

Press release
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New standardized framework for measuring impact of social responsibility activities launched

The HEC Paris Society and Organizations (S&O) Center has identified seven key challenges to measuring social impact and developed a landmark assessment tool to standardize evaluation across all industries and organizations. This new standard is set to drastically improve effectiveness, scalability and return on impact initiatives.

Paris, February 2019: Researchers at HEC Paris business school's Society & Organizations Center have unveiled a social impact measurement tool that standardizes financial and impact assessment of corporate social responsibility initiatives across different industries and organizations.

The four-stage measurement framework has been designed by HEC Paris Professors Rodolphe Durand, Zachariah Rodgers and Sookyoung Lee. It addresses a long-standing and acute lack of standardization in impact measurement – an issue that undermines effectiveness, financial efficiencies and credibility for all types of organization and industry.

Published by HEC Paris S&O Center in February 2019 under the title *Social Impact Assessment Strategy Report*, the new framework is set to become an industry landmark at a time when social impact is gathering unprecedented momentum in global business.

Rodolphe Durand says: *"In recent years, many private companies have increased their interest, investment and effort in reducing their negative impact and developed new solutions to modern challenges. As a result, there's been growing recognition for the need to assess the outcomes of social impact initiatives. For this to be meaningful, there is a need for accurate, standardized assessment of these kinds of initiatives. As different organizations have developed and implemented their own unique approaches to evaluating sustainability programs and related business impact, concern has arisen over the shortage of shared, reliable principles of how to assess the outcomes related to social impact. Our new framework addresses this concern."*

Together with Rodgers and Lee, Durand has identified seven key obstacles to the measurement of social initiatives that can hamper accurate assessment of their impact and consequently impair scalability over the longer term. These obstacles relate not only to the evaluation of impact but also to what the researchers term "mistaken beliefs" about impact efforts per se.

These seven challenges are broken down into:

- Confusion: Failing to distinguish clearly between what is invested in an impact effort and what is produced by that effort.
- Inconsistency: Inconsistently comparing numbers across time, projects, or locations, meaning that future initiatives built on the same grounds will yield uneven outcomes, undermining the credibility of social impact initiatives.
- Misunderstanding: Misjudging the causal relationship between input and impact means that firms might over-invest in efforts that are ineffective, or fail to assess the actual social impact value of an initiative.
- Blindness: Assuming that two factors that appear at the same time are correlated or causal, when in reality they are caused by other, unobserved factors.
- Over-simplification: Failing to understand the different or multiple root causes of a social issue, which can lead to underestimating the amount of effort needed to deliver impact.
- Partiality: Failing to capture both downside and upside risks. Focusing too much on the downsides may lead firms to undervalue potential upsides of engaging in social impact endeavors that can create real social and economic value.
- Over-assuming: assuming that a specific social challenge or an initiative can be generalized to other situations or applied to other contexts.

Sookyoung Lee acknowledges that overcoming these hurdles is a major challenge for most firms; *“Social impact measurement is enormously challenging in many ways. Not only do companies have to navigate the seven core obstacles our research has outlined, they also have to figure out whether or not and when to measure impact, how to do it and how they communicate their findings – whether to be loud or coy about their activities and how this will impact their credibility. It’s a complex area with the potential to excite public feeling positively or negatively. We would argue that getting it right means following the same objective principles and rule as firms would follow when they’re measuring and reporting their financial performance.”*

The impact assessment framework devised by Durand and his co-researchers posits a set of four objective principles or stages that standardize the evaluation of social initiatives and can be applied by any type of organization operating within all sectors or industry. As such, it is a landmark evaluation tool that has the potential to revolutionize the way companies and other institutions orchestrate, evaluate and communicate their efforts in this increasingly important space.

Zachariah Rodgers says: *“We have developed a set of four steps or recommendations which are bundled with 10 practical tools that will empower organizations to guard against and address the practical, measurement and strategic challenges that we have outlined in this field. Our framework constitutes a new, standardized strategy that will help organizations to not only evaluate their efforts, but to set and revise their social impact goals.”*

The framework is broken into four key steps. Broadly these are:

1. Setting and revising goals: Checking assumptions and broadening objectives.
2. Planning the assessment: Making adequate investment and differentiating contexts.
3. Improving the assessment: Constant revision of processes, engagement of impact value chain and avoiding over-reliance on quantitative metrics.
4. Strategic use of social initiative: Looking beyond immediate risks and benefits and leveraging goodwill for increased business and social impact.

While the social impact assessment field is relatively young and fragmented, it is maturing rapidly, according to the researchers. The *Social Impact Assessment Strategy Report* will, they argue, help organizations further their own social impact efforts and in turn contribute to the ongoing development of global social impact assessment as activities increase within this space.

Rodolphe Durand says: *“Developing objective standards and refining practices is critical to providing a clearer view about the net impact of firms and multiple organizations on society and their contribution to today’s most pressing challenges.”*

[Download the report](#)

About HEC Paris’ S&O Center:

The Society and Organizations (S&O) Center is an interdisciplinary center at HEC Paris whose members conduct research and courses on the challenges facing organizations today and how these organizations (e.g. firms, NGOs, rating agencies, regulators) mold society.

The S&O center focuses on four main challenges: addressing the challenges of the XXI century capitalism, building inclusive social models, tackling the ecological transition and developing a purposeful leadership.

Its mission is to guide organizations through a socially and environmentally increasingly complex world and to train future responsible leaders to live up to its challenges.

Its three pillars of research, education and action give rise to the Center's motto: Think, Teach, Act for an inclusive and sustainable world.

- THINK: Research of Excellence which directly addresses the challenges of our time
- TEACH: Train change-makers and leaders for responsible and sustainable management
- ACT: Help organizations to implement alternative and sustainable business models

About HEC Paris:

Specializing in education and research in management sciences, HEC Paris offers a complete and unique range of academic programs for the leaders of tomorrow: the Grande Ecole program, Specialized Masters and MSc, Summer School programs, the MBA, Executive MBA and TRIUM Global Executive MBA programs, the PHD program and a wide range of programs for executives and managers.

Founded in 1881 by the Paris Chamber of Commerce and Industry, HEC Paris has a full-time permanent faculty of 140 professors, 4, 500 students and 8,000 managers in executive education programs every year.

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