



USABILITY AND ACCESSIBILITY OF IMPACT ASSESSMENT

System, Purpose, challenges

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USABILITY AND ACCESSIBILITY OF IMPACT ASSESSMENT:
System, Purpose and Challenges
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Abstract

This paper addresses the field of impact assessment and evaluation for social enterprises. It analyzes the perceptions and needs of four stakeholder groups, which play a pivotal role in both the fields of impact assessment and social entrepreneurship: social enterprises (SEs), impact investors, impact analysts & intermediaries, and designers of impact assessment methods. The research findings build a comprehensive understanding of three main themes: system of impact assessment, its purposes, and challenges faced. The synthesis of the findings informs alignments and misalignments between stakeholder groups which ultimately leads to recommendations that can improve usability and accessibility of impact assessment for social enterprises.

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Overview

Organizations use social impact assessment to measure, evaluate and communicate their social performance and impact. It is a complex process, incorporating an estimate of how and to what extent an intervention had an impact on the community. The process is part of a system, which is associated with the social development and social finance field.

these stakeholders.

Methods used for this research were the literature review and expert interviews. Based on the literature review there are no studies that analyze the systemic perspective of impact assessment. Currently, the system of impact assessment is not a designed system, which means that there is a lack of a holistic

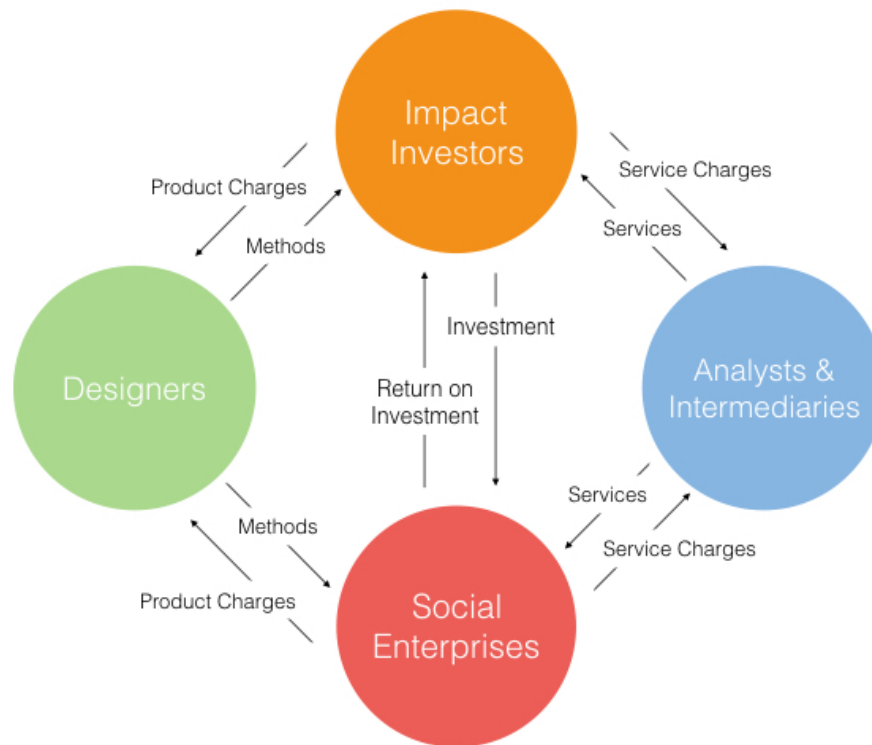


Diagram 1: Initial understanding of the relationship between stakeholder groups

In the current system, stakeholders face difficulties in terms of the usability and accessibility of impact assessment and reporting. This paper addresses the research question: How might we improve the usability and accessibility of impact assessment for social enterprises? In order to answer the question, four stakeholder groups of the impact assessment system were considered: impact investors, social enterprises, analysts & Intermediaries, and designers of impact assessment methods. Diagram 1 shows an initial understanding of the relationship between

understanding and a structured flow of information, and there are disconnects and dead-ends. In order to improve the usability or accessibility of IA the foremost step is to understand how the current system is operating, what practices can be leveraged and where are the possible intervention points for improvement.

The findings of this research and synthesis are divided into the following areas:

- An exploration and unpacking of the system of

impact assessment

- Purposes of impact assessment
- Challenges faced by stakeholder groups
- Alignments and misalignments between stakeholder groups expectation, needs, and perspectives

There are numerous challenges and benefits of impact assessment for all stakeholder groups. Social enterprises are required to provide accountability for social returns as well as financial returns to the investors, which means they carry twice the burden and experience perplexity. Some social enterprises consider the ethically responsible to inform the community about the positive change their interventions have brought. On the other hand, they are expected to sustain in a competitive market, which by default promotes pure commercial enterprises. SE's have countless methods, tools, and frameworks for IA that promise to resolve all IA related problems; however, challenges and confusion persist. There is a lack of standardization, regulations and a shared understanding of the standards, purposes, and challenges faced by stakeholder groups.

Without any standards in IA, there are no baseline regulations that determine what methods to choose to monitor, assess and report impact. Some social enterprises design their own IA methods and produce reports that present a rosy, promising image of the organization, however, they are neither comparable nor provide a true picture of impact. Most of the reports are not made public. When analysts undertake research on the aggregated sector- and community-level impact, the incomparable reports, and unavailability of public data become a challenge.

Unlike the main purpose of measuring social performance, impact assessment provides other benefits to stakeholder groups and alignments and misalignments exist in their need for impact assessment and the system. Accountability and communication of impact are found to be the top-rated purposes. Accountability, in this case, had two distinct meanings. For most social enterprises and analysts, accountability means being responsible to the community

to report the social change caused by their interventions. In the case of impact investors, it means reporting social returns achieved by the investee (social enterprises) as a result of the investment.

Challenges faced by stakeholder groups are divided into four main categories: the complexity of impact assessment, systemic challenges, issues in data collection, and mindset & culture in impact assessment. Impact assessment being complex and resource-consuming are the two highest rated challenges by the interviewees.


What the findings imply is that there is a need for stakeholders to come together and discuss their perspectives and develop shared conventions for impact assessment and reporting. Moreover, there is a need to develop a unit of measurement for impact assessment, which is lacking at the moment. Social impact bonds are an innovative structure in impact investing, however, there is room for new ideas for impact investment that can benefit the sector and develop resources for the social enterprises. The research explored other implications besides the aforementioned in detail.

Based on the findings, recommendations were offered to improve the usability and accessibility of the impact assessment system. An alternate ecosystem has been proposed to mitigate the challenges of impact assessment, streamline the flow of information, and reduce the imbalance in the system. A second recommendation helps provide a quick fix to reduce the burden on social enterprises. The third recommendation expands on one of the purposes of impact assessment: communication of impact.



INTRODUCTION & CONTEXT

1



Social finance is an industry providing social and financial returns to the community and its stakeholders to build a sustainable future. The main actors in this field are social enterprises (SEs) and impact investors (IIs). Social enterprises are ventures that consider two aspects in business: social good and a business model that enables profitability to survive and sustain in the market. Impact investments are funds or investments made in social enterprises that require investees to give both social and financial returns. Impact investors could be organizations or individuals.

The SEs operate on the demand side and the IIs on the supply side of finances, meanwhile both provide social returns- SEs provide directly and IIs enable indirect social returns to the community. The SEs work with the community to provide interventions, projects, and innovations in an effort to have a positive social impact. IIs support SEs financially if they meet IIs agendas. Since the social finance industry emphasizes on social impact, it is consequential to assess and analyze what the impact is and how it is a positive social impact. Social impact assessment is a key factor that differentiates the industry from the purely commercial sector.

There are enablers and supporters in the narrative of social finance. Government plays an instrumental role through fund allocation, mandates, strategy and planning, legislations and regulations for investors, bringing stakeholders together, and appreciating efforts. Analysts and evaluators provide social impact assessment & evaluation services, research and education, and help produce impact assessment reports for organizations, and government. Advisors and information intermediaries assist SEs and IIs in making informed and advantageous decisions in terms of operations, investment, and social impact assessment. Impact assessment methods, tools and frameworks equip the process of social impact assessment by providing pathways and easy-to-execute formulas. Some organizations that design impact assessment methods, tools and frameworks are B Lab, Acumen, Sametrica, Global Impact Investing Network (GIIN) and others. Incubators, connectors and resource hubs also play their roles in helping SEs and IIs.

Impact assessment is a fairly new field of inquiry for social entrepreneurs, impact investors and academics. There is limited information on the various domains it encapsulates. Grieco, et al., (2014) is credited for the initial inspiration for this research. They suggested an exploration of "an analysis of the needs that social enterprises have when approaching the process of SIA... how the current state of affairs can be improved to fully meet the actual needs of social entrepreneurs" (p. 1187). Their research provided an impact assessment framework for social enterprises (SEs) and suggested that there were gaps in terms of facilitation for social enterprises (SEs). This research took that insight and tried to articulate an inquiry, which could advance the knowledge of the system of impact assessment (IA) for SEs and other associated stakeholder groups.

Literature provides understanding of the four stakeholder groups separately. Reports such as Unpacking impact by the Mowat Centre (Lalande et al, 2016) and Financing Social Good by RBC Social Finance (RBC, 2014) provide good details about the actors in the social finance industry and their roles. Literature also provides frameworks and methods for stakeholders to use for social impact assessment. Moreover, authors and scholars have developed definitions of

terms such as SEs, impact investment, social impact assessment, impact value chain and others. However, due to nuances in definitions, there is no consensus.

“How might we enable accessibility and usability of impact assessment for social enterprises?”

*What is the system of impact assessment?
What are the purposes of impact assessment?
What are the methods, models, tools and frameworks for different stakeholder groups?
What are the challenges faced by stakeholder groups in the practice of reporting their impact?
What tools/frameworks are available to address the challenges?
Which are the alignments and misalignments in the perspectives and needs of stakeholders?*

Though the literature provides a lot of details and information, it lacks in various aspects. In line with the gaps in the current literature this research attempts to answer the following questions:

There is no consensus in the belief that IA is crucial and as important as other processes. In the absence of alignment regarding the need for IA itself, the mutually acknowledged value of the process reduces it to being either a checkbox for investment or a data collection tool for marketing. It is not an integrated process of operations for SEs and IIs. On the other hand, different stakeholders expect impact assessment to benefit their processes, operations and objectives; due to which there are misalignments that create challenges.

Objectively, the research findings will benefit social enterprises, impact analysts, impact investors, designers, researchers and academics by developing a comprehensive overview of the system, conveying the needs and constraints of all four stakeholder groups, and explicating their contribution to the development of the social finance industry.

Objectives of research

The objective of this research is to advance the current literature by providing an understanding of the system of impact assessment; the alignments and misalignments in the needs of stakeholder groups associated with the system; and purposes and challenges faced in the process. The premise of this research is that the problems within the field are not due to the methods or tools used, but in the current system of impact assessment and a difference of perceptions and needs of stakeholders. To improve the usability and accessibility of impact assessment for social enterprises there is a need to take a holistic approach to understand the stakeholder goals and the gaps in the system and provide pertinent interventions.

Research limitations & assumptions

There foremost limitation for this research was the time span. The present research, combined with the research design, was limited to four to five months in total. Given a longer time span, both the depth and breadth of research could have been expanded.



METHODOLOGY

2

The scale of the primary research for social enterprises was limited to Toronto considering the accessibility of experts and budget concerns. Moreover, four stakeholder groups were considered from a pool of six to eight to produce a valuable research in the given time

er groups. The literature review also helped set the context for expert interviews. Later in the process, the findings from the review were compared and contrasted with the research findings.

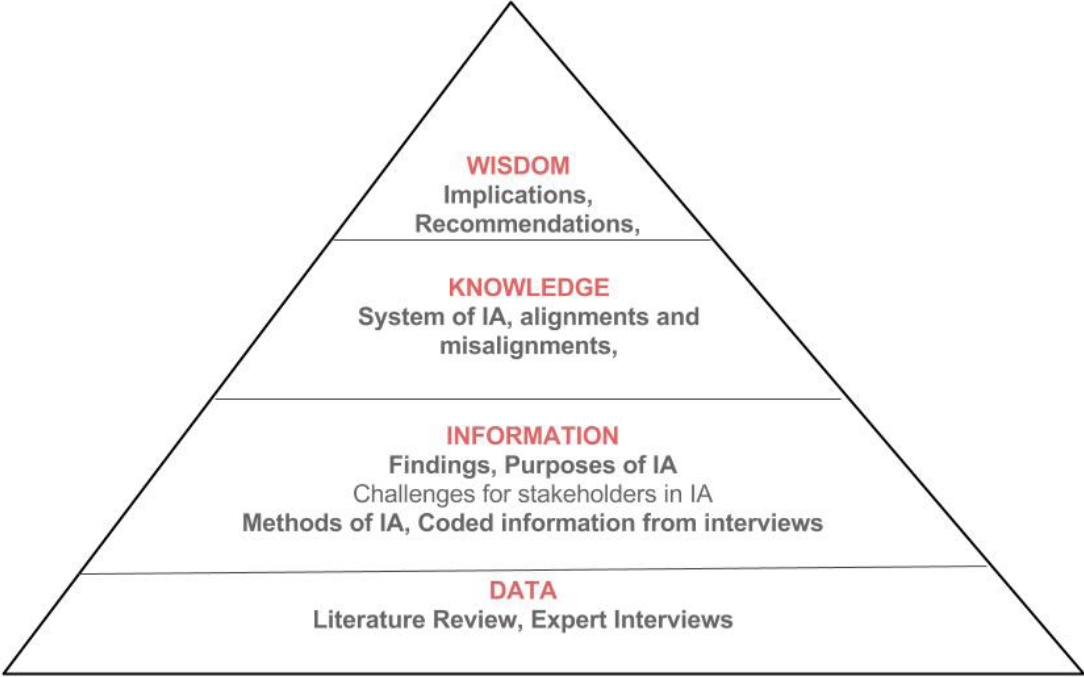


Diagram 2: DIKW framework

span.

The research used two main methods of data collection: literature review and expert interviews. It then followed Ackoff’s (1999) DIKW (Data, Information, Knowledge, and Wisdom) framework, which helped build insights at each stage in order to deliver insights from the data collected. Diagram 2 shows the breakdown for each step of the DIKW framework.

Process

The literature review was useful in finding the gaps in the existing literature and helped in designing meaningful research. It was then used to collect knowledge on impact assessment, models and methods, and the four stakehold-

Fifteen semi-structured interviews were conducted with experts, experienced and knowledgeable in their respective fields. They varied in age and gender. The objective of the expert interviews was to incorporate the practitioners’ practice- based perspective of the process of impact assessment, its purpose, challenges, and their role in the system. It included leaders from social enterprises (SEs), impact investors, and impact analysts from Toronto, Canada. Those individuals interviewed were from social enterprises that ranged in sectors of operations, years of operation and size. The initial literature review informed the impact assessment (IA) methods used by stakeholder. Therefore, interviews for the designer of impact assessment methods, were conducted with representatives from organizations based in both Canada and abroad. The organizations were: B Analytics lab (USA), Demonstrating Value

LITERATURE REVIEW

3

Impact Assessment

To construct a comprehensive research it is essential to discuss the definitions and contexts of Impact Analysis and evaluation. The various terminologies used for impact assessment provided by authors are: impact measurement, impact monitoring and evaluation, impact analysis, and social impact analysis. For the sake of language simplicity, impact assessment will be the main term in this research- impact analysis and impact assessment will be used interchangeably and considered synonymous.

Table 1 shows some of the definitions found in the literature:

Source	Definition
Nguyen et al., 2015	“Social impact measurement is thus concerned with perceptual judgments of social well being (Diener & Suh, 1997) received by the communities in need, or a self-reflexive evaluation to achieve social mission (Nicholls, 2009)” (p. 225)
International Association for Impact Assessment. n.d.	“ Impact assessment , simply defined, is the process of identifying the future consequences of a current or proposed action. IAIA is the leading global network on best practice in the use of impact assessment for informed decision making regarding policies, programs, plans and projects.”
Grieco et al.2014	“The SIA process allows organizations to identify, measure, and gather evidence of the benefits they create for stakeholders in the environment and the local economy (Social Impact Analysts Association [SIAA], 2013)” (p. 1176)
Florman et al., 2016	“Analyzing, monitoring and managing the economic, social and environmental consequences of business activity, both positive and negative, independently of the intentionality of the activity” (p. 5)

Table 1: Definitions of impact assessment

The research takes inspiration and aspects from literature for the explanation of impact assessment, however, it does not limit to a particular definition. Instead, it picks up various elements of impact assessment (IA) to construct its meaning. Below are salient features:

Impact Analysis:

- is a process
- is a system in itself and is a part of the bigger system of social finance
- is related to social enterprises
- is for “defining, monitoring, and employing measures” (Nguyen et al., 2015, p 225)

- has various purposes and benefits for stakeholders
- incorporates the consequences of actions that are intended for the betterment of a community and/or people or living things
- includes a range of consequences: intended or unintended, “both positive and negative, independently of the intentionality of the activity.” (Florman et al., 2016, p 5)
- can also be in the form of pre- assessment i.e. evaluating the consequences before implementing a plan or idea
- measures only those consequences that are “above and beyond what would have happened anyway” (Grieco et al., 2014, p

1175)

- understands the entire impact value chain, which is “the relationship between leading indicators (generally activities and outputs) and outcomes and impact” (Olsen &

Galimidi. 2008, p 11)

To measure and to assess impact can be two different things if understood in depth. Measurements are quantitative– linking to the numerical calculations, numbers, and figures. Assessments are qualitative– to understand what the impact is and how deep or meaningful. Often in practice, the quantitative and the qualitative are considered synonymous. For this research, measurement is considered a part of analysis and assessment.

Impact assessment is important because it measures, amongst other things, whether the

change was a result of implemented actions or preceding events. When social enterprises implement a change in society there is an interest and concern questioning the impact (Sinclair & Baglioni, 2014, Roy et al., 2014). Any intervention can have both negative and positive consequences therefore impact assessment can be a useful process to learn from the negatives and build on the positives.

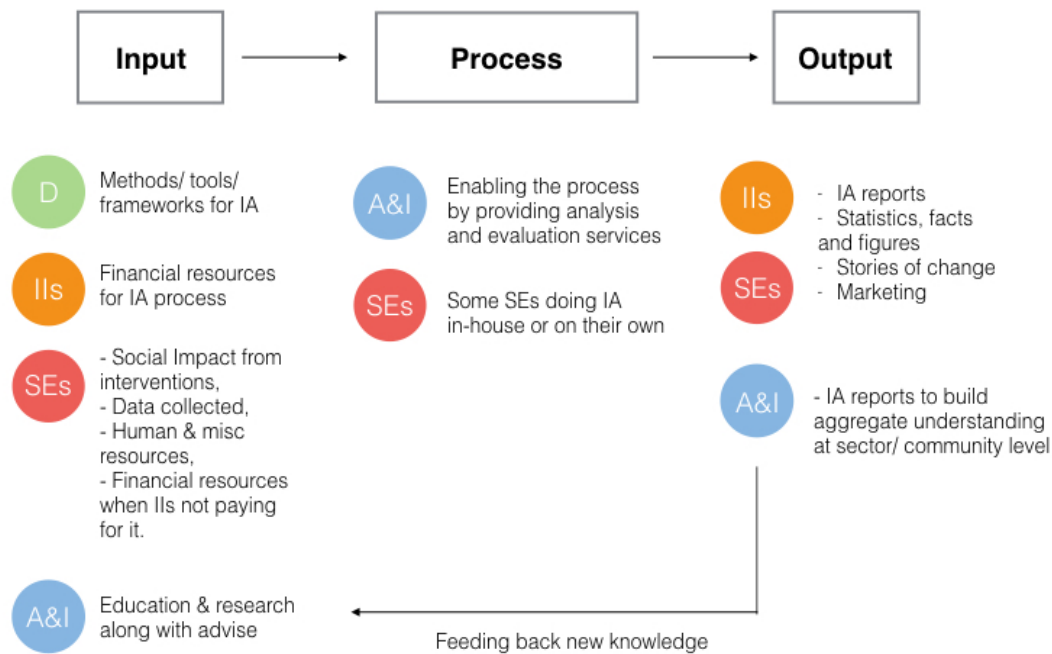


Diagram 3: Process of impact assessment and contribution of stakeholder groups

It has been suggested in literature that impact assessment can help social enterprises improve future strategies, build reputation, facilitate securing funds and support, enable stakeholders to connect deeply, and avoid mission drift (Grieco, et al., 2014; Nguyen et al., 2015; Bhatt & MacKinnon, 2013; Crucke & Decramer, 2016).

Impact is often categorized in terms of the industry or sector of operation. This research will consider 'social' impact and its assessment because the focus is on social enterprises. Social impact may be caused by any kind of action or activity, may it be social, environmental, behavioral, physical, and/or others.

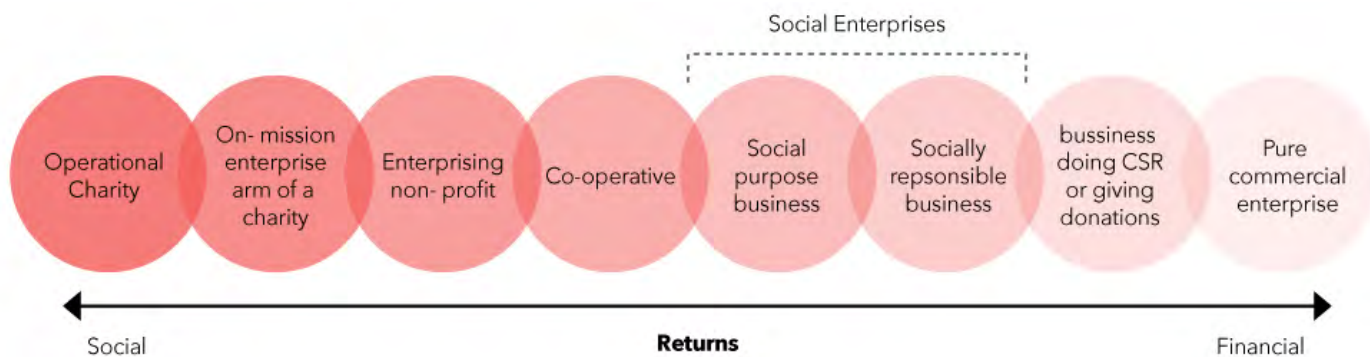
The four stakeholder groups

The four stakeholder groups that are considered for this research are: social enterprises, impact investors, impact analysts, and designers of impact assessment methods. They are the stakeholders of the system of impact assessment, which contribute and participate in the functioning of the system. Other three main stakeholders include the governments, society or community, and United Nations. Given the time constraint of the research, four mentioned stakeholders were chosen for this research because they were the implementers in the system and they play a direct role in conducting and utilizing impact assessment. The

Social Enterprises (SEs)

Social enterprises (SEs) are rapidly changing the ways profitability and capitalism is perceived. Sabeti (2011) comments that:

"We are in a new era {as} For-profit businesses are tackling social and environmental issues, nonprofits are developing sustainable business models, and governments are forging market-based approaches to service delivery. Out of this blurring of traditional boundaries, a different model of enterprise is emerging; driven by entrepreneurs



Adapted from Charities Aid Foundation (CAF) Venturesome (2010). "Financing Big Society: Why social investment matters". Retrieved from: <https://www.cafonline.org/research/publications/2010-publications/financing-the-big-society.aspx>.

Diagram 4: The spectrum of organizations providing social to financial impact

other three stakeholders play different roles in the system. They can help improve the system and organize it, however, their actions will not have a direct consequence unless implemented by the four stakeholder groups: social enterprises, impact investors, designers and analysts and intermediaries. The governments can have a direct impact if legislative changes are made by them, however no such action is being considered at the moment. In order to explain the roles of the four stakeholder groups, Diagram 3 shows how they contribute to the process of impact assessment.

who are motivated by social aims."

Some authors view SEs broadly as organizations that do social good while others see them as business models that have a "bifocal" (Pol and Ville, 2009) way of operating, which essentially means innovating a revenue generation model alongside social good. Diagram 4 below visualizes the range of ventures that provide from purely social to purely financial returns. This research will be particularly catering to two

kinds of businesses from the spectrum, namely: social purpose businesses and socially responsible businesses.

In order to define what is included in these two types of social enterprises and what do they mean it is important to look at table 2, which shows a list of some definitions for various kinds of social enterprises in literature ranging from ‘operational charities’ to ‘businesses giving a portion of profits to charity.’

Source	Definition
Borzaga and Bodini, 2014	"These innovations are profitable and at the same time have a clear positive effect on quality or quantity of life" (p.15)
Fowler (2000)	"The creation of viable (socio-) economic structures, relations, institutions, organizations and practices that yield and sustain social benefits" (p. 649)
Caulier- Grice et al. (2012)	"Define social entrepreneurship as the set of behaviors and attitudes of individuals involved in creating new social ventures, such as a willingness to take risks and finding creative ways of using underused assets" (p. 7)
Crucke & Decramer, 2016	"Social enterprises are social mission-driven organizations that develop an entrepreneurial activity (make products and/or deliver goods and services) in order to fulfill unsolved social needs in society (Mair & Marti, 2006; Moss et al., 2011). They are considered as a distinct category of organizations, positioned between profit and nonprofit organizations (Santos, 2012; Wilson & Post, 2013)" (p.1)

Table 2: Definitions of social enterprises in literature

This paper defines social enterprises (SEs) as those businesses that consider social good and have a business model that enables profitability to survive and sustain in the market. These two aspects can depict enterprises ranging from the ones that put the social good first and develop a business model to sustain it (social purpose businesses); the others, that put financial returns first but make sure they are not causing undue harm to the people and planet (socially responsible businesses). For both these types, their impact is on a large community and not on a few individuals. Both types of SEs are ethical companies.

Under the current system, the incorporation of SEs is a work in process. Many provinces in Canada and countries around the world do not incorporate businesses as social enterprises. SEs are incorporated as for-profit enterprises fitting the above definition, or not-for-profits with a revenue generation model to sustain. Founders

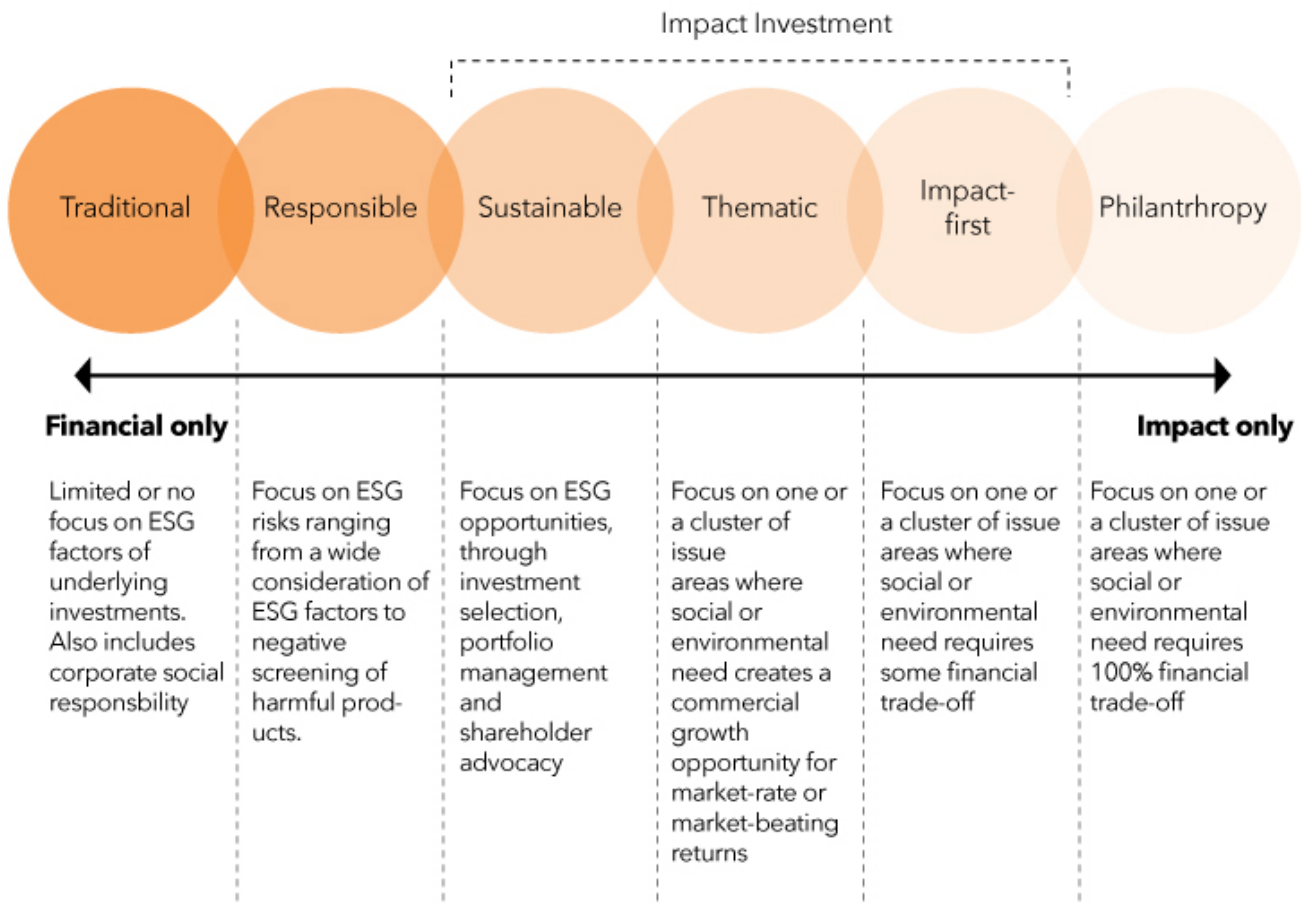
and leader of SEs interviewed for this research were from: ImpaKt, SoJo, Tecla, and School for Social Entrepreneurs Ontario.

When the defined SEs are taken as investees by impact investors (IIs), they are also termed as portfolio companies by IIs. This term originally comes from equity investment. These are “companies that seek and receive capital from direct investors, and investment funds that seek and receive capital from limited partners.” (Olsen & Galimidi. 2008, p. 10).

As any other business enterprise, SEs also find ways to be funded through venture capital, grants, impact investors or angel investors, and maneuver the required resources to bring ideas of social change to reality. They are a key player in the field of social finance; acting in the demand side of the field. It’s essential to understand their perspective.

Impact investors (IIs)

Impact investment is not a new practice in the field of funding and investment. It was practiced in diverse forms before being termed as “impact investing”. Bugg-Levine & Emerson, (2011) mention that “the current use of the term, impact investing, came from a set of discussions Antony (Bugg- Levine) held with a group of investors in 2007, all of them making impact investments before the term existed.” Other terms used for the concept of “impact investment” are: social finance, social venture



ESG: Environmental, Social, and Governmental

Adapted from Bridges Venture Research (2012). "Sustainable & Impact Investment - How we define the market." Retrieved from www.bridgesventures.com/links-research

Diagram 5: Spectrum of impact investment

finance, blended value investing, social impact investing, social investment, and patient capital.

Aspects of impact investing are being analyzed. Questions such as what does impact investing mean? What roles does an impact investor have? What does the addition of the word 'impact' mean to current practices of investing? Is it another trendy term for investment in social enterprises?

Table 3 shows some of the definitions for impact investing in the literature and diagram 6 shows a spectrum of investments ranging from finance only to impact only.

For this paper impact investment is being looked at as funds or investments made in social enterprises that require investees to give both social and financial returns. Impact investors could be organizations or individuals. It ranges from 'sustainable' to 'impact-first' investing as shown in the diagram 6. IIs may or may not ask for Impact assessment or other processes from SEs to prove their impact. Impact investing does not include goodwill donations.

Since the term is not widely acknowledged, there are many investors that do not recognize themselves as impact investors. They invest in social enterprises but do not consider the social

Source	Definition
Bugg-Levine & Emerson (2011)	"Impact investing recognized that investments can pursue financial returns while also intentionally addressing social and environmental challenges."
Clarkin & Cangioli, 2016	"Investments that are primarily made to create tangible social impact, but also have the potential for financial returns on the investment (Entrepreneurship, 2012)" (p. 137)
GIIN, n.d.	"Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return."
O'Donohue et al., 2010	"Investments intended to create positive impact beyond financial returns. As such, they require the management of social and environmental performance (for which early industry standards are gaining traction among pioneering impact investors) in addition to financial risk and return. We distinguish impact investments from the more mature field of socially responsible investments ("SRI"), which generally seek to minimize negative impact rather than proactively create positive social or environmental benefit."

Table 3: Definitions of impact investment in Literature

impact of their contribution or they consider the social realm as a job for charities and government (Bugg-Levine & Emerson, 2011). As stated by Bugg-Levine & Emerson, "most traditional philanthropists reject the idea that they should use their investments to advance their mission or that businesses generating profits have a right to stand alongside philanthropy and civil society in the noble work of promoting equality and justice."

wants to generate a 'social return', the verification of which

can only be carried out through impact analysis" (p. 50). Therefore to understand the field of impact assessment it's important to explore the perspectives and needs to impact investors.

Representative and leaders from Impact in-

Source	Type	Description
Olsen & Galimidi. 2008	Limited partners (LPs)	"Are investors who invest in portfolio companies via direct investors, called general partners (GPs). Generally, LPs seek to evaluate their fund managers by the sum of the underlying portfolio impacts and return on investment, and may track other metrics that are specific to the fund manager" (p. 10)
Olsen & Galimidi. 2008	Direct investors	"Deploy capital directly into portfolio companies. Generally they seek to understand the significant impacts of each portfolio company, as well as the relative efficiency of impact creation from one company to another when comparisons are appropriate" (p. 10)
RBC, 2014	Mission Related Investing (MRI)	"MRI is using foundation capital to invest in businesses, non-profit organizations, charities and funds that generate positive social or environmental impact as well as financial returns" (p. 7)
RBC, 2014	Programs Related Investing (PRI)	"Investing using a foundation's programmatic funds to generate positive social or environmental impact as well as financial returns. ¹¹ Across Canadian foundations, approximately \$207.5 million is currently being invested in mission-related investments and \$80.3 million in program-related investments (ibid) (p. 7)

Table 4: Types of investors defined in literature

The many kinds of investors and investment organizations/ programs are depicted below in Table 4.

National Advisory Board, Germany (2015) explained the link between impact investment and impact assessment as: "A new generation of social impact investors has asserted that it

vestment firms interviewed for this paper were from: InvestEco, MaRS Catalyst Fund, and The Atmospheric Fund. Impact investors unlike SEs function on the supply side of the social finance industry and are a vital part of its functioning and progress.

Impact Analysts & Information

Intermediaries (A&I)

Analysts, in general, are people or organizations, which evaluate and analyze. Oxford Dictionary defines analysis as the “detailed examination of the elements or structure of something” and “the process of separating something into its constituent elements.” Putting this to the context of impact analyst, it would mean these individuals or organizations provide detailed examination and understanding of the impact that social enterprises have on the people and community/ society. Information intermediaries are individuals or organizations that provide advice, connections and information to SEs, IIs or other stakeholders. The advisors provide suggestions to the stakeholders regarding investment decisions and/ or best practices for impact analysis. According to Olsen & Galimidi, (2008) investment advisors are “professionals who advise and/or manage the assets of investors” (p. 10).

Meehan & Jonker, (2012) mention that information intermediaries and third party evaluations are more appreciated in the recent years. They assist funders by identifying promising interventions and projects. Despite the increasing recognition, the role of impact analysts is not fully developed nor widely known. Similar to impact investors, people don’t always identify themselves as impact analysts; synonymous titles being: advisors, impact advisors, evaluators, researchers or intermediaries. While there are minor distinctions between these titles, due to alignments on purpose, support, and services provided, this inquiry considers them one group.

Government agencies, impact investors, SEs & nonprofit organizations hire analysts to conduct impact assessments and evaluation. There are also independent associations and organizations, which analyze the overall impact of interventions at sector or community levels. Meehan

& Jonker, (2012) suggest that they are there to enable a consistent flow of information in a system of ‘asymmetric information.’

Ruff & Olsen (2016), suggests that, “analysts don’t do social impact measurement; they compare reported social impact information” (p. 5). They also mention that capabilities to analyze and compare reports are underdeveloped. IA reports come from various sources: social enterprises making them in-house, hired analysts, evaluation firms et al. All these variations do not follow any mutually acknowledge standards. It’s a hodge-podge. In the absence of standards, it is a highly difficult task for the analysts to read and compare the eclectic reports and make sense of the overall narrative.

While there are currently only a few independent neutral analysis organizations, the number of independent agencies is increasing. Current organizations that fall under this category are the Canadian Evaluation Society, Mission Measurement, Purpose Capital, MaRS Centre for Impact Investing, Sustainalytics, Charity Navigator, GiveWell, Charity Intelligence, Trucost, B Lab’s B Analytics among others. Interviews were conducted with analysts and intermediaries from Social Value Canada, Purpose Capital, The Trillium Foundation, MaRS Centre for Impact Investing and Impact Capitalysts.

Designers of impact assessment methods

Designers of IA methods are individuals, groups or organizations (mostly the later than the former) that are enabling other stakeholders to measure and assess their impact by providing innovative tools, frameworks, methods and methodologies. They can be nonprofit/ for-profit organizations or social enterprises

The design process of IA methods, tools or

frameworks is similar to other design thinking processes. Target audiences are chosen by organizations planning to design IA methods. Target audience needs and challenges in terms of IA are understood in order to design a method that caters to them. Based on the findings a new method, framework, process or methodology is designed for those audiences. Usually revisions are made to the model based on feedback, usage, and inclusion of new stakeholders, et al.

Examples of organizations that fall under this category are: GIIN (Global Impact Investing Network), GRI (Global Reporting Initiative), United Nations, Acumen, B Lab Corporation, Sametrica and Demonstrating Value among others. Representatives interviewed were from B Lab Corporation, Sametrica and Demonstrating Value

Methods of impact analysis

In order to help SEs and stakeholders measure the change they are making in the world many academics, companies, and organizations have designed impact assessment, measurement methods, models and frameworks. Methods are available online or offline. Some assess a particular kind of impact such as environmental or social while others are more general. Some methods are made for a specific stakeholder or a company, while others are open to public.

A catalog developed by Olsen & Galimidi (2008) shows a total of 48 methods of impact assessment including B rating system, compass assessment for investors, social rating, social return on investment among others. Methods range from very easy to use to complex, and

from free methods to paid ones.

There are many reasons why a large number and variety of methods are available, the first of which being to facilitate an organization by providing methods that suit their customized business models since “there is no single model that is suitable for all of them” (Grieco et al., 2014, p. 1178). Methods are also designed to cater to the needs of particular stakeholders. For example, IRIS metrics are designed for impact investors, while B- Corp assessment is developed to certify social viability of businesses. Additionally, many large organizations such as Acumen and United Nations have designed customized methods for their own use. Grieco, et al. (2014) mentions, “social enterprises have many different stakeholders to account to, and each of them may be interested in a different kind of impact.”

For this research, experts and representatives were interviewed from three methods, namely: Demonstrating Value, Sametrica, and B Impact Assessment & certification. A brief description of each method is given below.

Demonstrating Value

“Offers a simple process and helpful resources to enable you to use information and data more effectively to run your organization, plan for the future and show your value to the community. It was designed by community for community” (Demonstrating value, n.d).

It was initially a project led by the Vancity Community Foundation in Vancouver, Canada and had support from various community partners. Demonstrating Value is now a not-for-profit organization. The framework and tools were launched in 2009. They also provide analysis consultation, workshops and other advisory services. In 2013, Demonstrating Value Resource Society was set up to expand its

work.

Sametrica

Sametrica is a “Software-as-a-Service (SaaS) social impact reporting firm” (Gust, n.d.) that provides impact assessment services through a tech based software. It is a for-profit organization, established in 2011, and was co-founded by Anshula Chowdhury. Their primary target audiences are government, charities and foundations. They have three versions of their software developed, with a 4th version soon to be released. The software allows surveys and other methods for data collection and enables sharing them with grantees and investees to collect data. Software shows the aggregate as well as individual social impact to the grantor or investor.

B Impact assessment and certification

B Impact assessment provides B-Corp certification for SEs and GIIRs rating for impact investors (IIs). The designer organization is B Lab, based in Philadelphia, USA. It is a not-for-profit organization that believes in a future where almost all business will be “a force for good” (B Lab, n.d.). The services are available through online processes in other countries besides North America. B- Corp certification is for SEs to certify that the business is socially responsible. The assessment requires organizations to answer multiple questions and gives a B-Corp index score. The companies that score higher than the minimum requirement i.e. 80 points out of a total of 200 become a B-Corp certified company. They are required to submit a bi-annual B- Corp report. The certification allows companies to establish themselves as ethical companies working for profit (Chen & Kelly, 2014). Examples of certified B- Corps are Patagonia, South Mountain company, and Badger.

GIIRs Rating is for impact investors. It takes the social impact data from each investee company and provides the investor with the aggregate social impact as well as individual social impact reports.

**DATA
ANALYSIS**

4

There were a total of 15 expert interviews conducted: 5 Analysts & intermediaries, 4 founders and leaders from social enterprises, 3 impact investors and 3 representative from organizations that had designed impact assessment methods/tools/frameworks. This section will briefly mention the knowledge that was derived from the evaluation of data.

Data from interviews was sorted to quantitatively answer four questions:

1. What are the impact assessment methods used by interviewees?
2. Are the interviewees required to conduct impact assessment or are they doing it on their own? In the case of analysts, what do they suggest?
3. What are the purposes of IA for each interviewee?
4. What are the challenges in the process of IA by each one of them? As a third party do analysts mention any challenges being faced by particular stakeholders?

Below is the analysis of data in terms of different categories.

Methods used

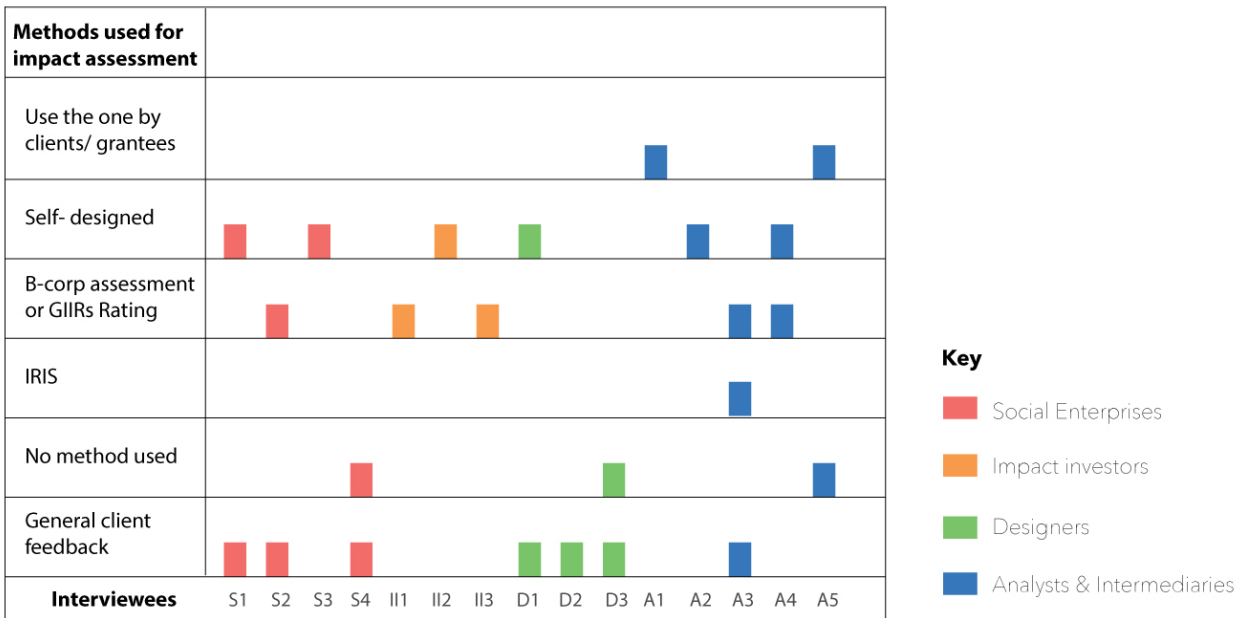


Diagram 6: Methods of impact assessment used by interviewees

Overall the highest rated method by interviewees was 'self-designed.' The second highest rated method was B assessment. The majority of interviewees SEs collect client feedback as a way of understanding their impact and improving their future strategy. Among the designers, the first choice was using the client feedback. The interviewees mentioning 'no method' are the ones that are not using any particular type of method of IA to analyze their impact.

Requirement or not

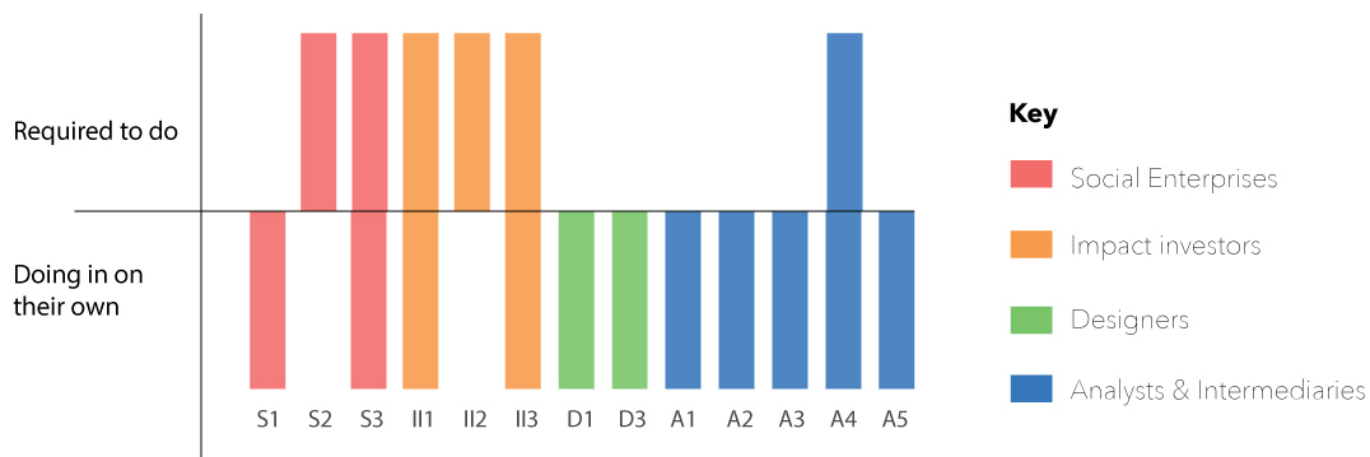


Diagram 7: Whether impact assessment is a requirement for interviewees or are they doing it on their own

The diagram above shows majority of the total responses implied that those interviewed were doing impact assessment on their own and were not required by investors to do it. For social enterprises there were an equal number of responses for both the options. Most of the impact assessment methods provider organizations were evaluating their social impact on their own without it being a requirement. Majority of A&Is interviewed suggested that the SEs should be doing IA on their own instead of it being a requirement by IIs.

Purposes for impact assessment

A total of thirteen purposes were mentioned during all the interviews. The purposes were:

Type of Purpose	Description
Understanding Overall impact	Analyzing what the aggregated impact is at a sector or community level
Internal strategy	Impact assessment informing the internal strategy of organization
Attract Investment	Impact assessment presents a good image of a company and often results in an interest from investors
Accountability/ requirement	Accountability in the form of ethical and moral responsibility of reporting the impact to community and stakeholder. Also in the form of reporting impact to impact investors as a term and condition of investment.
Communication/ Marketing/ portfolio development /company image	Communicating the impact to the stakeholders and community
Employees	Positive results of impact assessment and positive reputation of the company effects the employees' ownership. It also helps attract like minded people to work for the company
Governance	Investors use IA to govern social enterprises socially
Decision making	Impact assessment helps in making decisions regarding investment, future strategy, projects etc.
Comparability	IA reports help compare the social returns provided by companies

Conversation tool	Impact assessment is an effective tool to have a conversation about social returns and social impact.
Education and research	Impact analysis and reporting helps advance knowledge as resource for new research and academic purposes
Reliability	Impact assessment is a tool to establish reliability and trust in the eyes of impact investors, community and other stakeholders
Measure social Performance	IA is a tool to measure and evaluate what the social returns are to the community and to other stakeholders

Table 5: List of purposes reported by interviewees

14 out of 15 of all interviewees mentioned communication/marketing/ portfolio and accountability as the main purposes of impact assessment.

Among the SEs interviewed most said that they use IA to communicate their impact, market their brand, build a company image, and fill the requirements of IIs. The second level uses for SEs were to attract investment, for decision-making, and to measure if they were on track with their social mission. Most SEs in the discussion suggested that being able to use IA for internal strategy development would be a much-needed benefit.

For the majority of investors interviewed the highest rated uses were: accountability, governance, attracting investment, communication/ marketing/ portfolio development, measuring social impact, and IA as a conversation tool. Impact investors look for investments to run their businesses and provide investments to SEs, the same way as any for- profit or social enterprise would do.

Most designers think of IA as a tool, which should help, organizations improve internal strategy, fulfill accountability needs, and govern if organizations are socially on track. The second highest rated uses from the designer’s perspectives were: communication, governance, comparability and reliability.

The consensus of most analysts interviewed was that IA for them is used mostly for understanding over-all impact and communication. Analysts & Intermediaries suggested that other stakeholders use IA for: accountability, decision-making, conversation tool about social impact, education and research and reliability.

Challenges faced

There were a total of 22 challenges mentioned by all the interviewees, which were:

Type of challenge	Description
Lack of clarity of usage	It is difficult to understand the usage of methods sometimes. Terminologies, software technicalities, methodologies and others make it hard to comprehend the best practices to use the method/ tool/ framework to its full capacity.
Lack of suitable standardization	Lack of mutually accepted standards and regulations in impact assessment
Absence of IA structure by SEs	Social enterprises not having self established systems and process for impact assessment

Inability of IA to fully inform decision making	Expectation from Impact assessment to work as a scorecard and help in making decision regarding investment, future strategy, next projects etc.
Soft side dominates	Soft elements such as public relations, image of a company, reputation, networking, personal contacts, references and others dominate in making investment decisions.
Financial concerns dominate	Financial returns often overrule social impact when making investment decisions. It is likely that investments go to companies that have higher financial returns instead of high social returns.
Poor quality of IA reports	Social enterprises often produce impact assessment reports that demonstrate positive impact and a promising image. They fail to give a neutral analysis and complete information. They seldom cater to the unintended and negative consequences of an intervention
Whose subjective opinion and context	The perplexity regarding whose perspective matters and what context is being referred to when analyzing impact: community, social enterprises, investors, government or others?
Disconnect between IIs & SEs for the purpose	There are misalignments in the needs of social enterprises and impact investors regarding impact assessment.
IIs indifferent/ IA a checkbox	The process of impact assessment at times acts as a place filler- an activity that is to be done to continue investment.
Info not public	Social enterprises and impact investors do not make their information, reports and details public.
Biased analysts	Analysts are often paid by organizations to do impact assessment, which creates a bias to please the client instead of providing a neutral analysis.
Lack of comparability	Myriad of impact assessment methods, processes and tools have reduced the comparability value of reported impact assessment.
Resource consuming	Process of impact assessment consumes time, financial and other resources
Complexity	Impact assessment is a complex system and process
IA not integrated	Impact assessment process and department is often not integrated with the rest of the operations and processes of an organization
Lack of cross collaboration or discussion	Stakeholder groups lack platforms and opportunities to have discussions and collaborations to develop shared meaning of impact assessment and its related concerns
Relevance	Methods/tools/frameworks used or required to use are not aligned with the work and domain of social enterprises
Survey/ certification fatigue	The high volume of surveys and certifications reaching users is high causing a fatigue
IA sometimes can't prove an intervention will make change	Sometimes pre-assessments of interventions cannot prove it'll make a significant change. Sometimes unexpected consequences of an intervention result in a massive success or failure.
Confusion	Which metrics to use, what data to collect, how to analyze impact and other questions cause ambiguity
Belief that it's not necessary	A belief that impact assessment does not serve any real purpose and is therefore not necessary for SEs or IIs or other stakeholders

Table 6: List of challenges in impact assessment reported by interviewees

Overall the highest rated purposes were: accountability and communication.

For most SEs the biggest challenges are that IA process is resource consuming, inability to fully inform decision making, and relevance. The second level challenges were a lack of suitable standardization, complexity, deciding whose subjective opinion mattered, IA being a checkbox and limitations in which it cannot always prove the intervention will make a difference, and confusion.

The Investors did not mention a lot of challenges. The highest rated challenges faced by impact investors were resource constraints and a belief that it is not necessary. Other mentioned challenges were clarity of usage, comparability, survey/ certification fatigue, and that sometimes IA can't prove the intervention will make an actual change.

For designers, the highest rated challenges in IA were: complexity, and it being a checkbox. The second

highest rated challenges were: lack of suitable standardization to follow, resource-consuming, lack of cross collaboration, and survey/ certification fatigue.

In the case of analysts the biggest challenges were: complexity, and checkbox factor. The second level challenges were: comparability, resource consuming, soft side domination, money dominating over social, whose subjective opinion matters, and a disconnect between II and SEs for purpose.

Cross connections

Cross connections were established based on the responses of interviewees to understand what are the challenges and purposes of impact assessment for stakeholders which: use a particular method of impact assessment; are required to do IA; are doing IA on their own; and are not using any method of IA.

Key for diagrams in this section:
Bold text: Unanimously voted
Regular text: second or third highest rated

B assessment category

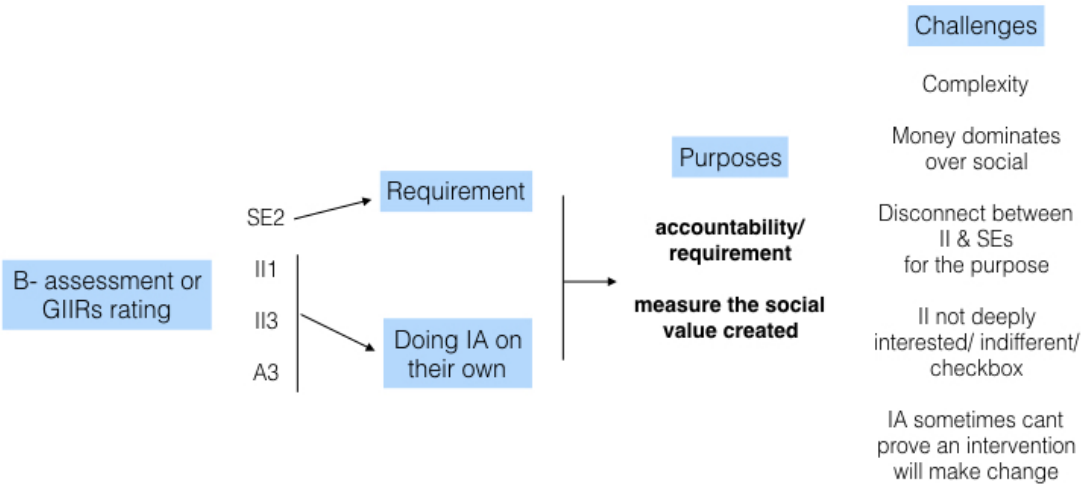


Diagram 8: Interviewees that use B assessment and GIIRs rating as their method for impact assessment

Majority of the interviewees were suggesting or using B assessment without it being a requirement. Two IIs made it a requirement for their advisee SEs. Diagram 9 shows that all the participants using B- assessment or GIIRs rating unanimously use IA for: accountability/ requirement and to measure the social value created. They do not agree unanimously to any singular challenge. The highest rated challenges for them were: complexity, money dominating over social, disconnect between II & SEs for the purpose, II indifferent/ checkbox, and IA not proving an intervention will make change.

Designed their own method category

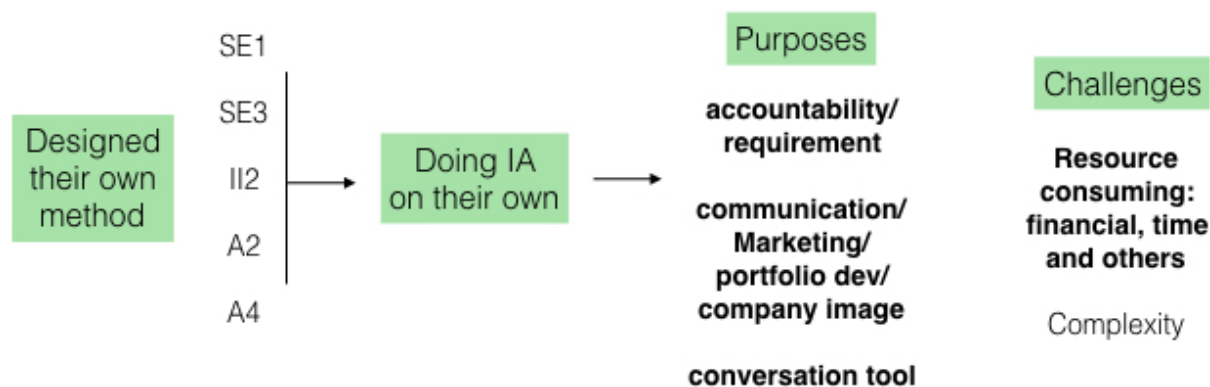


Diagram 9: Interviewees that are using their own design methods

Interviewees who had designed their own methods or suggested it were doing or suggesting impact assessment without it being a requirement. All the interviewees who had designed their own methods were doing IA on their own. They agreed that the purposes for them were: accountability, communication, and a conversation tool about social impact. The unanimously mentioned challenge was resource constraints associated with IA. The second highest rated challenge was complexity.

No method category

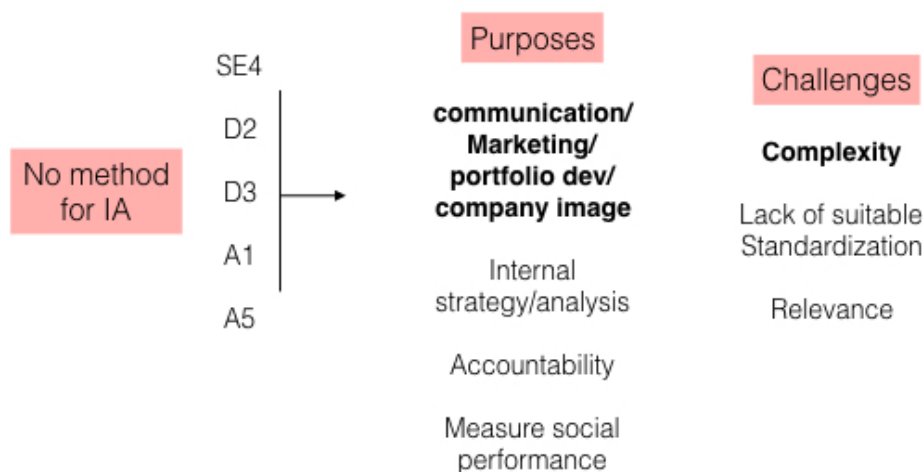


Diagram 10: Interviewees that are not using any method for impact assessment

The interviewees that were not using a particular method of IA were using IA for communication. The second highest rated purposes were: internal strategy, accountability, and to measure social performance. The unanimously mentioned challenge by this category was: Complexity. Other second highest rated challenges were: lack of suitable standardization, and relevance.

Doing IA on their own category

11 out of 15 of the interviewed stakeholders were doing IA without it being a requirement. Out of them most had designed their own methods. The unanimously mentioned purpose was: accountability/requirement. The second highest rated purposes were: reliability and communication/ Marketing/ portfolio

development/company image. The unanimously mentioned challenges were: complexity and IA being resource consuming. The second highest rated challenge were that IA sometimes can't prove an intervention will make change and a disconnect between II & SEs for the purpose.

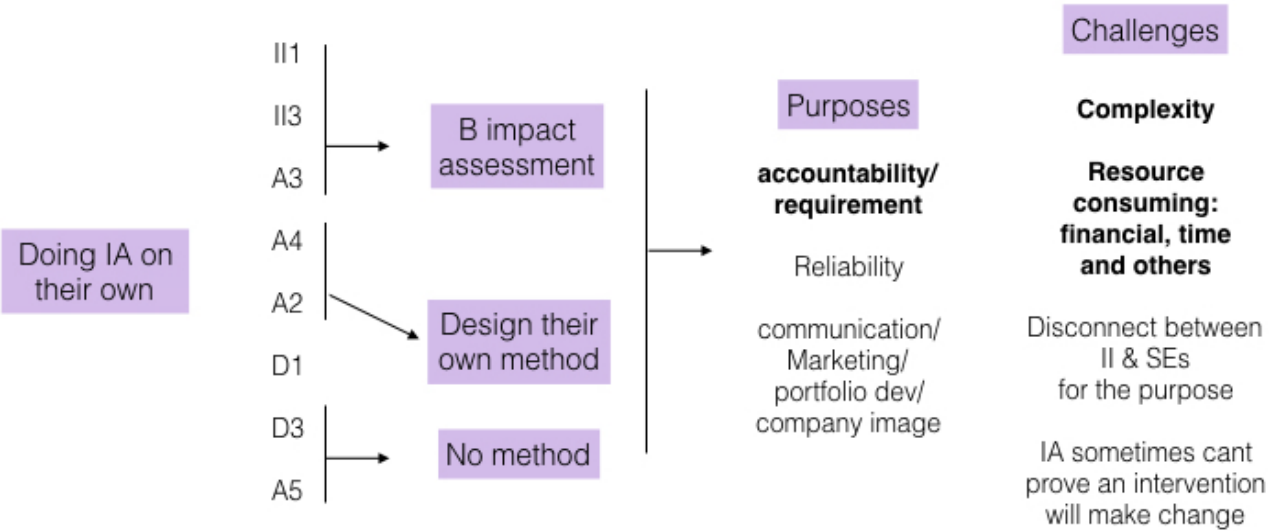


Diagram 11: Interviewees that are doing impact assessment on their own without it being a requirement

Required to do it category

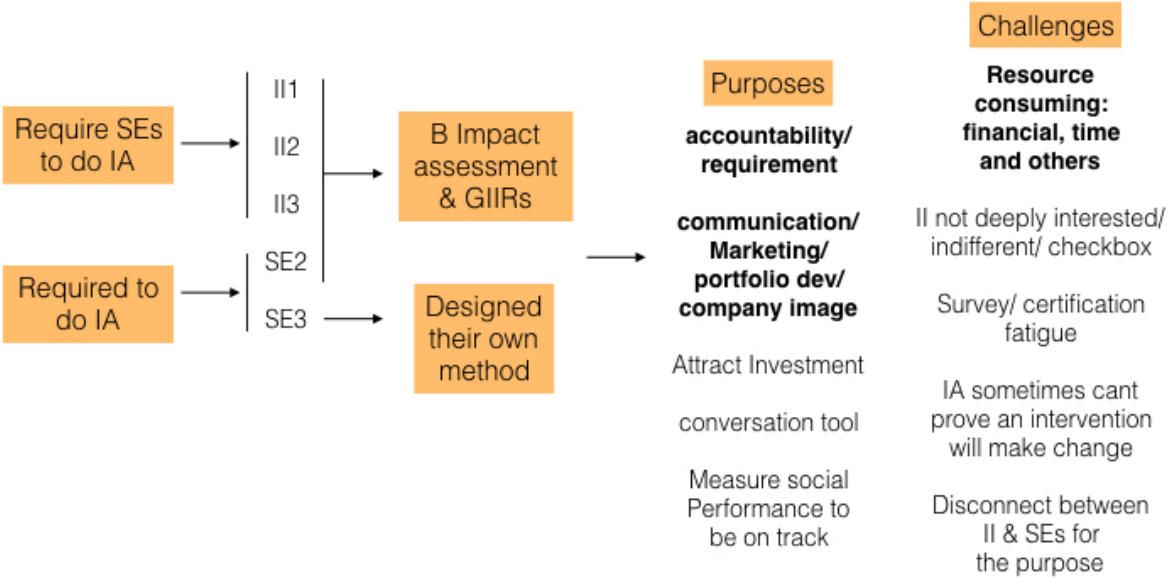


Diagram 12: Interviewees that were either required to do impact assessment or required portfolio companies to report it

All impact investors required social enterprises to do IA and two of the SEs were required to do impact assessment. The purposes they mentioned were: accountability and Communication/ Marketing. Second highest rated purposes were: to attract investment, IA being a conversation tool, and to measure social performance. The mentioned challenges were: resource consumption (unanimously agreed), survey/ certification fatigue, IIs indifferent/IA being a checkbox, disconnect between IIs and SEs for purpose of IA, and that IA can't always prove an intervention will make a change.

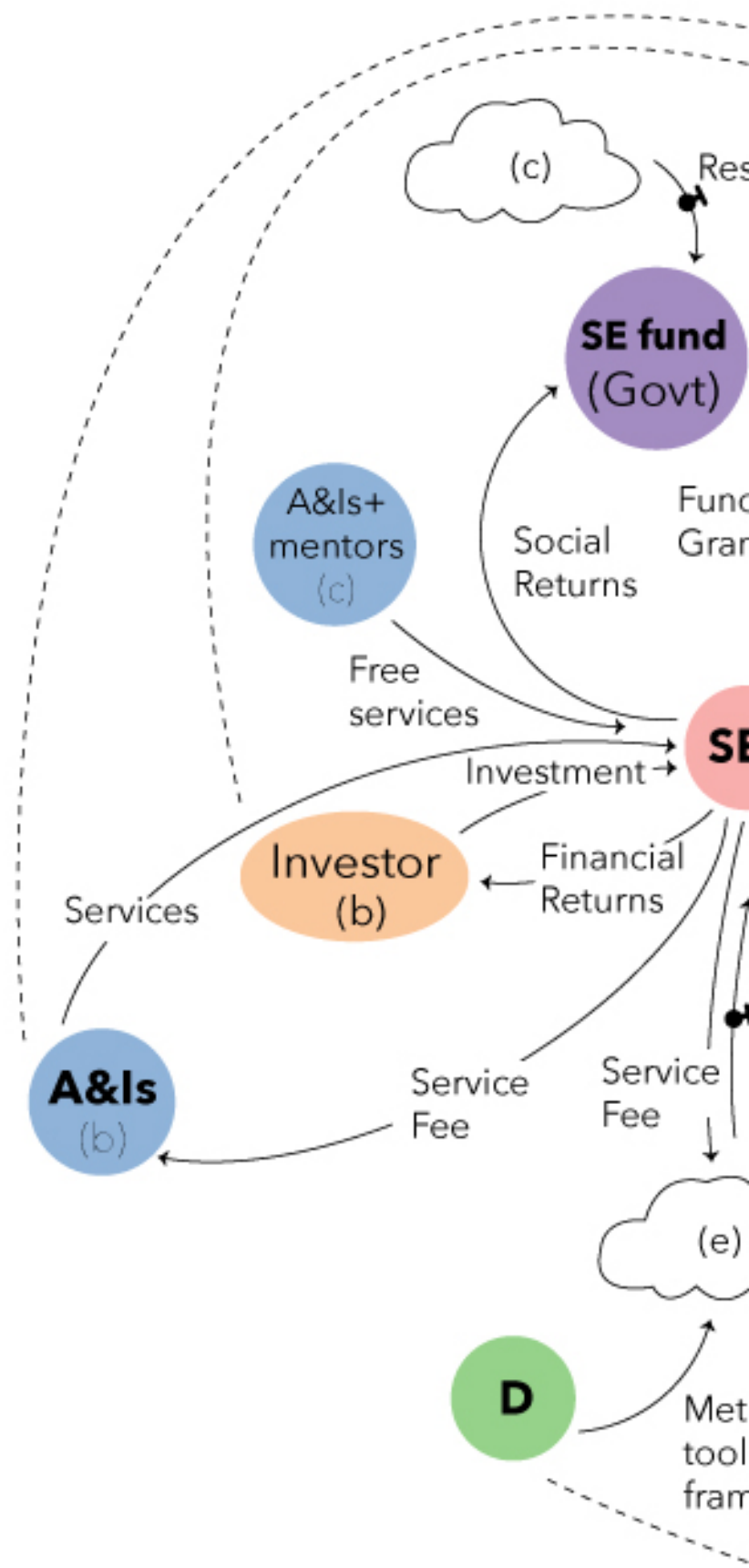
**RESEARCH
FINDINGS**

5

Current system

The systems understanding of impact assessment is based on the findings of this research. To be able to discover intervention points and design solutions, it is vital to unpack the existing system first. Diagram 13 illustrates a broad overview of how the current system of impact assessment operates and how different stakeholders are interacting. At the moment, there is a lack of designed structures in the system. Some stakeholders, like impact investors, investors and analysts & intermediaries, have been repeated because they are not the same for all stakeholders. For example, IIs (a) caters to investments for impact investor (II) organizations only. A&Is (a) and A&Is (c) caters particularly to impact investors (IIs) and A&Is (b) provide their services to social enterprises (SEs) only. Similarly, Government has separate funds for SEs and IIs.

The clouds (c), (d), and (e) represent a pool of resources coming from various sources. The sources have not been expanded since this research does not focus on where the resources are coming from. Designers contribute to the pool of resources for impact investors (IIs) and social enterprises (SEs) to use in the form of methods, tools and frameworks of impact assessment. Analysts & intermediaries (A&I b, A&I a, A&I c) are not an active part of the transactions between SEs and IIs. They are an optional resource (illustrated using a tap) that can be availed when the stakeholder group wants to pay for their services.



There is an imbalance in the relationship between IIs and SEs. SEs are expected to provide financial returns and produce social return reports, while IIs give financial support. Government does not have a legal role in this relationship and overall it plays a limited role. In

taking financial returns for their services. They act and operate as nonprofits to help improve the ecosystem for social enterprises. They are most frequently funded by government grants, and provide a support system for SEs. While these services are meager for investors,

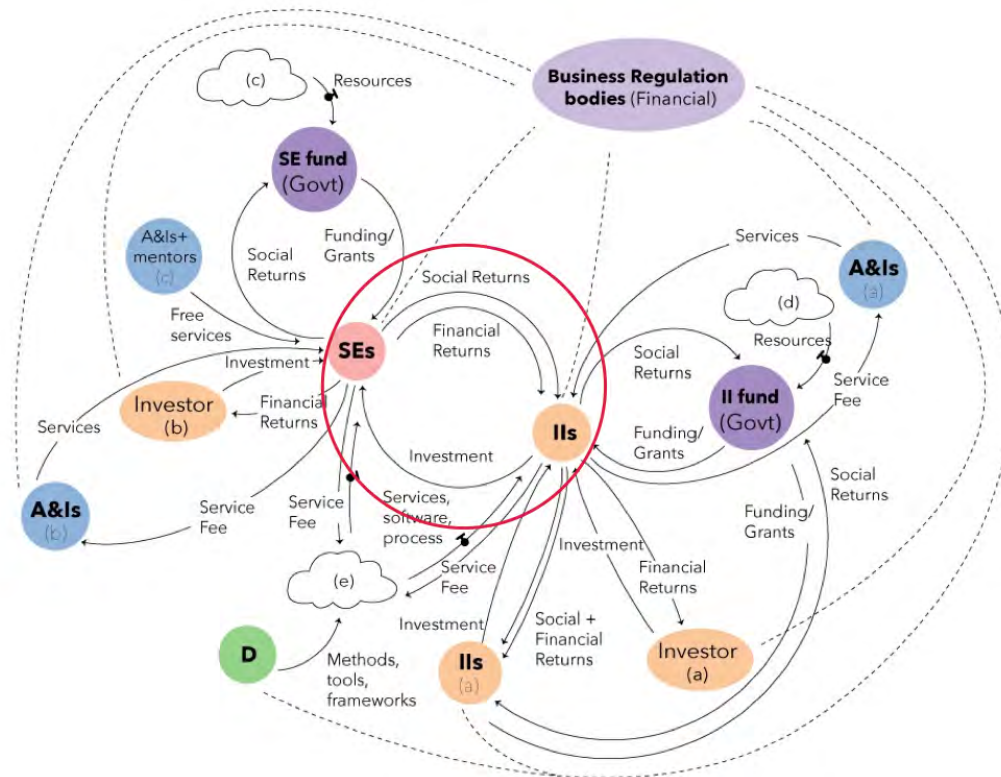


Diagram 13.1: SEs and IIs relationship

some countries, and provinces of Canada, the government provides social impact bonds as a mechanism to attract investors and facilitate SEs. See diagram 13.1, to locate the relationship being explained.

it is an optional service that can be availed by SEs. This is a good resource to tap on for SEs, however, not many SEs are aware of it and the number of organizations providing these services is limited

There is no closed loop bridging and connecting analysts (A&Is), social enterprises (SEs) and impact investors (IIs). There are no significant common connections amongst analysts and intermediaries (A&Is) working with different stakeholder groups. To avoid conflicts of interest, advisors usually have to represent one stakeholder group. There is no mutually recognized large-scale platform where all stakeholders of the system interact.

In diagram 13.2, the highlighted arrows show that SEs have multiple loops for reporting impact to the IIs (couple be more than one at one time), and Government. This suggests that if a social enterprise plans to apply to different kinds of organizations, and at different levels, the burden of IA requirements increases. Since there is no standardization, SEs are working twice as hard to fulfill the requirements that vary from one investor to another. At one time, an SE may be a B Corp while also conducting an IRIS analysis for another investor. This potentially generates anxiety for SEs and cre-

Mentors, advisors and analysts (A&Is + mentors (c)) in the resource pool for SEs are not

ates an undue burden on their already limited resources (time, money and others). One of the interviewees said, "The burden of measurement is high." Another informed, "there is anxiety around it. It becomes a necessary element for

bringing on clients or investment. By just saying I'm not a social enterprise and using the information internally you could almost create less of a burden for yourself or less anxiety around it." This also means that it is a gap for possible

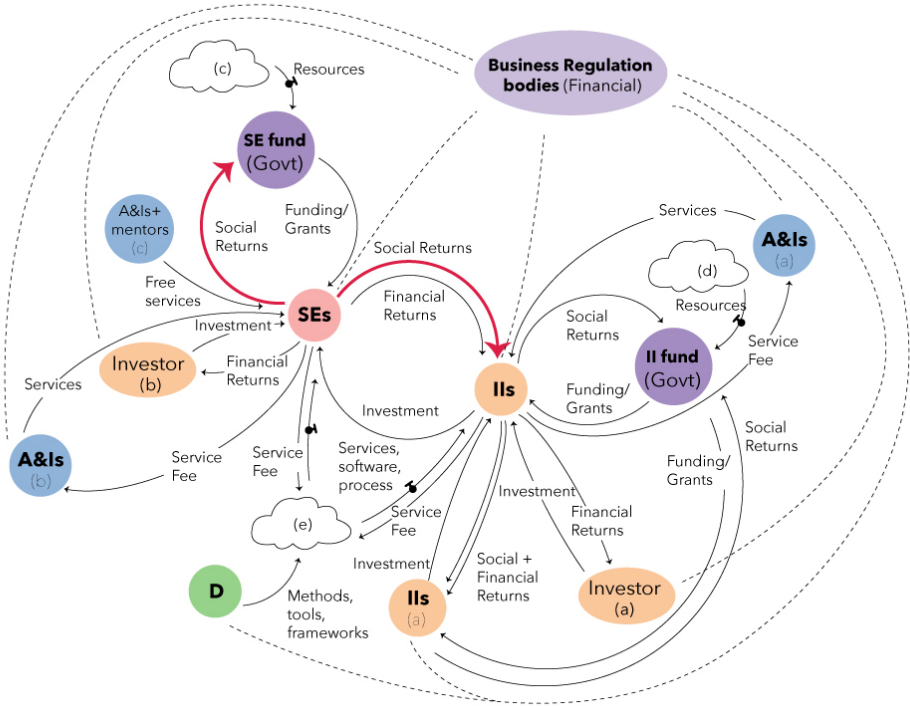


Diagram 13.2: SEs sending impact assessment reports

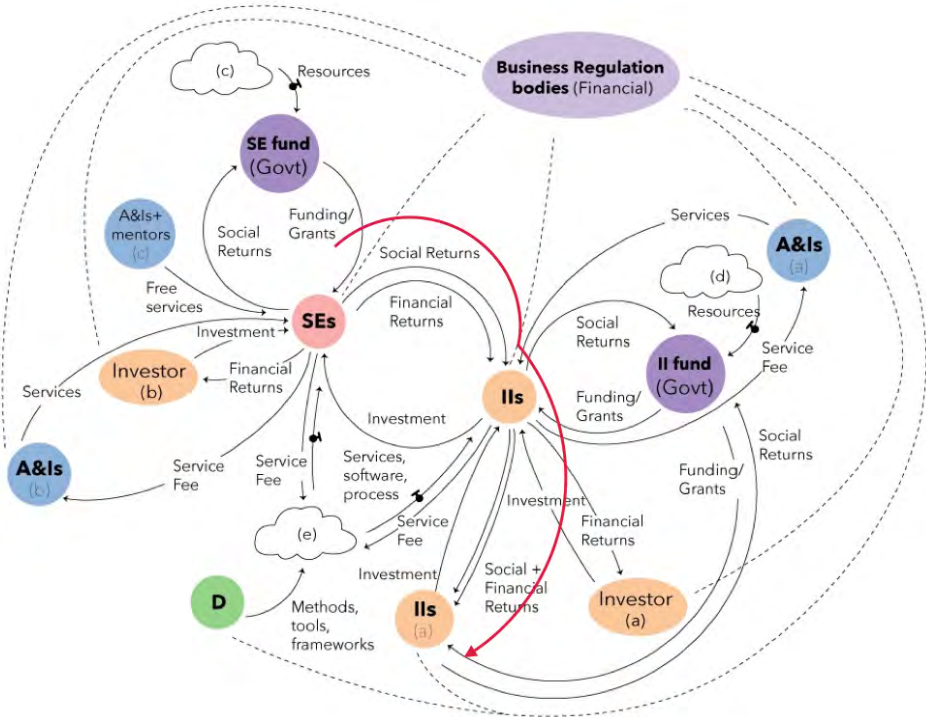


Diagram 13.3: Impact assessment reports hierarchy

intervention to improve the system.

Diagram 13.3, highlights another important element of this system. Impact assessment report start from the social enterprises and are delivered to the impact investors. The impact investors compile reports and send them to their impact investors showing their net social impact. The reports are delivered so on and so forth. However, the loop does not close and does not feed back to the system. In the absence of government regulations, investors and funders have taken up the responsibility to govern and regulate SEs on their blended value proposition. It has formed a hierarchy: SEs held responsible by the IIs and the IIs being held responsible by their IIs and so on. Where do the accumulated reports go at the end? Who is the last receiver of these reports? This movement of reporting impact serves what accumulated benefit and for whom? These questions are important points to consider. This is one of the dead end in the system without a closed loop.

Purpose of IA

Based on the highest and second highest rated aggregate responses from interviews, this section will discuss what the purposes mean and why are they important to different stakeholders. To keep it succinct only the most significant purposes will be discussed.

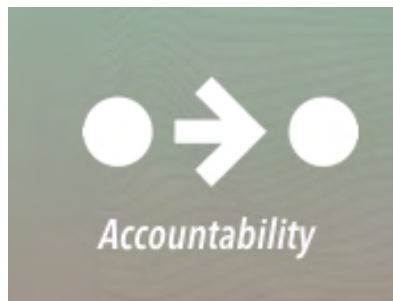


Communicating the impact in various forms was mentioned by 14 out of 15 of the interviewees. It helps them observe the impact they were having and communicate it to the potential funders and community. Some of the many responses provided by interviewees on why an organization needs IA, and how IA helps in communication, were "be able to communicate the results with the board to engage them better." "When people understand what it means to be a B Corp it helps in the company perception." "To tell donors your program is worth the money." "Help people understand you are doing something worthwhile."

Impact assessment results help in marketing the organization to inform how it is bringing about more effective positive change compared to other players in the market. Impressive statistics and impact stories are considered to be two ways of communicating impact— they establish a reputation of trust, which generates support and loyalty from the community and other stakeholders. Moreover interviewees suggested that over time when investors and other players see the organization build their reputation, evolve and achieve success, there is an increased willingness from the investors to invest.

Another form of communication is in the form of feedback to the investors or funding bodies to demonstrate that SEs are making the difference they promised and can continue to do so if the funding keeps coming. Impact investors on the other hand use the analysis to communicate and present the aggregated impact of their investees

(portfolio companies) for the purposes of marketing their brand, to report to their stakeholders, and build their company portfolio.



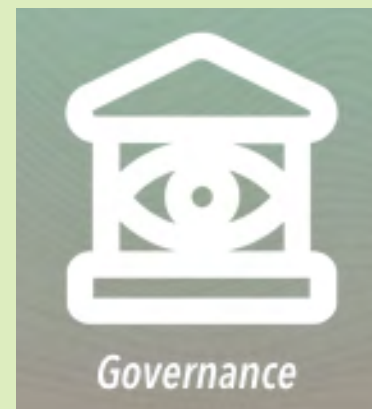
14 out of 15 of interviewees mentioned impact assessment as a useful tool to demonstrate accountability.

This insight is in line with what the literature suggests. Nguyen et al., (2015) mentions that “demonstrating transparency, accountability, and legitimacy to investors to access resources since without impact, evidence and reporting funders do not see the value created for communities.” All three of the IIs interviewed required SEs to be accountable for their social impact. Diagram 9 in the Data Synthesis section shows that all the interviewees who were doing B assessment mentioned accountability as the key purpose of impact assessment (IA).

On the other hand, other interviewees that are doing IA on their own without an investor asking for it also suggested accountability as the main purpose. The difference in both was that the meaning of accountability for SEs doing impact assessment on their own and SEs doing it to fulfill investor requirements was distinct. The latter refers to accountability as a moral and ethical responsibility to the community and stakeholders to report the social impact their organization has had. 11 out of 15 of the interviewees conduct impact analysis on their own without it being a requirement. This means that there is an underlying sense of acknowledgement that SEs need to develop a system of analysis on their own to communicate their social contribution to stakeholders without anyone making them accountable for it. The usability of IA in terms of accountability incorporates different connotations for different stakeholder groups. Sometimes, the perspectives differ despite the similarity in

linguistic explanation.

Diagram 8 (Data Analysis section) shows most IIs prefer using B impact assessment to require accountability from SEs and most A&Is advise using it as well. It has been observed from the interviews that B impact assessment has organically grown to become a recognized standard for most impact investors (IIs). It must be noted that IIs interviewed suggested that GIIRs rating by B impact assessment is a recognized method that is widely acknowledged and is easy to use. SEs see the B Corp certification as a good way to establish reliability and reputation in the eyes of investors and community. One of the founders of an SE commented, “most investors understand B Corp certification. If they see a B Corp they think it meets the standards.”



Impact assessment is sometimes used as a governance tool by impact investors. The expert interviews pointed out that impact analysis is used to not only understand the social impact but also for IIs to govern and regulate their portfolio companies. It is a way of keeping checks and balances. One of the interviewees mentioned, “they are there to make sure you don’t go way off sight. Otherwise there is no structure.” The social governance by investors is the reason why SEs consider themselves accountable to investors for reporting social returns.

One reason impact investors consider it their responsibility to govern SEs on social returns is the prevalence of bad actors in the market. Many

organizations use the label of social enterprise as a selling point without any substantial impact on the community. Most IIs want their money to be used to improve the community and impact assessment is one way to make sure it's making a difference.



SEs, IIs and A&Is agree that impact assessment is a useful tool for decision-making. It is a part of the checklist for investment decisions. For SEs it helps them

realize if they are achieving their set goals and are not drifting from their mission. They can potentially use IA to make decisions about their future projects, strategy and growth. However, impact assessment is not a scorecard that is intended for decision making, instead, it helps make informed decisions.

For the impact analysts, the impact assessment



reports generated by SEs are a key source of information for their research to develop a broader understanding of the impact in a community or a sector. The reason why it's important

to compare and analyze the broader impact is that there are multiple interventions playing their role in a community or a sector at a given time. There is a need to evaluate what the aggregated net change is and whether the interventions are making any substantial difference or not. Associations and organizations, such as Charity Intelligence, United Nations, Mowat Centre and others produce research and impact reports analyzing the sector or community to evaluate how it has changed over time due to different intervention by different stakeholders.

Besides the widely suggested needs of stakeholders, whom designers cater to when they design impact assessment methods, there are other purposes that serve the designers interests. The first being the achievement of their own mission. Some designer organizations have a mission to bring a positive change in society, and a paradigm shift by promoting and supporting the social finance industry. Some undertake the mission of supporting the industry by filling the gaps of the unmet needs of stakeholders. Others look at it as a business activity and see the innovation gap as an opportunity. Their mission is to generate revenues and excel in their entrepreneurial activity.



The financial interest must be considered. For-profit organizations designing these methods are interested in the business and return on investment. The IA methods/tools/

frameworks are products and their success earns them revenue and more investors. Since impact investors have the money to afford and buy the designed methods, they are mostly considered to be the target audience instead of social enterprises. Their needs are given a priority. For the not-for-profit organization providing methods, it aids in securing grants, funding, and revenue generation.

Challenges

Most interviewees didn't agree that they were fully able to utilize the benefits that impact assessment could potentially offer because of the difficulties and challenges faced in the process. The challenges that surfaced from the findings are divided into four categories: systemic, data related, mindset oriented, and complexity and context focused.



Image 3: Complexity and Context

11 out of 14 of all stakeholder groups interviewed mentioned that IA is a complex process. "Measurement is really really very difficult in all the sectors," said an analyst. Another said, "because of the complexity of the system there are issues with extrapolation- issue of context." "I took courses and studied the methods, therefore I understand. Social impact is difficult to measure because there is so much complexity. Everyone uses different systems," informed one of the representatives from a social enterprise.

One of the reasons why assessing change is complex is mentioned by Dwyver & Minnegal (2010) is that "products of change are self-revealing, but the process is not" (p. 631) In any community, at one time, there are multiple interventions and projects materializing parallel to one another, ranging from interventions by government to SEs to nonprofits. The consequences of interventions in the social system are largely unfathomable. An apt analogy would be a painting where a number of painters are painting together to form a complete image (i.e. the reality that we can experience with our senses). If someone asks one of the painters to calculate their brush strokes in the image and explain their impact on the final image, the painter will be baffled and lost in the struggle to produce an objective account. Similarly, positive change is the result of a combined effort, with the change not being accredited to any one or two organizations or projects. It's often difficult to verify what exactly changed human behavior and mindset. Added to that, impact measurement complexity snowballs when SEs are in the second layer of impact

i.e. not directly working with the community and providing B2B services.

Given the explained intricacies there are many questions that arise. How can we accurately calculate and measure how an intervention will impact a community? How can organizations claim a particular social impact? How come there is a need to pointedly monitor each organization's contribution in the overall change? How are methods and tools able to measure the contribution of each organization from a nest of accumulated impact?

In the interviews, most mentioned that it is useful to report simplified information to the investors and the community because it's easier for them to interpret it. As a result, over-simplification is the most chosen path by SEs; however, it results in challenges for other stakeholders. Bugg-Levine & Emerson (2011), describe how it can have adverse effects, "over simplistic quantification of projects that address such critical issues as health care, hunger, youth development, and education can certainly be dangerous. Those things we can count -- patients treated, meals served, student test scores-- will never be able to describe fully the way an intervention affects a community or influences the trajectory of an individual life." When the analysts use the reports, trying to analyze the overall picture, important information is missed out due to the simplified rosy reports providing skewed data.

Linked to this complexity is the idea of context. Whose opinion matters? Whose perspective are we considering when suggesting impact? Are we more concerned about impact from the community's point of view or the investors? All stakeholder groups especially analysts question the context. These questions make a difference. For example building 300 offices in a rural area might be perceived as positive social change for investors and SEs. However, it might be an incongruent structural and cultural change for a rural setting where there is no infrastructure to support it.

Impact is a subjective understanding and change therein is also subjective. What might be positive change for one stakeholder group might be a disaster for the other. SEs might believe their interventions can only cause a positive impact, however, the community may think otherwise. Intervention might be perceived as a threat to their existing ways, norms and belief systems that have made them sustain over years.

To resolve the issue of complexity and context impact assessment methods and frameworks are expected to provide objectivity to the highly subjective data. The purpose is to aid impact investors and social enterprises in decision-making because objective facts and statistics provide a neutral comparison. However, due to the inherent complexity, designers and method providers, face challenges in providing a process that enables the conversion of subjective data to objective information. One of the interviewees mentioned, "how can you pull out that information in a quick and easy way using a software? It's not easy to make sense of qualitative data when you are using a software. Its easier when you are using numbers." Some of the literature also explains the complexity challenge, "assessing social impact is one of the most important challenges for scholars in the field of SE. The main problem is not the measurement itself, but the conversion of qualitative data related to the achievement of a social mission into quantitative metrics" (Grieco, et al. 2014, p. 1175)

It is intricate to overcome the complexity of social impact measurement and provide meaningful, objective analysis.

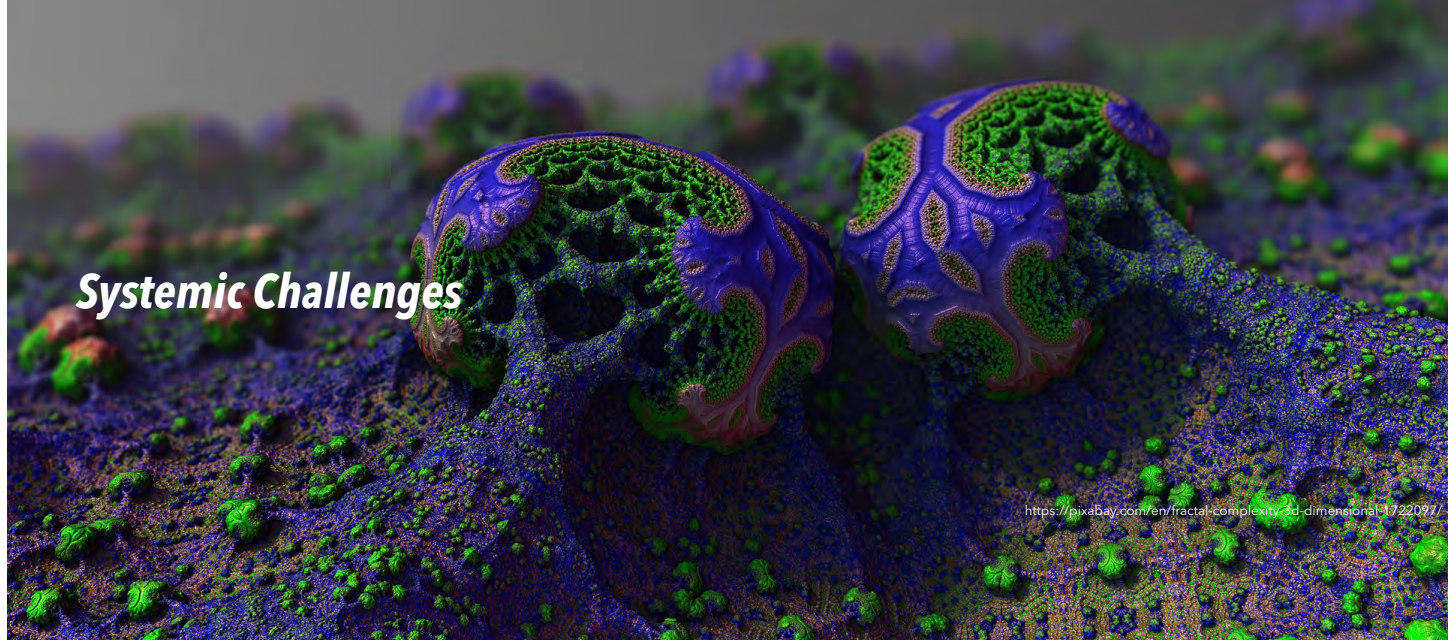


Image 4: Systemic Challenges

Diagram 13 shows the current system. It can be observed that the system is not pro- social enterprises. There are problems of uneven burden and responsibility, lack of support, imbalance of supply and demand, and legal issues. There is a no mutually shared platform to develop conventions. This section will discuss some of the prominent systemic challenges in the current system.

Standardization vs. flexibility

In line with the current debate in practice and academics, this research finds that the lack of standardization for impact assessment is affecting all stakeholder groups. There is a need for standards that enable comparability and a level of uniformity but also account for the uniqueness of SEs. Comparability and accountability both are major concerns in this challenge.



Standards help provide a frame of reference. Any social change should therefore have a reference point for an impact to be positive or negative. Standards help set context. In a system where there are no frames of reference, every intervention can be considered good or positive. Bugg-Levine & Emerson, (2011) give a good analogy to understand how the lack of standards is a problem, "imagine how frustrated you would become trying to pick the best mortgage offer or savings account if every bank defined "interest rate" in a different way."

The complex system of impact assessment, when faced with lack of standards, leads to confusion for SEs. One of the founders of an SE mentioned, "there is a lack of clarity about what standards and expectations are around impact assessment." Another informed, "everyone uses different systems." "The more rigid the assessment system being used the more it will incorporate the unintended consequences," explained an analyst.

Some authors in literature have begun to address this concern and are providing solutions. Ruff & Oslen (2016) have suggested the concept of 'bounded flexibility.' According to them, "Bounded flexibility in measurement and reporting strikes a middle ground between "anything goes" and "one right way." Whereas an analyst in an interview informed, "It's hard to find reports that give a complete picture. There are very few public reports by organizations which do not show them in less than rosy light."

Legal concerns



In many provinces of Canada and most countries around the world there is no legal status that enables companies to be incorporated as social enterprises. Some organizations choose to register in the United States where they can have a legal status of a Benefit corporation (or a B- Corp). This is different from the B Corp certification by B Lab. Chen & Kelly, (2014, p. 102) explain what benefit corporations are: "B-Corps (Benefit corporations) are a growing group of social enterprises with a high level of commitment to maintaining a balance between profit motive and corporate social responsibility (CSR)."

SEs are left with a few options to be incorporated in countries like Canada where there are no SE specific legal regulations in most provinces. Some choose to be incorporated as not-for-profit entities and market themselves as social enterprises. They establish a revenue generation activity to sustain. Others are incorporated as for-profit entities. Few of the for-profit firms apply for a B-Corp certification to build reputation and establish accountability as a social enterprise.

The laws and regulations that apply to above mentioned incorporated forms of SEs either fall under the for-profit category or the not-for-profit. This means that legally they are either being held accountable for financial growth (for-profit model) or social development (not-for-profit model) but not for both at the same time. It essentially contradicts with their stance of blended value (social and financial returns) offered by SEs.

Imbalance



There is an imbalance in supply and demand in the social finance industry. IIs are on the supply side and SEs on the demand side. There seems to be an imbalance in the supply and demand due to which, the system at the moment is a high demand, low supply structure. This means there is a shortage. Impact investment is viewed as a specialty good. Based on the findings from the interviews there are less options for SEs while there are more options for investors to choose from. SEs reported that it is hard to meet the terms of investment and provide high financial returns on investment.

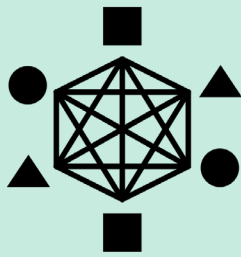
SEs are required to give both social and financial returns and report their impact, which results in two main consequences. Firstly, it doubles the burden on SEs in terms of time and resources. Secondly, it reduces the responsibility of SEs being self-accountable to the community they are serving. Instead, impact assessment (IA) becomes a checkbox for investment, which at times portrays a shift in mindset.

All the systems associated with the supply side are more competitive and the requirements are harder to meet. From the small pool of investment resources, SEs try to qualify through impressive financial returns of investment as well as social returns. The needs and requirements of IIs have a higher worth. They are at the choosing end of the table. Most SEs choose to remain small instead of going for an investment and expansion model considering the odds.

There are problem in the supply side as well. There are less innovative investment structures for investors to invest in. Social impact bonds are a recent initiative available in a few provinces of Canada and few countries worldwide. Indirect investment structures reduce the burden of PR, and time delays. For

IIs, it reduces the responsibility to govern SEs and ask for accountability of social returns. It takes a lot of hassle and burden away from both sides.

Market for impact analysts



Although analysts and intermediaries play a crucial role in the impact assessment process, their knowledge and capability is under-utilized. Most analysts mentioned that the root cause of the problem is not the limited role but the way the impact analyst market is set up. Many organizations hire analysts as part of their in-house team to reduce the expenses. Some organizations outsource and hire consultants (organizations or individuals) to do the evaluations. Hiring analysts often leads to a conflict of interest. Analysts are more inclined to give a biased feedback and analysis since their clients control the decision-making and their financial sustainability. There are some independent impact analyst organizations at the moment, however their role is limited.

There is also a disconnect between the research conducted by analyst organizations and SEs or IIs. A lot of research and analysis work is being done in university labs and through masters and PhD projects. However, a large part of it does not find its way to the industry. There are disconnects in what is being understood and delivered by the academia and what is being practiced. It is one reason why practitioners interviewed did not mention some recommendations and benefits of impact assessment in the literature. The use of IA to avoid mission drift (Crucke & Decramer, 2016) and internal strategy development (Grieco, et al., 2014; Burdige, 2003; Le Ber et al., 2010; Nicholls, 2009) are two examples. It has been stressed in literature over and over again that SEs benefit or can benefit from the impact assessment to evaluate a mission drift. However, in reality most of the interviewees did not use IA as a tool to observe mission drift or design future strategies. They used alternative methods like feedback from clients. There are venues like Mitacs that help connect industry partners with the researchers in universities but more organizations need to step in to provide this role.

Resource consuming



"Impact assessment is tough. It takes a lot of resources, lot of time and lot of money," informed one of the interviewees. "B assessment is time consuming. It has a lot of questions, goes across every part of the company. Most things don't apply to us," reported another.

Resource consumption was the highest rated challenge mentioned by the interviewees, the other being complexity. It includes financial, human and physical resources as well as the time taken. To understand different sides of resource consumption the designers were asked what the cost is like and the investors were asked if they pay for impact assessment. In an interview with a representative from B Lab it was learned that the companies that have less than 1 million in revenue will pay US\$1000 a year fee (onsite and 2 year re-certification included), the ones over billion give US\$25000 a year and goes up to 50,000 depending on assessments, reviews, and other details and is negotiable (discussed with B Analytics portfolio manager). In another interview with a representative from Sametrica, it was informed that the service cost is not fixed and may vary depending on various factors such as size of organization, number of stakeholders involved and others. All the

investors interviewed were paying for the cost of impact assessment and required a standard method to be used. However most SEs were doing impact assessment on their own which puts the burden on their shoulder. Some of the literature is also in line with the finding. As Gugerty & Karlan (2014) point out, “an insistent focus on measuring impact in these cases can be costly, both in terms of money spent collecting that data (which could have better uses) and time (management’s focus on bad data vs. running their program).”



Data Collection

Image 5: Data Collection

“Trying to track outcomes of companies- lack of data coming in is a challenge,” said one of the analysts. “Charity intelligence has no carrot and stick to induce those reports, so they had to take what was public information,” informed another analyst. “If data is being collected how we are using it how the org is using it? It takes legal consultation and is a lot more complicated,” said a social entrepreneur.

Organizations collect large amounts of data through different methods- surveys, feedback and conversations with clients as the most commonly used methods. One of the founders of a SE (not conducting

any impact assessment) mentioned, "for every single class the students are supposed to fill a survey-feedback sort." However, all the data collected is not analyzed or used to inform decisions and is not transferred to analysts, reported most analysts.

Data collection should not be the primary concern for most organizations. SEs specialize in their field of operations while data collection is another field itself. There are difficulties within this domain of data collection. Some designers and analysts interviewed agreed that the methods of data collection play a huge role in defining the outcomes of IA and the kind of data. Data collection methods range from photo elicitation to world cafes, co-design participatory methods, body storming to surveys et al. Most SEs are aware of only two basic forms of data collection: surveys and feedback, which at times is not the best way to collect relevant data.

The findings regarding data collection are not largely stressed upon in IA literature. This research acknowledges it as an important insight. There are however, some frameworks and methods in literature that provide solutions for data collection issues. One such framework is CART developed by Gugerty & Karlan, (2014). CART stands for credibility, actionable, responsible and transportable and is designed for data collection purposes.



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Mindset and culture

Image 6: Mindset & Culture

Challenges of mindset are related to how impact assessment is perceived by individuals which at times forms a culture and a way of doing things. Culture of post vs. pre- assessment processes, the mindset of a score race and over expectations vs. under expectations from the impact assessment process are some of the insights that will be discussed.

There is a culture of post assessing the social impact of an intervention. "People are often not as interested in using of IA as a due diligence tool but think about it as something they can do later. We will think about it then," mentioned an analyst. Pre-assessments are done for environmental impact interventions, financial feasibilities but not for social impact interventions. Impact assessment is often not an integrated part of operations. Why not have pre- assessments if interventions plan to change the ways of life and bring new alternatives? It's linked to the mindset of an ethical responsibility of a social enterprise towards the community it is serving.

In the case of impact assessment (IA) scores and ratings the human instincts of competition plays its part in building a competitive mindset around impact assessment. Methods analyze impact and qualify organization based on scores and ratings, which at times implies that organizations are competing for a higher score or rating. It diverts the focus from what the score signifies and how it can be incorporated to improve their interventions and operations. Higher scores and better ratings are producing a delusion of satisfactory social performance. However, organizations often fail to utilize the implications of the scores and ratings.

The pressure from the investors and certifications create an undertone that success is default. The highly optimistic positive reports fail to determine what did not work and what needs to improve. Engineers without borders release failure reports to understand their failure and learn from it. The system of impact assessment should promote a 'fail safe' space for SEs and a 'trial and error' mindset than the mindset of proving the positive results. SEs should not be pressurized to succeed but should be encouraged to reflect and continue to improve.

Another mindset is related to over expectations of SEs and under expectations of IIs from the IA tools and methods. In the interviews SEs mentioned a great deal of expected benefits from IA as discussed in the data analysis section. SEs over expect from the method. On the other hand, IIs under expect. One of the investors mentioned, "If you hang all things to impact tool you will be lost." IA methods and tools are the same as any other tool. They are there to assist a process. For example, a pencil is a tool for sketching. It will sketch the way an artist wants it to. Methods will be more beneficial when the processes are well designed.

SYNTHESIS

6

Alignments and misalignments

Now that we have understood the different challenges and needs of stakeholder groups in context of impact assessment, it's relevant to analyze where are the alignments and misalignments in their dynamics.

alignments and misalignments.

Alignments

'Financial and social' is shown as not a mutually agreed upon purpose, however, there are alignments in this understanding. The current system suggests an alignment: social impact leading to financial support. Being able to show social returns, SEs that are not financially self-sustaining are able to apply and qualify for investments and grants. This in return enables them to provide social returns to the communi-

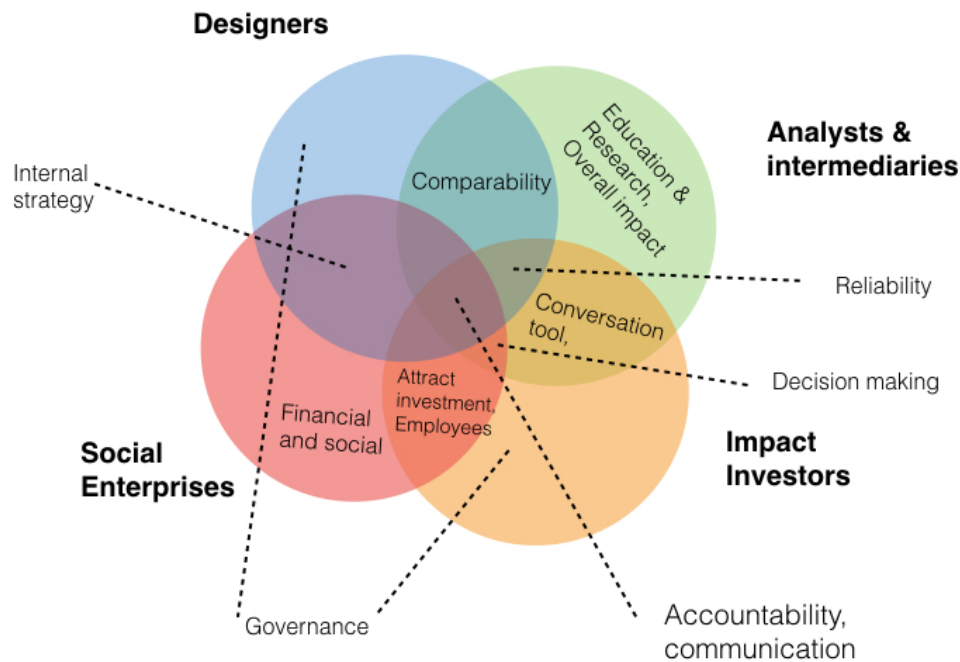


Diagram 14: Synthesis of purposes of impact assessment for stakeholder groups interviewed

The need for impact assessment

The diagram 14 above is the synthesis of the highest rated and second highest rated purposes and the extrapolation of the information from the interviews. The diagram illustrates that there are unanimously accepted purposes as well as some purposes shared by two or three stakeholder groups. Some purposes are not mutually agreed upon. It must be observed that the purposes outlined in the diagram consist of: current uses of impact assessment (IA), nice to have, and potential IA benefits. This section will discuss the synthesis and meaning of various

ty. In an indirect way all the stakeholder groups are aligned, even though to satisfy their own needs and desires, in supporting SEs financially to bring a positive social change.

'Reliability' and 'IA a conversation tool' are also alignments. Positive impact assessment results gives a starting point to IIs to rely on SEs. IA becomes a conversation tool later in their relationship and helps strengthen the bond of reliability.

Comparability and governance are two aspects that are essential for analysts and impact investors respectively. Designers acknowledge these

needs and try to provide methods that ensure comparability and governance respectively. However, holistically the picture of comparability is rather vague. All the methods are trying to provide comparability in the domain of their own method. SEs are using a range of methods that cannot be compared to each other easily. As a result, in aggregate, the comparability becomes an unresolved problem.

Misalignments

There are some obvious misalignments in the diagram 14. There are purposes considered by one stakeholder and not mutually agreed upon. There are misalignments in the form of the perceived meaning of a particular purpose even when they are mutually suggested.

As discussed earlier in the 'purpose of IA', accountability has a different connotation for different stakeholder groups. For SEs the accountability is of two kinds: ethical responsibility to inform the community and other stakeholders, and reporting to impact investors. Impact investors consider it as a responsibility to govern SEs for social returns. Analysts and intermediaries advice SEs to take impact assessment (IA) as a self directed responsibility. Most analysts (not including intermediaries) do not think it's appropriate for IIs to make IA a requirement to qualify for investment.

"That role is very limited due to the poor quality of reports in general," one of the analysts mentioned. Another informed, "it's hard to find reports that give a complete picture. Very very few public reports by organizations which do not show them in less than rosy light." Comparability is mutually acknowledged by designers and analysts, however, SEs do not share this awareness. For analysts, comparable reports are the best tool to provide a sector or community level analysis. For SEs it's useful for performance comparison in the market. Impact

investors consider the comparability factor to analyze their portfolio companies. Therefore, they require investees to report using the same method. However, when different IIs have different methods for their own use, the comparability value drops.

Most SEs are indifferent to how their generated reports will ensure comparability. Their purpose of marketing their brand sometimes overlooks the other aspects. SEs are not to be blamed for the indifference entirely as, the lack of standardization also makes it harder for SEs to consider the expectations and standards for comparability that need to be met.

Analysts and intermediaries emphasize education and research. Social enterprises (SEs) and impact investors (IIs) did not mention it significantly. All stakeholder groups need to contribute to research and education. People from all stakeholder groups are willing and available for interviews for research. However, SEs, IIs and designers seldom have public information about their operations, financials and impact (reports). The public information does not only help analysts but also helps universities use the information for teaching purposes and research to advance knowledge.

Attracting investments is also a misalignment. Most SEs suggested that positive results from IA played a very important role in attracting investments. However, IIs informed that the decisions are made on many factors. One of the impact investors informed, "there's a huge gut elements and a lot of pattern recognition because there are a lot of small things, for example, the character traits of people running the company, gut feeling whether they are trustworthy. You have done enough deals that you get a feeling." Social impact is a must have but it is not directly proportional to investment i.e. a higher impact does not mean SE is more likely to receive larger investment or receive investment at all.

Other factors such as PR, financial returns and company image also play a crucial role. The uncertainty about what really matters to investors creates ambiguity. Especially when investors stress upon social impact- logically investment and social returns should have a directly proportional relationship. Contrary to that, in the interviews, SEs, analysts and intermediaries mentioned that investors are often indifferent to the results of impact reports. One reason could be one of the primary purpose of IA for investor is governance, as most investors mentioned- to keep a check and balance that social returns are being provided, instead of rewarding the ones who are providing higher returns than others.

The diagram 15 shows that majority of the people interviewed have changed roles over time or had multiple roles alongside. In addition to the four roles the secondary and tertiary roles also include facilitation of impact investment (Facilitate II) and commercial enterprises (E). This is an alignment in terms of the possibility or presence of empathy because people have experienced different sides of the equation and understand the challenges in each role. This is a useful insight and opportunity that can be leveraged to support a positive design intervention in the system.

Multiple Roles

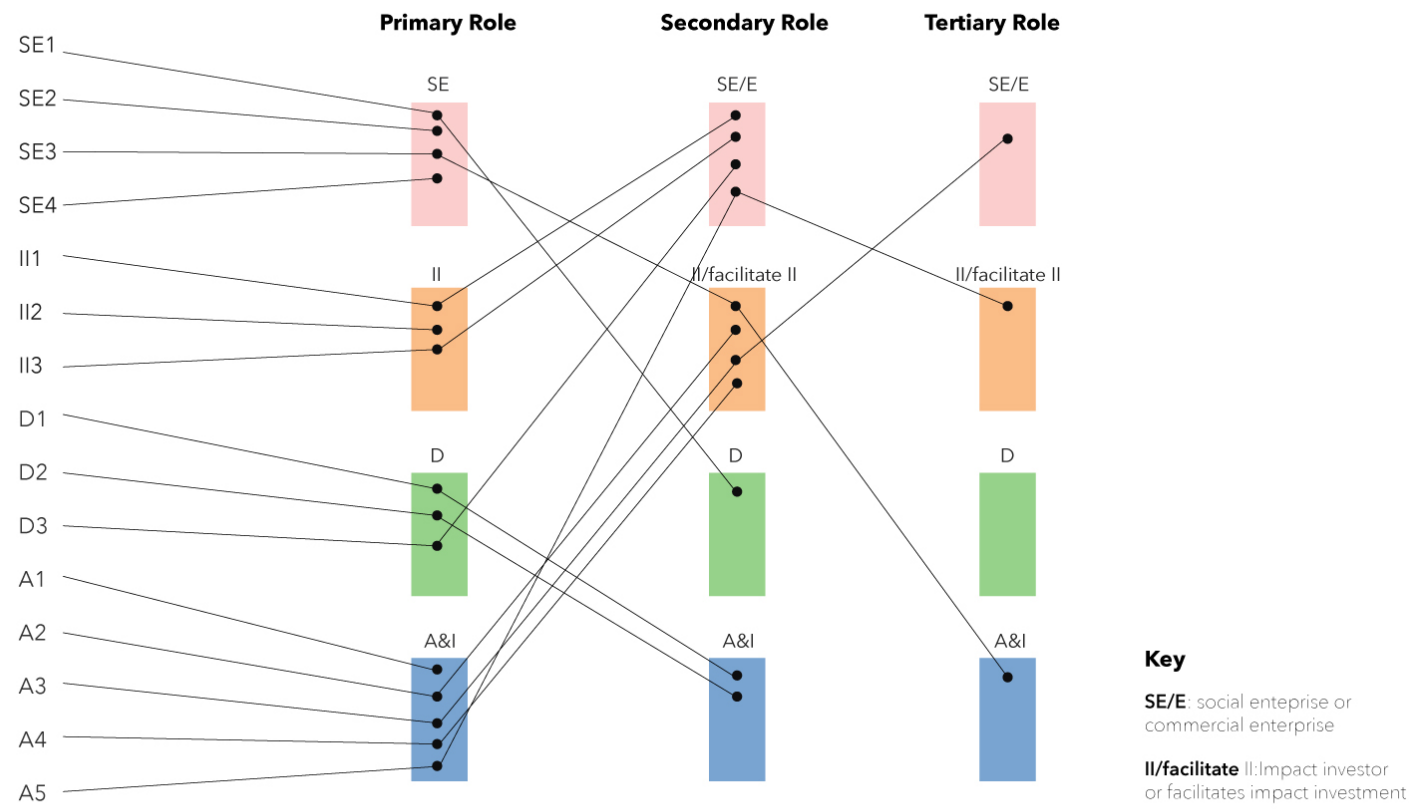


Diagram 15: Primary, secondary and tertiary roles of interviewees

IMPLICATIONS

7

Impact assessment is expected to fulfill a myriad of different needs and requirements for the stakeholder groups. In order to fulfill these needs the methods available should be divided into types. For example there should be tools and methods of analysis that aid organizations in using social impact to improve internal strate-

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Image 7: Implications

gy and direction. There should be methods for impact investors to govern and regulate SEs. Some tools should analyze social impact for communication and marketing purposes. There should be tools for analysts to extrapolate and analyze sector or community level social impact.

Measurements require unit of analysis. Financial returns are measured in money value; environmental impact uses carbon emissions and other signifiers as a unit. SROI (social returns on investment) came up with a solution to measure impact by calculating the amount of money returned through financial returns. However, critics and most interviewees pointed out that measuring social value in terms of financial returns undermines the perspective

of social development and change. To support the system a unit that is mutually understood by all stakeholders and the community has to be developed. A Unit will help establish a baseline for comparison and is a way of standardization. It can help resolve issues of comparability.

Subjectivity and objectivity debate in social impact results in contradictions. Mulgan (2010) explains, "most metrics assume that value is objective, and therefore discoverable through analysis." However, social impact is subjective based on the context and opinion of a particular stakeholder, as explained earlier. The issue is whether one can decipher objectivity from the subjective reality of social impact? Two of the analysts suggested that there is no need to separate them because subjectivity as it will always be a part of the value system SEs perceive and the community upholds. The best way would be to state the subjective assumptions for each analysis.

Innovative ideas for impact investing are largely unexplored. There is a need to provide creative options for investors to support the social finance industry. Everyone should be able to contribute to it. It should not be limited to a few individuals with millions of dollars to invest. SIB (social impact bond) model is one form. There is ample room for more.

There is a need for a systemic designing regarding impact assessment. There should be considerations given to providing a structure for impact assessment. The system needs to be more SE-supportive in terms of impact assessment to help reduce their burden and to encourage them to help create a better future for the world. Government provides regulations, and legal bindings. The province of Ontario released their social entrepreneurship strategy in 2015 that will support the social finance

industry. However, it does not focus selectively on social impact assessment. It is not one of the four pillars mentioned in the strategy, which are: "connecting, coordinating, communicating; building the social enterprise brand; creating a vibrant social finance marketplace; and delivering service, support and solutions" (Ontario government, 2015). Standards for impact assessment that cater to the uniqueness of SEs but also provide a benchmark for comparability are of utmost importance.

Analysts have a passive role in the current system. The system needs to incorporate them as active players with higher stakes. Analysts and intermediaries can play a crucial role for the growth of the social finance industry. Their capabilities are underutilized at the moment. Their scope of contribution needs to be expanded.

There is also a need to change the mindset around impact assessment. Social impact returns are unlike the carrot and stick methodology used for financial returns. It should not be an accountability process. The idea of one stakeholder being in charge of keeping a check is not the mindset that will equip the growth of social finance industry. It is a process that should help in understanding what needs to improve to achieve their mission of positive change. Fail- safe space and trial-and-error mindsets need to be inculcated in the process to encourage creativity and innovation.

The research started as an inquiry to understand usability and accessibility of impact assessment for social enterprises. After the exploration of the system, it became obvious that there is a need to fully explore the system of impact assessment, all its components and its aims, objectives, functions and disconnects.



Image 8: Mindset and culture

RECOMMENDATIONS

8

The Alternative Ecosystem

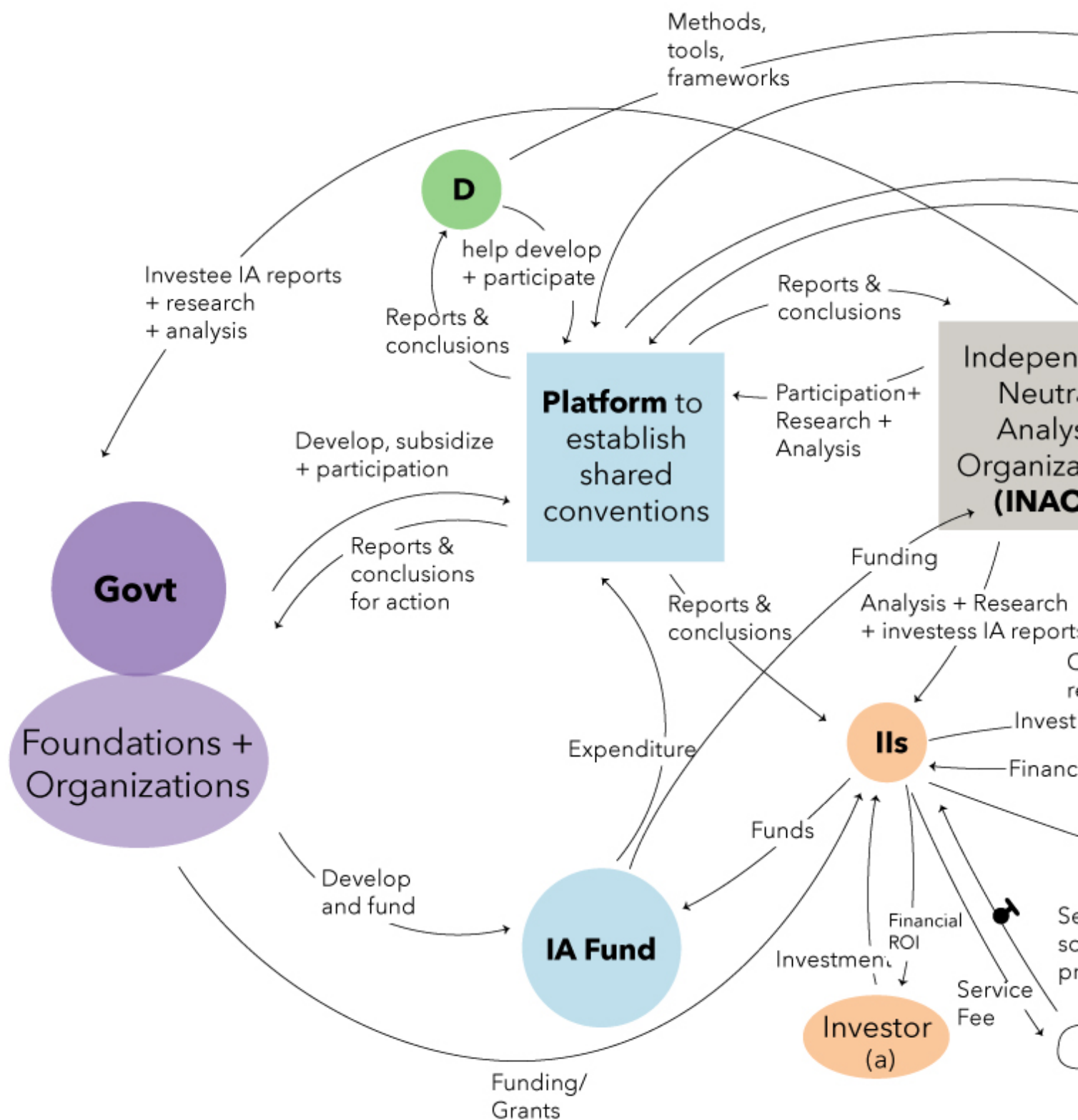
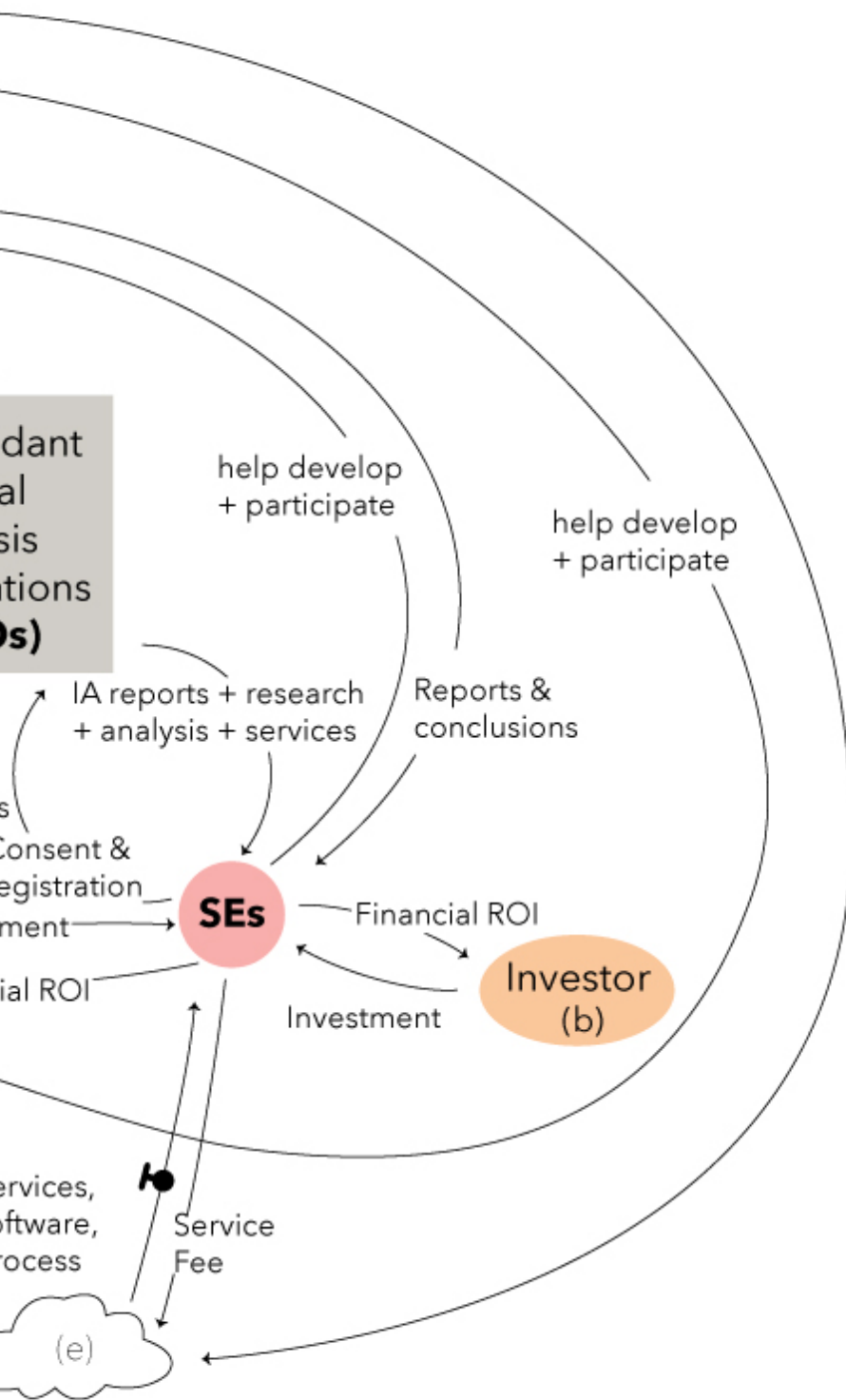


Diagram 16: Proposed system of impact assessment

The existing system is not a designed system. There is a need to develop an ecosystem that is more social enterprise supportive now that the social finance industry is flourishing. The current system is inclined to support and provide for the impact investors. If we want to have a sustainable future and be able to assess it, it's important that the system of impact assessment supports the SEs since they are the key players delivering change to the community.



Based on the learning from the findings, this paper presents a proposal for an alternate ecosystem shown in diagram 16. There are three additions that will help restructure the system: shared platform, independent neutral analysis organizations (INAOs) and an impact fund. The government should cooperate with foundations, charities and organizations working in the social finance industry to establish a shared platform and an impact fund.

The platform is to encourage conversations among stakeholder groups and develop mutually acknowledged conventions on standardization, rules and regulations, challenges and barriers and to propose legislative changes. The platform can also function as social finance think tanks. The recommendations developed by the platform, when passed and accepted by government and stakeholder groups, will be passed onto the INAOs for implementation. Feedback from INAOs in terms of community level and sector level reports and failure reports will then feedback into the system (through the open repository) to point out the existing gaps to help design change and development. The impact fund will fund the platform and INAOs over time. It will help in avoiding conflict of interest because the money will not be coming directly from one stakeholder.

The fund can be initiated by the government or the shared platform for impact assessment purposes as a starting point but can evolve into a social finance fund. A similar structure of fund is in Bangladesh. Their fund is for the not-for-profit sector, but the model can be

studied and inspirations can be taken from its positive elements. Yunus, (2004, p. 4080) explains it as:

“One unique example of government making a mutual fund to support SI is in the form of ‘wholesale funds’ in Bangladesh called “Palli Karma Shahayak Foundation (PKSF). The government and the World Bank put their money into PKSF, which in turn made this money available to NGOs. The reason NGOs in Bangladesh demonstrated a significant growth in recent years is because of the existence of this wholesale fund.”

The diagrams 13.1, 13.2, 13.3 and 13.4 illustrate how information in the alternate ecosystem feeds back in to the system.

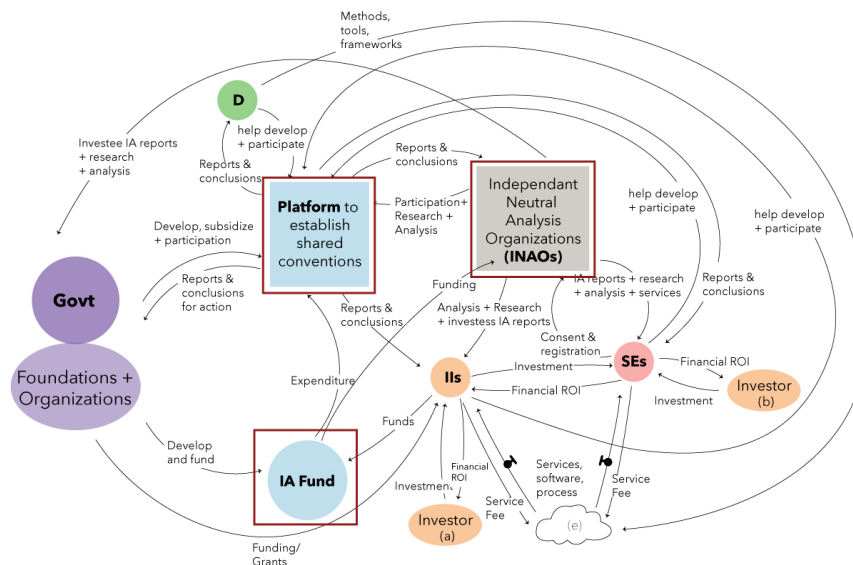


Diagram 16.1: Elements in alternative ecosystem

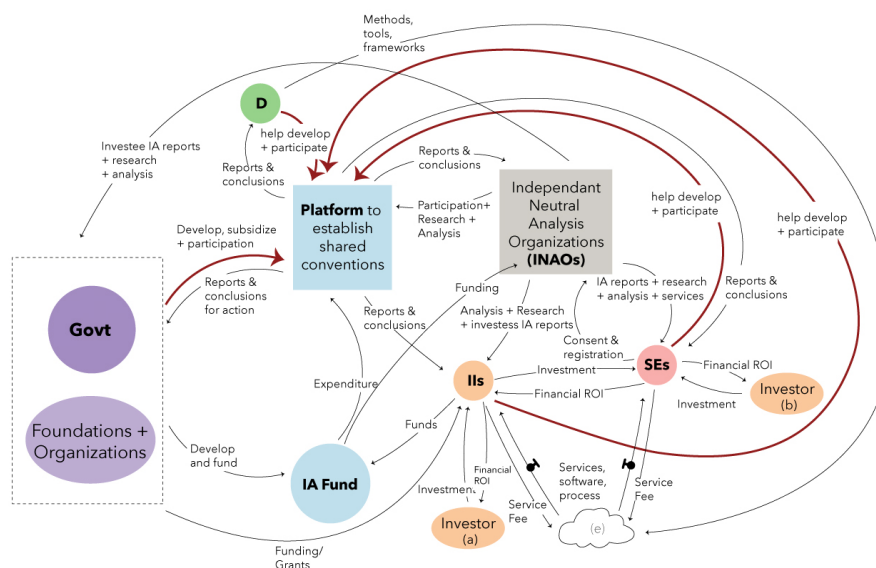


Diagram 16.2: Participation in the platform

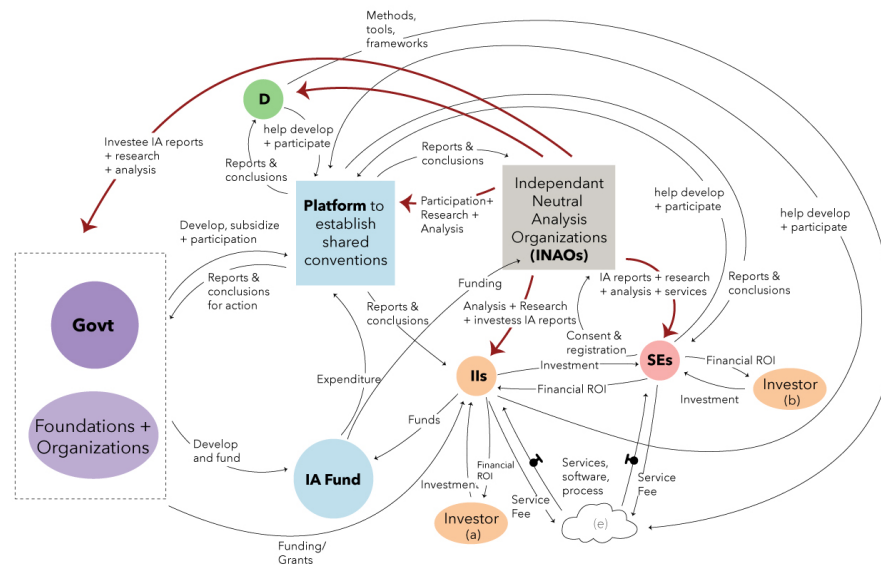


Diagram 16.3: Feedback through INAOs

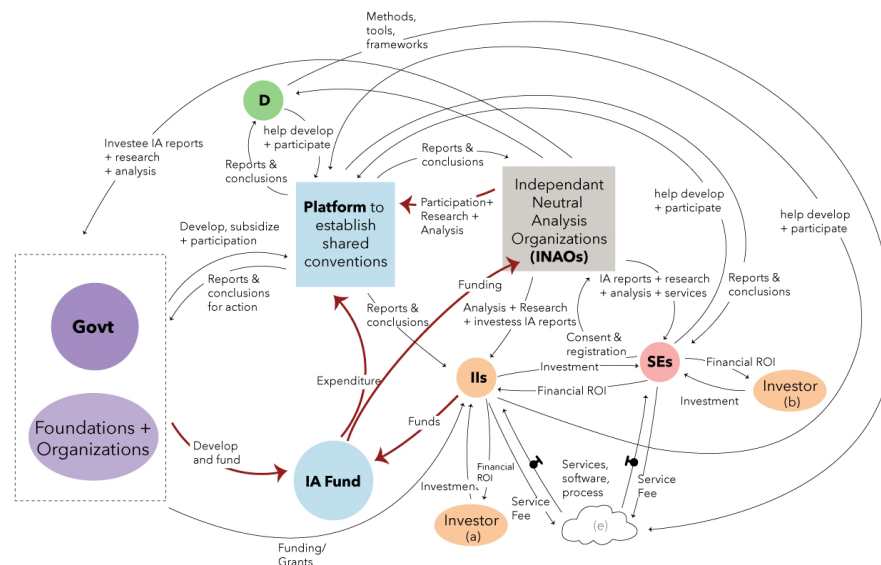


Diagram 16.4: Impact Fund

Stakeholder Lead

Based on the findings of this research, it is recommended that in order to design the existing system to achieve the alternative ecosystem, analysts and intermediaries along with the support of government and designers should take a lead. Analysts and intermediaries is the instrumental, neutral, third party stakeholder group that has knowledge of the system and are respected and appreciated by other stakeholder groups.

Currently, there are organizations that are

making efforts in line with the elements of the alternate ecosystem. Mowat Centre in Ontario along with Purpose Capital and Charity intelligence are examples of organizations. They organize conferences and conduct research to inform the social finance industry. B Lab and Sametrica along with some other impact assessment method providers are functioning as information hubs for impact assessment reports and information. The alternative ecosystem has been proposed because there are limitations in the current efforts in line with the proposed INAO structure and shared platform. The following are some of the limitations:

- The services offered by the current impact assessment design and providers such as B Lab are limited to their clients. Therefore the reports in their repository are only of those few clients.
- Clients pay for the analyst and intermediaries therefore there is a conflict of interest and an inclination to please the client instead of giving a neutral analysis
- The information and analysis produced by the current organizations does not feed directly into the system
- B Lab and Samtrica do not conduct community or society level analysis of social. The analysis is what is meaningful to other stakeholder. Data alone is not making an effective contribution to the system.

Design Criteria

Independent Neutral Analysis Organizations (INAOs)

INAOs are a sub- system that provide impact analysis service to organizations, produce reports of community and sector level impact of the social change, and also function as an information warehouse (open public repository). These could be either a conglomeration of multiple analysis and mediation organization being operated under commonly agreed rules of operations or offices run by analyst associations.

In an ideal scenario there should be multiple types of INAOs that cater to different sectors and have different value systems. Social enterprises or impact investors will register with INAOs and give consent to collect and analyze their data. The analysis reports will automatically be available in INAOs information warehouse and can be accessed by respective impact investors, and other stakeholder groups. With

consent, the reports will also be available in INAOs open access public repository. INAOs will use the overall information to build impact reports and failure reports for different sectors and community levels. These analysis reports will feedback to the shared platform to advance the knowledge and suggest future growth. The INAOs and their public information warehouse along with the shared platform will help designers provide services and products that can better fulfill the unmet needs of the system.

As discussed in the findings, conflict of interest becomes an issue in impact assessment when stakeholders hire analysts. To resolve this concern, INAOs will not be paid by one stakeholder group but will be mutually funded. Its will give the impact assessment share (earlier given to investee companies) to the impact fund (IF).

Government, foundations and charities will provide support and subsidies to the INAOs. The INAOs will be not-for-profit entities supported by IA Fund and subsidies and funding by government, foundations and charities. They will be accountable to the government and the shared platform. There can be innovative methods to design the IA fund and innovations like social impact bonds can be designed to expand its reach and accessibility.

Analyst organizations along with the government, foundations and charities can help design the platforms and invite other stakeholders to participate. The goal of the platform is to provide a space where stakeholders can interact and discuss issues and then collectively move towards resolutions about impact assessment and social finance industry. Focusing only on impact assessment will be too narrow a focus for participants' interest and time.

Its operations could be considered similar to a UN assembly. There should be discussion mod-

erators (from the organizers), motions should be passed and the sessions should end with resolutions. There should be a book keeping for the sessions that can record the session resolutions and document them for further discussion or implementation. The guidelines and rules and regulations for operations can be decided by the analyst organizations organizing the sessions. Once the sessions start happening regularly and the Impact Fund is established a separate organizing committee must be formed by the participants which will continue the management, moderation and organizing of the platform and its sessions.

Based on the findings of this research, the following aims can be concrete issues to resolve. They can be expanded as the discussions proceed and resolutions pass:

- Comparability of impact assessment methods. How much flexibility or standardization is needed? What standards could be followed as baseline for any assessment method process?
- Incorporation of social enterprises. How can the incorporation of social enterprises be implemented and how can the government play its role? What needs to be done?
- Is there a need for some rules, regulations or standards when it comes to communicating impact? Is all kind of social impact marketing by social enterprises acceptable?
- Is there a need for a unit of impact assessment? Which stakeholder group can take a lead in working on a solution?

Proposed Roadmap

As mentioned earlier, some work in lines with the recommended ecosystem has already been initiated at some levels. However, there is a need to organize the process in a goal-oriented manner and it requires all stakeholders to be aware of the aims and objectives. The proposed road map can help implement the

recommended alternative ecosystem in a structured manner. Changes based on circumstances and environment have to be accounted for in practice. The road map serves as a guide and not as a how-to process.

As a starting point the analysts and intermediaries need to come together to discuss their lead role in improving the system of impact assessment and to discuss the operation of INAOs. A franchise model with mutually established rules and regulations could be a positive starting point, which can then evolve into the complete INAO model. Analyst associations such as Social Value International could play a leading role in bringing analysts together under the aforementioned agenda.

Independent analysis organizations or associations can take a lead to bring together stakeholders in order to have interactive sessions amongst them to build the 'platform to establish shared conventions' (fig. 17) and to discuss the operations of the IA Fund. It is advised that participation from the government and the four stakeholders be mandatory for the interactive sessions. Academics and researchers from the field can also be included in the sessions to discuss findings and insights about the challenges, purposes and other details of impact assessment.

It won't be linear and will take multiple sessions and continuous effort to reach to agreements. Mowat Centre held the 'Unpacking Impact' conference in 2016, which was an important step towards bringing stakeholders together to discuss impact assessment. Efforts like these will also help in highlighting the importance of impact assessment and the need for an alternate, organized system for it.

For the impact fund, government has to take a lead with the help of foundations and charities and in coordination with analyst and intermedi-

aries initiating the INAO and the shared platform. Innovative methods can be designed to collect funds from impact investors.

Trial and error and continuous efforts will be required to move back and forth and develop the three structures. The shared platform will be instrumental in coming together to discuss common aims and goals.

Shifting The Burden, Reducing Anxiety

Systemic level changes take time, energy and a lot of effort. Therefore, it is important to think of alternate ways to improve the system until a systemic change can be implemented.

Outsourcing of impact evaluation and monitoring should be done from the point of data collection to impact analysis and reporting. Currently, companies hire evaluation consultants to analyze the data they have collected. As discussed earlier, SEs are not experts in data collection. The sort of data collected plays a huge role in analysis. Evaluation consultants (individuals and firms) should extend their services from data collection to analysis. This reduces the issue of incorrect and skewed data and determines which data should be collected and how to collect it. IIs should provide finance to avail these services.

Communication Design

Since communication is a widely accepted and expected purpose of impact assessment, designed solutions need to address it. One recommendation is to advance in the types of communication especially in its visual representation. It can range from 2D to 4D and from infographics to mapping and many others. The possibilities are endless. Visual communication designers should enter the field.

The effect of visuals on human beings and their choices are immense. It can be seen from the influence media has on our generation and how advertising can change buying behavior and choices. Lazard & Atkinson, (2015) point out “Infographics, which integrate visuals and text, can increase audience engagement with message content” (p. 6) Visual presentation can have an influence in gaining viewers attention and interest. There is an intricate relationship between the visual design of a message and the viewer’s comprehension of its meaning (Lazard & Atkinson, 2015; Rose, 2007; Trumbo, 1999).

Designers and visual artists need to step into this field and provide solution in terms of the visual communication design of impact assessment.

WAY FORWARD 9

Further Research

The research started by asking questions, followed by an attempt to unfold the answers in the given limitations. Expanding the breadth and depth of each one of them can carry the ideas and insights gathered by this paper forward. The following are suggested areas for further research:

- A research focused on the systemic design and systems examination of impact assessment in detail
- Inquiring the usability and accessibility for other stakeholder groups such as government, United Nations, community leaders et al, not included in this research
- Research and actionable strategy to develop the recommendation of building an ecosystem with a shared platform and Independent Neutral Analysis Organizations (INAOs)
- Designing a unit of analysis for impact assessment and evaluation
- An inquiry understanding the needs, perspectives, challenges of one stakeholder group in depth
- Research and actionable strategy to develop new visual communication tools for impact assessment to help stakeholder groups communicate their impact
- Methods of data collection for impact assessment, their usability and benefits for stakeholder groups
- A detailed inquiry concerning the culture and mindset of community, social enterprises and other stakeholder towards impact assessment.
- A systemic examination of the social finance industry

Mobilizing Knowledge

Practical steps will be taken to feed back the findings of this research into the current system. The first step in the process would be to share the research paper with the interviewees and other associated practitioners in the field and academia. Presentations will also be given to share the findings, synthesis and recommendations to the interviewees and their organizations. I will also be sending my paper for presentations at conferences.

To enable easy access to knowledge, I will be uploading the digital copy of the research paper on online portals such as my own website, academia.com and others. I also intend to publish the various parts from this research in related journals such as the Canadian Journal of Program Evaluation, Journal of business research and others in line with the research.

10

CONCLUSION

This research explored the elements of the system of impact assessment, its purposes for stakeholder groups, the challenges faced in the process, and alignments and misalignments between the stakeholders groups in order to answer the earlier research question: 'how might we improve usability and accessibility of impact assessment for social enterprises.'

The accessibility of impact assessment caters to its availability, affordability and access to alternatives to outsource it. The usability of impact assessment (IA) and evaluation depends on:

- How effectively the system works to benefit its stakeholders and to provide a mechanism of support.
- How well connected are the elements of the system
- Whether the inputs and outputs are connected in a feedback loop
- How easy or challenging it is to use the methods, tools, frameworks provided for IA
- How beneficial is the process for each stakeholder of the system

It was found that in the current system of impact assessment there are dead-ends, disconnects, lack of organization and imbalance of burden. There is a lack of exploration and conversation about the system. Whether it should be orchestrated and managed or it should grow organically or a designed model should aid the organic growth are questions that all stakeholders of the system need to discuss and analyze.

The role of perspective and context is crucial in the debate of impact assessment. There are manifold purposes of impact assessment that are benefitting the stakeholder groups in the current system. Some purposes are expected from the process and are not being provided. Social enterprises face challenges in monitoring, evaluating and reporting impact to stakeholders. On the other hand, other stakeholder groups face challenges in providing impact

assessment services, designing methods to evaluate impact, and to use IA methods to their full capacity to benefit from them.

The research provides insights into possible intervention points in the system and process to improve the usability and accessibility of impact assessment for social enterprises, impact investors, analysts and intermediaries, and designers of methods. This research also provides elaborated recommendations to improve the system at a larger scale and suggests quick fixes.

Analysts and intermediaries can play a lead role in taking a lead in designing and providing platforms for stakeholders. Together the stakeholders can establish mutually agreed conventions, understand the challenges and design a system that not only benefits them but helps meet the aim of developing the communities for a better future.

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