunteers. In terms of its financial resources, these are derived from monetary and non-monetary contributions of partners and members; fundraising activities; funding applications; consultancy services; and others. Currently, and according to what was mentioned about the pressures TSOs are facing namely because resources scarcity, CLIP is studying the viability of starting a market activity to ensure its expansion and its sustainability as well<sup>18</sup>.

In fact, CLIP is an innovative concept, mainly based on the idea of sharing and also because its main stakeholders assume, at the same time, the role of suppliers and beneficiaries. This combined with the use of the SROI tool at an early stage of its life-cycle, makes CLIP a particularly interesting case study for study of drivers and consequences of SROI application.

---

<sup>18</sup> In this way, CLIP was no longer an exclusive and traditional Non-Profit Association, but it would assume the configuration of Non-Profit with Income generating activities, as mentioned by Boyd et al (2009).

## **6. Findings and Discussion**

This Chapter outlines the findings of this research discusses them in light of the literature review presented in Chapter 2. Nevertheless, it is important to clarify how it is organized and the rationale supporting it. The Research Framework presented in Chapter 3 serves as the essential ‘roadmap’. We begin by discussing CLIP’s drivers for the adoption of the SROI. Then, we focus on the implementation of the SROI tool and the organization’s experience with it. Finally, the last section presents and discusses the organizational results experienced by CLIP after using SROI.

As this research is analysing SROI from two different perspectives (accountability and strategic management), it was also deemed important to characterize CLIP and its context, namely in terms of its accountability and strategic management dimensions. As such, prior to the above-mentioned sections, we start with the findings that directly characterize CLIP according to this two perspectives.

It should also be noted that a set of tables were developed to support the discussion of the findings and the conclusions reached. These create a match amongst the codes and extracts of the interviews and can be found in Appendix 7.

### **6.1. CLIP’s general description**

CLIP origins are related to the *K’Cidade* Program (a Program for the Urban Community Development), that led to the development of several local associations and organizations. With the end of this program (after a 10-year intervention in the *Alta de Lisboa*), these local institutions felt they were losing an important support structure for their own development and anticipating this need, a platform of different entities to continue to provide this support was conceptualized, corresponding to the start-up phase mentioned by Barnett (1988). In this context, CLIP was many times described by the interviewees, as an innovative and unique concept (e.g. “CLIP is different from other associations”, in Appendix 7, Table 1). This has its advantages and disadvantages, as we will see next.

This is useful to better understand the creation process of CLIP, which (until its formal constitution - October of 2012) required an intense phase of preparation work during one year. As mentioned during one of the interviews, the concept of CLIP was a result of “several

meetings and joint work” (in Appendix 7, Table 1) in order to know what would be the best way to operationalize this platform, how to effectively integrate all the institutions from the three sectors, how to implement this organizational model and the necessary decision making structures, which services it would offer, and how it would work in terms of regulations and statutes. This whole process of conception and creation of CLIP corroborates the arguments of Barnett (1988) about the start-up phase in the Non-Profit life cycle, in which a specific need is identified (in this case, the end of the *K’Cidade Program* and its support to the local associations) and a group of individuals, organized in an informal and flexible way, tried to find a solution for that need. More specifically, this process of conception and creation of CLIP, as a multi-stakeholder network, also fits the arguments of Roloff (2008), in which the author mentions four stages before the real implementation of the network, including an acquaintance stage and various agreements until its formalization.

Still related to the life-cycle stage of the organization, some conclusion about participants’ perceptions and feelings towards the CLIP may be reached. So, by comparing the start-up phase (Barnett, 1988) with the implementation phase (Roloff, 2008)<sup>19</sup>, it is possible to observe differences in the interviewees’ discourses about how they perceive the CLIP, reflecting changes in members’ motivations and involvement when compared the ‘before and after’. One of the excerpts of the interviewees reflect well this: “In the beginning, we were very enthusiastic with this project” but “some of us we were losing the enthusiasm... it was what happened with me” (Appendix 7, Table 1)

More specifically, when the interviewees were asked about the beginning of CLIP and how it was planned and created, the people interviewed used very positive words to describe it. Actually, they used words such as ‘enthusiasm’ and ‘high expectations’ about successfully carrying out the CLIP – as mentioned by one of the interviewees “at that time, with all the excitement and goodwill, we put all the efforts to do what was needed” (Appendix 7, Table 1). This is explained by the strong feeling for experimentation during the first stage of life-cycle model, as mentioned by Barnett (1988).

However, when it was necessary to put the plans into practice (according to Barnett (1998) it corresponds to the professionalization phase and Roloff (2008) denominate it as implementation phase), the respondents also recognized over time that CLIP’s ‘uniqueness’ and

---

<sup>19</sup> In the specific case of CLIP, the start-up phase and the implementation phase of its life cycle are coincident with the ‘before’ and ‘after’ of the organizational experience with the SROI tool

the fact that all its members are volunteers and none of them is exclusively dedicated to the organization, have delayed the process implementation and execution. Also some of its “initial objectives were perceived as lost or forgotten over time” (Appendix 7, Table 1). In result, motivation, enthusiasm and expectations were much lower at this more mature stage than they were when the project was first initiated. Inclusively, one of the participants mentioned that “the expectations [in relation to the project] calmed down” (Appendix 7, Table 1). According to Roloff (2008: 320), it is common to verify feelings related to disappointment and dissatisfaction at the implementation stage because “network is put to the test” and some deviations from what was previously idealised may occur. According to one of the participants, this happened in the case of CLIP, in which “past the challenge of formalization (...) the implementation phase brought several changes (...) because we are volunteers, some activities did not started as planned” (Appendix 7, Table 1). This could have a negative impact at the level of volunteer turnover.

In terms of the structure and composition of CLIP, this is a topic of great interest in order to contextualize CLIP, and from which several findings can be discussed. The first is related to the complexity of CLIP’s structure (Appendix 7, Table 1). The fact that CLIP brings together organizations from the public, private sectors, civil society, and academia as well, is a more powerful way to meet local needs and support local organizations. Without the cooperation of all the three sectors, the effectiveness of those local associations would not be the same level, because CLIP is able to recognize the current scarcity of resources, implement mechanisms such as resources sharing or protocols to gain economies of scale, and it allows local associations to make savings in their support activities, being able to have a more proactive performance in main activities. In the long run, this should benefit the whole region of the Alta de Lisboa, both in economic terms and in the field of public policies for local development. Note that McLoughlin et al (2009) recognized that social initiatives are able to create positive economic impacts, for instance, at level of employment.

The diversity of actors involved in CLIP, however, adds high levels of complexity to the management of the organization/network, since there are multiple interests and needs to be managed and harmonized (Roloff, 2008). As one of the interviewees pointed out, “it is not easy to give answer to all the multiple member interests” (Appendix 7, Table 1). Moreover, during the interviews, the issue of organizational communication was noted as a particular challenge emerging from the organization configuration.

The CLIP's decision making process should be also mentioned in order to better characterize it. In fact, its decision making process requires the involvement of all its members, because "CLIP has an extended direction" (Appendix 7, Table 1), which includes the formal board and anyone who wants to participate (all the volunteers have recognized power to decide during the meetings); and it operates on the principle of joint work and joint decision making. The upside of this principle is that it ensures that the opinions and suggestions of the volunteers are, in fact, taken into account in organizational decisions. This promotes an open environment and the informality needed to effectively manage this kind of organization and promotes knowledge transfer. For instance, the interviewees mentioned that the "work groups are constituted taking into account the preferences expressed by volunteers" (Appendix 7, Table 1). By dedicating time to the tasks they like (and not to imposed tasks), this could be an important motivational factor when we are talking about volunteers. As mentioned by Courtney (2013: 264), "the 'motivators' which create satisfaction tend to be factors such as achievement, (...) opportunity for advancement, and interesting work". On the other hand, supported on the arguments of Nutt and Backoff (2007), because CLIP's decision making is decentralized and dependent on a large group of volunteers, this makes "the process (...) time consuming, a clear disadvantage when timely answers to specific problems are required" (Appendix 7, Table 1).

This issue of joint work furthermore has direct implications at level of the management of CLIP, as will be discussed in detail in section 6.1.2.

Another important issue to be mentioned is related to the fact that "all of CLIP's members are volunteers", and "[all of them] have [their] own jobs" (Appendix 7, Table 1) and they are in CLIP to represent the local association to which they belong. Thus, it is not unusual for CLIP to be placed in second place (in terms of volunteers' involvement and time they dedicate to its operationalization). In particular, the feeling indicated by all the respondents that there was a deviation in the organization's operations in relation to the initial idea and goals, seems to have negatively impacted the volunteers' involvement and their motivation. In fact, it was mentioned that "although there is still a cohesive team, CLIP has lost several volunteers" (Appendix 7, Table 1), either because they lost enthusiasm or because they did not have enough time to devote to associative life. To overcome this, CLIP is trying to create internships in order to have staff exclusively dedicated to the operationalization of the organization. In addition, the way regarding which the work groups are formed has a positive impact on the staff motivation, as mentioned above. In conclusion, by using the example of CLIP, which is an extreme one since

it is composed only by volunteers that are representing other organizations, it is possible to understand that the issue of staff motivation is likely to be a critical point in the management and success of any TSO.

Bearing in mind two of the purposes of this research work, i.e., to analyse SROI as both an accountability and a strategic management tool, the next two sections characterize CLIP in terms of these two perspectives. The main purpose of knowing the importance given by CLIP to its accountability and strategic management, is to understand if they are related, in some way, to the drivers and consequences of SROI application.

### **6.1.1. CLIP's accountability perspective**

As noted in the literature review, the concept of accountability relates to the need felt by organizations to explain and demonstrate their conduct (Bovens, 2007). In the specific context of CLIP it is an important mechanism to clarify to external parties how this platform works in practice because “usually, people do not understand how it is possible to create this kind of dynamics, with this diversity of participants” (Appendix 7, Table 4). That difficulty was rather evident when, during the interviews, respondents tried to explain the different organizational practices. As they are so implicit, it is hard to put them in words.

Using the distinction of Avina (1993), between short-term and long-term accountability, it is possible to conclude that the accountability practiced by CLIP is functional, since the accountability timeframe is much more focused on the short-term and on what is going on, namely in terms of training sessions or initiatives. In fact, in practice, the organization's accountability consists of “[divulging] upcoming projects or events, and subsequently having briefings about them, after they have been carried out” (Appendix 7, Table 4).

In terms of the strategies used to signal its performance and organizational initiatives, CLIP mainly uses formal reports – “we have the Activity Report of the previous year (...) and the Annual Report” (Appendix 7, Table 4). According to Ebrahim (2003), organizations may signal their conduct regarding statements and reports, performance assessment and evaluation, participation and/or self-regulation, and in the case of CLIP, these reports (even if in little detail) are used to demonstrate to external parties which activities were carried out and how CLIP is performing. For this reason, and according to one of the participants, it can be assumed that



CLIP mainly intends to be accountable in order to gain legitimacy, i.e., the CLIP's accountability purpose is "to prove its performance to external parties" (Appendix 7, Table 4). Punctually, CLIP used the SROI Report developed in the context of the *Programa do Impacto Social* as well. This detailed report, describing the social return of the CLIP's activities is also another strategy to prove its performance and, for this reason, is also a signal used to gain legitimacy.

There is another signalling strategy used, which was not discussed by Ebrahim (2003), but seems relevant (at least, in the case of CLIP), that is related to the use of marketing materials. CLIP largely uses Facebook, its Blog and Newsletters in order "to communicate everything with everyone" (Appendix 7, Table 4). In fact, social networks and Newsletters are an easier to communicate with everyone in a faster way. Moreover, as CLIP practices a short-term accountability, this signalling strategy seems to be more adequate to communicate what is going on right now. This findings leads us to conclude that there is a low importance given to the reports (namely because they are not developed in detail) and new technologies are largely used, evidencing the informality that characterizes the organization. Nevertheless, by using this strategy, CLIP must be aware for the constant management of information in order to keep it as updated as possible.

About to whom the signals are sent, it is not so clear. This is evidenced by one of excerpts: "it is hard to distinguish when the CLIP is composed by all the associations together" (Appendix 7, Table 1). When talking about the Activity Report, it was said that "its purpose is to present what is being done to stakeholders" (Appendix 7, Table 4). Given that in the case of CLIP there is not a clear distinction between the different groups of stakeholders (funders *versus* beneficiaries, or considering that all of them are staff members), we can conclude that the organization practices a type of holistic accountability, i.e, they want to demonstrate what is being done both to funders, beneficiaries, and to the community in general (Unerman and O'Dwyer, 2010).

Thus, about the accountability of the CLIP, it is possible to conclude that it is not a priority nor used with a strategic intention. In fact, it is in a basic level of development and it focus more on what is going on. However, it is recognized by the interviewees as an important practice to better clarify the essence of CLIP and to demonstrate what organization does in fact. Thus, the organizational complexity of CLIP and the fact that all its workers are volunteers, can be barriers to the development of this practice. In addition, the CLIP's structure and complexity

makes difficult to have a clear accountability strategy. For instance, as members assume different roles at the same time within the organizational structure, this makes hard to have different signals for each stakeholder group. For this reason, they report the same information to everyone and the new technologies are the most effective way to be accountable to everyone.

### **6.1.2. CLIP's strategic management perspective**

Strategic management, as a practice allowing the coordination of resources and actions to accomplish a specific mission and organizational goals, is also an interesting point in the context of Third Sector and specially, in the perspective of CLIP.

The analysis of CLIP's strategic management practice will be done in light of the tasks mentioned by Courtney (2013) in this regard: (i) strategic thinking; (ii) strategy choices; (iii) formulation of strategic planning; and (iv) implementation. But it is possible to conjecture in advance that the informality characterizing CLIP greatly influences its management processes. In fact, as will be evidenced next, the management of CLIP can be characterized as an almost *ad hoc* process, strongly based on daily routines and organizational experiences throughout the time. Probably, this is likely related to the life-cycle stage in which CLIP finds itself, and its evolution until now. Short-termism is a hallmark of the early stages of an organization's development (Barnett, 1988) and it is common for organizations to look for 'here and now' decisions, placing the formalities associated with planning tasks, for instance, into second place.

In terms of strategic thinking, it was possible to perceive that "it is more an intuitive process rather than a formal one" (Appendix 7, Table 5). The interviewees mentioned that there is a concern for "all organizational initiatives performed (...) [to be] aligned with the mission of CLIP" and also recognized the importance of "understanding the needs of the groups involved" (Appendix 7, Table 5). In this case, this step is facilitated since CLIP is directly managed and composed of members representing each one of those groups and the organization has direct access to this kind of information. Nevertheless, it is an intuitive process because there is no formal analysis of CLIP's external or internal environments. According to one of the respondents, "CLIP has never performed a SWOT analysis" (Appendix 7, Table 5) – one of the tools mentioned by Courtney (2013) to support the strategic thinking process. This highlights the importance of having technical and specialized knowledge (in this case, management related knowledge), which does not always happen in the context of TSOs due to their focus,

dimension, resources or the volunteer nature of their staff. The same is verified in the case of CLIP.

The second step in the process of strategic management is related to the planning function or strategy choices and the consequent strategy formulation. As the overall management of CLIP is more *ad hoc* and focused on what is needed now, it is possible to assume that the organization does not pay too much attention on planning its activities. In fact, “there is a generic plan integrating the plans of the local organizations” (because in its essence, CLIP is a network of different associations), and it is described by the interviewees as “soft” and “ample” (Appendix 7, Table 5), meaning it is not so detailed by only comprising macro activities that will be realized. According to the respondents, “it could not be in other way, otherwise, it would make more sense to have CLIP as an independent organization, rather than a network of associations” (Appendix 7, Table 5). So, by not specifying too much and by planning just general initiatives, it is possible for the organization to carry out other initiatives as they come up and, in this way, to maintain “the necessary flexibility to adapt to local and emergent needs” (Appendix 7, Table 5).

CLIP’s strategic plan was also analysed<sup>20</sup>. According to the organization this plan is a kind of essay, which “should be adjusted according to the associated needs, the opportunities that appear, and the organizational capabilities”<sup>25</sup>, evidencing its exposure to eventual changes and requirements. In fact, the plan is not detailed, neither extensive, supporting the findings above described. In fact, it just includes the main activities to be implemented, grouped into the CLIP’s four areas of activity and divided into an external dimension (associates) and an internal one. Accompanying this, a not-exhaustive schedule for each one of the activities and the work groups that constitute CLIP is presented.

Regarding how the implementation phase is executed, it is a mirror of what was already mentioned. It is the result of an informal and intuitive process about the current opportunities and needs, and explains the ‘trial and error’ logic. This is only possible due to the shared decision-making and the flat structure of CLIP. Taking this into account, and introducing the last stage, the feedback obtained from the implementation and execution stages follows a kind of ‘bottom-up’ flow, since it is the “work group (those responsible for implementing a specific initiative) who will assess whether that initiative is working or not” and in the last latter case,

---

<sup>20</sup> <http://cliprd.wordpress.com/documentos/plano-actividades-2013/>, consulted on 12-08-2014

“they propose its discussion during the meetings of the extended board in order to develop alternatives” (Appendix 7, Table 5). So, decisions are reviewed as result of the perceptions of the work groups and are taken as required, i.e., they are not planned in advance.

The last stage of the strategic management process is about the evaluation and monitoring of the activities performed. Interviewees describe these as a “current challenge” and as an “intuitive mechanism” (Appendix 7, Table 5). As CLIP is not perceived as a whole, rather a set of activities performed by the different associates, their assessment and monitoring process is also fragmented. The answers evidence that “assessment tasks are carried out after each” initiative (for instance, after a training session), through a satisfaction survey, but participants felt that “in the end, the information is not fully used and analysed as a whole” (Appendix 7, Table 5). In this context, it is possible to conclude that evaluation and monitoring tasks take the form of fragmented, informal and oral feedback. As an example, after a training session, the responsible is asked how it was, what the level of satisfaction of the beneficiaries was, if it happened according to what was planned, and that is it. If CLIP intends to execute that training session again, it will take into account the feedback obtained.

From here, we can take two conclusions. The first one is that data from satisfaction surveys has not a real purpose, and for this reason, it is not directly related with the following strategic formulation. The second is that the informal feedback obtained about a specific activity is taken into account if that activity will occur again. This support the idea of having an *ad hoc* management of CLIP, regarding “intuitive mechanisms” and ‘trial and error’ logic of implementation.

Having analysed CLIP’s context, namely in terms of its accountability and strategic management, the next three sections focus on the CLIP’s experience with the SROI tool. So, section 6.2 analyses the organizational drivers that led CLIP to use SROI tool and scrutinizes if the reasons were more internal or external. Section 6.3 focuses on the tool *per se*, describing how the calculation process was conducted and perceived. The last section, points out the main results experienced by CLIP after using SROI.

## **6.2. CLIP's Drivers for conducting SROI analysis**

Starting by what could lead an organization to proceed with a SROI analysis, the literature suggests different motivator factors (internal or external factors), reflecting how the organization perceives the tool and what its expectations about it are. In short, and as internal drivers, i.e., drivers related directly with the management of the organization, Lingane and Olsen (2004) mention SROI may be perceived as a planning, management and/or assessment tool, but it could also be seen as a means to motivate staff members (SVA, 2002). In terms of the factors that could improve the accountability of the organizations, Arvidson et al (2013) mention that SROI could be seen as a differentiation tool, supporting applications for funding or as a communication tool, facilitating the stakeholders' involvement; Arvidson et al (2013) and Lyon and Arvidson, (2011) point to SROI as a marketing tool as another driver, for the improvement of organizational reputation; and Nicholls (2010) indicates that SROI could serve as a tool to gain legitimacy.

In the specific case of CLIP, "SROI happened almost by chance" (Appendix 7, Table 4), and for this reason, it was an unplanned opportunity that CLIP became aware from one of the promoters (Montepio). So, in a first instance, CLIP applied for the program without knowing in detail the methodology and without any expectations about the success of the application. In fact, the answers evidence that during this application phase, they believed "it was unlikely to be approved because of how recent the organization was" (Appendix 7, Table 4). This is why, in the words of one of the respondents, they felt "weird" when they were chosen. However, after being integrated in the group of then ten organizations, CLIP recognized the importance of this mark in such an early stage of its life-cycle.

Once the application was approved, it should be mentioned CLIP never realized that its embryonic characteristic could influence the process, since they did not know in detail the tool and its requirements. One of the people interviewed mentioned that although they almost did not know the methodology, they were essentially moved by a 'learning motive'. This reflects what was mentioned above about the intuitive process for decision-making that characterizes CLIP. In fact, in a first instance CLIP was just impelled by a spontaneous feeling of "let's see if it works or not" (Appendix 7, Table 4).

Later, the importance of SROI was recognized within CLIP and other organizational drivers emerged. So, one of the drivers mentioned associates SROI with funding applications, and for this reason, it was expectable that "it could be a differentiation tool for CLIP" (Appendix 7,

Table 4) – one of the possible functionalities of SROI mentioned by Arvidson et al, (2013) - because currently we live in a world of numbers and every funder wants to know how much they will obtain from a specific program/initiative. So, in the perspective of CLIP, “any funding application presenting a SROI analysis and the SROI ratio, could be halfway to being accepted” (Appendix 7, Table 4). Another driver, assuming a more internal dimension, was also mentioned. After knowing all the potentialities of SROI tool, and in a stage in which CLIP was still trying to understand the best way to implement this concept of having an organization operating as a platform, SROI was perceived as a useful tool “to understand if what they had idealized would be the best organizational model for them and if that model would have the expected impacts” (Appendix 7, Table 4). So, clearly, the second driver was related with SROI as a planning tool. Note that although CLIP operates on a day-to-day business, with little planning, it was also mentioned in section 6.1 that the conception of CLIP required a considerable preparation work and it was during this phase that “SROI was useful as a planning tool in order to make the necessary adjustments in the organizational model” (Appendix 7, Table 4). This is coherent with the findings of SVA (2002), in which is stated that SROI could help to improve organizational performance.

About the type of SROI, retrospective or prospective (Nicholls et al, 2009; Mulgan, 2013 and Millar and Hall, 2013), and coherent with the driver for planning mentioned above, makes easy to understand why CLIP applied a prospective (or predictive) SROI. Furthermore, this is supported by literature evidence that prospective SROI is the most useful when the tool is used at a first time (Nicholls et al, 2009), ensuring that improve methods to collect data in future applications of SROI are already in place. There are other changes that should occur as a result of a prospective SROI, which will be discussed in the chapter about the SROI results.

So, concluding about the factors that led CLIP to measure the social value by using SROI had two distinct purposes. The first one was related with the organization itself, regarding which it was expected that the SROI would assume a planning function. The goal was to understand if the organizational model that CLIP was trying to implement would make sense and how it would work. This supports the argument that SROI not only helps improve the value created (in this case, by improving the concept per se), but it is also useful to improve organizational performance (SVA, 2002) (if this not working in this way, how could we improve it in order to be more effective and, if possible, more efficient as well?). The second purpose was related with the external dimension of SROI, especially in terms of funding applications. This

conclusion supports that to have a ‘mission-motive’ (Boyd et al, 2009) is good, but it is not enough and there are increasing pressures for this kind of organization to be accountable as well. More than ever, funders want to invest their money in programs/initiatives they really know will achieve the proposed impacts. The SROI tool is a way to prove in a rational and transparent way (Peattie and Morley, 2008) and that is why it could also be a differentiation tool for organizations.

Section 6.4 scrutinizes if SROI fulfilled these expectations mentioned by CLIP. But between drivers and the results (using a sequential logic), it is important to understand what CLIP’s experience with SROI tool was in practical terms, i.e., what was the process of calculation, which challenges it had to cope with, and what were the general perceptions about the tool. This is a useful step, eventually, for future improvements of the tool.

### **6.3. Perception about the SROI tool**

As already mentioned, the SROI analysis undertaken was prospective in nature, i.e., it aimed to predict the social value that would be created by CLIP in the future, but if we think about it, we can expect that is hard to quantify something that will just occur in the future (or not). In addition, the complexity of CLIP certainly impacts the global organizational perception and satisfaction with the tool.

The central issue of this research work is, inevitably, the SROI tool. In truth, it was the starting point for the research questions and it delineated the whole research design, but it is interesting to observe that during the interviews, the tool *per se* was not the primary focus. The SROI principles were not directly mentioned and the answers about the calculation process of SROI ratio focused almost exclusively on only three of the steps. Nevertheless, it was possible to collect enough evidence to define how the SROI was perceived by CLIP.

Interpreting how the process of calculating the SROI ratio was executed, it is possible to conclude that it was not an easy process for CLIP. The preponderating factor here was CLIP itself and its “uniqueness”. As CLIP is an innovative concept, this means that “there was no other example to gather and compare information with, namely in terms of indicators” (Appendix 7, Table 2). It was clearly perceived during the interviews that this constituted a big concern for those involved in the process, since it made “the process of calculation slow and

very time consuming”, and during the mentoring meetings CLIP realized “how late in terms of scheduling” (Appendix 7, Table 3) they were in comparison to the other organizations involved. Moreover, another organizational barrier was related with the workforce of CLIP. Being composed solely of volunteers, CLIP had to place a request with *Programa do Impacto Social* to be allowed to have more than one person responsible for the process, whereas the intention was that there should be just one person by organization leading the process. As a result, CLIP had three volunteers directly involved in the process (the two people interviewed and one intern). However, the participants mentioned the difficulties they had to successfully conclude the *Programa do Impacto Social* and all the efforts and resources it required, in terms of time and specific knowledge. Another issue that should be mentioned, but it will be discussed in detail next, is related with the stakeholders’ structure.

Throughout the necessary steps to calculate the SROI ratio - as mentioned by Nicholls et al (2009), these are: (i) definition of the scope and identification of stakeholders; (ii) outcomes mapping; (iii) valuation of outcomes; (iv) establishment of impact; (v) calculation of the SROI; (vi) reporting, using and embedding – some findings can be mentioned.

During the calculation of SROI ratio, one the hardest steps for those involved in process, was the establishment of scope and the identification of stakeholders. CLIP “started with the ambitious goal of measuring the social value created by the organization as a whole” (Appendix 7, Table 2). However, due to the quantity of actors and the multiple impacts that would involve, they realized that “it would be necessary to specify the scope of analysis to one of the organizational areas” (Appendix 7, Table 2), and so they confined the scope to the organizational area that was more developed at that time. The establishment of impact was another step which required some attention from CLIP because those who really experience the impact are not its main stakeholders, but rather the stakeholders of their stakeholders, i.e., indirect ones. So the stakeholder classification was an important step in order to establish impact and to know exactly what the value created by CLIP would be. This point was a challenge due to its configuration. If CLIP is a set of local organizations, which are creating social value, who is actually creating changes in people’s lives? CLIP probably contributes in an indirect way. Finally, the last step of reporting, using and embedding leaves some concerns about the utility for CLIP of SROI analysis– but this topic will be analysed in detail in section 6.4.



The SROI process was a hard one for CLIP. Besides the organizational characteristics, a set of factors were also mentioned, with respect to the tool itself, which were perceived by CLIP as barriers and challenges to successfully completing the process.

The first main barrier that was mentioned by CLIP was related with “the complexity of the tool” (Appendix 7, Table 3), one of the barriers mentioned by Mulgan (2013) in the author’s research, and it was a challenge for CLIP to understand the methodology and how it worked in practical terms because CLIP applied for the *Programa do Impacto Social* without depth knowledge about the tool.

Still related with the complexity of the tool, CLIP found trouble in explaining to the CLIP’s members what the SROI is, its importance, what is needed to carry out the process of calculation and what the final ratio means. In short, “it was hard to make SROI easily understood for others, that were not involved in the process”, namely, for other CLIP’s members (Appendix 7, Table 3). This contradicts the argument found in literature that the SROI puts social value into a language that is accessible to everyone (Arvidson et al, 2010) or, at least, leads us to reflect that the SROI is a useful methodology to approximate TSOs to their funders, who really need to know and are interested in the monetary return of their investments. In fact, this process of monetizing social value is more appreciated by funders (than by workers, for instance) who need a common language to compare investments and returns. This perspective was also expressed by one of the interviewees, who mentioned that “SROI plays a significant role at level of the private sector, exactly at the level of the common language” (Appendix 7, Table 3).

In addition, but not so evident, was the complexity of the tool in terms of the required knowledge. In the specific case of CLIP, tasks were divided between the three members “in accordance with the knowledge and skills of each one” (Appendix 7, Table 3) (for instance, who had academic background in management, was responsible for the process of calculation, which requires more technical skills). This leads us to believe that some organizations may not have the necessary skills and knowledge to proceed with an SROI analysis, because the tool requires some specific knowledge to calculate the ratio and it deals with some specific concepts (e.g., deadweight, displacement, and attribution; NPV; proxies), which may not be the reality of those who work in TSOs.

The time that SROI analysis required was another barrier mentioned by Nicholls et al (2009), and it was also mentioned as a challenge in the case of CLIP. In fact, SROI was described by

those interviewed “as a time-consuming practice” (Appendix 7, Table 3), a problem compounded by CLIP’s volunteer workforce. Nicholls et al (2009) also mention the time required to develop the internal capabilities to perform the SROI analysis in a correct way, and here an important question emerges. The *Programa do Impacto Social* imposed specific deadlines to be accomplished by the organization, but as mentioned by Millar and Hall (2013), the fact is an imposition of this type could be seen as counterproductive for organizational learning, since each organization has its own rhythm of learning and assimilation. This is supported by the comment made by one of the participants, who mentioned “at that moment she has some expertise about the tool but she will not be able to apply it again” (Appendix 7, Table 5) (without specialized support) because she feels personally does not have the necessary knowledge. The same feeling is verified in the other participant who was involved in the process of calculation. In this way, it is important that the process of SROI analysis lasts as long as necessary to empower the members with the necessary skills for future situations, and also to embed the results in the routines of the organization (the last step of the process).

The quantification and value judgements associated to the process were also perceived as barriers. So, and as a criticism, CLIP feel there is a gap between the social impacts and their monetization, supporting what is argued by Lingane and Olsen (2004) that there is a subjective dimension in this social area that should not be lost, but that subjectivity seems not to be compatible with the quantification rationale. For instance, if we compare an investment on 1-hour training session for 100 persons and the creation of a home for 10 disabled persons, probably the first option will be more expensive. Furthermore, using a purely financial ratio, without taking into consideration the impact, it is better to invest in the initiative that impacts 100 persons, instead of 10. However, when we look for the social impacts, i.e., for the subjective and qualitative dimension, it is possible to have more impact on people’s lives regarding the second option. For this reason, the SROI ratio should be always be analysed together with a narrative focusing the qualitative dimension of an initiative.

Moreover, as there is not yet a systematized data system or other practical examples, during the definition of impacts and indicators (Lingane and Olsen, 2004 and Arvidson et al, 2010), CLIP faced the need to simplify and make some value judgments in order to proceed with the calculation of the ratio. Moreover, due to “the organization’s complexity, the tendency was to simplify” (Appendix 7, Table 3). The dichotomy lies in the fact that social dynamics are complex and should not be simplified, at the risk of losing their own meaning. According to

Tuan (2008), this issue is associated with the use of financial proxies, i.e., “approximation[s] of value where an exact measure is impossible to obtain” (Nicholls et al, 2009: 85). So, although the SROI tool intends to be concise and objective, it uses proxies and value judgements making the process quite subjective.

Another challenge, that was not mentioned during the literature review but makes sense in the case of CLIP is related with the Mentoring they received during the *Programa do Impacto Social* during the whole calculation process of SROI. In the specific case of CLIP, the interviewees recognized that “having a mentor to support them was crucial” (Appendix 7, Table 3), especially due to their lack of technical knowledge to perform this kind of analysis by themselves. The interviewees also noted the importance of him/her being aware of the core of organizations because the challenge for the participants was to transmit to the mentor the essence and the dynamics of the organization.

To conclude about the global satisfaction of CLIP with the SROI tool, one of those interviewed classified it as a “mixed feeling”. SROI is perceived as a useful tool, especially for funders and for funding applications, recognizing the pressure to present a *figure* in order to get the necessary funds. However, the other participants do not recognize this usefulness in the context of CLIP. Despite of this, SROI is perceived as a tool that may help to critically think about a specific topic. The tool’s complexity, the associated subjectivity (influencing the quality of comparisons), and the process of transforming a complex reality into a number leaves considerable doubts about its effectiveness and efficiency. In this way, CLIP asks for a more simplified model of SROI, which would allow the organization to monitor results obtained on an annual basis and to take the corrective actions, if necessary. This perspective is the one argued in this research work – SROI is much more than a number and could be useful for the strategic management of the organization, under the motto ‘prove and improve’ (Arvidson et al, 2013).

According to one of the interviewees that is an expert in this area, given that most of the funders are actually not so interested in the ratio per se, but rather in the financial sustainability of the project and whether or not it will have an impact, the alternative would be to use the SROI analysis without the monetization process. In other words, using the SROI principles (that are also transversal to other tools), the theory of change, and the impact mapping, it would be possible to obtain the same rationale, but without a final ratio to materialize it. This could be

useful for TSOs, because it would still facilitate communication with the funders but would be simpler and easier, taking into account the TSOs' resources.

#### **6.4. Results experienced by CLIP after using SROI tool**

After knowing the expectations and the practical experience of CLIP in terms of SROI, it is important to understand what were the impacts experienced by the organization from its application. As mentioned above, to spend time using the SROI tool (or another one) is only worth it if it is assimilated by the organization and endows it (and its staff) with new capabilities. So, the understanding of the impact of this tool is likely to be the 'litmus test' to its effectiveness.

In terms of the external results, i.e., the results that could improve organizational accountability, these fell short of what would be expectable. So, it is possible to verify that SROI was not considered expressive as a differentiation, marketing or legitimacy tool, but one of the people interviewed focused on the importance that SROI assumed as a communication tool.

Analysing the answers in detail, the issue of whether SROI had been used as a differentiation tool was not a consensual topic. While one of the answers mentions that "SROI was used (or at least, it was supposed to) for funding application" (Appendix 7, Table 4), another one portrays a lack of knowledge about the use of the methodology and its ratio in any funding application. The same happens with its marketing functionality. CLIP recognizes its mistake in the "poor divulgation of the SROI ratio to improve organizational visibility and image" (Appendix 7, Table 4). One of the functionalities mentioned by Arvidson et al (2013). With regard to the SROI as a legitimacy tool, it is recognized that it can provide credibility, but there is no evidence that CLIP uses SROI as a means of gaining legitimacy. Finally, as a communication tool, SROI assumed some importance but in the logic of what was mentioned, it was for the private sector. In other words, SROI just facilitated the communication of the created social value (Arvidson et al, 2010) for those who use the same language and understand the meaning of that 'number', i.e., for funders. For other actors, such as the volunteers, it was irrelevant.

In conclusion, it is possible to notice that SROI was not embedded in the CLIP's culture and it was used purposefully only in few rare situations. After these two years of existence, staff "barely remember that they have this tool available to them" (Appendix 7, Table 4). Moreover,

it is recognized that SROI is remembered only in specific situations, when those responsible for a certain action or event are those who were directly involved in the process of SROI calculation. “For the rest of staff members, SROI was simply forgotten” (Appendix 7, Table 4) – probably because it is expressed in a language that is not their day-to-day reality and also because it requires resources that are not currently available in CLIP’s workforce (for instance, in terms of time devoted or the technical knowledge it requires).

With regard to the perceived internal results, the answers evidence a positive impact of SROI “in understanding the stakeholders and what they valued more, leading to some internal readjustments” (Appendix 7, Table 5) at the time when the analysis was carried out; however it is not currently being used when in thinking further ahead. Taking this evidence into account, it is possible to conclude that SROI is not being used as a planning tool, as suggested by Lingane and Olsen (2004). The same happens in terms of assessment. All the interviewees agreed that during the analysis, SROI helped them to critically think about the CLIP’s objectives and if the organization was being operationalized in the correct way, but as an assessment tool, SROI was used only sporadically. Finally, if SROI is not serving the planning and assessment purposes of CLIP, then it is easily understood that it is not being used as a management tool either (Lingane or Olsen, 2004). This is supported by one of the respondent’s comments, mentioning “that the reflection provided by the SROI analysis did not become an integral part of CLIP’s routines” (Appendix 7, Table 5).

The last issue to be mentioned with regards to internal impacts is related with to staff motivation (SVA, 2002) regarding SROI. It was already concluded that SROI did not promote effective organizational learning, as recommended by Millar and Hall (2013) neither did those responsible for the calculation feel they currently have the necessary skills (SVA, 2002) to conduct another SROI analysis. It is important to mention that all the complexity of the process and all the barriers they faced contributed to a negative perception of the SROI, this explains why they mentioned the need for a simplified version of it. The motivation of other staff members, who were not involved in the process, is considered as null at the moment. As stated during the interviews, SROI was never again mentioned at CLIP until now.

Although SROI did not have relevant impacts for CLIP, it should be highlighted that there was a recognition of the need to continue the monitoring of the results obtained using a simpler version of SROI, to avoiding that all the previous work should fall apart.

## **7. Conclusions**

As the discussion of the findings above indicates, CLIP provided an interesting case study, not only due to its application of the SROI analysis at an early stage of its life-cycle, but also because of its organizational configuration. These specificities provided additional insights to our analysis of the proposed research questions pertaining to: i) why organizations decide to use SROI tool; ii) how they perceive the SROI and its implementation process; and iii) how they view the results of its application.

In general terms, it is possible to characterize CLIP's experience with the SROI, as the following: i) SROI was not an intuitive tool – consistent with the literature, it was seen as involving quite an elaborate process of calculation; ii) SROI was hard to explain to others what needed to be done at each stage of the process – once again, because it is not an intuitive tool; iii) the SROI ratio was not easily understood by everyone, despite arguments to the contrary in the literature, in CLIP's perspective the SROI ratio is relevant for funders, who speak the same “language”, but it is irrelevant for other groups, such as, workers or society in general; iv) SROI required technical and specific knowledge – once again going against the idea that the SROI is suitable for all organizations. Small organizations, without a technical workforce are likely to face challenges in dealing with this tool. Associated with this issue of complexity, is the issue of the time that the analysis requires, especially when the organization is composed solely of volunteers.

With regard to the drivers, it is interesting to note that in a first instance CLIP decided to apply for this process “by chance”, without knowing the methodology in detail. As previously discussed, this seems to reflect the organization's intuitive way of operating and making decisions; and it is probably the reason why the fact the organization was in its start-up phase did not constitute an impediment to its application to the *Programa do Impacto Social*. In addition, CLIP made the application without any expectation of being accepted to the program.

It was then, an emergent opportunity, such that that in the case of CLIP, there does not appear to have been any special driver for the use of SROI. However, once the application had been accepted CLIP realized the potentialities of the tool and at this level, two main expectations were mentioned: to use SROI as a differentiation tool and its use as a planning tool. The first expectation evidences the recognized importance of using this methodology and the SROI ratio in funding applications, because funders value having a number indicative of the potential viability of a specific project and as such this could determine a project's acceptance (or not).

With regard to this second expectation (planning), it seems to have been related to the life-cycle stage of CLIP at that time. As the organization was still in a phase of experimentation, it was hoped that the SROI would provide them with a critical analysis to understand if the way CLIP was being operationalized would be the most effective or not, and to understand if its actions would have the expected impacts or not. CLIP thus expected the SROI to provide an internal analysis and suggest any necessary internal readjustments.

The second research question led to some important issues regarding the tool, and potential criticisms of it in particular. The first related to the type of organization, which could potentially be a barrier to the process of SROI calculation, despite suggestions in the literature mentions that SROI can be applied in any context and by any kind of organization, regardless of its dimension or life-cycle stage. Our analysis of CLIP suggests reservations may well be held with regard to this. CLIP faced various challenges during the process, not only due its organizational configuration (within which it is not easy to define the scope of analysis, to distinguish the stakeholders or to find the appropriate indicators), but also due to the fact that their members are all volunteers and their scarcity of time and technical knowledge became to a certain extent a hindrance to the implementation of the SROI.

With regard to the process of calculation per se, the most difficult steps were related with the establishment of the scope and the identification of the stakeholders (due to CLIP's organizational configuration), and with the last stage of the process: reporting, using and reporting. This topic in particular, raises important concerns. As previously mentioned, the SROI only makes sense if it can be effectively used in future situations, not only as a number to externally promote the organization, but also for internal purposes. This was not, however, the case in CLIP. The SROI analysis was difficult, and required high levels of effort from those who were directly involved in the process of its calculation; however, it was not assimilated by the organization as a whole. This raises two important reflections that are going to be discussed in detail below: one is related with the results, and the other is directly associated to the importance of organizational learning and assimilation.

The issues of value judgments, quantification, and financial proxies were also identified as barriers and among the major criticisms to the tool. Firstly, SROI intends to be a rational and systematized tool for organizations measuring the social value they create, but it still has a great amount of subjectivity associated to it, because it depends on the assumptions made and on the choice of indicators, where there are often no other practical examples with similar contexts.

Secondly, as quantification may remove the necessary subjectivity associated to social dynamics, the SROI ratio should not be presented in an isolated way, but rather it should be accompanied by a narrative. Finally, as the social dynamics are so complex, there is a perception that the financial proxies do not measure exactly what they are supposed to, which raises concerns at the level of the reliability and credibility of the claimed results.

Another aspect that was considered a challenge was related to the monitoring program that supported the process of calculation. At this level, the importance of mentors and that they have enough knowledge about what the organization does and its context, in order to offer effective support was referred. In this case the mentoring associated with the *Programa do Impacto Social* clearly had positive aspects for the organizations involved in the process, but in CLIP, the fact that it imposed rigid schedules was perceived to have strongly limited and inhibited organizational learning about the process. As a result, the members of CLIP involved in the process do not feel confident enough to conduct a SROI analysis again, recognizing they did not assimilate enough knowledge about it. As mentioned in the Findings and Discussion, as with any process, SROI applications should occur at the organization's pace in order to be fully accepted by the members, to create knowledge and to develop the necessary skills using appropriate procedures that later can be used again.

To conclude with regard to CLIP's experience with the SROI tool, the organization recognized the need for a simplified version of the SROI in order to monitor the results obtained and take any required corrective action and internal adjustments, which corroborates the functionality of the SROI as strategic management tool. However, it should be noted that the SROI, in its primary conception, is not perceived as an attractive tool for continuous use, mainly due to its complexity.

With regard to the third research question, pertaining to the results of the SROI, in CLIP the impact did not meet the organization's expectation, nor even what might have been expected on the basis of a theoretical review of the literature. In fact, although CLIP recognized the different potentialities of SROI (for instance, as a marketing tool), it perceived the impacts that it had as minimal and 'on time'. It helped with organizational planning and analysis at the time during which it was being carried out, and the SROI was used once for an application funding; but apart from that, it seems to have no other utility due to its requirements (in terms of resources and knowledge).



This evidences a weakness of SROI tool: it might be able to provide a number (mainly for investors) but it will only be effective if people are committed with the methodology and its rationale and, for this reason its principles are embedded on organizational culture. In this way, it is possible to conclude that the organizational structure plays an important role, since it can facilitate (or be a barrier to) the process of calculation and, consequently, influence the organizational perception of the tool.

Nevertheless, it is also important to mention that the SROI can also impact an organization positively (as also mentioned by CLIP), for instance at the level of the corporate reputation and organizational legitimacy. Moreover, it was also perceived by the interviewees as being a useful process for planning and monitoring issues, since it helped to critically think about specific issues. However, doing so would require a tool that could, in fact, be handled, by any kind of organization. An alternative process could therefore be, as previously mentioned, a SROI tool contemplating all the current steps, with exception of the monetization process which was one of the major barriers and criticisms pointed to the current version of the tool. This topic could be an interesting one for future research in this field.

With regard to limitations, no research is without them. The fact that we had to focus on a single case study was one such limitation, as clearly greater robustness would have been added from having additional cases for comparison. Naturally, had another case study been chosen, the conclusions about the drivers, perceptions and results of the SROI may have certainly been quite different. Therefore, it would be of interest to compare the case of CLIP with that of another organization involved in the *Programa do Impacto Social*, which used the SROI tool in a more mature stage of its life-cycle, in order to observe possible differences throughout the three research questions. With regard to the number of interviewees, again it would have been of interest to have a greater number of participants, however, once more, time and resource constraints had to be taken into account. As such, with regard to the current study, any extrapolation of the results should be undertaken with due caution.

Another limitation is related to the literature per se. SROI can be considered a recent topic, especially within the academic context. This means that is while it possible to find practical studies about it, scientific articles focusing on the SROI tool are not so common.

To conclude the conclusions about this research work, and as noted before, CLIP had certain specificities which mate its study of particular interest. These idiosyncrasies also highlights a

number of further issues which were beyond the scope of this research, but would be of great interest for further research.

Thus, the first recommendation for further research is directly related to the limitations mentioned above. It would be interesting to study more TSOs in a similar way, i.e., by understanding the relationship between the SROI and their accountability and strategic management dimensions, in terms of drivers and results experiences. This could allow the SROI tool to be further improved and adapted to the specific needs of TSOs. The second recommendation is in the field of network literature. As a network, CLIP could be an interesting case study in this area focusing on topics related to activation, framing, mobilizing and synthesizing – concepts mentioned by McGuire (2002) in the context of networks management and its challenges. The final recommendation is related to volunteers in the context of TSOs, namely in terms of the management of their involvement and motivation, and also in terms of the management of expectations. As illustrated by this case study, the motivation and involvement is a challenge and also a critical factor to ensure the success of any TSO.

## 8. References

- Anheier, H.K. and Seibel W. 1990 eds. *The Third Sector, Comparative Studies of Non-Profit Organizations*, New York, de Gruyter.
- Ansoff, H.I. 1990. *Implanting Strategic Management*. London: Prentice Hall.
- Arli, D. and Zappalà, G. 2009. *Why do Companies Ignore Measuring the Social Impact of their Corporate Community Involvement programs?*. Briefing Paper no.4, The Centre for Social Impact, Sydney.
- Arvidson, M., Lyon, F., Mckay, S. and Moro, D. 2010. *The Ambitions and Challenges of SROI*. Working Paper no.49, Third Sector Research Center, Birmingham.
- Arvidson, M., Lyon, F., Mckay, S. and Moro, D. 2013. Valuing the Social? The Nature and Controversies of Measuring Social Return on Investment. *Voluntary Sector Review*, Volume 4 (1): 3-18.
- Asselin, J. and Parkins, J. 2009. Comparative Case Study as Social Impact Assessment: Possibilities and Limitations for Anticipating Social Change in the Far North. *Social Indicators Research*, Volume 94: 483-497.
- Barnett, J.H.. 1988. Non-profits and the life-cycle. *Evaluation and Program Planning*, Volume 11: 13-20.
- Bess, G. 1998. A first stage organization life cycle study of six emerging Nonprofit Organizations in Los Angeles. *Administration in Social Work*, Volume 22 (4): 35-52.
- Boddewyn, J. and Doh, J. 2011. Global Strategy and the Collaboration of MNEs, NGOs, and Governments for the provisioning of collective goods in Emerging Markets. *Global Strategy Journal*, Volume 1: 345-361.
- Borzaga, C. and Defourny, J. 2001. *The Emergence of Social Enterprise*, London and New York, Routledge, 1-18.
- Bovens, M. 2007. Analysing and Assessing Accountability: A Conceptual Framework. *European Law Journal*, Volume 13 (4): 447-68.
- Boyd B., Henning, N., Reyna, E., Wang, D.E. and Welch, M.D. 2009. **Hybrid Organizations – New Business Models for Environmental Leadership**. UK: Greenleaf Publishing Limited.
- Burdge, R.J. 1994. *A Community Guide to Social Impact Assessment*. Social Ecology Press, Middleton, WI.
- Burdge, R.J. 2004. *The concepts, process and methods of Social Impact Assessment*. Social Ecology Press, Middleton, WI.
- Brouwers, J., Prins, E. and Salverda, M. 2010. *Social Return on Investment: a practical guide for the development cooperation sector*. Paper presented by Context, International Cooperation, Utrecht.
- Cabrita, J.P. 2011. *Social Entrepreneurship – A practical application in non-for-profit organizations*. Unpublished Master Thesis, ISCTE-IUL, Lisbon.

- Clark, C., Rosenzweig, W., Long, D. and Olsen, S. 2004. ***Double Bottom Line Project Methods Catalog***. The Rockefeller Foundation, NY.
- Corry, O. 2010. Defining and theorizing the Third sector in R. Taylor (Eds), ***Third Sector Research***: 11-20. London: Springer.
- Courtney, R. 2013. ***Strategic Management in the Third Sector***. NY: Palgrave Macmillann.
- Dart, R., Bradshaw, P., Murray, V. and Wolpin, J. 1996. Boards of directors in nonprofit organizations – do they follow a life-cycle model?. ***Nonprofit Management & Leadership***, Volume 6 (4): 367-379.
- Denzin, N.K. and Lincoln, Y.S. 2011. The discipline and practice of qualitative research. In N.K. Denzin and Y.E. Lincoln (Eds), ***Handbook of Qualitative Research (4<sup>th</sup> Ed.)***: 1-19. Thousand Oaks, CA: Sage.
- Drucker, P.F. 1990. ***Managing the Nonprofit Organization – principles and practices***, HarperBusiness.
- D’Amore, J.L. 1978. An Executive Guide to Social Impact Assessment. ***Business Quarterly***, Summer 1978, Volume 43 (2): 35.
- Ebrahim, A. 2003. Accountability in practice: mechanisms for NGOs. ***World Development***, Volume 31 (5): 813-829.
- Ebrahim, A. and Rangan, K.V. 2010. ***The Limits of Nonprofit Impact: A contingency Framework for Measuring Social Performance***. Working Paper 10-099, Harvard Business School, Boston.
- Emerson, J. 2003. The Blended Value Proposition: integrating social and financial returns. ***California Management Review***, Volume 45 (4): 35–51.
- Eriksson, P. and Kovalainen, A. 2008. ***Qualitative methods in business research (1st Ed.)***. London: Sage.
- European Venture Philanthropy Association. 2014. European Venture Philanthropy and Social Investment 2012/2013 – The EVPA Survey, available in <http://evpa.eu.com/knowledge-centre/>, consulted on 15.05.2014, 16h25.
- Flyvbjerg, B. 2011. Case study. In N.K. Denzin and Y.E. Lincoln (Eds), ***Handbook of Qualitative Research (4<sup>th</sup> Ed.)***: 301-316. Thousand Oaks, CA: Sage.
- Furrer, O., Thomas, H. and Goussevskaia, A. 2008. The Structure and Evolution of the Strategic Management field: a content analysis of strategic management research. ***International Journal of Management Reviews***, Volume 10 (1): 1-23.
- Gair, C. 2009. ***SROI Act II: a call to action for next generation SROI***, Robert Enterprise Development Fund, San Francisco.
- Ghauri, P. N., Gronhaug, K. and Kritianslund, I. 2005. ***Research methods in business studies: A practical guide***. Prentice Hall:Dorchester.
- Guba, E.G. and Lincoln Y.S. 1994. Competing paradigms in qualitative research. In N.K. Denzin and Y.E. Lincoln (Eds), ***Handbook of Qualitative Research (4<sup>th</sup> Ed.)***. Thousand Oaks, CA: Sage.

- Hirigoyen, J. 2013. Getting the measure of social impact. *The Estates Gazette*.
- Institute for Environmental Studies. 1995. Guidelines and Principles for Social Impact Assessment. *Environmental Impact Assessment Review*, Volume 15: 11-43.
- Jasper, M. and Crossan, F. 2012. What is Strategic Management?. *Journal of Nursing Management*, Volume 20: 838-846.
- Juslén, J. 1995. Social Impact Assessment: Look at Finnish Experiences. *Project Appraisal*, Volume 10 (3): 163-170.
- Kilby, P. 2006. Accountability for Empowerment: Dilemmas facing Non-Governmental Organizations. *World Development*, Volume 34 (6): 951-963.
- Krlev G., Munscher R. and Mulbert, K. 2013. **Social Return on Investment (SROI): State-of-the-Art and Perspectives: A meta-analysis of practice in SRO studies published 2002-2012** available in [https://www.csi.uni-heidelberg.de/downloads/CSI\\_SROI\\_Meta\\_Analysis\\_2013.pdf](https://www.csi.uni-heidelberg.de/downloads/CSI_SROI_Meta_Analysis_2013.pdf), consulted on 01.02.2014, 10h03.
- Koljatic, M. and Silva, M. 2010. Differences in the Impact Assessment of Social Initiatives carried out by Private Firms and Civil Society Organizations: evidence from Ibero-America. *Social Responsibility Journal*, Volume 6 (3): 374-285.
- Leighton, D. and Wood, C. 2010. **Measuring social value: The gap between policy and practice**, London: Demos available in [http://www.demos.co.uk/files/Measuring\\_social\\_value\\_-\\_web.pdf](http://www.demos.co.uk/files/Measuring_social_value_-_web.pdf), consulted on 10.12.2013, 22h45.
- Lindenberg, M. 2001. Are we at the cutting edge or the blunt edge? – Improving NGO Organizational performance with private and public sector strategic management frameworks. *Nonprofit Management & Leadership*, Volume 11 (3): 247-270.
- Lingane, A. and Olsen, S. 2004. Guidelines for SROI. *California Management Review*, Volume 46 (3): 116 – 35.
- Lopes, M. and Flavell, R. 1998. Project Appraisal – a Framework to Assess Non-Financial Aspects during the Project Life Cycle. *International Journal of Project Management*. Volume 16 (4): 223-233.
- Lopo Carvalho, I.M.S. 2012. *Measuring impact with the social return on investment: the case of the social innovation HUB*. Unpublished Master Thesis, NOVA – School of Business and Economics, Lisbon.
- Lyon, F. and Arvidson, M. 2011. *Social Impact Measurement as an entrepreneurial process*. Working Paper no. 66, Third Sector Research Center, Birmingham.
- Maas, K. and Liket, K. 2011. Talk the Walk: Measuring the Impact of Strategic Philanthropy. *Journal of Business Ethics*, Volume 100: 445-464.
- Matveev, A. 2002. The advantages of employing quantitative and qualitative methods in intercultural research. *Bulletin of Russian Communication Association*, Volume1 (1): 59-67.
- Mathiasen, K. 1989. Board passages: three key stages in a nonprofit board's life cycle, Washington D.C.

- McClusky, J.E. 2002. Re-thinking nonprofit organization governance: implications for management and leadership. *International Journal of Public Administration*, Volume 25 (4): 539-559.
- McGuire, M. 2002. Managing Networks: Propositions on What Managers Do and Why They Do It. *Public Administration Review*, Volume 62 (5): 599-609.
- McLoughlin, J., Kaminski, J. and Sodagar, B. 2009. A strategic approach to social impact measurement of social enterprises: The SIMPLE methodology. *Social Enterprise Journal*, Volume 5 (2): 154 – 178.
- Merton, R. 1967. On sociological theories of the middle-range. In Merton, R. *On Theoretical Sociology: five essays old and new*. NY: Free Press.
- Millar, R. and Hall, K. 2013. Social Return on Investment (SROI) and Performance Measurement. *Public Management Review*, 15 (6): 923-941.
- Miller, A. and Dess, G. 1996. *Strategic Management (2<sup>nd</sup> Ed.)*. New York: McGraw Hill.
- Moutinho, N. and Mouta, H. 2011. *Social and Environmental Impact Assessment – Theoretical Contributions*. Paper presented at 1<sup>st</sup> International Conference on Project Economic Evaluation, ICOPEV'2011, Guimarães.
- Mulgan, G. 2010. Measure Social Value. *Stanford Social Innovation Review*, Summer 2010: 1-10.
- Mulgan, G. 2012. *The Social Economy and Diaconia: a discussion document for Eurodiaconia members*. Eurodiaconia, Brussels.
- Mulgan, G. 2013. *Measuring Social Value: what do we mean by measuring the social value?*. Eurodiaconia, Brussels.
- Nicholls, J., Lawlor, E., Neitzert, E. and Goodspeed, T. 2009. *A guide to social return on investment*. SROI Network, Office of the Third Sector, UK.
- Nicholls, A. 2010. Institutional Social Entrepreneurship in regulatory space: reporting and disclosure by community interest companies. *Accounting, Organizations and Society*, Volume 35 (4): 394 – 41.
- Nutt, P.C. and Backoff, R.W. 1993. Transforming Public Organizations with Strategic Management and Strategic Leadership. *Journal of Management*, Volume 19 (2): 299-347.
- Nutt, P.C. and Backoff, R.W. 2007. A Strategic Management Process for Public and Third Sector Organizations. *Journal of the American Planning Association*, Volume: 53 (1): 44-57.
- Peattie, K. and Morley, A. 2008. *Social Enterprises: Diversity and Dynamics, Contexts and Contributions, a Research Monograph*. Cardiff: ESRC Centre for Business Relationships.
- REDF. 2001. *SROI Reports*. The Robert Foundation, San Francisco.
- Roloff, J. 2008. A life cycle model of multi-stakeholder networks. *Business Ethics: A European Review*, Volume 17 (3): 311-325.
- Ruane, J. 2005. *Essentials of research methods: A guide to social science research*. Oxford: Blackwell Publishing.

- Ruebottom, T. 2011. Counting Social Change: outcome measures for social enterprise. *Social Enterprise Journal*, Volume 7 (2): 173 -182.
- Ryan, P. and Lyne, I. 2008. Social Enterprise and the measurement of social value: methodological issues with the calculation and application of SROI. *Education, Knowledge and Economy*, Volume 2 (3): 223-37.
- Simaens, A. and Koster M. 2013. Reporting on sustainable operations by third sector organizations. *Public Management Review*, DOI 10.1080/14719037.2012.757350.
- Smith, K.G., Mitchell, T.R. and Summer, C.E. 1985. Top level management priorities in different stages of the organizational life-cycle. *Academy of Management Journal*, Volume 28 (4): 779-820.
- SROI Primer. 2004. *Measuring social impact: the foundation of social return on investment (SROI)*. New Economics Foundation, London Business School.
- Strauss, A. and Corbin, J. 1990. *Basics of qualitative research: Grounded theory procedures and techniques*. Newbury Park, CA: Sage.
- Sheridan, K. 2011. Measuring the Impact of Social Enterprise. *British Journal of Healthcare Management*, Volume 17 (4): 152-56.
- Social Ventures Australia Consulting (SVA). 2012. **Social Return on Investment – Lessons Learned in Australia** available in <http://socialventures.com.au/assets/SROI-Lessons-learned-in-Australia.pdf>, consulted on 02.02.2014.
- Taylor, C.N., Bryan, C.H. and Goodrich, C. 1990. Social Assessment: Theory, Process and Techniques. *Studies in Resource Management*, Volume 7, New Zealand: Center for Resource Management, Lincoln University
- Taylor C.N., Bryan C.H., Goodrich, C. 1995. *Social assessment: theory, process and techniques (2<sup>nd</sup> ed)*. Christchurch: Taylor Baines and Associates.
- The SROI Network. **A Guide to Social Return on Investment** available in [www.thesroinetwork.org](http://www.thesroinetwork.org), consulted on 23.08.2013, 16h23.
- Tuan, M.T. 2008. **Measuring and/or estimating social value creation: insights into eight integrated cost approaches** available in <http://cmapspublic.ihmc.us/rid=1LHK87JH8-F72NL0-2R6P/WWL-report-measuring-estimating-social-value-creation%5B1%5D.pdf>, consulted on 02.09.2013, 13h45.
- Unerman, J. and O'Dwyer, B. 2010. NGO Accountability and Sustainability Issues in the Changing Global Environment. *Public Management Review*, Volume 12 (4): 475-486.
- Vanclay, F. 2002. Conceptualising social impacts. *Environmental Impact Assessment Review*, Volume 22 (3): 183-211.
- Vanclay, F. 2003. International Principles for Social Impact Assessment. *Impact Assessment and Project Appraisal*. Volume 21 (1): 5-12.
- Yin, R.K. 2009. *Case Study Research. Design and Methods (4th Ed.)*. Thousand Oaks: Sage.
- Zappalà, G. and Lyons, M. 2009. *Recent approaches to measuring social impact in the Third sector: An overview*. CSI Background Paper no.5, Sydney: Centre for Social Impact, University of New South Wales.

# Appendices

## Index

Appendix 1. Social Outcomes and Indicators .....	78
Appendix 2 – SROI Calculation .....	81
Appendix 3 – Interview Script .....	85
Appendix 4 – Literature Review and Draft of Coding System .....	89
Appendix 5 – Pre-Codification of Interview Questions.....	91
Appendix 6 – Coding System (final version).....	92
Appendix 7 – Interviews’ Evidences .....	103



## Appendix 1. Social Outcomes and Indicators

	Related Concepts	Main References	Social Impact Variables
<b>Dimension A</b> Population Characteristics	<ul style="list-style-type: none"> <li>- Population Characteristics (Moutinho and Mouta, 2011);</li> <li>- Population Impacts (Asselin and Parkis, 2009);</li> <li>- Population Characteristics (Inst. For Environmental Studies, 1995);</li> <li>- Population Impacts (Burdge, 2004);</li> <li>- Population Change (Taylor et al, 1990).</li> </ul>	<ul style="list-style-type: none"> <li>- Moutinho and Mouta (2011) (1);</li> <li>- Asselin and Parkis (2009) (2);</li> <li>- Inst. For Environmental Studies (1995) (3);</li> <li>- D'Amore (1978) (4);</li> <li>- Lopes and Flavell (1998) (5).</li> </ul>	<ul style="list-style-type: none"> <li>- Ethnic and racial diversity (1), (3)</li> <li>- Arrival and departure of temporary residents and workers (1), (3)</li> <li>- Population change (2), (3)</li> <li>- Relocation of individuals and families (2), (3)</li> <li>- Demographic characteristics (4)</li> <li>- Migration (5)</li> </ul>
<b>Dimension B</b> Community and institutional structures	<ul style="list-style-type: none"> <li>- Communities and Institutional Infrastructures (Moutinho and Mouta, 2011);</li> <li>- Community and institutional arrangements (Asselin and Parkis, 2009);</li> <li>- Community and institutional resources (Inst. For Environmental Studies, 1995);</li> <li>- Community and institutional arrangements (Burdge, 1994);</li> <li>- Social Organizations (Taylor et al, 1990).</li> </ul>	<ul style="list-style-type: none"> <li>- Moutinho and Mouta (2011) (1);</li> <li>- Asselin and Parkis (2009) (2);</li> <li>- Inst. For Environmental Studies (1995) (3);</li> <li>- D'Amore (1978) (4);</li> <li>- Lopes and Flavell (1998) (5).</li> </ul>	<ul style="list-style-type: none"> <li>- Dimension, structure and organization level of local government (1), (2), (3)</li> <li>- Historical and present data on employment (1), (4), income characteristics (3), (4) and job creation (5)</li> <li>- Industrial and commercial diversification (1), (3), (4)</li> <li>- Local/regional/national linkages (3)</li> <li>- Social services (4), including size and level of activity of voluntary associations (1), (3), religious organizations and groups of interest (1), (2), (3)</li> <li>- Structures enhanced economic inequalities (2) and increased monetary wealth (5)</li> <li>- Historical experience with change (3)</li> <li>- Employment equity of minority groups (3)</li> <li>- Presence of planning and zoning activities (3)</li> <li>- Transportation and access (4)</li> <li>- Communication systems (4)</li> <li>- Education (4), (5)</li> </ul>
<b>Dimension C</b> Social and political resources	<ul style="list-style-type: none"> <li>- Social and Political Resources (Moutinho and Mouta, 2011);</li> <li>- Political and Social Resources (Inst. For Environmental Studies, 1995);</li> </ul>	<ul style="list-style-type: none"> <li>- Moutinho and Mouta (2011) (1);</li> <li>- Inst. For Environmental Studies (1995) (3);</li> <li>- Juslén (1995) (7).</li> </ul>	<ul style="list-style-type: none"> <li>- Distribution of authority power (1), (3)</li> <li>- Identification of stakeholders/affected parties (1), (3)</li> <li>- Leadership ability within community (1)</li> <li>- Impact on state and private services (7)</li> </ul>

	Related Concepts	Main References	Social Impact Variables
<b>Dimension D</b> Individual and family alterations	<ul style="list-style-type: none"> <li>- Individual and family alterations (Moutinho and Mouta, 2011);</li> <li>- Individual and family impacts (Asselin and Parkis, 2009);</li> <li>- Individual and family changes (Inst. For Environmental Studies, 1995);</li> <li>- Individual and family level impacts (Burdge, 2004);</li> <li>- Attitude, Believes and values (Taylor et al, 1990).</li> </ul>	<ul style="list-style-type: none"> <li>- Moutinho and Mouta (2011) (1);</li> <li>- Asselin and Parkis (2009) (2);</li> <li>- Inst. For Environmental Studies (1995) (3);</li> <li>- D'Amore (1978) (4);</li> <li>- Lopes and Flavell (1998) (5);</li> <li>- Juslén (1995) (7).</li> </ul>	<ul style="list-style-type: none"> <li>- Attitudes, values, perceptions (1), (4) and disruption in daily living (2)</li> <li>- Family characteristics (1), (4)</li> <li>- Work networks (1)</li> <li>- Family and friendship networks (1), (3)</li> <li>- Perceptions of risk, health and safety (1), (3), (4), (5)</li> <li>- Disruption in social networks (2)</li> <li>- Changes in leisure opportunities (2), (4)</li> <li>- Displacement and relocation concerns (3)</li> <li>- Trust in political and social institutions (3), in law and justice (4)</li> <li>- Residential stability (3)</li> <li>- Density of Acquaintanceship (3)</li> <li>- Attitudes towards policy and project (3)</li> <li>- Concerns about social well-being (3)</li> <li>- Self-esteem of participating citizens (7)</li> <li>- Impact on mobility (7)</li> <li>- Psico-social impacts (7)</li> </ul>
<b>Dimension E</b> Community resources	<ul style="list-style-type: none"> <li>- Community Resources (Moutinho and Mouta, 2011);</li> <li>- Community infrastructures needs (Asselin and Parkis, 2009);</li> <li>- Community resources (Inst. For Environmental Studies, 1995);</li> <li>- Community infrastructures needs (Burdge, 1994);</li> </ul>	<ul style="list-style-type: none"> <li>- Moutinho and Mouta (2011) (1);</li> <li>- Asselin and Parkis (2009) (2);</li> <li>- Inst. For Environmental Studies (1995) (3);</li> <li>- D'Amore (1978) (4);</li> <li>- Lopes and Flavell (1998) (5);</li> <li>- Evans (1987) (6);</li> <li>- Juslén (1995) (7).</li> </ul>	<ul style="list-style-type: none"> <li>- Natural resources and acquisition/use/disposal of land (1), (2), (3)</li> <li>- Availability of housing (4), (5), neighbourhood (4) and expropriation (5)</li> <li>- Community services such as healthcare; police; fire department; sanitation; historical, archaeological and cultural resources (1), (4)</li> <li>- Effects on known cultural, historical, sacred and archaeological resources (2), (3)</li> <li>- Changes in community infrastructure (3)</li> <li>- Construction of infrastructures to support project's implementation (5)</li> <li>- Efficiency of resources use (6)</li> </ul>
<b>Others</b>	-	<ul style="list-style-type: none"> <li>- Lopes and Flavell (1998) (5);</li> <li>- Juslén (1995) (7).</li> </ul>	<ul style="list-style-type: none"> <li>- Financial benefits (5)</li> <li>- Level of pollution (7)</li> </ul>

Using the variables of social impacts above mentioned, Appendix 1 collects the perspectives of the different authors related to the social outcomes' literature. The first step was to group all the similar concepts, often mentioned in the literature, directly related to the five dimensions and, for this reason, they may be viewed as expressing the same idea. The next step was to collect the main indicators for each dimension, i.e., a set of variables, that according to the cited authors<sup>21</sup>, it is possible to measure the dimensions.

---

<sup>21</sup> Notice that the social impact variables were numbered according to the authors who had mentioned them. Considering, for instance, the variable "Ethnic and racial diversity", numbered with (1) and (3), it means that "Ethnic and Racial Diversity" was suggested by Moutinho and Mouta (2011) and Inst. For Environmental Studies (1995) as a way to measure the social outcomes related to the Population Characteristics.

## Appendix 2 – SROI Calculation

Any organization involved in the calculation of SROI ratio must start by establishing the scope and identifying stakeholders, developing for this purpose an ‘analysis plan’. As suggested, two different activities are performed:

- Definition of the scope of analysis – creation of an “explicit statement about the boundary of what is being considered” (Nicholls et al, 2009: 18), by clarifying why the analysis is being conducted (its purpose), the needed resources, the priorities for measurement and the chronogram;
- Selection of stakeholders – definition of “people and organizations that experience change (positive or negative) as a result of the activity” (2009: 20) according with their relevance. The influence matrix (Figure 3) provided by Brouwers et al (2010) may be useful to list and schematize all those who affect and are affected within the scope defined.

		Level of Influence	
		Low	High
Level of Importance	High	A: “Primary Beneficiaries”	B: the ones that can make the difference
	Low	D: “Bystanders”	C: “Risk Group”

**Figure 1** – Stakeholders Importance and Influence Matrix (Source: Brouwers et al, 2010)

After selecting the stakeholders, it is important to get the involvement of the most important ones in order to know their perspective about the change that is being/will be created. This allows to conduct the process of measurement more effectively by understanding the strengths and weaknesses of the organization’s activities/project.

The second stage is mapping the outcomes. Firstly, all the required inputs (financial or not) to perform a certain activity should be identified and valued. Then, by having a

comprehensive perspective about how the inputs will be consumed by each activity, it is possible to know which results (direct or indirect) will be generated – in other words, clarify the outputs (Nicholls et al, 2009). Later on, the real impacts (outcomes) may be described.

All these ‘components’ define the pathway for the Theory of Change’s map, compiling “all building blocks required to bring about a given long-term goal”<sup>22</sup> and all the assumptions made to support it. Using the definition of The SROI Network (2012: 2), Theory of Change is a “map of the relationships between the organization’s inputs, activities, and outcomes for each stakeholder”.

Next, it is time to put a value on results, requiring the designation of ‘change indicators’ – this means the selection of the “ways of knowing that change has happened” (Nicholls et al, 2009: 38) – and after collecting data on indicators. It is also important to consider how long the “outcomes will last” (Nicholls et al, 2009: 43).

The valuation of results is only possible regarding the use of financial proxies (Arvidson et al, 2013) – in order to attribute to outcomes a financial value. As SROI deals, most of the time, with results without market value, their exact value may be impossible to determine and financial proxies are a way to estimate an approximate (or equivalent) financial value. Methodologies such as contingent valuation or revealed preferences (and post use of sensibility tests) are frequently used to reduce the subjectivity inherent to this process (Nicholls et al, 2009 and 4Change<sup>23</sup>).

The fourth stage consists on establishing impact. In order to know the ‘real’ value of the generated benefits, it is necessary to sum all the monetary values of obtained results. Nevertheless, this calculation is not so linear because probably different and multiple factors may be, at the same time, the cause of a specific change (Arvidson et al, 2013). In order to know the real amount of impacts attributable to a specific project/activity, it is necessary to discount the next factors:

- Deadweight – proportion of results that would have happened anyway, with or without the specific project/activity (Nicholls et al, 2009 and Arvidson et al, 2013);

---

<sup>22</sup> <http://www.theoryofchange.org/what-is-theory-of-change/#3>, consulted on 15-01-2014

<sup>23</sup> <http://www.4change.org/resources/4p-sroi.pdf>, consulted on 13-12-2013

- Displacement – proportion of results achieved at the expense of other results (Arvidson et al, 2010). It is about “how much of the outcome displaced other outcomes” (Nicholls et al, 2009: 29);
- Attribution – proportion of results generated and attributed to other parties involved (Nicholls et al, 2009).

However, there is no total consensus about this last topic in the literature. Some consider ‘attribution’ as one type of deadweight costs (e.g., Arvidson et al, 2010). For this reason, it may be introduced another factor:

- Drop-off – as not all the activities’ results may be maintained over time (Arvidson et al, 2010), they should be excluded from the impacts’ calculation after a certain point of time<sup>24</sup>. According to Nicholls et al (2009), in the long run, the generated outcomes probably are less or can be more influenced by other factors and consequently they should not be included (in the same way) throughout the years of the project. Notice that the drop-off percentage is deducted to each future time, as many times as the number of years expected the outcome will last.

Now, it is possible to start with the calculation of SROI. Assuming the outcomes will last more than one year, the formula that gives the impact for each outcome is:

$$\text{Impact Value} = \text{Amount of result} \\ - [(\text{Deadweight} + \text{Attribution}) + \text{Displacement}] \times \text{Proxie}$$

Summed up all the impact values, the overall impact of outcomes is obtained but whereas all the costs and benefits will be incurred in different periods of time (Nicholls et al, 2009), it is necessary to discount them over time ( $t$ ). This means that the next step is the calculation of Net Present Value (NPV) of SROI, using an appropriate discount rate ( $r$ ) – controversial topic, often discussed in the literature. According to Nicholls et al, “using discounting in SROI is that it encourages short-termism by discounting the future” (2009: 34). However, this is an important issue in order to know if the project is economically feasible or not, in other words, it is used to know if the future benefits cover the initial investment and if it still generates a surplus or not.

---

<sup>24</sup> According to Nicholls et al (2009: 31), drop-off is “calculated for outcomes that last more than one year”

$$NPV \text{ of } SROI = \sum_{t=0}^n \frac{\text{Impact Value}}{(1+r)^t}$$

Now, all the necessary data to calculate the SROI ratio is available. The ratio “measures the value (in monetary terms) of any benefits that may be generated by a program relative to what it costs (...) to achieve those program benefits” (Zappalà and Lyons, 2009: 16). It is obtained through the following formula:

$$\text{Net } SROI = \frac{\text{NPV of SROI}}{\text{Value of Investment}}$$

Nicholls et al (2009: 71) also suggest the calculation of Payback Period (PP) ratio, with the purpose to know “how long it would take for an investment to be paid off”. This information could be important if the investors require more details about the level of risk associated with the project/activities. It is obtained regarding the formula:

$$PP \text{ (months)} = \frac{\text{Investment}}{(\text{Annual Impact}/12)}$$

It is important to bear in mind that the SROI ratio alone provides insufficient information about the real value created to a community/society. Instead, it should make use of quantitative information and be contextualized into a narrative (Nicholls et al, 2009), providing a full comprehension of the impact. Moreover, it is also important to test the validity of results regarding the inclusion of variations in different key factors (Nicholls et al, 2009) in order to infer what influenced more the results and to assess their resistance to the variations.

This introduces the last stage: Reporting, using and embedding. According to Nicholls et al (2009), the SROI ratio and its narrative may have three different purposes: (i) for internal management purposes; (ii) for public distribution and/or (iii) for discussions with different stakeholders. Independently of the target-audience, organizations should report results on a meaningful way regarding its ‘accountability’. This means that accountability (SROI ratio) is not an end in itself, but a means of using it at a more strategic level, resulting also on internal changes.

## **Appendix 3 – Interview Script**

### **Parte 1 – A Organização**

**1. O CLIP é uma associação sem fins lucrativos composta por entidades dos diferentes sectores. Como surgiu a ideia para criar este projeto?**

**2. Quem são os principais stakeholders do CLIP?**

**3. Fale-me um pouco da estrutura organizacional do CLIP.**

- Tendo em conta as atividades desenvolvidas pelo CLIP, quem são os responsáveis pela gestão e monitorização das mesmas?
- Para além dos responsáveis das vossas atividades, o CLIP conta com o trabalho de outros voluntários? Quem são os voluntários?

**4. Sendo o CLIP composto por 21 entidades (parceiros), estes são simultaneamente atores e beneficiários dos serviços CLIP.**

- Diferença entre ‘parceiros’ e ‘sócios’ do CLIP;
- Existem outros beneficiários para além dos atuais sócios/parceiros?

**5. Fale-me um pouco da evolução do CLIP desde Out.2014.**

- Fatores de sucesso do projeto;
- Desafios do projeto.

### **Parte 2 – Implementação SROI**

**6. O que levou o CLIP a medir o impacto social (usando para o SROI) da atividade ‘*acesso a recursos*’, numa fase tão embrionária do processo?**

- Fatores internos ou externos?
- Como caracterizaria o CLIP nessa altura? Quais as principais diferenças comparando com a situação atual? (Preocupações, objetivos, estrutura)
- Como foram escolhidas as pessoas que estiveram à frente do processo?



**7. Tendo em consideração as *práticas organizacionais* do CLIP, em algum momento estas influenciaram/facilitaram o processo de cálculo do SROI?**

- planeamento, gestão da organização, etc.

**8. Durante o processo de cálculo SROI, com que desafios/dificuldades se depararam? Houve alguma fase do processo que tenha sido especialmente complicada?**

<ul style="list-style-type: none"> <li>- definition of the scope and identification of stakeholders;</li> <li>- outcomes mapping;</li> <li>- valuation of outcomes;</li> <li>- establishment of impact;</li> <li>- calculation of SROI;</li> <li>- Reporting, using and embedding.</li> </ul>	<ul style="list-style-type: none"> <li>- complexity</li> <li>- time of Money;</li> <li>- quantification;</li> <li>- assumptions;</li> <li>- value judgements;</li> <li>- information systems;</li> <li>- inflation of SROI ratios;</li> <li>- deadweight, displacement and attribution;</li> </ul>
---	--

**9. Quais os principais resultados por vós percecionados após a aplicação do SROI?**

<p>Resultados internos (relacionados com o projeto e/ou com a organização):</p> <ul style="list-style-type: none"> <li>- plan function;</li> <li>- management function;</li> <li>- assessment function;</li> <li>- stakeholders' involvement;</li> <li>- Staff's motivation</li> </ul>	<p>Resultados externos (stakeholders):</p> <ul style="list-style-type: none"> <li>- differentiation tool for funding applications;</li> <li>- marketing tool for organizational image and competition or for benchmarking;</li> <li>- legitimacy tool;</li> </ul>
<ul style="list-style-type: none"> <li>- language easily understood by everyone;</li> <li>- transparency;</li> <li>- documentation of analysis;</li> <li>- reflection of results</li> </ul>	

**10. O facto de os vossos parceiros serem simultaneamente atores e beneficiários do projeto teve impacto no envolvimento dos stakeholders durante o processo de cálculo do SROI?**

**Parte 3 – Accountability**

**11. Qual a importância de demonstrar a vossa conduta/performance aos vossos stakeholders (nomeadamente investidores)?**

- Porquê (razões);

- Como o fazem (meios);
- O que demonstram (sinais);
- A quem demonstram (tipos de Accountability).

**12. Como é que o SROI influenciou a comunicação com os stakeholders?**

**13. A ferramenta SROI influenciou de alguma maneira a forma como demonstram a vossa performance organizacional?**

- A quem?
- Como?

**Parte 4 – Gestão Estratégica**

**14. Fale-me um pouco da importância atribuída ao planeamento de atividades do CLIP.**

- Inclusão dos fatores internos (missão, visão, valores, estruturas de tomada de decisão) e externos (fatores políticos, económicos, sociais, etc., bem como oportunidades e ameaças);
- Está formalizado ou não;
- Periodicidade;
- Obstáculos encontrados à implementação da estratégia;
- Quem faz o planeamento;

**15. Fale-me um pouco da importância atribuída à monitorização de atividades do CLIP.**

- Como é feita;
- Como é que a informação obtida dessa monitorização é usada posteriormente;

**16. Qual a importância atribuída à avaliação da vossa performance organizacional/das vossas atividades.**

- Periodicidade dessa avaliação;
- Relação da avaliação com o que foi previamente planeado;
- Flexibilidade organizacional para fazer os ajustamentos necessários;
- Como é usada a informação obtida nessas avaliações.

**17. O SROI introduziu mudanças na Organização e nas suas práticas organizacionais?**

- Ao nível do planeamento, monitorização e avaliação;
- Aceitação dessas mudanças por parte dos RH;
- Áreas da organização em que essas mudanças foram mais evidentes.

## Appendix 4 – Literature Review and Draft of Coding System

Dimension of Literature Review	Topic	Code	Sub Code
Third Sector	Defining the concept	N/A	N/A
	TSO Life-Cycle	Life-Cycle Stage	<ul style="list-style-type: none"> <li>- Start-Up</li> <li>- Professionalization</li> <li>- Institutionalization</li> </ul>
Social Value	Defining the concept	N/A	N/A
	Reasons to measure Social Value	Benefits	<ul style="list-style-type: none"> <li>- Planning, Monitoring and Evaluation;</li> <li>- Support Organizational Direction;</li> <li>- Justification for External Funding</li> </ul>
		Characteristics of the Environment	<ul style="list-style-type: none"> <li>- Economic crisis;</li> <li>- Resources Scarcity;</li> <li>- External pressures;</li> </ul>
	Measuring the Social Value	Barriers	N/A
	Tools to measure Social Value	N/A	N/A
SROI	Defining the concept	Types of SROI	<ul style="list-style-type: none"> <li>- Retrospective SROI;</li> <li>- Prospective SROI;</li> </ul>
		SROI Principles	<ul style="list-style-type: none"> <li>- Involvement of Stakeholders;</li> <li>- Understanding of what changes;</li> <li>- Valuation of what matters and inclusion of what is material;</li> <li>- Not over claiming and transparency;</li> <li>- Verification of results;</li> <li>- Compatibility with internal tools;</li> </ul>
	How to calculate SROI	Process of Calculation	<ul style="list-style-type: none"> <li>- Scope and Stakeholders;</li> <li>- Outcomes mapping;</li> <li>- Valuation of outcomes;</li> <li>- Establishment of outcomes;</li> <li>- Calculation of SROI ratio;</li> <li>- Reporting, Using and Embedding;</li> </ul>
	Challenges and Ambitions of SROI	SROI Barriers	<ul style="list-style-type: none"> <li>- Complexity;</li> <li>- Time and money;</li> <li>- Quantification;</li> <li>- Assumptions;</li> <li>- Value Judgements;</li> <li>- Information Systems;</li> <li>- Inflation of SROI ratio;</li> <li>- Deadweight; Displacement and attribution</li> </ul>
Accountability Approach	Defining the concept	Types of Accountability	<ul style="list-style-type: none"> <li>- Identity Accountability;</li> <li>- Upward Accountability;</li> <li>- Downward Accountability;</li> <li>- Holistic Accountability;</li> </ul>
		Length of Accountability	<ul style="list-style-type: none"> <li>- Short-Term;</li> <li>- Long-Term;</li> </ul>
		Signalling Strategies	<ul style="list-style-type: none"> <li>- Statements and Reports;</li> <li>- Performance Assessment and Evaluation;</li> <li>- Participation;</li> <li>- Self-Regulation;</li> </ul>

*The impact of using the SROI tool, an organizational perspective*

			- Marketing Materials;
		Signals	- To Funders; - To the Market; - To Staff Members; - To Communities/Society; - To Beneficiaries;
	Origins	N/A	N/A
	Using Signalling Theory to communicate social value	External Drivers / External Results	- Differentiation Tool; - Marketing Tool; - Legitimacy Tool; - Communication Tool;
<b>Strategic Management Approach</b>	Defining the concept	N/A	N/A
	Strategic Management in the context of Third Sector	Process of Strategic Management	- Strategic Thinking; - Strategy Choices and Strategic Planning; - Implementation; - Monitoring;
	Strategic Management and Social Value	Internal Drivers / Internal Results	- Planning Tool; - Management Tool; - Assessment Tool; - Staff's Motivation;

## Appendix 5 – Pre-Codification of Interview Questions<sup>25</sup>

Dimension of the Interview Script	Topic	Code
<b>The Organization</b>	Idea of the Project	- Characterization of the Organization;
	Stakeholders	
	Organizational Structure	- Characterization of the Organization; - Life-Cycle Stage;
	Organizational Evolution	- Life-Cycle Stage;
<b>SROI Tool</b>	Drivers to use SROI	- Internal drivers; - External Drivers;
	Influence of organizational practices in using SROI tool	- Process of Strategic Management -> Implementation - Accountability process;
	Perceived Challenges and difficulties	- SROI Barriers
	Perceived Results (internal and External)	- Internal results; - External Results
	Stakeholders Involvement in the process	- SROI Principles -> Involvement of Stakeholders;
<b>Accountability</b>	Importance of being accountable to stakeholders	- Types of Accountability; - Signalling Strategies; - Signals
	Influence of SROI on the communication with stakeholders	- Organizational Results -> External Results
	Influence of SROI in signalling the organizational performance	- Organizational Results -> External Results;
<b>Strategic Management</b>	Importance given to planning activities	- Process of Strategic Management -> Strategic Thinking; - Process of Strategic Management -> Strategic Formulation;
	Importance given to monitoring activities	- Process of Strategic Management -> Monitoring
	Importance given to evaluation activities	
	Influence of SROI on the strategic management of the organization	- Organizational Results -> Internal Results

<sup>25</sup> This is just the starting point of the codification process and it is totally flexible. In fact, the interview script was used just as a guide and for this reason, if a question was previously codified into *code x*, it does not mean that the interviewed answer cannot be related to the *code y* and/or *z*, for instance. Moreover, as the interview script is just a guide, during the interviews other issues that were not contemplated have emerged and they will be posteriorly codified.

**Appendix 6 – Coding System (final version)**

Dimension	Codes	Sub-Code	Definition of the Code	How to identify an issue
The Organization	Life-Cycle Stage	<b>Start-up</b> (Barnett, 1988)	Identification of a specific need and consideration about different ways to satisfy it (Barnett, 1988)	<ul style="list-style-type: none"> <li>- Experimentation (Barnett, 1988);</li> <li>- Short-termism (Barnett, 1988) and ‘here and now’ decisions;</li> <li>- Informality (Barnett, 1988);</li> <li>- Flexibility (Barnett, 1988);</li> <li>- Funding equivalent to the initial capital (Barnett, 1988);</li> <li>- No clear distinction between board’s management and operational issues (McClusky, 2002)</li> <li>- few or no managerial level staff, and a small volunteer workforce (McClusky, 2002);</li> <li>- Evaluation based on analysis of need addressed (Barnett, 1988);</li> </ul>
		<b>Professionalization</b> (Barnett, 1988)	It is already known how the perceived need will be satisfied and there is a professional staff (Barnett, 1988)	<ul style="list-style-type: none"> <li>- More formality (Dart et al, 1996);</li> <li>- Professional staff working;</li> <li>- Funds are flowing into the agency (Barnett, 1988);</li> <li>- More strategic goals;</li> <li>- Lengthiness of decision time frame;</li> <li>- Technical efficiency (Smith et al, 1985);</li> <li>- Political support (Smith et al, 1985);</li> </ul>
		<b>Institutionalization</b> (Barnett, 1988)	There are standard procedures and the organizational structure is formal (Barnett, 1988)	<ul style="list-style-type: none"> <li>- Coordination (Smith et al, 1985);</li> <li>- Reliable and steady flow of revenues (Barnett, 1988);</li> <li>- Constituency building (Barnett, 1988);</li> <li>- Legitimacy (Barnett, 1988);</li> <li>- Income generation (Barnett, 1988);</li> <li>- Evaluation based on quantitative information (Barnett, 1988);</li> </ul>

Dimension	Codes	Sub-Code	Definition of the Code	How to identify an issue
<b>Social Value Measurement</b>	<b>Benefits of Measure Social Value</b>	<b>Planning, Monitoring and Evaluation</b> (Vanclay, 2002)		<ul style="list-style-type: none"> <li>- Development is acceptable, equitable and sustainable (Vanclay, 2002);</li> <li>- Look back and forward (SROI Primer, 2004);</li> <li>- Improvement of organizational ability to manage programs (McLoughlin et al, 2009);</li> <li>- Management of internal operations (Mulgan, 2010);</li> <li>- Social changes taken into account during the design, planning and implementation phases (Vanclay, 2002);</li> <li>- Identification of alternatives and Mitigation Actions (Asselin and Parkis, 2009);</li> </ul>
		<b>Support of organizational direction</b> (Mulgan, 2010)		<ul style="list-style-type: none"> <li>- Plan future organizational activities (SROI Primer, 2004);</li> <li>- Alignment between strategic and operational goals;</li> <li>- Understanding of organizational work (SROI Primer, 2004);</li> <li>- Assessment of societal impact (Mulgan, 2010);</li> </ul>
		<b>Justification of external funding</b> (Mulgan, 2010)		<ul style="list-style-type: none"> <li>- Communication with stakeholders and their involvement (Mulgan, 2010 and SROI Primer, 2004);</li> <li>- Accounting to external stakeholders (Mulgan, 2010);</li> <li>- Prove and improve of social initiatives;</li> </ul>
	<b>Characteristics of the Environment</b>	<b>Global economic crisis</b>		<ul style="list-style-type: none"> <li>- Effectiveness and efficiency (Mulgan, 2010);</li> <li>- Evaluation costs;</li> </ul>
		<b>Resources scarcity</b>		<ul style="list-style-type: none"> <li>- Allocation of resources;</li> <li>- External funding dependence;</li> </ul>
		<b>External pressures</b>		<ul style="list-style-type: none"> <li>- Multidimensional pressures (Mulgan, 2010);</li> <li>- Prove impact to funders, partners and beneficiaries (Mulgan, 2010);</li> <li>- Constant adaptation to external pressures;</li> <li>- Different needs and interests;</li> </ul>
	<b>Barriers of Measure Social Value</b>			<ul style="list-style-type: none"> <li>- Complexity of the process (Koljatic and Silva, 2010);</li> <li>- Perspective of different stakeholders (Institute for Environmental Studies, 1975);</li> <li>- Selection of meaningful and consistent metrics (Hirigoyen, 2013);</li> <li>- Intangible dimension (D'Amore, 1978);</li> <li>- Use of pluralistic approaches and multiple methods (Ruebottom, 2011);</li> <li>- Required resources (Koljatic and Silva, 2010);</li> <li>- High costs of formal evaluation (Koljatic and Silva, 2010);</li> <li>- Lack of control of external variables affecting outcomes (Koljatic and Silva, 2010);</li> </ul>



Dimension	Codes	Sub-Code	Definition of the Code	How to identify an issue
SROI Tool	Types of SROI	<b>Retrospective SROI</b> (Nicholls et al, 2009; Mulgan, 2013 and Millar and Hall, 2013)	Evaluative SROI looks back and assesses the outcomes that have already occurred	<ul style="list-style-type: none"> <li>- Revision of planned activities and systems to collect information (Nicholls et al, 2009);</li> <li>- Creation of more 'standard' procedures (Nicholls et al, 2009);</li> <li>- Constant dialogue with stakeholders (Nicholls et al, 2009);</li> <li>- Joint work with partners (Nicholls et al, 2009);</li> </ul>
		<b>Prospective SROI</b> (Nicholls et al, 2009; Mulgan, 2013 and Millar and Hall, 2013)	Predictive SROI forecasts the social value that will be created, assuming that the expected outcomes will be met	<ul style="list-style-type: none"> <li>- Critical analysis on how/what activities are being improved (Nicholls et al, 2009);</li> <li>- Alignment with the strategic plan (Nicholls et al, 2009);</li> <li>- Communication with the stakeholders (Nicholls et al, 2009);</li> <li>- Critically think about the implications for the organizational objectives, systems and working practices (Nicholls et al, 2009);</li> </ul>
	SROI Principles	<b>Involvement of all stakeholders</b> (Zappalà and Lyons, 2009 and Nicholls et al, 2009)	Inclusion of all those who experience the change and understanding their perspectives	
		<b>Understanding of what changes</b> (Zappalà and Lyons, 2009 and Nicholls et al, 2009)	Reflection about how change happens and the consequent gathering of information to evidence it (Nicholls et al, 2009)	
		<b>Value what matters and just include what is material</b> (Zappalà and Lyons, 2009 and Nicholls et al, 2009)	"Assessment of whether a person would make a different decision if a particular piece of information were excluded" (Nicholls et al, 2009: 9) – helps to maintain the focus on what is important for ongoing monitoring of activities (SVA, 2002)	
		<b>Not over claim and transparency</b> (Zappalà and Lyons, 2009 and Nicholls et al, 2009)		
		<b>Verification of the results</b> (Zappalà and Lyons, 2009 and Nicholls et al, 2009)	After the planning and management stages, an appropriate and independent control process must be performed to assess the whole process	
		<b>Compatibility and complementarity with internal tools</b> (Millar and Hall, 2013)		

Process of SROI Calculation	<b>Establishment of scope and identification of stakeholders</b> (Nicholls et al, 2009)	“Explicit statement about the boundary of what is being considered” and identification of “people and organizations that experience change (positive or negative) as a result of the activity (Nicholls et al, 2009)	<ul style="list-style-type: none"> <li>- Why the analysis is being conducted (Nicholls et al, 2009);</li> <li>- Who affects and is affected within the scope of the analysis (Nicholls et al, 2009);</li> <li>- Stakeholders classification (Brouwers et al. 2010)</li> </ul>
	<b>Outcomes mapping</b> (Nicholls et al, 2009)	“Map of the relationships between the organization’s inputs, activities, and outcomes for each stakeholder” (The SROI Network, 2012)	<ul style="list-style-type: none"> <li>- Inputs (Nicholls et al, 2009);</li> <li>- Activities (Nicholls et al, 2009);</li> <li>- Results/outputs (Nicholls et al, 2009);</li> <li>- Impacts/outcomes (Nicholls et al, 2009);</li> </ul>
	<b>Valuation of outcomes</b> (Nicholls et al, 2009)	Put a monetary value on results (Nicholls et al, 2009)	<ul style="list-style-type: none"> <li>- Change indicates (Nicholls et al, 2009);</li> <li>- Data on indicators (Nicholls et al, 2009);</li> <li>- Duration of outcomes (Nicholls et al, 2009);</li> <li>- Financial proxies (Arvidson et al, 2013);</li> </ul>
	<b>Establishment of impact</b> (Nicholls et al, 2009)	Sum all the monetary values of obtained results in order to know the ‘real’ value of the generated benefits	<ul style="list-style-type: none"> <li>- Deadweight (Nicholls et al, 2009 and Arvidson et al, 2013);</li> <li>- Displacement (Nicholls et al, 2009 and Arvidson et al, 2013);</li> <li>- Attribution (Nicholls et al, 2009);</li> <li>- Drop-off (Arvidson et al, 2010);</li> </ul>
	<b>Calculation of SROI ratio</b> (Nicholls et al, 2009)		<ul style="list-style-type: none"> <li>- Calculation Formula</li> </ul>
	<b>Reporting, using and embedding</b> (Nicholls et al, 2009)	SROI ratio and its narrative may have three different purposes: (i) for internal management purposes; (ii) for public distribution and/or (iii) for discussions with different stakeholders (Nicholls et al, 2009)	<ul style="list-style-type: none"> <li>- Report results on a meaningful way (Nicholls et al, 2009);</li> <li>- Accountability (Nicholls et al, 2009);</li> <li>- Internal changes (Nicholls et al, 2009);</li> <li>- Prove and improve (Arvidson et al, 2013);</li> </ul>
SROI Barriers	<b>Complexity</b> (Mulgan, 2013)		<ul style="list-style-type: none"> <li>- Staff training about specific skills (Arvidson et al, 2013 and SVA, 2002);</li> <li>- Organization is just starting on the social impact measurement;</li> <li>- Monetization of real problems (Mulgan, 2013);</li> <li>- Possibility to limit innovation (Mulgan, 2013)</li> </ul>
	<b>Time and Money</b> (Zappalà and Lyons, 2009; Gair, 2009 and SVA, 2002)		<ul style="list-style-type: none"> <li>- Costs with training (Leighton and Wood, 2010);</li> <li>- Time spent with the analysis (Nicholls et al, 2009);</li> <li>- Availability of systematized information (Nicholls et al, 2009);</li> <li>- Development of internal capabilities (technical knowledge, information systems, etc.) (Nicholls et al, 2009);</li> <li>- Organizational dimension (Millar and Hall, 2013);</li> </ul>
	<b>Quantification</b> (Lingane and Olsen, 2004 and Mulgan, 2010)		<ul style="list-style-type: none"> <li>- Intangibility dimension of impacts (Sheridan, 2011);</li> <li>- Inadequate monetization (Lingane and Olsen, 2004);</li> </ul>

			<ul style="list-style-type: none"> <li>- Impossibility to meaningfully reduce to monetary terms alone (Lingane and Olsen, 2004);</li> </ul>
		<p><b>Assumptions</b> (Millar and Hall, 2013)</p>	<ul style="list-style-type: none"> <li>- Dependent on the context of the project (Lingane and Olsen, 2004);</li> <li>- Comparison between projects and organizations (Lingane and Olsen, 2004);</li> <li>- Variation on how each organization reports impacts (Arli and Zappalà, 2009);</li> </ul>
		<p><b>Value judgement</b> (Tuan, 2008 and Millar and Hall, 2013)</p>	<ul style="list-style-type: none"> <li>- Subjective judgements in the definition of impacts, choice of impact indicators and assumptions made (Lingane and Olsen, 2004 and Arvidson et al, 2010);</li> <li>- Personal or political measurement (Lingane and Olsen, 2004);</li> </ul>
		<p><b>Information Systems</b> (SVA, 2002)</p>	<ul style="list-style-type: none"> <li>- Gathering information (SVA, 2002);</li> <li>- Monitoring of outcomes (SVA, 2002);</li> <li>- Costs (SVA, 2002);</li> <li>- Information integrity and comparability</li> </ul>
		<p><b>Inflation of SROI ratios</b> (Arvidson et al, 2010)</p>	<ul style="list-style-type: none"> <li>- To boost the attractiveness of the process;</li> <li>- Subjective selection of the impact indicators</li> </ul>
		<p><b>Deadweight, displacement and attribution</b> (Arvidson et al, 2010; Brouwers et al, 2010 and Millar and Hall, 2013)</p>	<ul style="list-style-type: none"> <li>- Credibility of the results</li> </ul>
		<p><b>Discount rates</b> (Tuan, 2008)</p>	
		<p><b>Financial proxies</b> (Tuan, 2008)</p>	
		<p><b>Mentoring</b></p>	

Focus of Analysis	Codes	Sub-Code	Definition of the Code	How to identify an issue
<b>Accountability Approach</b>	<b>The concept</b>		“A relationship between an actor and a forum, in which the actor has an obligation to explain and justify his or her conduct, (...) and the actor may face consequences” (Bovens, 2007: 450)	<ul style="list-style-type: none"> <li>- External pressures (Ebrahim, 2003);</li> <li>- Transparency and rigor;</li> <li>- Accountability to external parties;</li> <li>- Responsibility for oneself (Ebrahim, 2003);</li> <li>- Organizational performance (Kilby, 2006);</li> <li>- Power, authority and ownership (Kilby, 2006);</li> <li>- Obligation to explain and justify conduct (Bovens, 2007);</li> <li>- Deal and report to multiple stakeholders (Ebrahim, 2003 and Kilby, 2006);</li> </ul>
	<b>Types of accountability</b>	<b>Identity Accountability</b> (Unerman and O’Dwyer, 2010)	What a particular NGO should do” taking into account ethics and the values of the organization (Unerman and O’Dwyer, 2010: 480)	<ul style="list-style-type: none"> <li>- Ethics (Unerman and O’Dwyer, 2010);</li> <li>- Organizational Values (Unerman and O’Dwyer, 2010);</li> </ul>
		<b>Upward Accountability</b> (Unerman and O’Dwyer, 2010)	It “contains information predefined by each donor (...) to create a report from the NGO as a whole to each funder” (Unerman and O’Dwyer, 2010: 481);	<ul style="list-style-type: none"> <li>- Shareholders (Unerman and O’Dwyer, 2010);</li> <li>- Funders (Unerman and O’Dwyer, 2010);</li> </ul>
		<b>Downward Accountability</b> (Unerman and O’Dwyer, 2010)	“desirability to learn from the local expertise and knowledge of the beneficiaries” (Unerman and O’Dwyer, 2010: 482)	<ul style="list-style-type: none"> <li>- Beneficiaries (Unerman and O’Dwyer, 2010);</li> </ul>
		<b>Holistic Accountability</b> (Unerman and O’Dwyer, 2010)	“NGOs should be accountable to all of those upon whom their activities impact” (Unerman and O’Dwyer, 2010: 482)	<ul style="list-style-type: none"> <li>- Stakeholders (Unerman and O’Dwyer, 2010);</li> <li>- Beneficiaries (Unerman and O’Dwyer, 2010);</li> <li>- Organization (Unerman and O’Dwyer, 2010);</li> </ul>
	<b>Length of Accountability</b>	<b>Short-term Accountability</b> (Avina, 1993)	Functional accountability	<ul style="list-style-type: none"> <li>- Accounting for resources, resource use and immediate impacts (Ebrahim, 2003);</li> <li>- Focus on funders (Najam, 1996a);</li> </ul>
		<b>Long-term Accountability</b> (Avina, 1993)	Strategic accountability	<ul style="list-style-type: none"> <li>- Accounting for the impacts of activities have on the wider environment (Ebrahim, 2003);</li> <li>- Focus on beneficiaries and organization (Najam, 1996a);</li> </ul>

*The impact of using the SROI tool, an organizational perspective*

<b>Signalling Strategies</b>	<b>Statements and reports</b> (Ebrahim, 2003)	“Nonprofits must provide quite detailed information on finances, organizational structure, and programs through an annual information return. (...) Such reports and legal disclosures are significant tools of accountability in that they make available basic data on NGO operations” (Ebrahim, 2003: 816)	
	<b>Performance assessment and evaluation</b> (Ebrahim, 2003)	“includes various kinds of evaluation, including performance and impact assessments. It is useful to distinguish between external and internal evaluations. (...) Such evaluations typically aim to assess whether and to what extent program goals and objectives have been achieved and are pivotal in determining future funding to NGOs” (Ebrahim, 2003: 816)	
	<b>Participation</b> (Ebrahim, 2003)	“It is a process (...). At one level, participation refers to information about a planned project being made available to the public, and can include public meetings or hearings, surveys, or a formal dialogue on project options. A second level of participation includes public involvement in actual project-related activities, and it may be in the form of community contribution toward labor and funds for project implementation, and possibly in the maintenance of services or facilities. At a third level, citizens are able to negotiate and bargain over decisions with NGOs or state agencies, or even hold veto power over decisions” (Ebrahim, 2003: 818)	
	<b>Self-regulation</b> (Ebrahim, 2003)	“refers specifically to efforts by NGO or nonprofit networks to develop standards or codes of behaviour and performance. (Ebrahim, 2003: 819)	
	<b>Marketing Materials</b>		
<b>Signals</b>	<b>To Funders</b> (Simaens and Koster, 2013)	Demonstrate the organization is handling the projects with higher social returns	
	<b>To the Market</b> (Simaens and Koster, 2013)	Distinguish the organization from other organizations	
	<b>To Staff Members</b> (Simaens and Koster, 2013)	Demonstrate the purpose of organizational work	

		<b>To Communities/ Society</b> (Simaens and Koster, 2013)	Evidence the created social value is a way to gain legitimacy		
		<b>To Beneficiaries</b>			
	<b>Accountability Drivers to use SROI</b>		<b>Differentiation Tool</b> (Arvidson et al, 2013)		<ul style="list-style-type: none"> <li>- Attraction of funding applications (Millar and Hall, 2013);</li> <li>- Tell a story to investors (SVA, 2002);</li> <li>- Transparency about what/how is be performed (Peattie and Morley, 2008);</li> </ul>
			<b>Marketing Tool</b> (Arvidson et al, 2013 and Lyon and Arvidson, 2011)		<ul style="list-style-type: none"> <li>- Competitive advantage (Millar and Hall, 2013);</li> <li>- Corporate's image and competition (Arvidson et al, 2013);</li> <li>- Benchmarking for next strategic and performance evaluation (Millar and Hall, 2013 and (SVA, 2002);</li> </ul>
			<b>Legitimacy Tool</b> (Arvidson et al, 2013)		<ul style="list-style-type: none"> <li>- Impelled by a 'moral obligation' (Arvidson et al, 2013);</li> <li>- Claiming of the social value created;</li> </ul>
			<b>Communication Tool</b> (Arvidson et al, 2013)		<ul style="list-style-type: none"> <li>- Communicate the social value created in a clear, consistent and transparent (Arvidson et al, 2010);</li> <li>- information provided is easily understood (Arvidson et al, 2010);</li> <li>- stakeholders involvement;</li> </ul>
	<b>SROI results on Organizational Accountability</b>		<b>Differentiation Tool</b> (Arvidson et al, 2013)		<ul style="list-style-type: none"> <li>- Attraction of funding applications (Millar and Hall, 2013);</li> <li>- Tell a story to investors (SVA, 2002);</li> <li>- Transparency about what/how is be performed (Peattie and Morley, 2008);</li> </ul>
			<b>Marketing Tool</b> (Arvidson et al, 2013 and Lyon and Arvidson, 2011)		<ul style="list-style-type: none"> <li>- Competitive advantage (Millar and Hall, 2013);</li> <li>- Corporate's image and competition (Arvidson et al, 2013);</li> <li>- Benchmarking for next strategic and performance evaluation (Millar and Hall, 2013 and (SVA, 2002);</li> </ul>
			<b>Legitimacy Tool</b> (Arvidson et al, 2013)		<ul style="list-style-type: none"> <li>- Impelled by a 'moral obligation' (Arvidson et al, 2013);</li> </ul>

*The impact of using the SROI tool, an organizational perspective*

				<ul style="list-style-type: none"> <li>- Claiming of the social value created;</li> </ul>
		<b>Communication Tool</b> (Arvidson et al, 2013)		<ul style="list-style-type: none"> <li>- Communicate the social value created in a clear, consistent and transparent (Arvidson et al, 2010);</li> <li>- information provided is easily understood (Arvidson et al, 2010);</li> <li>- stakeholders involvement;</li> </ul>

Focus of Analysis	Codes	Sub-Code	Definition of the Code	How to identify an issue
<b>Strategic Management Approach</b>	<b>The Concept</b>		Continuous coordination and alignment of resources and actions with mission, vision and strategy	<ul style="list-style-type: none"> <li>- Strategy (Miller and Dess, 1996);</li> <li>- Mission, vision and values (Miller and Dess, 1996);</li> <li>- Organizational performance (Jasper and Crossan, 2012);</li> <li>- Strategic management feedback;</li> <li>- Fostering anticipation;</li> <li>- Ongoing monitoring;</li> <li>- Creation of competitive advantages (Kong, 2008);</li> <li>- Face the current environmental challenges (Chandler, 1962);</li> </ul>
	<b>Process of Strategic Management</b>	<b>Strategic Thinking</b> (Courtney, 2013)	Exploration of internal and environment's conditions (namely in terms of strategic goals, opportunities and threats, strengths and weaknesses) (Miller and Dess, 1996)	
		<b>Strategy Choices and Strategy Formulation</b> (Courtney, 2013)	Development of the overall strategy, ensuring its articulation with the mission and vision (Miller and Dess, 1996)	
		<b>Implementation</b> (Courtney, 2013)	Concretization of the planned strategy at an operational level, integrating organizational levels and functions (Miller and Dess, 1996)	
		<b>Monitoring</b> (Courtney, 2013)	Assessment of the organizational performance and the necessary ongoing adjustments are made (Miller and Dess, 1996)	
<b>Strategic Management Drivers to use SROI</b>	<b>Planning Tool</b> (Lingane and Olsen, 2004)	Plan function by supporting the design of strategic options of an organization (Lingane and Olsen, 2004)	<ul style="list-style-type: none"> <li>- Design of strategic options of an organization (Lingane and Olsen, 2004);</li> <li>- Improvement of the value created (SVA, 2002);</li> </ul>	

			<ul style="list-style-type: none"> <li>- Improvement of the organizational performance over time (SVA, 2002);</li> <li>- Alignment with strategic goals</li> </ul>
	<b>Management Tool</b> (Lingane and Olsen, 2004)	Management function by controlling ongoing operational management and capital decisions (Lingane and Olsen, 2004)	<ul style="list-style-type: none"> <li>- Control forecasts (Arli and Zappalà, 2009);</li> <li>- Improvement of the organizational performance (Arli and Zappalà, 2009);</li> <li>- Adjustment of spending and limit of involvement in a certain activity/project (Arli and Zappalà, 2009);</li> <li>- Allocation of resources (Ryan and Lyne, 2008);</li> <li>- Decision-making process (Zappalà and Lyons, 2009);</li> </ul>
	<b>Assessment Tool</b> (Lingane and Olsen, 2004)	Assessment function by evaluating the efficiency and effectiveness of investments made, both at monetary and non-monetary terms	<ul style="list-style-type: none"> <li>- efficiency and effectiveness of investments (Nicholls et al, 2009);</li> <li>- Maximization of social value;</li> <li>- Optimized organizational work (SVA, 2002);</li> <li>- Reflection through SROI overall results feeding directly into strategic planning</li> </ul>
	<b>Staff's Motivation</b> (SVA, 2002)		<ul style="list-style-type: none"> <li>- Open-environment (SVA, 2002);</li> <li>- Understanding and engagement of workers in the process of value creation (SVA, 2002);</li> <li>- Training and mentoring programs (SVA, 2002);</li> <li>- Technical skills and experience (SVA, 2002);</li> <li>- Organizational learning and constant development (Millar and Hall, 2013);</li> </ul>
<b>SROI results on Strategic Management of the Organization</b>	<b>Planning Tool</b> (Lingane and Olsen, 2004)	Plan function by supporting the design of strategic options of an organization (Lingane and Olsen, 2004)	<ul style="list-style-type: none"> <li>- Design of strategic options of an organization (Lingane and Olsen, 2004);</li> <li>- Improvement of the value created (SVA, 2002);</li> <li>- Improvement of the organizational performance over time (SVA, 2002);</li> <li>- Alignment with strategic goals</li> </ul>
	<b>Management Tool</b> (Lingane and Olsen, 2004)	Management function by controlling ongoing operational management and capital decisions (Lingane and Olsen, 2004)	<ul style="list-style-type: none"> <li>- Control forecasts (Arli and Zappalà, 2009);</li> <li>- Improvement of the organizational performance (Arli and Zappalà, 2009);</li> <li>- Adjustment of spending and limit of involvement in a certain activity/project (Arli and Zappalà, 2009);</li> <li>- Allocation of resources (Ryan and Lyne, 2008);</li> <li>- Decision-making process (Zappalà and Lyons, 2009);</li> </ul>
	<b>Assessment Tool</b> (Lingane and Olsen, 2004)	Assessment function by evaluating the efficiency and effectiveness of investments made, both at monetary and non-monetary terms	<ul style="list-style-type: none"> <li>- efficiency and effectiveness of investments (Nicholls et al, 2009);</li> <li>- Maximization of social value;</li> <li>- Optimized organizational work (SVA, 2002);</li> </ul>



*The impact of using the SROI tool, an organizational perspective*

				- Reflection through SROI overall results feeding directly into strategic planning
		<b>Staff's Motivation</b> (SVA, 2002)		- Open-environment (SVA, 2002); - Understanding and engagement of workers in the process of value creation (SVA, 2002); - Training and mentoring programs (SVA, 2002); - Technical skills and experience (SVA, 2002); - Organizational learning and constant development (Millar and Hall, 2013);

## Appendix 7 – Interviews’ Evidences

Dimension	Topic	Code	Sub-Code	Evidence
The Organization	Characterization of the Organization	The Idea		<ul style="list-style-type: none"> <li>- “O CLIP é uma associação recente, tem cerca de 1 ano (...) e é uma associação que é um bocadinho diferente das outras”</li> <li>- “Tem como objetivo ter uma ação participada para o fortalecimento daqueles que trabalham em prol do desenvolvimento local”</li> <li>- “A Alta de Lisboa teve uma intervenção de 10 anos do Programa K’Cidade (...) o que é que pode surgir aqui? Começou-se a pensar nesta ideia de se criar uma plataforma de organizações”</li> <li>- “Podemos ter aqui voz noutras esferas, ao nível do domínio das políticas públicas”</li> </ul>
		Stakeholders		<ul style="list-style-type: none"> <li>- “Não é um trabalho fácil, não agradamos a todos, não é... e conseguir ter interlocutores que nem sempre estiveram virados para o mesmo sítio”</li> <li>- “Neste momento acho que temos cerca de 34 associados”</li> </ul>
		Organizational Structure		<ul style="list-style-type: none"> <li>- “Nós temos uma direção alargada (...) que gere e toma as decisões para a gestão do quotidiano. (...) têm de estar membros da direção e depois está quem quiser aparecer com o poder de tomada de decisão”</li> <li>- “A parte de operacionalização está em grupos de trabalho (...) (ou seja, pessoas que dizem: "olha, eu interesse-me por esta questão e tenho tempo para dar")”</li> <li>- “Todos são voluntários. Todos somos membros de outras associações”</li> <li>- “Houve reunião e perguntou-se quem é que estaria interessado em... (...) achou que também seria uma mais-valia para ela enquanto pessoa e para a associação dela também, ter esta ferramenta consigo”</li> <li>- “Quando elas tinham dúvidas (...) dentro da reunião também tentávamos ajudar no que se podia e íamos dando”</li> <li>- “A maior dificuldade foi o CLIP em si, não foi o facto de sermos todos muito opinativos e muito críticos... Acho que isso até foi uma ajuda.”</li> <li>- “Quer-se que o CLIP se consiga integrar nos planos de atividades de toda a gente, para ser concretizável. Se não às tantas, já não queremos ser uma associação de associações, temos de ser uma associação e fazer coisas concretas”</li> <li>- “É difícil fazer a distinção quando o próprio CLIP são as associações todas as juntas.”</li> <li>- “Isto depois aqui é um bocadinho moroso até que toda a gente nos responda (...) é muito difícil conseguir uma resposta atempada”</li> </ul>

				<ul style="list-style-type: none"> <li>- “Isso existe, existe (flexibilidade para mudar). Estamos sempre a pensar (...) O que é que é preciso para a gente lá chegar? Isso não está no plano de atividades, mas podemos conversar sobre”</li> <li>- “Numa lógica horizontal, de trabalho conjunto, participado, uma governança partilhada em que as decisões são tomadas em conjunto”</li> <li>- “Houve formas de reorganização interna que sentimos que tinham que cair”</li> </ul>
		<b>Workers’ involvement</b>		<ul style="list-style-type: none"> <li>- “Nessa altura, com todo o entusiasmo e toda a boa vontade deste mundo e do outro, nós conseguíamos-nos desdobrar”;</li> <li>- “Depois alguns dos objetivos perderam-se um bocado pelo caminho, pelo menos eu sinto que se perderam pelo caminho”;</li> <li>- “Agora... O CLIP continua na mesma com uma massa crítica forte. Temos na mesma uma equipa de trabalho coesa, se calhar não tão grande... Diminuiu bastante.”;</li> <li>- “Algumas pessoas perderam o entusiasmo, que foi o meu caso (...) Eu deixei de ter mais tempo, pessoalmente”;</li> <li>- “De qualquer das maneiras têm-se tentado fazer um esforço, por exemplo a lógica foi ser sempre voluntário e agora vamos ter um estágio profissional já para se tentar poder operacionalizar mais coisas.”</li> </ul>
<b>Organizational Evolution</b>	<b>Life-Cycle Stage</b>		<b>Start-up</b>	<ul style="list-style-type: none"> <li>- “Apesar de Outubro de 2012 ser o início oficial (...), há um trabalho enorme antes de um ano (...) como é que isto vai funcionar, (...)”</li> <li>- “Na altura o CLIP tinha pouco tempo de vida, por assim dizer. Tinha sido constituído há pouco tempo”</li> <li>- “Acharmos que iria ser uma maravilha ter esta ferramenta à disposição de todos. O que não se veio a concretizar... Com grande pena!”</li> <li>- “Na altura, estávamos todos muito entusiasmados com o projeto CLIP, queríamos todos levar isto a bom porto”</li> <li>- “Quando o CLIP foi constituído, nós já sabíamos perfeitamente aquilo que queríamos e os objetivos que queríamos e ele foi constituído com essa base”</li> <li>- “Foram feitas várias reuniões, foi feito um trabalho participado até se perceber que o caminho seria aqui formalizar uma associação”</li> </ul>
			<b>Professionalization</b>	<ul style="list-style-type: none"> <li>- “Agora já acalmaram mais um bocado (as expectativas...)”</li> <li>- “Passado o desafio da formalização, começou a parte de por a mão na massa e vamos começar a criar coisas... Isso tem trazido inúmeros desafios, ainda agora trás porque primeiro somos todos voluntários, algumas coisas não arrancaram com o mesmo gás que nós queríamos que arrancassem; outras começaram a dar resposta a outros públicos, que não estávamos à espera...”</li> </ul>

**Table 1** – Example of evidences about the Characterization of the Organization and Organizational Evolution

Dimension	Topic	Code	Sub-Code	Evidence
SROI Tool	How to calculate SROI ratio	Process of Calculation	Establishment of scope and identification of stakeholders	<ul style="list-style-type: none"> <li>- “A nossa ideal inicial era "vamos medir o CLIP na sua totalidade e perceber qual o impacto do CLIP enquanto um todo”</li> <li>- “Na altura era o que já acontecia com mais frequência (no CLIP) que era a parte das trocas e dos empréstimos. Era o que estava mais fácil de fazer a medição (...)”</li> <li>- “Chegámos à conclusão que não era bem por ali, então devíamos ir afunilar mais e escolher só uma atividade, porque era muito difícil aplicarmos os inquéritos para tudo”</li> <li>- “Aí foi a nossa maior dificuldade... Era que os nossos stakeholders tivessem os dois papéis e aí teve de se medir o impacto a terceiros, que é o impacto que os nossos stakeholders diretos tinham com os stakeholders que nos são indiretos”;</li> </ul>
			Establishment of impact	<ul style="list-style-type: none"> <li>- “Ou seja, nós sabemos que em relação aqueles stakeholders que são diretos (...) E que depois vai refletir nos stakeholders que nos são indiretos”</li> </ul>

**Table 2** - Example of evidences about the calculation process of SROI

Dimension	Topic	Code	Sub-Code	Evidence
SROI Tool	Challenges and Ambitions of SROI	Complexity		<ul style="list-style-type: none"> <li>- “O primeiro desafio foi mesmo perceber a metodologia”</li> <li>- “Nós dividimos assim até porque a nível nos nossos próprios conhecimentos.”</li> <li>- “Eu acho a ferramenta do SROI para quem trabalha como nós (...) não é aquele SROI mais facilitador”;</li> <li>- “Depois as pessoas perguntam o que é aquilo e é preciso estar a explicar o significado do 1, não sei quantos.”;</li> <li>- “Muitas das vezes não era totalmente perceptível para quem estava de fora”</li> </ul>
		Time and Money		<ul style="list-style-type: none"> <li>- “É uma metodologia que consome imenso tempo”</li> <li>- “Para lhe dizer, por exemplo, os inquéritos que nós aplicámos, mandámos por e-mail, duas ou três vezes e no final ainda tivemos de andar a preencher via telefone”;</li> <li>- “O tempo que demorou o curso foi muito pouco para o trabalho que tínhamos que desenvolver (mentoring)”</li> </ul>
		Quantification		<ul style="list-style-type: none"> <li>- “Tiveram muita dificuldade em ir buscar os números para fazer os cálculos porque elas não tinham essa informação”</li> <li>- “Esta questão de só monitorizar tudo e de por valor monetário, retira uma parte que é claramente subjetiva mas que claramente não se pode perder na área social”</li> </ul>
		Value judgement		<ul style="list-style-type: none"> <li>- “Não havia outros exemplos para seguir”;</li> <li>- “Ficávamos perdidos em mil e um impactos indiretos e de multiplicação...”</li> </ul>
		Information Systems		<ul style="list-style-type: none"> <li>- “A parte dos inquéritos então foi uma desgraça, tivemos que refazer... a ideia era ter...nós fizemos tudo no computador, mandámos através do nosso e-mail e fizemos uma drive no Google que era nos simplificar... Mas não simplificou nada porque tivemos de andar a telefonar, depois inserir os dados, para depois sair aqueles gráficos maravilhosos.”</li> </ul>
		Financial Proxies		<ul style="list-style-type: none"> <li>- “Fiquei sempre com a sensação que eu não estava realmente a medir aquilo que eu queria medir, porque o facto de encontrar aproximações ou encontrar indicadores que vão ao encontro...”</li> </ul>
		Mentoring		<ul style="list-style-type: none"> <li>- “Tivemos o acompanhamento de um mentor, que digo-te sinceramente, facilitou imenso e caso contrário não era possível (...) é importante que o mentor, ou alguém que acompanhe nestes processos, perceba ou esteja minimamente familiarizado com o core da associação, com aquilo que a associação faz e com a problemática que trabalha.”</li> </ul>
		Others		<ul style="list-style-type: none"> <li>- “Os principais desafios foi o próprio CLIP em si, que existia há muito pouco tempo”</li> </ul>

Table 3 - Example of evidences about the Challenges and Ambitions of SROI

Dimension	Topic	Code	Sub-Code	Evidence		
Accountability Approach	The Concept	Types of Accountability	Identity Accountability	- “Ninguém consegue perceber como é que se consegue criar uma dinâmica tão grande e com pessoas tão diferentes (...) as pessoas ficam interessados, querem sempre saber mais novidades do que vai acontecendo, e isso acho que é sempre positivo” - “Para mostrar para entidades externas. Para mostrar que somos uma organização e uma ideia e uma metodologia que até pode ser replicável, portanto tem aqui um valor”		
			Upward Accountability	- “E numa dimensão estratosférica também de credibilidade junto dos financiadores”		
			Holistic Accountability	- “Somos uma boca (...) a gente põe sempre na internet e partilhamos com toda a gente”		
		Length of Accountability	Short-Term		- “Nós divulgamos que vamos fazer, divulgamos como correu e depois acabamos sempre por dar algum feedback às pessoas”; - “Nós temos um relatório de atividades do ano anterior, (...) O relatório de contas (...)” - Depois, a nível mais tangível, um relatório de atividades apresenta aquilo que está a ser feito aos stakeholders”	
				Signalling Strategies	Statements and Reports	- “Nós temos um relatório de atividades do ano anterior, (...) O relatório de contas (...) só aí já estamos a fazer prova do que fizemos”; - “Depois, a nível mais tangível, um relatório de atividades apresenta aquilo que está a ser feito aos stakeholders”
					Marketing Materials	- “Põe sempre na internet e partilhamos com toda a gente”; - “A comunicação que fazemos, via facebook, via website, etc., é uma forma de comunicar também o que está a ser feito”
		Accountability Drivers to use SROI	Differentiation Tool		- Esperávamos sair de lá com uma ferramenta (...) conseguir uma outra apresentação aos financiamentos. Porque é sempre bom termos alguns números para dar e este número...”; - “Conseguires medir algo que é pouco concretizável e mensurável, é um desafio e é algo que todos os financiadores, tanto empresas, como públicos, etc., cada vez mais têm como um aspeto central para financiar ou não um projeto”	
				Others	- “Portanto, sentimos: "bem...espera lá que isto é uma oportunidade! Vamos candidatar-nos! Não sabemos muito bem se vamos ser escolhidos ou não”	
		SROI results on Organizational Accountability	Differentiation Tool		- “Não tive conhecimento que algum dia, em alguma candidatura ou na previsão de algum financiamento, que se tivesse mencionado essa ferramenta”; - “Ele já entrou (senão entrou deveria ter entrado), numa candidatura que fizemos o ano passado porque foi um ano relativamente seguido”	

		<b>Marketing Tool</b>	<ul style="list-style-type: none"> <li>- “Nós tivemos o resultado muito bom, algumas disseram para bravarmos aquilo aos 7 ventos e fazermos demonstrações desse SROI sempre que pudéssemos”</li> <li>- “Eu acho que esses resultados para entidades exteriores ainda não tivemos. Porque aqui há tempos, no mês passado, tivemos uma apresentação aqui de um possível parceiro e por acaso lembrámo-nos”</li> <li>- “O nosso erro é não fazer mais divulgação por exemplo do resultado do SROI. (...) Fortalecia aqui um bocado a imagem e o trabalho que o CLIP tentar fazer.”;</li> </ul>
		<b>Legitimacy Tool</b>	<ul style="list-style-type: none"> <li>- “Comunicação para o exterior dá-nos uma credibilidade enorme.”</li> </ul>
		<b>Communication Tool</b>	<ul style="list-style-type: none"> <li>- “Eu acho que não (influenciou a comunicação), mas se calhar outra pessoa lhe pode dizer que sim”</li> <li>- “Diretamente, só quem percebe o que é. Nós até nós próprios, durante o processo tivemos alguma dificuldade em perguntar na Direção nas reuniões e explicar o que é que nós queríamos e para que é que o queríamos”;</li> <li>- “Dá credibilidade à organização por ter feito este percurso e por ter uma linguagem em comum com o sector empresarial (...) para os outros stakeholders, para associações mais pequenas, não lhes diz muito, sinceramente”</li> </ul>
		<b>Others</b>	<ul style="list-style-type: none"> <li>- “Aquilo acabou no dia em que se colocou o papel lá em baixo com o valor final. Acho que depois disso, a ferramenta já não serviu para mais nada. Acho que não foi utilizada, sequer...”;</li> <li>- “Não acho que tenha havido mais-valias, pelo menos que eu visse, da ferramenta em si”;</li> <li>- “A nível externo, acho que ainda não trouxe quaisquer resultados para o próprio CLIP. Até porque nós próprios não fazemos grande divulgação, está a perceber? Se não nos lembrarmos de repente, também não divulgamos. Poderá até ser um erro”</li> </ul>

**Table 4** - Example of evidences about the Accountability dimension

Dimension	Topic	Code	Sub-Code	Evidence
Strategic Management Approach	The Process	Strategic Thinking		<ul style="list-style-type: none"> <li>- “Depois da próxima vez tentamos melhorar aquilo que dissemos que foi uma falta, ou que foi um erro, ou que correu menos bem”</li> <li>- “Tudo o que se faz no CLIP e se pensa no CLIP é sempre de encontro à sua missão (...) Tem em conta as necessidades da população”</li> <li>- “Cada grupo construiu o seu plano de atividades para 2014 que se juntou num plano de trabalho comum”</li> <li>- “Hmmm, por acaso nunca fizemos uma análise SWOT, mas isso é interessante”</li> </ul>
		Strategy Choices and Strategy Formulation		<ul style="list-style-type: none"> <li>- “Os planos de atividades são todos feitos de forma participada, vão a assembleia, são aprovados e tenta-se sempre cumprir aquilo que depois aprovamos”;</li> <li>- “Agente acaba por pôr no plano de atividades só aquilo que é muito importante (...) não se especifica”</li> </ul>
		Implementation		<ul style="list-style-type: none"> <li>- “Dentro desses parâmetros que estão previamente definidos, vai-se fazendo aquilo que se considera importante (...) traz-se à reunião, lança-se”;</li> <li>- “Acho que não segue o plano de atividades à risca (...) há sempre coisas que não estão no plano e são feitas e são interessantes trazer para o território”;</li> <li>- “Como é uma coisa muito partilhada e muito continuada, à medida que vamos sentido que temos de fazer reestruturações, vamos decidindo: "ok vamos tentar desta maneira" e então vai-se construindo o processo”</li> <li>- “Vai sendo reestruturado (...) Em primeira instância pelos grupos de trabalho que vão vendo se uma coisa funciona melhor assim, se há um imprevisto e tem de se arranjar outra atividade”</li> </ul>
		Monitoring		<ul style="list-style-type: none"> <li>- “Ou temos alguém que fica responsável por aquela actividade ou então somos todos um bocadinho responsáveis”</li> <li>- “Eu ao pertencer a uma outra associação (...) quando estou a representar a minha associação, também estou a representar o CLIP e aí nunca pesa, nem nunca levanta grandes questões”</li> <li>- “Acaba por ser um bocadinho a perspetiva das outras associações que constituem a perspetiva do CLIP. Acaba por ser um misto da opinião de todos.”;</li> <li>- “É assim uma coisa que acontece de forma tão natural que agente acaba por nunca pensar nisso. Como é que eu explico... Nós estamos aqui no dia-a-dia e é "ahh, está bem, eu estou lá no dia tal" ou "então como é que correu? correu bem"... Pronto, então "o que é que as pessoas acharam? As pessoas acharam maravilhosamente bem. Então o que é que vamos melhorar? Vamos melhorar isto, isto e isto””;</li> </ul>



			<ul style="list-style-type: none"> <li>- “As atividades aqui não são atividades a longo tempo (...) No final de cada formação ou atividade, há um inquérito de avaliação (...) Depois falamos nas reuniões de direção”</li> <li>- “Eu acho que isso ainda é um desafio para o nosso lado. é feito a recolha de informação das diferentes ações, mas uma recolha um bocadinho ainda...no sentido em que, a avaliação é uma coisa engraçada (...) só que ainda não encontramos a melhor forma de trabalhar esses dados”</li> <li>- “Tem-se feito e faz-se sempre a monitorização do CLIP e das atividades, como é que está a correr, se teve muita gente ou não, se estamos a cobrar o suficiente ou se pode cobrar mais...”</li> <li>- “Não há se calhar um mecanismo concreto, há um mecanismo mais de ir percebendo... Mais intuitivo”</li> </ul>
<b>Strategic Management Drivers to use SROI</b>	<b>Planning Tool</b>		- “Foi mais o desafio de perceber se o caminho era mesmo aquele (...) perceber se o que nós queríamos montar na altura... Se estávamos no caminho certo para a sua construção e foi por isso que escolhemos...”
	<b>Others</b>		<ul style="list-style-type: none"> <li>- “Achámos que seria uma ferramenta interessante, tanto para usar no CLIP propriamente dito, como para ficar à disposição de outras associações de base local”</li> <li>- “Esperávamos sair de lá com uma ferramenta que nos pudesse auxiliar tanto a nós como às associações de base local a conseguir uma outra apresentação aos financiamentos”</li> </ul>
<b>SROI results on Strategic Management of the Organization</b>	<b>Planning Tool</b>		<ul style="list-style-type: none"> <li>- “Não acho que aquilo que nós fizemos com aquela ferramenta, não esteja a ser consultado ou até utilizado quando se quer pensar mais a frente”</li> <li>- “Fez-nos perceber o que tinha mais peso para os stakeholders, o que era mais valorizado e portanto, também nos permitiu fazer alguns reajustes internos”</li> </ul>
	<b>Assessment Tool</b>		<ul style="list-style-type: none"> <li>- “Se como já falámos aqui há uns tempos, estaria na altura de voltarmos a fazer esta análise dentro do CLIP para ver se aquilo que foi objetivado na altura para a análise, se é aquilo que realmente está a acontecer, se está a ser cumprido ou até se é o caminho que está a ser feito...”</li> <li>- “Para nós, na altura, ajudou-nos a refletir imenso, ajudou-nos a refletir imenso... Tanto que nós já falámos que se calhar tínhamos de refletir para aí que é para percebermos de alguma forma, repetir ou até ir olhar para aquilo que nós escrevemos e o relatório que saiu na altura e o que saiu nos inquéritos, se é mesmo o caminho que nós estamos a fazer. A nível interno, poderá ajudar a refletir, como ajudou a refletir.”;</li> <li>- “Contribui para reajustes internos na forma de funcionamento, sim. Porque serviu para ser uma forma de autoavaliação”</li> </ul>
	<b>Staff's Motivation</b>		- “Às pessoas que não usam, ponto. Foi mais uma daquelas coisas que quando a gente gosta de fazer muito de tudo, há sempre coisas que acabam por ficar para trás e esta é uma daquelas ferramentas que fica para trás.”

				<ul style="list-style-type: none"><li>- “Não há uma habituação em trabalhar com isto”</li><li>- “Foi muito bem aceite. Nós adorámos saber que 1€ vale 4€ e qualquer coisa. Mas é uma pena ter-se perdido no caminho (...) não foi interiorizado”</li><li>- As outras pessoas que não estiveram tão envolvidas no processo, esquece! Para mim é chinês, como diz o outro”</li><li>- “Fiquei um mixed feeling...”</li><li>- “Eu sinto que tenho agora umas luzes de SROI mas não sei se conseguiria voltar a aplicá-lo sozinha, sem apoio e isso é um bocadinho assustador”</li><li>- “Mas não sinto que fiquei com o know-how suficiente”</li></ul>
--	--	--	--	--

**Table 5** - Example of evidences about the Strategic Management dimension

