Do We (Not) Need It?
Assessing the Impact of Social Enterprises in Russia

Impact assessment is not a vital task that directly determines the existence of a business. Therefore, evaluation is yet to become a mandatory element of social enterprise projects. However, according to many experts, as well as the experience of those who have already made a conscious choice of a professional “reflection” of the results of their work, it significantly increases development opportunities and prospects. In this article we are going to talk about the challenges faced by social entrepreneurs in the evaluation of their projects, and the benefits they can get in return.
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Новыe вызовы
Российская сфера социального предпринимательства в настоящее время еще находится в стадии становления: по состоянию на август 2022 в нашей стране зарегистрировано всего 6 921 социальное предприятие (СП). Лидирует среди регионов Московская область — 7 22 зарегистрированных СП. Далее идут Республика Башкортостан — 362 СП, Нижегородская область — 324, Ханты-Мансийский автономный округ — Югра и Приморский край. Самые популярные сферы деятельности такого бизнеса — образование, социальная работа, экология, информационные технологии, медицина и здоровье.

По данным исследования группы ЦИРКОН, социальные предприниматели, несмотря на свою немногочисленность, уже отмечают малое число инвестиций в социальную сферу, отсутствие импакт-инвесторов. Кроме того, они говорят о неразвитости отношений между СП и государством, незаметности своей продукции в объеме производства товаров и услуг, отсутствии интереса к развитию социального предпринимательства у крупного и среднего бизнеса, сложностях с кредитованием.

В первый раз с большими сложностями СП столкнулись в 2020-2021 году во время пандемии COVID-19. По данным исследования, проведенного Impact Hub Moscow в партнерстве с экспертами из Высшей школы менеджмента СПбГУ и University of Massachusetts Boston, 10% опрошенных социальных предпринимателей столкнулись с сокращением объема внешнего финансирования. 82% инноваций в этой сфере были реализованы в основном за счет собственных финансовых вложений, работы сотрудников и внутренних разработок. Коммерческие и гибридные организации во время пандемии делали акцент на стратегиях, направленных на повышение эффективности, — оптимизации структуры затрат и бизнес-процессов. Некоммерческие организации в свою очередь делали больший акцент на привлечение некоммерческого финансирования.

В 2022 году социальные предприниматели столкнулись с новыми вызовами: 11% из 518 опрошенных СП в марте 2022 года заявили, что ощущают влияние санкций на свой бизнес. 84% затруднились ответить, а 5% ответили, что не чувствуют влияния. Около 60% из них решили искать новые каналы продвижения своих товаров и услуг. Более трети опрошенных социальных


The teams and leaders of many social enterprises have been in a position of survival rather than rapid growth for many years. Hopes are pinned, including on the consumers of their services.

For the consumer, of course, it is of primary importance that the consumer’s problem is solved in the quickest and most efficient way possible. And identifying this way, in turn, includes the need to evaluate one's activities: the emergence of in-demand goods and services is based on the needs of the target audience. Actively working with consumers to identify their "pains" and requests and creating new goods and services based on them — that is the driving force of social entrepreneurship development.

DO WE (NOT) NEED IT?

Large businesses and the non-profit sector are actively using assessment and have achieved notable success in doing so. This is dictated primarily by the need to publish regular public reports and meet performance standards. The published reports on the impact of business and NGOs are already extensive enough to allow numerous studies and competitions. For example, the best NGO annual reports are selected annually as part of the "Point of Reference" competition of the Donors Forum, and the Institute for Emerging Market Studies at the Skolkovo Business School released the "Golden Standard" of impact in 2021.

ПОЗИТИВНЫЕ ИЗМЕНИЯ

Для потребителя, конечно, в первую очередь важно, чтобы его проблема была решена как можно быстрее и наиболее эффективным способом. А для того, чтобы выявить этот способ, в том числе и необходимо производить оценку своей деятельности: появление востребованных товаров и услуг опирается на запросы целевой аудитории. Активная работа с потребителями по выявлению этих "болей" и запросов и создание на их основе новых товаров и услуг — движущая сила в развитии социального предпринимательства.
Существует большое количество методологических подходов, которые можно использовать для оценки различных аспектов социального воздействия бизнеса.

В секторе социального предпринимательства ситуация другая: только малая часть предпринимателей занимаются оценкой социального эффекта своей деятельности. Во-первых, потому что существующие в бизнес-среде подходы к оценке воздействия слишком сложны и ресурсозатратны для социальных предпринимателей, а единого стандарта оценки для их бизнеса не существует. Во-вторых, лишь немногие лидеры СП видят смысл и пользу от этого действия. Чаще всего социальный бизнес возникает на энтузиазме основателей, которые строят его не благодаря, а вопреки, используя личные ресурсы и горя желанием «причинить добро». И цель такого бизнеса — решение конкретной социальной проблемы. Здесь и возникает вопрос: зачем вообще что-то измерять? Бизнес как-то работает, значит и проблема каким-то образом решается. В приоритете у команды решение операционных задач, а на анализ и рефлексию времени и ресурсов нет.

В-третьих, полученный социальный эффект может быть не только положительным, но и нулевым, и отрицательным. Это может стать сдерживающим фактором при принятии решения о проведении оценки. Особенно сильно данный факт может влиять на решение гибридных проектов — некоммерческих организаций, которые в рамках своей деятельности открывают коммерческие направления. Наша гипотеза состоит в том, что НКО обязаны действовать согласно своему уставу, в котором четко прописаны цели и задачи организации, целевые аудитории и их проблемы, для решения которых и работают организации. Если же при оценке импакта выясняется, что проект оказывает влияние on the corporate context: “Theory of Change,” the Business for Societal Impact (B4SI), ранее известная как London Benchmarking Group, модель социального возврата на инвестиции (SROI) и Impact Management Project.

“Gold Standard” of impact assessment in 2021 — a collection of cases and practices for measuring the social and environmental impact of business. When it comes to business, there are a large number of methodological approaches that can be used to assess various aspects of its social impact. It is worth noting the four main methods that have the highest potential for application in the corporate context: “Theory of Change,” the Business for Societal Impact (B4SI), formerly known as the London Benchmarking Group, the Social Return on Investment (SROI) model, and the Impact Management Project.

The situation is different in the sector of social entrepreneurship: only a small proportion of entrepreneurs are engaged in assessing the social effect of their activities. First, because existing approaches to impact assessment in the business community are too complex and resource-intensive for social entrepreneurs, and there is no universal assessment standard for their business. Second, few SE leaders see the point and benefit of this action. More often than not, social business grows from the enthusiasm of its founders, who build it up against all odds, using their own resources and blazing with the desire to “commit good.” The purpose of such a business is to address a specific social problem. This begs the question: Why measure anything at all? The business somehow works, the problem is somehow solved. The team is focused on addressing operational tasks, and has no time or resources for analysis and reflection.

Third, the resulting social effect will not necessarily be positive; it can as well be zero or negative. This factor can be a deterrent to the decision to conduct assessment. It can especially affect the decision-making in hybrid projects — non-profit organizations that open commercial activities as part of their overall operations. Our hypothesis is that non-profits are obliged to follow their Articles of Association, which clearly set out the organization’s goals and objectives of the organization, its target audiences and their problems, which the organization addresses. If, however, impact assessment shows that the
project has an impact on a completely different target group or does not solve the stated problem at all, this can cast doubts on the entire organization’s activity and can have a negative impact on its image.

However, it is worth noting that this is a false logical connection. No active and developing organization can be absolutely constant in its goals and objectives. Even a zero effect is certainly not something to be ashamed or, even more so, to shut down the project, but an incentive to rethink the strategy and look for new points of growth.

Publishing any evaluation results is important not only to share the results with beneficiaries, partners and colleagues, but also to inform the sector about the risks, non-working solutions and to warn against mistakes. After all, when a business, including a social business, begins to grow, its team has an urgent need for effective management, data-driven decision-making, and the development of a communication strategy. These processes require not just standard business indicators such as revenue and profit, but also indicators of impact, which is one of the main results of the social enterprise.

Planning, conducting, and publishing a social impact assessment are primarily necessary for business itself. These processes enable the project leader and team to see that they need the project, to understand the depth and scope of the stated social problem, and to find new communication objectives, development vectors and ways to scale.

The impact assessment also directly affects the possibility of attracting additional funding: a clear presentation of the real impact of the project on people’s lives and the environment is the best proof of the social enterprise’s investment appeal.

Nаглядное представление реального влияния проекта на жизнь людей и окружающую среду — лучшее доказательство привлекательности СП для инвестиций.

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HOW DO YOU APPROACH ASSESSMENT?
Social impact assessment must consider all types of effects: positive and negative, immediate and delayed, expected and unpredictable. In this case, the assessment can use both quantitative and qualitative indicators. Collection methods can vary accordingly.

A generalized plan of action that could be used by social entrepreneurs of all types and scales would look like this:

• Developing a theory of change;
• Identification of social impact indicators that will need to be worked on in order to get the desired results;
• Data collection and analysis;
• Presentation of assessment results;
• Use of assessment results for management decision making.

The first point in this plan and an important tool is a theory of change — that is, a clear description of the intended relationship between activities and the results we hope to achieve. The theory of change explains the reasons why certain approaches are used and how these approaches will lead to the desired changes.

Working on a theory of change helps understand what problem the project is solving and, therefore, what its team intends to change. Usually at this stage the team makes a problem tree and highlights the big goal. The next step is to identify the assumptions, or conditions necessary to achieve these goals. Then comes the process of reverse mapping, that is, comparing and combining the results and compiling a list of external conditions and internal processes that are also necessary to achieve the goal. The process is completed with the

identification of success indicators and activities, "interventions" that will help achieve the intermediate objectives and ultimately the goals.

First of all, the theory of change is necessary when planning activities. However, this tool is also worth "checking up" with at the growth stage, and possibly even after the closure of business — this will help to understand how the current state of affairs corresponds to the declared objectives, and what went wrong in the case of project closure.

The next step is to determine the indicators of social impact. It is worth noting here that Russia does not have a single standard or mandatory set of metrics to be assessed. Everything depends on the specifics of the social enterprise, its business model and development stage. For some social businesses, collecting and assessing 3 or 4 metrics is sufficient, while for others, with a more complex structure, 20 or even 30 quantitative and qualitative indicators may not be enough.

The decision to conduct a social impact assessment for the first time and the desire to make this process a regular one are strongly influenced by the challenges in collecting data for analysis. Often organizations simply do not have sufficient time, money and human resources to interview beneficiaries and clients, systematize and analyze the information gathered. In this case, it may be advisable not to try to fit the entire evaluation process into a limited period of time, but to make it a daily or at least weekly part of the normal work process. Doing small things on a regular basis, such as compiling and analyzing questionnaires, will enable conducting impact assessment without major shocks to the team and budget.

The final stage is the publication and use of the data. Not all of the assessment results can be presented publicly — some of the indicators may remain for internal use. But as a rule, if an organization has done such work, it will want to share the results. Whether or not to post the report in public domain is a matter for the project team to decide. But what you definitely shouldn’t do is create a report just for the sake of a report. This practice is unproductive. The report data can help answer

некоторых социальных бизнесов наличие 3–4 метрик, которые они собирают и оценивают, является достаточным, а для других, с более развитой структурой, может быть недостаточно 20 и даже 30 как количественных, так и качественных показателей.

На решение впервые провести оценку социального эффекта и на желание сделать этот процесс регулярным сильно влияют сложности со сбором данных для анализа. Часто у организаций попросту не хватает ресурсов — человеческих, временных и финансовых — для опроса благополучателей и клиентов, систематизации и анализа собранной информации. В этом случае можно посоветовать не пытаться уместить весь процесс оценки в один строго ограниченный период времени, а сделать это ежедневной или хотя бы еженедельной частью обычного рабочего процесса. Регулярное выполнение небольших действий, например, составления и анализа вопросников, позволит произвести оценку импакта без сильных потрясений для команды и бюджета.

Завершающий этап — это публикация и использование полученных данных. В результате проведения оценки не все результаты могут быть представлены публично — часть показателей может остаться для внутреннего пользования. Но, как правило, если организация провела такую работу, то захочет поделиться результатами.

Размещать или нет отчет в открытом доступе — вопрос, который должен решить команда проекта. Но вот то, чего точно не стоит делать, так это создавать отчет просто ради отчета. Эта практика...
If you decided a comparison is needed, it is better to analyze the reports of a particular organization in different periods of time and observe the activity in dynamics.

The reasonable frequency of assessment depends on the resources available for such work and the maturity of the organization.

WHO TO LOOK UP TO
Social impact assessment can take a project to the next level and become a competitive advantage. So far few social entrepreneurs have taken this approach, but we already have someone to look up to.

A good example of an estimate is shown in Everland’s 2021 report. It is unique in that it presents not only the achieved results, but also the goals for the next year. The company indicates that in 2022 it plans to employ more than 500 people with disabilities and provide more than 800 new registrations on the platform.

This point should be highlighted separately, because often impact assessment reports only show the results achieved, with very few organizations showing their goals for future periods (which requires a lot of courage and a lot of planning).

“Impact measurement is a must. It helps develop the organization, work on internal efficiency and make processes cheaper,” emphasizes Everland co-founder Elena Martynova.

Another important factor to pay attention to is that the company reports cover a period starting from 2019, which allows you to trace the dynamics of its activity. For example, in 2019, the agency employed 84 people. By 2021 this number had grown to 390. Also, three years ago, the team noted that with the launch of the special testing and training platform, the cost of integrating a person into the work process dropped more than three-fold — from 120,000 to 36,000 rubles. Today that cost is probably even lower.

What else is important about the Everland example? Its hybrid nature. The social part of the project is represented by “Equal Opportunity Space” ANO, while the business component is represented by EVERLAND LLC. In its reports, the project combines both the experience of non-profit organizations regularly publishing performance data and the business metrics inherent in the commercial part of the project.

It is worth noting that assessment does not always have to be presented as a separate report. Instead, information about the social impact of the business can be published in the “About Us” section of the project website. That’s what the Bright City Children’s Center team, founded by Nadezhda Samoilova, did. These are the only kindergartens of the kind for children with special needs in St. Petersburg, which offer intensive correction, development, school preparation and socialization activities.

On their website it is stated that in just six months, the center’s students improve their communication skills by 25%, thinking skills by 23%, and attention span by 42%. The project also notes that over a year, more than 50% of children exceed their parents’ expectations and even “hopeless cases” are not hopeless 97% of the time.

Social impact assessment can become a competitive advantage. So far few social entrepreneurs have taken this approach.
Currently the network has three children’s centers, and the project has good potential for scaling up, which allows the social effect to spread to other regions.

Another example is BuySocial, a platform that brings together products from social enterprises. BuySocial producers give jobs to people with disabilities and the elderly in remote areas; they care for nature and preserve cultural heritage, and donate profits to charity. The project team proudly states right on their website’s front page that in 2021 the company provided jobs for 452 people from vulnerable groups, sold more than 32,600 units of products from 41 social enterprises from 11 regions of Russia.6

According to Lubov Ermolaeva, the project founder, the team conducts social impact assessment primarily to make sure they are still on the right track as a social business. For BuySocial, this is expressed primarily as the number of social enterprises to which they gave orders and their production volumes, and the number of people who received gifts and thus became consumers of products with meaning, on the other. The company also identifies deeper social effects: how its orders affect not only social enterprises and their financial performance, but also those people from vulnerable groups, for which the platform was created.

Another link in the chain of recipients of the assessment are the company’s corporate clients. Big and small businesses buying gifts from BuySocial are also interested in getting data on how they affect their surroundings. This, too, is an important point: when many organizations are integrated into such a chain, a mini-ecosystem is formed, and the overall social effect becomes greater.

Impact Hub Moscow, of course, is also involved in the evaluation work. In 2021, we evaluated the results achieved by the Start Different 2018–2020 program participants.7 This work was done to determine future development of the program, identify growth points and expand the target audience.

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AUDIENCE. The main indicators we focused on were the number of people with disabilities employed, the number of beneficiaries and clients, and income. This goes to show that social effect can be measured not only for the entire business, but also for an individual project within an organization.

MANAGE WHAT YOU CAN MEASURE
For our part, we at Impact Hub Moscow are trying to increase the percentage of organizations that publish such reports and are actively fostering a culture of social impact assessment for both aspiring and existing social entrepreneurs. The first time they encounter this is at the screening stage for our training programs: in the application form, the entrepreneur must describe, among other questions in the questionnaire, the proposed solutions in terms of their impact on the target audience.

Next, we diagnose and collect indicators before and after the programs, as well as 6–12 months after the end of the programs. This helps not only to assess the social impact of participating projects, but also the impact of our work on their performance. In addition, all Impact Hub Moscow programs include a module on social impact. Participants elaborate theories of change for their projects, which helps them articulate their mission more clearly and use the theory of change for the monitoring and evaluation process.

In the near future, one of our main tasks is to develop an algorithm for incorporating social impact assessment procedures into the social entrepreneurs’ operations. These should be transparent and include tools that social entrepreneurs can use without outside expert support, embedding information collection and monitoring procedures into existing business processes.

One of the stages of the work is to create a matrix of indicators in relation to the project’s work area, development stage, and evaluation goals. The matrix of indicators is the right form for this stage, because as the business develops, the indicator set may change, and the number of indicators can either go up or down.

We think this tool will help social entrepreneurs to make impact assessment part of their day-to-day activities. A one-time social impact assessment by social entrepreneurs covers the area of growth and further development. Regular, systemic impact assessment is a great tool for making management decisions, because as economist Peter Drucker said: “You can’t manage what you can’t measure.”