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| **Communicating the impact of social procurement** This is the seventeenth factsheet about recent international peer-reviewed social procurement research. Social procurement is essentially about creating ‘social value’ and therefore our work takes place on a very public stage. Effectively communicating the social impact of our work is essential to garner support for what we do and to enable us to learn lessons and continuously improve. To this end, this factsheet provides insights into some basic principles of effective social impact reporting.This factsheet is based on four books produced at UTS on social value, social enterprise and corporate social responsibility in the construction industry. The full references to these books are provided in the footnote of this factsheet where more detail can be found.Please feel free to distribute this factsheet to anyone who may be interested.Distinguished Professor Martin LoosemoreUniversity of Technology Sydney<https://profiles.uts.edu.au/Martin.Loosemore> |
| **Why the study*** There is very little research and evidence-based guidance for social procurement on how to effectively communicate and report the social impact of their activities.

**Aim*** The collective aim of these books was to address this paucity of research and evidence-based guidance.

**What we did** * A thorough international literature review was conducted of peer-reviewed publications, books and influential reports from around the world.
* Primary research was also undertaken based on empirical data collected in the Australian and UK construction industries.

**What we found** The construction sector suffers from a number of significant problems in reporting its social impact when compared to other sectors:* There is a relative lack of transparency;
* There is a relative lack of coherent and consistent approach;
* There is a relative lack of clear processes to establish what needs to be reported;
* There is a relative failure accommodate and consider stakeholder views;
* The use of ICT and social media for communication is relatively limited;
* There is a relative lack of legitimacy and trustfulness in what is reported (mostly good news.. failures are rarely reported);
* There is a relatively high risk that organisations could be exposed to accusations that they are covering-up ethical malpractices in the procurement of construction materials and products.

Although there remains no agreed international standard for social impact measurement and reporting, it is important to be familiar with the following key terms: * Theory of Change = an evidence-based conceptual framework which depicts how an initiative will create social value by linking program inputs, activities, outputs, outcomes and impacts. A theory of change should also articulate any assumptions and enablers which will allow the theory of change to work as planned.
* Social ‘Inputs’ = resources invested in activity/program/intervention (financial, natural, intellectual, human, physical, social).
* Social ‘Activities’ = organisational activities and specific program activities which are aimed at or/and have an impact on the lives of beneficiaries.
* Social ‘Outputs’ = the direct and tangible products and services from an organisation’s activities (eg. number of people/hours trained, number/hours employed etc.)
* Social ‘Outcomes’ = the immediate, intermediate and long-term changes (both positive and negative) in people’s lives as a result of an organisation’s activities. These changes can be both ‘primary’ (in the target population) and ‘secondary’ (in the people delivering the activities and in the target population’s families and wider communities). These changes can be affective, cognitive, behavioural, health and situational. Affective changes include people’s attitudes, feelings and emotions such as happiness, self-esteem, hope, motivation, trust and self-confidence etc. Cognitive changes include knowledge and skills such as literacy, numeracy or a trade etc. Behavioural changes include social skills, relationships, ability to hold down a job, self-control, offending, substance abuse etc. Health changes include people’s physical health and mental well-being. Situational changes include people’s circumstances and conditions (social, cultural, economic, environmental, security and health-related) such as increased income, increased housing stability, increased security and safety, living independently and securely etc.
* Social ‘Impact’ = Social impact is the net outcome of an organisation’s activities taking into account: negative and positive effects; and various counterfactuals which include deadweight (what would have happened anyway), drop-off (reducing benefit over time), (attribution) what else could have contributed to the change, (displacement) (displacement) what other benefits does the intervention displace/push aside, (substitution) losses for others who might have lost out and (culture) cultural differences in perceptions of value.

The two main benefits of effectively reporting social impact are to:* Garner support from key stakeholders (internal and external) who can affect or be affected by an initiative;
* Learn lessons along the way to maximise social impact.

This requires intermediate as well as final reporting. Intermediate reports should inform a discussion about how the program might be adapted to ensure and ideally improve its effectiveness in achieving intended outcomes into the future. This means that it should include a backward looking and forward-looking dimension which should cover both risks and opportunities and a sensitivity analysis of factors which could influence social impact.An effective social impact report should be:* Relevant – all information reported should be relevant to the needs of decision makers who will use it;
* Reliable – all information reported should represent the facts, free from bias;
* Comparable – all information should be in a form which allows comparison with other enterprises;
* Proportional - Information should be at a level of detail related to the resources available and magnitude of the intervention;
* Rigorous – information should combine qualitative and quantitative data in a methodologically rigorous way and be based on a clear theory of change;
* Balanced – information should acknowledge any assumptions that have been made in arriving at the results, any possible negative impacts and counterfactuals and any limitations which may qualify the results;
* Understandable – information should be clear, simple and consider the perspectives of the stakeholders and use a language they understand.
* Transparent, verifiable and evidence-based – information should be be capable of withstanding appropriate degrees of scrutiny from stakeholders and the wider public;
* Focussed – information should focus on the ‘material’ outcomes that matter to key stakeholders;
* Credible – information should be fair, balanced and accurate and subject to independent endorsement - especially when there are many stakeholders involved with conflicting interests.

In the absence of globally accepted standards for reporting social value, many organizations both large and small, refer to auditable standards, guidelines, tools and indicators developed by globally respected bodies such as the United Nations, World Business Council for Sustainable development, Social Accountability International, International Organization for Standardisation and the International Integrated Reporting Committee. While these have been developed for large organizations, many of the principles are relevant to small and medium sized businesses:**What this means*** While still essentially voluntary for most organisations, effective social impact reporting is essential to building credibility and trust in external stakeholder groups.
* There is nothing more damaging than being caught misrepresenting, exaggerating or distorting the facts.
* There is little point in undertaking and publishing the results of our work if they are not trusted, believed or understood by those who can influence or be influenced by our social procurement initiatives.
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