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Measuring Impact: how can third sector organisations make sense of a rapidly expanding marketplace of tools?

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Abstract

There is a growing interest in methods of impact measurement as a means of demonstrating the achievements of third sector organisations (TSOs) (Ógáin et al, 2012). A large number of different tools have been developed to support third sector impact measurement work and organisations are faced with the challenge of selecting an approach that is compatible with their budget, expertise, time, organisational size and purpose. The availability of both generic and sub-sector specific tools, as well as a drive towards ‘shared measurement’ (Ógáin et al., 2013), add further layers of complexity to decisions faced by TSOs. In response to this, several publications and online guides have been developed to encourage and advise TSOs engaging in impact measurement work.

This paper examines these recent developments and provides an overview of some of the sources of information available to TSOs about impact measurement. It assesses the potential value of available guides and summaries of impact measurement tools – including an Online Marketplace prototype currently being developed by Inspiring Impact (2013a) - and examines the ways in which such guidance can help the user to create a shortlist of tools suited to their size, budget and capacity. The paper draws on some of the extant academic literature on evaluation and methodology to identify some of the wider factors that could potentially inform third sector decision-making about the approaches to impact measurement most appropriate for their organisations.

Keywords

Impact, Measurement tools, Social Value, Third Sector

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Contents

- 1. Introduction 3**
- 2. Current developments- the tools market place 5**
 - 2.2 EEDA Getting Started Guide (Rinaldo, 2010)..... 6
 - 2.3 Tools for Success (Roberts, 2013)..... 6
 - 2.4 NCVO ‘Impact Tools’ webpage (NCVO, 2013) 7
 - 2.5 Tools and Resources for Assessing Social Impact (TRASI) (2013)..... 7
- 3. Future developments – Inspiring Impact Online Marketplace..... 7**
- 4. How might TSOs critically assess the options? 9**
- 5. Matching measurement tools to organisational needs..... 10**
- 6. Aligning measurement methodology with organisational aims 11**
- 7. Concluding comments..... 13**
- 8. References 15**

Introduction

There is a growing interest in impact measurement in the UK third sector. A survey by New Philanthropy Capital (NPC) found that 75% of charity respondents now measure some or all of their work, and that almost three quarters have increased their investment in impact measurement over the past five years (Ógáin et al, 2012: 2). This growth of impact measurement practice is being driven by a number of factors, and needs to be examined within its social, political and economic context. Barman (2007: 112) argues that the use of quantification has a long history in the charitable sector and that its use has “waxed and waned” at different times. The trend towards public service delivery contracting in the past two decades (Clark et al., 2012) has been experienced by many third sector organisations (TSOs) as an increasingly competitive environment in which they are under pressure to demonstrate that they can outperform other potential public, private or third sector bidders. There is a perceived pressure on TSOs to become more ‘business-like’, to adopt the practices of private sector organisations and, increasingly, pursue commercial sources of income (McKay et al., 2011). Furthermore, major cuts to funding streams for third sector services and increased need among service-users resulting from Coalition Government ‘austerity’ and welfare reform policies are combining to increase pressure on TSOs to ‘do more with less’ (Milbourne, 2013).

Within this context, survey findings that reveal an increased interest in impact measurement among TSOs (Ógáin et al., 2012) are perhaps unsurprising. While TSOs may be motivated to measure their impact for a variety of reasons, survey evidence from NPC on third sector impact measurement practices reveals that the main driver is the requirements of funders (Ógáin et al., 2012: 18). While the survey identified a range of other potential motives for impact measurement – including prioritisation by the board, a desire to keep up with good practice or as a means to ascertain the difference their work is making – it found that funder requirements is significantly more important than any other factor in driving third sector measurement practices.

However, TSOs that use impact measurement practices perceive a range of benefits much broader than satisfying existing funders or attracting new funders - including improved services, ability to demonstrate impact, improved targeting of help to beneficiaries, better allocation of resources and improved policies, practices, strategy and partnerships (Ógáin et al., 2012: 23). A number of third sector infrastructure organisations and consultancies are driving increased awareness among TSOs of these wider benefits to encourage greater uptake of impact measurement. Several influential organisations – including the National Council for Voluntary Organisations (NCVO) - came together in 2012 to form the Inspiring Impact Network as a vehicle for leading increased third sector commitment to impact measurement. A Code of Impact Good Practice (Inspiring Impact, 2013b) has been launched and in July 2013 the Inspiring Impact partnership announced that they had secured a funding extension that will allow them to continue work towards their ten-year vision. One of their stated aims is that, by 2022, “the majority of charities and social enterprises [will] routinely plan, measure, assess, and improve their work on the basis of their impact” (Inspiring Impact, 2013a).

Yet despite both the high profile that third sector impact measurement is increasingly achieving and the proliferation of grey literature on the subject, there remains contestation about the most appropriate ways for TSOs to engage with impact measurement practices. There is a need for greater clarity over vocabulary and concepts related to impact measurement and evaluation practices as well as a more comprehensive assessment of the options available to TSOs. At the same time, there is a rapidly emerging marketplace of numerous impact measurement methods and tools available to TSOs seeking ways to demonstrate their value. As the second part of this paper discusses, this has been accompanied by efforts from within the third sector to produce guides and information to support organisations navigating the choices available to them. This kind of work inevitably will remain a work in progress, and developments such as Inspiring Impact's (2013) *Online Marketplace* prototype will need to keep abreast of a constantly changing market of impact measurement tools.

Alongside the work being developed to promote impact measurement and to make information about various approaches more accessible to TSOs, it is important that other key stakeholders such as funders and policymakers are able to stay informed about developments in the impact measurement arena. Furthermore, there remains a need for a greater understanding of the wider implications of the upward trend in third sector impact measurement. With this in mind, TSRC has conducted some recent work to unpack some of these complex issues relating to impact measurement. This has included work to identify some of the implications for TSOs arising from the impact measurement agenda (Arvidson, 2009; Arvidson and Lyon, 2013) and research into the potential drivers for impact measurement in the third sector (Lyon and Arvidson, 2011). Wilkes and Mullins (2012) have identified some of the impact measurement tools available to the social housing sub-sector, while Arvidson et al. (2011; 2013) have taken a more in-depth look at SROI as a tool for measuring social impact in a variety of sub-sectors. Finally, TSRC colleagues have examined the concept of 'social value' and the implications arising from the introduction of the Public Services Social Value Act 2012 (Teasdale, Alcock and Smith, 2012).

Harlock (2013) has identified the need for further research into impact measurement that moves beyond a 'boosterist' approach and that critically appraises the challenges for TSOs engaging in impact measurement. In particular, she calls for research into the relative strengths and weaknesses of different types of impact measurement tool available to TSOs. Furthermore - as Harlock highlights - there are important questions to be addressed about the implicit values underpinning the public sector commissioning environment and its influence over third sector impact measurement practices.

This paper seeks to build on TSRC's work in this area by examining recent developments in impact measurement by TSOs, taking as a key focus current work by the Inspiring Impact (2013a) network to develop an *Online Marketplace* to facilitate the selection of impact measurement tools by third sector users. This paper's introduction has identified a number of the drivers contributing to a recent growth of interest in impact measurement among TSOs and a rapidly developing marketplace of tools and techniques. The following section provides an overview of some guides that have sought to categorise impact measurement tools and assist TSOs to navigate the wide array of available options. The final parts of the paper consider some of the factors that TSOs might consider when critically assessing available tools and selecting an approach that meets the needs of their organisation. It is

not the intention of this paper to make judgements about the usefulness of particular tools or to provide an exhaustive list of all the available guides and publications on the subject. Rather, it aims to provide a 'snapshot' of the current marketplace, examine a selection of the key sources of information available to TSOs and to highlight some of the factors that might be important to TSOs taking decisions about impact measurement practices.

2. Current developments – the tools marketplace

Much has been written about the diversity of what is termed the 'third sector' and an acknowledgement of this is fundamental to any discussion about current trends among TSOs – including the growing popularity of impact measurement practices. As Milbourne (2013: 6) points out, many factors contribute to the divergent experiences of different TSOs, including those related to organisational size, legal structure, trading activities, and association with particular welfare silos (health, social care, housing and so on). Furthermore, TSOs differ in their primary objectives and may be engaged in service provision, advocacy, self-help, campaigning, infrastructure or other social purposes. In addition, as discussed in the earlier part of this paper, a range of drivers for impact measurement can be identified and TSOs will each have their own set of motivations for engaging with measurement and evaluation practices.

Given such diversity in both TSOs and in their needs and motivations in relation to impact measurement, it is perhaps unsurprising that a large variety of different tools have become available to practitioners. Recent work by Substance - one of the Inspiring Impact partners – has identified over 130 different tools and techniques currently available to TSOs (Inspiring Impact, 2013a). While the burgeoning market of measurement tools and techniques offers choice to users, it can also be confusing and time-consuming for TSOs making decisions about the right tool for their needs. Furthermore, the marketplace is not static, and tools are being continually developed and adapted. In response to this, there have been several attempts to help TSOs make sense of the available options and make informed choices that best suit their needs. It is to some of the guidance and information available to TSOs that this paper now turns.

2.1 Proving and Improving (2013)

The *Proving and Improving* website provided by Charities Evaluation Services' National Performance Programme (NPP) seeks to support third sector impact and quality measurement work by providing a range of resources aimed at helping organisations get started and select tools appropriate to their needs. Its guidance to TSOs centres on three interlinked elements developed by New Economics Foundation (NEF) (2009) on behalf of CES: a *Tool Decider*, a *Comparing Approaches* chart and a *Tools for You* booklet.

Firstly, the *Tool Decider* is presented as a multi-ringed wheel, which helps TSOs to create a shortlist of tools that may be suited to their needs. Users begin in the centre of the wheel and select from three income bands for their organisation. Next, they are asked to select a category representing the primary purpose - *strategy*, *impact* or *quality*. At the third ring of the wheel, users may select from *people*, *environment* or *economic*. Their selections lead them to the outer ring of the wheel diagram

containing a shortlist of impact measurement tools compatible with the criteria they have selected. The wheel draws on an initial list of around 20 impact measurement tools, including SROI, Social Accounting and Audit, Local Multiplier 3, PQASSO, EFQM and others.

Secondly, the accompanying *Comparing Approaches* chart provides a brief description of each of the tools, sorted into three key categories: *Social Impact*, *Quality Systems* and *Strategic Management* (although it acknowledges the ‘considerable overlap’ between these). For each tool, some of the potential benefits are listed, along with an indication of the resources needed, its complexity, the types of support available to users of that tool, and whether or not the tool uses external verification.

Finally, the *Tools for You* booklet provides slightly more detailed summaries of the 20 tools, aimed at providing “a general indication – not hard-and-fast rules – about the relative merits of each tool, what it does and does not intend to do, and the resources required to use the method” (NEF, 2009: 1). The booklet’s introduction emphasises that it does not provide a ‘comprehensive catalogue’, advising the reader to “take this booklet as a starting point and then do some investigating of your own, asking other organisations like yours that have used a particular tool about their experiences” (NEF, 2009: 9). Furthermore, it stresses the importance of the context, noting that TSOs may wish to adapt or modify tools to meet their specific needs and circumstances.

2.2 EEDA Getting Started Guide (Rinaldo, 2010)

An alternative guide to impact measurement tools was produced by a group of partners on behalf of the East of England Development Agency (EEDA) (Rinaldo, 2010). Specifically targeted at small and medium-sized organisations that are new to social impact measurement, the guide highlights a selection of tools specifically selected with the needs of such organisations in mind. Based closely on the *Proving and Improving* guide detailed above, this publication offers details about 19 tools categorised as either *Social Impact*, *Quality Systems*, or *Outcomes Tools*. A further resources page directs the reader to a small selection of other tools not detailed in this guide. The publication guides the user through a series of questions or statements about the needs and priorities of their organisation, and provides a template on which responses may be recorded. TSOs are able to narrow down the options available to them through this process, based on their motivation for undertaking impact measurement, their readiness and capacity, and the type of impact they are seeking to measure. In this way, the publication seeks to provide a “plain English, concise guide to help people get their toe in the door of social impact measurement” (Rinaldo, 2010: 2).

2.3 Tools for Success (Roberts, 2013)

Cass Business School’s *Tools for Success* booklet (Roberts, 2013) explicitly aims to encourage organisations to adopt impact measurement practices and, although it provides significantly less detail on available tools than the EEDA or CES guides, it does signpost the reader to websites for further information on a small number of tools. Specifically, the *Tools for Success* guide makes reference to the NPC Wellbeing Measure, Triangle Consulting’s Outcome Stars and Social Return on Investment (SROI). However, the priorities of the publication are to guide organisations seeking to get started with impact measurement and to provide advice on the process. For example, it recommends that TSOs consult various stakeholders and consider their reasons and capacity for impact measurement

as a means of informing decisions about which approach to take. A significant section of the publication is dedicated to guiding TSOs through the development of an 'impact map' to help align impact measurement practice with organisational mission and to identify what needs to be measured. The publication recommends a small number of tools that organisations might use to assist with the development of such an impact map (Roberts, 2013).

2.4 NCVO 'Impact Tools' webpage (NCVO, 2013)

An alternative guide to impact measurement options is provided in a dedicated section of NCVO's website. It recommends that TSOs engage in six activities associated with impact - thinking, planning, delivering, assessing, improving and communicating - and provides short introductions to these. These are accompanied by an online list of around ten of what it describes as the "most well known" tools and techniques - including SROI, SOUL Record, Outcomes Stars and Social Accounting and Audit (NCVO, 2013). The level of detail given about each tool listed on the website is fairly limited, and users are likely to need to refer to the links to sources of further information to make sense of the different options.

2.5 Tools and Resources for Assessing Social Impact (TRASI) (2013)

Finally, the Tools and Resources for Assessing Impact (TRASI, 2013) online database of tools and frameworks was created by The Foundation Center, a US organisation established to disseminate information about philanthropy worldwide. Despite being US-based, the database includes some of the tools that UK TSOs will have used or may have at least heard of - such as SROI, Outcome Stars and Balanced Scorecard. The website allows the user to browse the entire database or to use a search form that filters results according to organisational type (e.g. non-profit or foundation) and sector. It also asks the user to specify their purpose (assessment, management or certification), their focus (organisational effectiveness or social impact) and the stage (output, outcomes or impact). The results page displays a brief description of the some suggested tools that potentially meet the criteria, and a link to follow for further information.

3. Future developments – Inspiring Impact Online Marketplace

Aside from the US-based TRASI database, the UK-focused guides described above provide TSOs with an introductory "field-guide" to up to 20 different tools to aid evaluation and impact measurement practice. However current work by Substance - one of the Inspiring Impact partners - has identified some 130 tools and resources available to TSOs. Substance have drawn on data from NPC's Impact Survey (Ógáin et al., 2012) and have conducted consultation exercises with TSOs to identify these and create a database, made available on the Inspiring Impact (2013a) website. Like the TRASI database, the database developed by Substance takes an international focus by including a number of tools developed by US-based providers but available to UK TSOs.

In their next phase of work, Substance is leading the development of an *Online Marketplace* – a form of portal that will allow TSOs to access information about some of the available impact measurement tools and select one that suits their needs. At the time of writing, their online portal concept is still being developed and a prototype of what such a portal might look like is available to

view online, with reviewers being invited to submit their comments and feedback (Inspiring Impact, 2013a).

One of the intended functions of the *Online Marketplace* is that users will be helped to select from the full list of tools by the use of drop-down menus that ‘filter’ the full list according to a number of categories. Tools that are unlikely to meet the user’s need (those relevant to a different sub-sector or out of budget, for example) will be ‘filtered out’, leaving the user with a smaller number of tools from which to select. To facilitate this ‘filtering’ of the full range of tools identified and to aid TSOs to narrow down the selection to those most relevant to their needs, Substance is developing a means of categorising tools according to the following factors:

- Sub-sector

Firstly, users of the Substance *Online Marketplace* will be asked to select the sub-sector into which their organisation best fits. Twenty-one categories¹ have been identified during the development stage, for example ‘Arts and Culture’, ‘Mental health’, ‘Children and families’, ‘Education’ and ‘Housing’. The ‘generic’ filter shows all tools from the database with applicability across more than one sub-sector.

- Category of tool

This planned filter will sort the full database of tools according to their ‘type’: Data management, outcome measure, social impact measure, self-perception survey, or outcome indicator.

- Cost

The prototype ‘marketplace’ will allow the user to filter the full list of tools according to seven price bands, ranging from ‘free’ to ‘over £5000’. These costs refer to the initial set up costs including a license for the first year of use. A second filter will allow users to identify any additional charges that will be incurred through use of a particular tool, such as training and support, or fees for data storage or additional users.

- Access

Finally, the prototype being developed by Substance includes a filter relating to tool formats. This feature allows the user to identify tools that are accessible in paper format or online/mobile formats, as well as to distinguish between tools incorporated within a broader data management platform, those associated with a particular funding package and those ‘unrestricted’ tools that may be accessed by any organisation.

¹ These categories of organisation type have been identified by Substance in the development stages of the work. There are some subtle differences between these categories and those used in other publications, such as the NCVO Civil Society Almanac (Clark et al., 2012) which is based on the International Classification of Non-Profit Organizations (ICNPO). This is discussed further later in this paper.

4. How might TSOs critically assess the options?

The publications and guides described above offer a valuable means of navigating the potentially bewildering variety of impact measurement tools currently available to TSOs. In addition, the work currently under development by Substance has the potential to complement this existing support to TSOs by bringing together an even greater number of available tools in a single place and helping users to create a shortlist of options most likely to suit their requirements. There are, however, a number of issues that TSOs using these guides may wish to consider.

Firstly, both practitioners and academics have acknowledged the contested nature of much of the language and concepts associated with evaluation and measurement practices (see, for example, Jargonbusters, 2013), and this is reflected in the content of some of these guides and websites. A number of different types of tool are mentioned in the various guides and databases, designed for different purposes. For example, the *Online Marketplace* prototype brings together tools for a variety of purposes, ranging from PerformWell's Bullying Perpetration and Bullying Victimization Scales (used to assess service-users' experiences of bullying at school); Lamplight's database system (with various functions applicable to management, financial costing or evaluation); to PQASSO (a quality mark). Similarly, the 20 tools offered in the Proving and Improving toolkit (NEF, 2009) include some tailored for quality measurement, accreditation or environmental behaviour, for example, as well as some better suited to assessing wider social impacts. In both cases, filters allow users to select from different types of tool, although arguably there is scope for greater explanation and clarity about different approaches or terminology to better equip TSOs trying to identify how best to meet their specific evaluation or measurement aims.

Ellis's (2008: 52) work for Charities Evaluation Service identified that some TSOs are unclear about the distinction between performance measurement and quality assurance, and use terms such as evaluation and monitoring interchangeably. She argues that this could lead to performance *improvement* approaches being undermined by a focus on performance measurement for accountability and that there is a risk of the role of evaluation in *learning* being devalued. In light of this it is important that guides aimed at helping TSOs to navigate the complexities of the impact measurement market do not exacerbate confusion about different terminology and processes by failing to distinguish adequately between and explain the functions (and any overlaps) of different tools.

Secondly, there is a lack of consistency over some of the categories used in different guides to impact measurement practices. For instance, when comparing the 'sub-sector' filters in the TRASl and Substance databases, it becomes obvious that they use different categories to distinguish between third sector activities. While this may not necessarily be a problem for TSOs using only one of these databases to inform their choice of impact measurement tool (provided categories are clearly defined and a user can readily identify which would apply to them), it could be potentially confusing for those referring to more than one guide. The International Classification of Non-profit Organizations (ICNPO) - which is used as a basis for classifying organisations in the NCVO Civil Society Almanac

(Clark et al, 2012) - could offer a means of providing greater consistency in different sources of information to TSOs.

Thirdly, in the cases of those guides that focus on a smaller selection of the available tools, there is the potential for the ‘popularity’ of some tools over others to become self-reinforcing. In other words, by concentrating their efforts in explaining the potential application of only the “most well-known” tools (NVCO, 2013) guidance aimed at TSOs could contribute to promoting the growth of a small selection of options at the expense of less well-known (but potentially equally effective) tools.

The different approaches adopted by organisations such as EEDA, Charities Evaluation Service and Inspiring Impact in producing these guides raise important questions about the best ways to support TSOs seeking to engage in impact measurement practices. What are the factors that TSOs should consider and how might they best operationalise the tools and techniques that are increasingly available to them? While survey data suggests that funders requirements are one of the key factors influencing third sector impact measurement practices (Ellis, 2008; Ógáin et al., 2012) research by Arvidson and Lyon (2013) has found evidence of organisations resisting pressures by funders in favour of measuring impact in ways that forward their own purposes. To facilitate the uptake of impact measurement by TSOs that is congruent with their own needs rather than potentially ill-fitting external prescription, there is a need for comprehensive and accessible information about different evaluation and impact tools. Such information needs to reveal both important practical considerations (e.g. issues relating to organisational size, resources and capacity) as well as deeper issues relating to the underpinning methodological approaches and their fit with organisational purposes and ethos. It is to some of these considerations that this paper now turns.

5. Matching measurement tools to organisational needs

As the description above of the various guides to impact measurement tools shows, there are a number of practical issues that TSOs must consider when selecting the most appropriate means of undertaking impact measurement in their organisation. Cath Lee, former Chief Executive of the Small Charities Coalition, warns small charities of the dangers of diverting valuable time and resources by heading down “blind alleys” as they try to navigate the substantial number of tools and techniques on offer. She expresses concerns that the complexity of the impact measurement field could result in small charities “drowning in methodologies and terminology” and urges them to keep things simple (Lee, 2012).

NPC’s survey on impact measurement practice also highlights the relevance of organisational size, revealing that small charities were least likely to have embedded such practices in their organisations and that a lack of resources is one of the main barriers (Ógáin et al., 2012: 14). With this in mind, guides such as the *Tool Decider* (NEF, 2009) and Substance’s *Online Marketplace* (Inspiring Impact, 2013a) are helpful in steering TSOs towards tools more likely to be compatible with their size or financial budget. The latter in particular usefully highlights any on-going costs that a user may incur, in addition to their initial budget for set-up costs. Another important consideration is the wider resource requirements, such as staff time and external consultancy. The *Comparing and Improving* materials

(NEF, 2009) do provide a rudimentary indication of the complexity of different tools, the likely demand on staff time, and the availability of support including consultancy.

However, TSOs may find it valuable to give this serious consideration before committing to a particular tool, particular given Hall's (forthcoming) observation that certain techniques do require a level of skill on the part of the user. For example, he notes that those using SROI need skills such as numeracy and financial literacy, as well as competence in planning and the use of Excel. Furthermore, the level of involvement of external consultancy is not confined to a question of resources, but as Hall (forthcoming, n.p.) points out is also relevant to "*issues of power, because particular conceptions of expertise and 'valid' information can serve to elevate the interests of certain actors in third sector organizations whilst disenfranchising others*". He argues that the level and types of expertise associated with particular approaches to measurement and evaluation can affect "*whose knowledge and interests are considered more legitimate in third sector organizations*".

6. Aligning measurement methodology with organisational aims

While existing guides to third sector impact measurement provide useful starting points for organisations considering some of the practicalities discussed above, there is a need for more comprehensive information about some of the deeper methodological issues underpinning different tools. Such information needs to be made accessible to time-poor TSOs in order that they can quickly and easily gain a grasp of some of the basic issues at stake and the implications surrounding their choice of impact measurement approach. Donaldson (2009) suggests that practitioners need an awareness of the strengths and weaknesses of different methodological approaches so that they are able to "evaluate the landscape" of applied research and evaluation practice. Writing from a US perspective, he reviews the controversial situation whereby the US Department of Education established a policy that would privilege the use of experimental methods in evaluation programmes, thus denying that alternative approaches, including qualitative techniques, could offer credible evidence. The events demonstrate the significant degree of influence that major funders potentially hold over evaluation and measurement practices, and underline the importance of practitioners taking an interest in the relative advantages and disadvantages of different impact practices.

One basic distinction that might usefully be highlighted in summaries of measurement tools and techniques is whether they are founded on quantitative, qualitative or mixed methods – as well as the significance of this. Soteri-Proctor (2010:412) argues that much of third sector research and evaluation in the UK is dominated by quantitative approaches and she calls for greater regard to the "familiar advantages" offered by qualitative tools for demonstrating the achievements of TSOs. In her study of third sector contributions to the New Deal for Young People, her use of qualitative methods offered several benefits: "*the flexibility of their open-ended components to cope with variety and change, especially on phenomena where there is little known about them, and their ability to reveal processes and staff's perspective*" (Soteri-Proctor, 2010:421).

Research by Alexander and Smaje (2008) to evaluate the impact of a third sector furniture re-use scheme demonstrated the potential benefits of combining of quantitative and qualitative methods. While quantitative methods of devolved accounting and low-level performance indicators were

prescribed in contracts with waste departments, the authors argue that these were insufficient in accounting for some of the wider benefits contributed by the third sector partners. They conducted qualitative interviews with a number of recipients of the recycled furniture, allowing them to identify a fuller picture of the social benefits of the scheme. For example, one lone mother living in temporary accommodation and lacking a cot for her child described how her receipt of a recycled cot from the scheme prevented her child from being taken into care. An interview with one of the scheme's volunteers revealed his perceived increase in motivation and self-esteem (Alexander and Smaje, 2008: 727). Such insights would be difficult to achieve from quantitative measures alone.

However, as Hall (forthcoming, n.p.) observes, “stakeholders are increasingly demanding that evaluation information be quantitative in nature”. He argues that evaluation frameworks reflect a “normative belief in the superiority of particular approaches” and there is value in practitioners questioning the evaluation logics underpinning different approaches in order to reveal the role they can play in “promoting or discrediting particular types of evaluation information and expertise in third sector organizations”. Hall analyses three ‘ideal types’ of impact practices: the Logical Framework Approach (LFA); the Most Significant Change (MSC) technique; and Social Return on Investment (SROI). His work helps to demonstrate the significant variation in the underpinning logics of these three different tools available to TSOs. Hall argues that both the LFA and SROI conform to a *Scientific Evaluation Logic* with a strong focus on ‘scientific’ methods and observable and measureable evidence, aimed at establishing proof and causality. They also share features associated with what he terms a *Bureaucratic Evaluation Logic* that places value on rational planning, step-by-step procedures and the use of pre-defined categorization. In contrast, he argues, the MSC technique emphasises the importance of telling stories and reflects a *Learning Evaluation Logic* that invites a range of subjective views and perspectives, reflection and learning.

Hall’s analysis is particularly interesting in the way that it highlights some of the more nuanced differences in the different tools available to TSOs, moving beyond a focus on purely pragmatic considerations such as cost towards a deeper examination of the philosophy underpinning them. For example, tools based on the principles of his *Learning Evaluation Logic* may place a high value on egalitarianism and the involvement of a range of participants. As such, these may have particular appeal to TSOs that perceive this aligns well with their values and ethos. Similarly, organisations might consider which approaches offer the best fit with their own priorities – for instance SROI’s focus on “value for money and return on investment” or tools that emphasise alternative ideals such as “equality, solidarity and social justice” (Arvidson and Kara, 2013). This is not to dismiss quantitative tools or to advocate one approach over another, but rather to suggest that third sector users would benefit from support to consider fully the values and priorities implicit in different techniques.

Given evidence that TSOs are increasingly under pressure to demonstrate causality by proving that particular outcomes are the direct result of specific interventions (Ellis, 2008) and a preference among many funders for quantitative measures (Soteri-Proctor, 2010), providing TSOs with an understanding of some of the broader issues at stake is crucial. As Ellis (2012) asks, “*it’s worth considering to what extent SROI, as an evaluation method, is driven by the context of financial stringency, funding cuts and an overall market-based ethos, rather than by organisational or service needs.*” In other words, it

is arguable that what TSOs need is comprehensive information about the tools available to them that can help them to make choices *based on the approach that best suits their particular needs and ethos*, rather than be driven by the political, ideological or methodological preferences of external stakeholders.

7. Concluding comments

As this paper has shown, a vast array of impact measurement tools available to the third sector has emerged in recent years in response to numerous drivers, in particular the expanded role for TSOs in public service delivery and a competitive funding environment underpinned by an expectation that TSOs offer added 'social value'. Whether motivated by such external factors or by internal drives to learn and improve services, TSOs are faced with a complex range of choices about how best to measure and demonstrate the wider social impact achieved by their organisational activities. The large number of impact measurement tools available – upwards of 130 based on Substance's assessment – are based on a variety of different techniques, require different levels of resources and expertise, and may be suitable for particular sub-sectors more than others.

This paper has provided an overview of recent developments that have arisen in response to this growing market of available tools and examined some of the guides that have been produced to assist TSOs to navigate this complex marketplace. It has also provided a preview of work still under development by Inspiring Impact to create a comprehensive tools database and online 'marketplace' portal that will allow TSOs to more easily search for and 'shortlist' appropriate measurement tools.

The guides outlined here, such as the *Proving and Improving* materials (NEF, 2009) and the EEDA booklet (Rinaldo, 2010), together with the *Online Marketplace* work under development by Inspiring Impact (2013a) make important contributions to supporting TSOs to navigate the potentially bewildering array of impact measurement tools available to them and to make informed choices. Taken together, they highlight some of the factors that TSOs will find important when selecting a tool appropriate to their own particular needs – including the size of their organisation, the budget and resources they can dedicate to impact measurement, and the kinds of outcome or impact that they are seeking to measure. While some TSOs may find such practical information a sufficient basis for choosing the path they will take, others may welcome more detailed information about the underpinning logics and methodologies of particular tools available to them to allow them to take account of other relevant considerations in identifying a tool that best suits their needs. For example, in identifying what they hope to achieve through impact measurement processes, TSOs might consider their preference for quantitative or qualitative information (or a mix of both approaches) about their achievements, and the extent to which any given tool might meet this requirement.

There is arguably greater scope for more explicit information to be made available to TSOs about some of the more 'technical' aspects of how different impact measurement tools work and the types of information that they produce. As Hall's (forthcoming) work shows, this kind of 'technical detail' is critical to awareness of the kinds of knowledge about third sector performance that will be generated. Furthermore, it is central to questions about what forms of evaluation and measurement are considered more reliable and valid. Should impact measurement practices seek to be 'objective' or

value the 'subjective'? Are the processes underpinning different forms of knowledge production compatible with the values and ethos of TSOs? And do these have credibility with stakeholders?

In light of evidence that TSOs already perceive barriers to impact measurement - including a lack of time, skills and funding (Ógáin et al., 2012) – it remains to be seen how practical it is for organisations to give serious consideration to these deeper issues when researching the options available to them. There remains a need therefore for those practitioners and researchers interested in the development of third sector impact measurement to continue to explain the potential for more comprehensive information about the tools available and to help to determine the support and resources that TSOs would need to embed such information in their decision processes.

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About the Centre

The third sector provides support and services to millions of people. Whether providing front-line services, making policy or campaigning for change, good quality research is vital for organisations to achieve the best possible impact. The Third Sector Research Centre exists to develop the evidence base on, for and with the third sector in the UK. Working closely with practitioners, policy-makers and other academics, TSRC is undertaking and reviewing research, and making this research widely available. The Centre works in collaboration with the third sector, ensuring its research reflects the realities of those working within it, and helping to build the sector's capacity to use and conduct research.

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Economic and Social Impact

Assessing the economic impact of third sector organisations is a key research priority for TSRC. It is linked to our mapping and measuring of the sector, and has a particular focus on the role that third sector organisations play in delivering public services and contributing to general community wellbeing. We are engaged in a review of the wide range of existing methods and tools for measuring impact within TSOs including Social Return on Investment (SROI), blended impact measures and other adaptations of cost/benefit analysis. We will also develop sector wide analysis of economic impact of third sector activity and its contribution to the wider economy, including analysis of workforce trends, volunteering and third sector value.

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