Corporate Social Impact Evaluation

SIMLab Project Overview

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Corporate Social Impact Analysis

Table of Contents

Introduction

This report will outline the field of Corporate Social Responsibility (CSR) and methodologies useful for program evaluation. The Social Impact Metrics Lab seeks to partner with local businesses and conduct analyses of their prosocial programs to measure impact and provide opportunities for improvement.

Social impact metrics have become a priority for many companies. Consumer research indicates a growing preference among the younger generation for companies that engage in prosocial and sustainable business practices. A LinkedIn search for "Corporate Social Responsibility" positions yields thousands of results across a variety of sectors – finance, e-commerce, technology, and more. Companies may also find a healthier return on investment when engaging in socially responsible business. Investor interest in accountability has fueled a rapid rise in social impact reports, especially in the last 10 years.

The COVID-19 pandemic has catalyzed a national conversation, and placed pressure on companies to balance their short-term financial goals with long-term social impact considerations. The materiality and tangibility of such support is being scrutinized from a variety of third parties: financial stakeholders, government bodies, consumers, and the general public. Social impact is now a fundamental aspect of how business "success" is evaluated in the corporate and public milieu.

The Shared Mission of UVU and Private Industry

Mission statements from large companies now frequently include phrases like "improving lives" or "supporting communities". Social impact analyses can provide legitimacy for good faith efforts by companies trying to "make the world a better place" and to do so in material, evidence-based ways. Alternatively, if a program or business practice is failing to make a positive impact, proper evaluation can reveal areas where that company can improve.

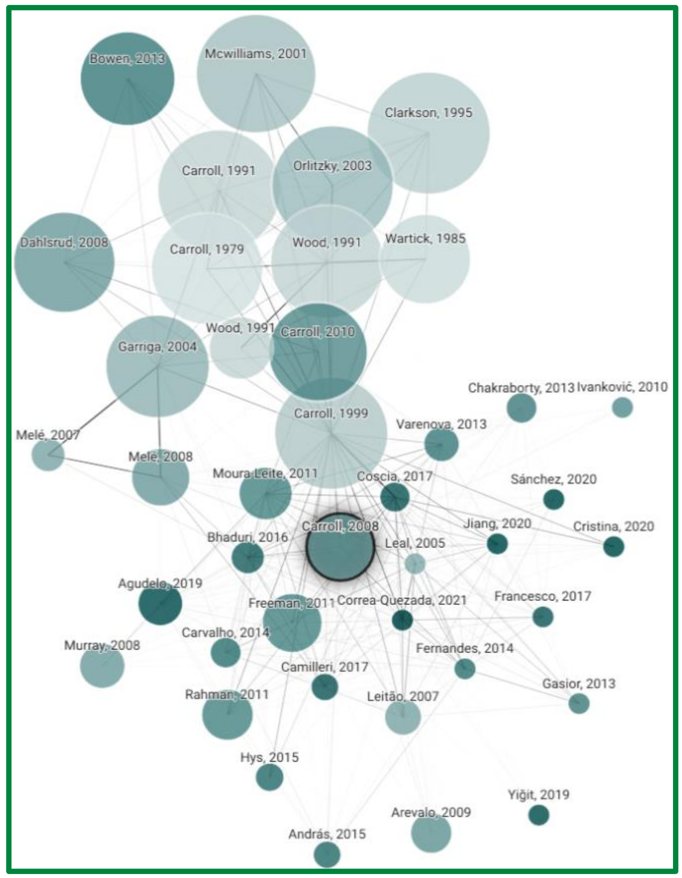
UVU is committed to many of the same principles that drive social impact work in the private sector. For example, UVU seeks to provide "exceptional care, exceptional accountability, and exceptional results" for its students. UVU departments are engaged in social impact work, even if they use different terminology to describe their activities. Here are some specific examples beyond those coordinated by the Center for Social Impact:

- **Woodbury School of Business** – The WE LIFT (Women Entrepreneurs: Lead. Innovate. Found. Transform.) program intended to provide resources for women interested in starting their own business.
- **Student Health Services** - Mental health livestreams conducted by staff therapists, who collect feedback through an anonymous survey, group / individual therapy options at prices students are more likely to afford
- **Behavioral Sciences** - Classes like "Introduction to Social Work" that require students to gain volunteer experience at non-profits in the community

- **Fulton Library** - The Roots of Knowledge Discovery Program, which provides free educational activities for children in the community
- **School Community University Partnership** - Organizes PREP, a free STEM education program for middle school and junior high students over the Summer.

There are dozens more projects that UVU has developed with the intention to benefit their students, and the communities in which they live. UVU's mission toward exceptional accountability also overlaps with the ethical considerations of Corporate Social Responsibility (CSR).

Literature Review



This section of the report covers the history and current state of the CSR field. CSR can be seen as a catch-all concept that businesses have responsibilities toward society and certain stakeholders other than the traditional stockholders. A variety of interrelated and overlapping terms have been incorporated in CSR, "which is the benchmark and centerpiece of the socially conscious business movement" (Carroll, 2015).

CSR is constantly evolving and adding new approaches. Although there are dozens of frameworks that attempt to understand and evaluate a corporation's impact on society, only the major frameworks will be explained here. It can be difficult to get an overall sense of CSR, because terminology is always changing, and academic definitions do not always match typical usage in the private sector. This literature review only scrapes the surface of everything connected with CSR, since the philosophical roots span centuries.

The figure above[1] shows a portion of the academic activity surrounding CSR since 1979 - with the largest nodes in the network having several thousand citations. This is an active area of research and implementation, continuing into the present.

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[1] Created by the authors using tools from the website connectedpapers.com (https://www.connectedpapers.com/main/91d0dd1529adc62821d86e351ac2df0b50143df8/A-History-of-Corporate-Social-Responsibility/graph).

History of Corporate Social Impact

Corporate responsibility and social impact have been debated for over 100 years, causing present conceptions of the topics to be variegated. Discussions of how society and economies interact go back further, to Adam Smith's *Wealth of Nations*. Indeed, many 18th century writers were drawing deeply from the Ancient Greeks when they described the nature of the "common good" and institutional responsibility (Dupré, 1993). The historical context of corporate social impact is useful for understanding what philosophical, and technical, assumptions underlie any given framework.

The factory reform and labor rights movements of the mid-to-late 19th century launched a firestorm of debates about the lived experience of workers (Carroll, 2009). These reform movements focused on the social impact of wages, safety, and housing. Years later, the financial collapse of the 1930s impacted business and the public as they considered the failures of corporate responsibility up to that point (Eberstadt, 1973). By the 1940s, there was a growing sense among executives that institutions were responsible for more than just their shareholders and operated in a wider social sphere (Carroll, 2009)

One of the earliest attempts to measure social impact was a report created in 1940 for a national economic committee organized by the US Congress called *The Measurement of the Social Performance of Business* (Kreps and Murphy, 1940). The analyses remained focused on fundamentals like wages, production, and prices for consumers, with the understanding that higher volatility negatively impacted quality of life. Their introduction remains highly relevant to the fundamental problem of measurement in conducting social impact analysis:

> Private enterprise, like public organization and other forms of enterprise, justifies itself only insofar as it provides the American people with the highest possible... standard of living. The acid test of business is not the profit-and-loss statement but the social audit. Concerning the basic elements of such an audit there has been a great deal of controversy. But it has been centered for the most part on certain imponderables that are not capable of exact measurement... How to measure quantitatively, for example, the extent to which human liberty has been increased even by business as a whole?... Any attempt to make an objective social audit of business must be limited to the items that are measurable. (p. 2-3)

For modern corporate social impact measurement, it is more important to focus on things that can be measured rather than broad philosophical concepts like "liberty.". This trend toward "items that are measurable" defines the relatively recent transition from corporate value declarations to value performance reporting. Broad mission statements now exist alongside specific mission-related statistics and analysis. In fact, the larger the company, the easier it is to find data dashboards about their sustainability or social impact projects.

Kreps continued to write about the social performance of business, and by 1962, noted the emergence of a philosophical dichotomy in the field.

- Profit measures social performance, and the financial success of businesses maintains primacy in its contribution to the "common good."

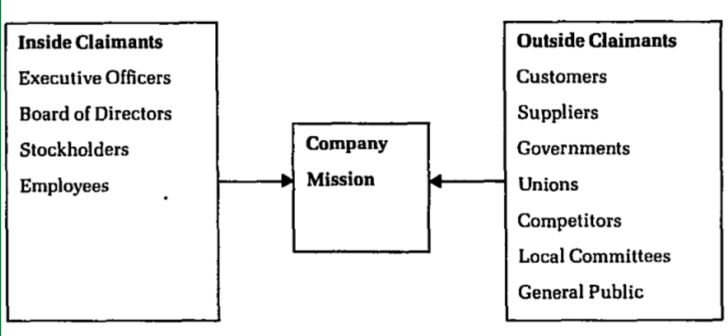
vs.

- Businesses are entities that must be socially responsible, and the value of their efforts can be measured in areas beyond short-term profits.

These debates boiled down to whether unfettered capitalism or regulated capitalism was better for society – and exactly what "unfettered" or "regulated" meant in practice. In the present, this dichotomy still exists, but some frameworks have carved out middle ground between two extremes. The desire for "win-win" scenarios where businesses profit *and* maintain a positive impact continues to grow. For example, an impact investor may deploy capital toward a company with the expectation that there will be financial returns alongside the social benefits of ethical business practices.

By this point, in the 1960s, Corporate Social Responsibility was already an established term, mostly among academics, but not as much in the corporate world, until the closely related sustainability movement gained more influence two decades later.

Figure 1 Inputs to the Company Mission



Interestingly, the company "mission statement" came into vogue around the same time as the sustainability movement (1970s – 1980s), both addressing the intended goals of business toward the general public. The figure on the left, published in 1982, details how a business is beholden to social groups (Pearce, 1982).

Some corporations seeking opportunities in developing nations began to use social cost-benefit analyses in their proposals to local governments. An article from the Harvard Business Review details this kind of analysis, and remarks on how businesses need to consider "externalities" – like pollution – that affect local communities or else their proposals may be rejected (Wells, 1975). However, these analyses remained steeped mostly in economic theory and did not attempt to explore many "immeasurables" that were nonetheless important for social impact.

By 1985, the conversation was slowly evolving. Connections between sustainability and market players were beginning to be explored (Redclift, 1988). Similarly, the role of balancing business needs with social concerns continued to be a subject of interest (Johnson, 1985). A decade later, in the mid-90s, the sustainability movement began to gain popularity as companies rapidly globalized. Calls for corporate social responsibility informed by sustainability principles set the stage for the modern adoption of social impact initiatives (Kolodner, 1994). All the frameworks discussed in this literature review can be traced, in part, to the overlapping discussions of Corporate Social Responsibility and the social aspects of sustainability.

Frameworks Overview

1. Corporate Social Responsibility

Companies define the scope of CSR differently, according to their preferred ethical or economic premises. Economist Howard Bowen wrote one of the seminal books on the topic, *Social Responsibilities of the Businessman*, first published in 1953. Bowen helped redefine corporate leadership ethics beyond that of pure philanthropy and suggested a "third way" between the extremes of economic systems like laissez-faire and socialism. The modern usage of CSR centers around developing a "corporate identity" that exists in the context of legal responsibilities as well as rapidly changing social values (D'Amato and Roome, 2009). CSR initiatives can be strategic, or reactionary, for companies that are the subject of protests, boycotts, and activist movements. However, CSR can also be part of the foundational guiding principles of a company. As D'Amato and coauthors point out, every company exists on a "CSR continuum", with the extreme ends being: 1) no responsibility toward society or 2) extreme responsibility for societal interests. CSR is a form of accountability for leadership and practices of a corporation.

How does CSR work in practice?

There are several international programs for reporting and analyzing CSR initiatives, many of which attempt to standardize implementations:[2]

- ISO 2600 - guidance on social responsibility (Pojasek, 2011), implementations more popular in Europe
- Global Reporting Initiative - most widely used, voluntary reporting system, includes analysis methodologies (Brown et al., 2009)
- United Nations Global Compact - highly debated, suffers from lack of empirical investigation (Schembera, 2016)

[2] Other approaches include integrating CSR initiatives with Information Technology departments (Grangel and Campos, 2019), gap analysis from management theory (Calabrese et al., 2013), or from site-level data organization (O'Connor and Spangenberg, 2008).

- Value Reporting Foundation - relatively popular among larger companies on indexes like the S&P 500.

The choice of CSR implementation highly depends on which stakeholders the corporation intends to focus on. Larger companies may opt for a comprehensive approach, with analysis for multiple CSR areas, but smaller companies may focus only on a few. There are four dimensions of sustainability that CSR tends to cover: financial/economic, social, environmental and political/institutional (O'Connor and Spangenberg, 2008). Social impact methodologies are not as well researched as the other three. They identify the areas where reporting and analysis would occur in the social dimension, for which there exist specific methodologies.

- Internal communications
- Community relationships
- Employee opportunities and relations (connection to diversity and inclusion initiatives)
- Health / safety / working conditions

Limitations

CSR as a field is in a near-constant state of evolution, which makes any given framework or methodology subject to rapid drop-offs in popularity. This has led to criticisms that CSR struggles to actually materialize its lofty principles and is stuck in conceptual flux.

CSR can sometimes have unintended effects. There is some evidence to suggest that companies who emphasize their prosocial efforts can accidentally inspire their employees to misbehave in other areas that impact the firm (List and Momeni, 2020). The theory of "moral licensing" suggests that people who have done something morally good recently can feel "immunized" against social judgments and be less morally constrained in the near-future (Benabou and Tirole, 2010). However, there is a difference between corporate social responsibility and individual social responsibility. Given that CSR has become the popular norm, it is crucial to understand that there are disadvantages that must be addressed as well. Reporting on CSR initiatives does not guarantee ethical behavior within a company, and research has revealed conflicting results when it comes to consumer definitions of "ethics" (Ferrell et al., 2019).

Companies are incentivized to report on their CSR initiatives, but they may not be inclined to publish the specifics of their analyses or make a public accounting of their biases. However, robust statistical analyses of bias on the academic side do exist, and serve as a road-map for conducting a similar stakeholder-oriented bias review of CSR strategies (Amor-Esteban et al., 2020).

2. Corporate Social Performance (CSP)

According to Carroll (2015), "variations on the concept of CSR have occurred largely because business practitioners lamented the idea that they had these responsibilities in the first place." Two of these variations are the concepts of Corporate Social Responsiveness, popular in the mid-seventies, and its follow-up, Corporate Social Performance. Corporate Social Responsiveness emphasizes actions businesses should take to respond to social issues, while Corporate Social Performance by-passes issues of motivation and processes and simply focuses on results.

How does CSP work in practice?

Firm-level measures of CSP tend to focus on the inputs to the firm's CSR activities rather than their impact on the intended beneficiaries (Salazar, Husted and Biehl, 2012). Moreover, it is hard for an outside observer to measure outcomes because many companies do not have an incentive to be fully transparent about their data and methods vary with the stakeholders involved. Measuring impacts on a customer base, for instance, could mean using data on product recalls/lawsuits, while a study of the impact on employees could use surveys of job satisfaction.

Several CSP metrics have been proposed in the literature and in the business world. Griffin and Mahon (1997) recommended the concomitant use of several metrics of corporate social performance to mitigate the limitations of individual data sets, including measures that involve perceptions by external audiences and others that are based solely on company data. In their study, they used four measures: a corporate reputation index from the *Fortune* survey, based on the evaluation by executives and financial analysts of several reputation attributes; the KLD index, created by a financial analysis company to assess several dimensions of CSP, including community relations, environment, and treatment of women and minorities; the Toxics Release Inventory, which consists of self-reported information on environmental discharges; and the Corporate 500 Directory of Corporate Philanthropy, a study of corporate philanthropic activities. Wood (2010) reviewed the CSP literature and identified a variety of CSP measures, including: company self-reports on social and environmental issues (treatment of women and minorities, environmental practices, community relations etc.), stakeholder expectations, governance, charitable giving and ethics policy, third-party multi-dimensional ratings (e.g., KLD, CSID, ARESE, Vigeo and EPS), stakeholder surveys, and indicators of performance based on publicly available data. A large chunk of the studies done on CSP try to find a link between CSP measures and financial performance.

Limitations

Corporate Social Performance (CSP) focuses on rating a business in terms of its social impact using metrics that are, as yet, not consistent across different domains or theoretical schools of thought. While many of the core ideas are relevant to business, the discourse surrounding CSP has remained largely within academia.

Salazar, Husted and Biehl (2012) report current CSP practices that focus on inputs, ignoring outcomes and impacts, and firm-level social performance evaluations that "hide the real relationships between the social activity and its consequences for firm economic performance and social impacts." They propose considering a firm's social actions as a portfolio of different projects and moving the level of measurement from the firm level down to the project or program level, which should be analyzed in terms of specific objectives related to human development.

3. Social Return on Investment (SROI)

The Silicon Valley social enterprise foundation REDF developed SROI as a way to evaluate their programs. The UK-based New Economics Foundation began further developing SROI in the early 2000s. REDF focuses more on social enterprise/businesses (providing grants, loans, social impact investing, etc.) whereas the NEF focuses on nonprofits and government programs.

SROI is commonly employed by social enterprises as well as social impact investors as a way of measuring how much "bang for the buck" results from the treatment/program/intervention. It overlaps heavily with its predecessor social accounting and with a similar framework called Social and Environmental Cost Benefit Analysis (SCBA), also developed by the NEF. In the US, there is more concern over the whole pipeline of framing the analysis, conducting it, communicating results, and changing institutional practices. It could be said that most social impact consulting firms in the US try to offer a whole suite of social impact *management* tools, beyond just analysis. For example: this actionable impact management primer from Sopact.

SROI is a framework that helps quantify the economic, social, and environmental value created by a program, focusing on outcomes. Stakeholder engagement is central to SROI, as well as utilizing the theory of change and social accounting. The result is a ratio of social value to investment. SROI differs from traditional cost benefit analysis by attempting to quantify variables that normally would not be considered, like personal and community outcomes.

How does SROI work in practice?

This guide defines Social Return on Investment (SROI) as a framework for measuring value beyond just financial returns. SROI may include social or environmental value, based on past outcomes (evaluative approach) or predict value creation in the future (forecast approach). SROI principles emphasize the need for transparency, stakeholder involvement, and material information that affects decision-making.

To estimate social value created by a program, financial proxy values are associated with outcomes. The final "social return ratio" is the social value divided by total investment, taking discounts into consideration. Discounts are based on what would have occurred without the program, outside factors that affect the outcomes, and more.

Limitations

Most resources for SROI focus on evaluating non-profit corporations, and there are potentially several points in the analysis process where bias can impact results. For instance, some financial proxies might have been measured with error and outcome selection and valuation might have an excessive degree of subjectivity. In addition, SROI has a learning curve, given that any framework often has some unique terminology and processes.

4. Corporate Sustainability

Corporate sustainability started to gain traction in the 90s and has since moved from "the margins into the mainstream", especially for large companies. Sustainability has expanded from its activist and academic origins in the 70s to a global (and controversial) topic with thousands of diverse stakeholders.

Sustainability began with concerns for the natural environment, but, according to Carroll (2015), today it embraces environmental, economic and social criteria that reflect the wide scope of business's operations and processes. "Its primary advantage is that it tends to stress the long-term perspective, encompasses economic, social and environmental factors, and explicitly incorporates a concern for future generations, which have for decades been a primary concern of environmentalists" (Carroll, 2015).

Sustainability currently enjoys more public support than it has in any previous decade, which makes it attractive from a corporate strategy standpoint. It is a new perspective that forces companies to rethink what they are doing and act accordingly.

How does corporate sustainability work in practice?

Most major companies use the frameworks sponsored by the Global Reporting Initiative (GRI), an independent nonprofit organization headquartered in Amsterdam, to report their sustainability performance (Carroll, 2015).

Companies that are part of the United Nations Global Compact volunteer to report and meet specific sustainability goals relating to responsible business practices. These reports are based on the Sustainable Development Goals (SDGs), one of the widest standards for measuring and reporting on sustainability initiatives. There are 17 SDGs, covering issues like poverty, equality, human rights, hunger, environment, and more. Some sustainability measures are legal requirements, and others (like the UNGC pact) are voluntary.

Limitations

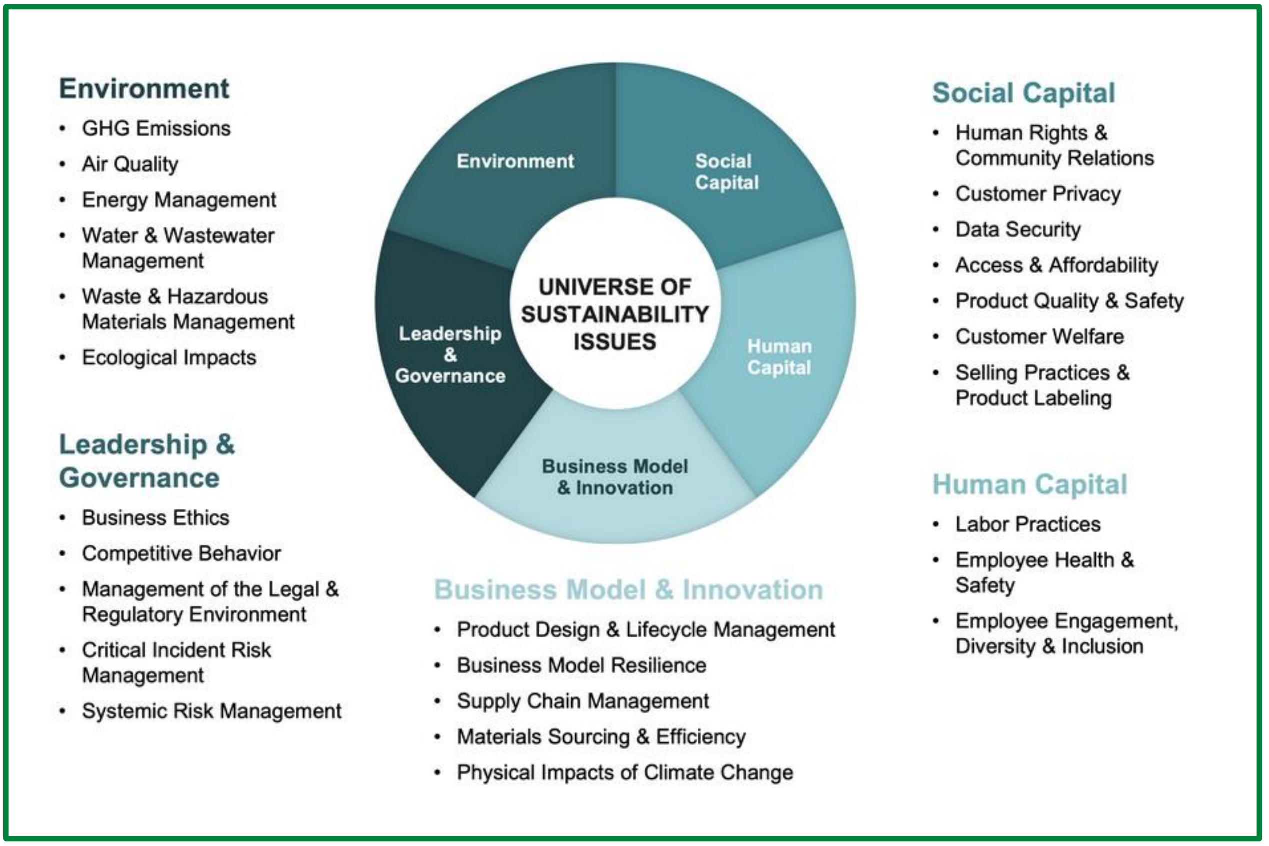
Sustainability goals are often oriented to large companies. Additionally, they are often focused on supply chain issues - which have social implications but are typically not well-suited to outcome measurement. Reporting methodologies for corporate sustainability are also variegated and subject to change.

5. Environmental, Social, and Governance (ESG)

Like other frameworks, ESG has seen incredible growth since the sustainability movement gained corporate momentum in the 90s. It is a popular framework because research has shown its financial materiality relating to company performance, as well as investor potential. Amel-Zadeh and Serafeim (2018)[3] use survey data to conclude that the vast majority of investors use ESG data in their decisions for financial reasons rather than ethical reasons.

ESG data can include information about carbon emissions, employee diversity, product safety, corporate corruption, and political lobbying. Sustainability accounting is used to measure, analyze, and report a company's social and environmental impacts. Different industries have sector-specific ESG trends. (See the "ESG Universe" chart below).

ESG is often related to global sustainability standards, like the UN Global Compact. For example, the S&P 500 ESG Index is an investment tool that only includes companies that abide by strong ESG principles, as well as sustainability measurements.



[3] Follow this link for a copy of the paper.

How does ESG work in practice?

The standards for measuring ESG, like with other frameworks, is a highly variegated landscape. However, two large ESG standards organizations are merging this year (2021) to form The Value Reporting Foundation, whose goal is to streamline reporting standards for companies that care about ESG. Reporting for data like carbon emissions is more well established than something like political lobbying or diversity and inclusion, but standards have emerged for those as well. The Sustainability Accounting Standards Board – SASB, has a good primer on how a company might proceed to utilize ESG reporting: the how, why, and for whom. ESG reports tend to be aimed at investors, but they are often made public for the sake of other stakeholders as well.

Diversity, Equity, and Inclusion efforts are one of the fastest growing ESG areas in the United States. A LinkedIn search for Diversity, Equity, and Inclusion jobs yields thousands of results, including at some of the biggest companies in the world (e.g. Amazon). Many issues that fall under ESG are highly specialized.

Limitations

Coordinating ESG efforts across different domains, or even within different company departments, can be difficult to achieve. Kotsantonis and Serafeim (2019) collected and analyzed data from a random sample of 50 large (Fortune 500) companies and found a great variety of data and measures, and inconsistency on how companies report them. In addition, they report lack of transparency among data providers and differences in imputation methods used by ESG researchers and analysts to deal with data gaps, which causes market-wide inconsistencies and poor reliability.

Moreover, communicating ESG goals in an understandable way is difficult given the insular language of any given framework, despite ESG's usefulness and increase in popularity.

6. Impact Investing, Creating Shared Value, and Social Enterprise

Impact investing, creating shared value, and social enterprise are all overlapping concepts that share the same premise: deriving both financial and social/environmental value from business ventures. More specific descriptions arise from what kind of capital or stakeholder is involved. Creating shared value is more of a philosophy, impact investing is a strategic financial model, and social enterprise is a broad designation for any organization (for-profit, non-profit) that seeks to succeed in Triple-Bottom-Line ventures, a term coined by John Elkington in the late nineties (Elkington, 2018). In the Triple-Bottom-Line, the simultaneous pursuit of economic prosperity, environmental quality, and social equity, sometimes called "profits, planet, and people", is emphasized (Carroll, 2015).

Creating shared value is a framework for creating economic value while simultaneously addressing societal needs and challenges. The idea is that businesses can improve profitability while improving environmental performance, public health and nutrition, and other aspects of societal welfare. Impact investing is not a new phenomenon. Investment funds dedicated to both financial and social performance have existed since the 1920s, but did not start to gain more attention until several decades later.

Impact investing and social enterprise are the most popular of the three notions, both seeing tremendous growth in the past two decades.

How do these three frameworks operate in practice?

Like many of the other fields, methodology is only just starting to become standardized. The Global Impact Investing Network has written a paper on some of this methodology. Some principles are highly similar to standard return on investment analyses. Key performance indicators are chosen for both financial and social dimensions, data is collected, analyzed, and compiled into reports. Impact investing is rapidly growing, as are the number of social enterprises. For example, the University of Utah works with companies helping them manage their impact investing through the Sorenson Impact Center.

Limitations

Impact investing, creating shared value, and social enterprise often operate under a "win-win" premise - where financial returns are possible alongside positive social impact. This premise is not without its criticisms, especially when it comes to systemic issues of oppression. Is it possible, for example, for a company to make a profit and still positively benefit communities it has used its power to marginalize in the past?

Indeed, a "win-win" solution like creating shared value is often more of an impact philosophy, where the evidence is more mixed than proponents may be willing to admit. Some companies may have public-facing impact initiatives intended to improve their brand, while also lobbying behind the scenes to reduce regulations that would obligate them toward specific social impact considerations. There may be an inherent conflict-of-interest for private companies, because they are often beholden to financial considerations first and foremost, so if social impact initiatives threaten to reduce profit significantly, many companies will not pursue them at all—proving the "win-win" scenarios are exaggerations of the final result.

7. Corporate Philanthropy

Corporate philanthropy is not about one individual, it is about how the company gives and donates as a whole. However, it may be difficult to disentangle individual philanthropy from corporate philanthropy. Many of today's business leaders are philanthropists who channel their donations through private foundations.

Philanthropy is not a new phenomenon. Industrialists with large fortunes, as well as smaller business leaders, were engaging in philanthropy long before Corporate Social Responsibility concepts emerged. According to Carroll (2015), it was in the 1960s that business giving transitioned from personalized charity to programs representing company interests.

How does corporate philanthropy operate in practice?

In the past, corporate philanthropy may have been seen by companies as just one possible avenue of interaction with the community, but it is becoming an important element of their strategic plans as they present themselves as socially responsible organizations (Gardberg et al., 2019). Nevertheless, the impact of corporate philanthropy on the community and the companies themselves is not yet fully understood. Academic research tends to use CSP frameworks in an attempt to quantify public perception or social performance, while businesses favor a marketing and public relations approach. Companies may try to quantify the return on investment of philanthropic activities by evaluating social media engagement, like positive mentions, awareness, etc. In most cases, communication of philanthropic efforts is considered paramount to enhancing the perceived "legitimacy" of a company by consumers. Gardberg et al. (2019) present evidence that, despite the large amounts of money spent on philanthropy by corporations, the public is ill-informed about those activities.

Limitations

Corporate philanthropy often has implicit goals beyond social impact alone. Verification of the impact of social projects, rigorous analysis of their intended effects, and transparency in methodology is rarely a top priority compared to marketing goals. Indeed, corporate philanthropy, when mixed with individual philanthropy, may have broader goals (like tax write-offs) that supersede its social impact. In some cases, huge amounts of money are spent on administration and salaries, with less materiality on the impact on populations it is supposed to benefit.

8. Relationships between frameworks

It should be clear from the previous section that the Corporate Social Impact frameworks we described are interrelated and overlapping. In fact, our review of the literature has led us to agree with the claim made by Carroll (2015) that Corporate Social Responsibility is the centerpiece of these competing and complementary frameworks. The table below summarizes how each of the frameworks is related to CSR.

Framework	Relationship to CSR
Corporate Social Performance	CSP is the measurement arm of CSR. In other words, it is concerned with metrics that can be used to measure the CSR activities of a firm.
Social Return on Investment	SROI is also about measuring the impact of

	CSR activities, but it focuses on the economic, social, and environmental components of CSR and, contrary to CSP, employs a consistent methodology. In addition, while current CSP practices focus on inputs, SROI has developed a methodology for outcome evaluation and impact assessment.
Corporate Sustainability	Corporate Sustainability focuses on a subset of CSR, namely its environmental, economic and social components. According to Carroll (1979), CSR encompasses the economic, legal, ethical (which includes environmental and social), and discretionary (philanthropic) responsibilities of companies.
Environmental, Social, and Governance	ESG can be seen as a variation of Corporate Sustainability and, as such, a subset of CSR. ESG adds governance criteria to the Corporate Sustainability framework.
Impact Investing, Creating Shared Value, and Social Enterprise	Impact investing is about combining the pursuit of financial and social or environmental purposes; creating shared value involves creating economic value in a way that also creates value for society; and social enterprise is an organization that addresses social or environmental issues using market-driven approaches. Thus, they can be considered spinoffs of Corporate Sustainability, which is itself a subset of CSR.
Corporate Philanthropy	Corporate Philanthropy is simply the last component of CSR, according to Carroll (1979)'s definition.

Methodologies

As discussed in the literature review, there is a large number of frameworks that can be employed to assess the impact of business on society. Some of them are merely philosophical declarations that aim to transform business practice, and as such do not sponsor any impact evaluation methodology, while others recommend only qualitative analyses of the interaction between company and community. Yet another subset of frameworks advocate the use of quantitative methods of social impact evaluation. The table below summarizes the methodologies associated with each of the frameworks. The exception is Corporate Social Responsibility, which, as we argued in the previous section, is an overarching framework that encompasses all the others.

Framework	Methodology
Corporate Social Performance	Quantitative measures of the inputs to the company's CSR activities.
Social Return on Investment	Comprehensive set of qualitative and quantitative methods to identify stakeholders, map and value outcomes, establish impact, and calculate social return on investment.
Corporate Sustainability	Sets of standards that establish common language for organizations to report their economic, environmental, and social impact. Utilizes indicators that mostly reflect the company's internal organization, strategic decisions and initiatives, not their impact on society.
Environmental, Social, and Governance	Sets of industry standards that provide detailed industry-specific disclosure topics and metrics that should be included in the ESG report. They address sustainability-related risks and opportunities likely to affect an organization's financial condition or operations. Like Corporate Sustainability, utilizes indicators that do not measure outcomes or impact.
Impact Investing, Creating Shared Value, and Social Enterprise	Impact investing: impact accounting system that investors can use to measure, manage, and optimize their impact. A very large number of indicators, at different levels of aggregation, are used to set targets, track performance, and improve investment decision-making. Indicators are categorized by themes, like agriculture, education, infrastructure, financial services and climate. Most of them are indirect measures of impact. Creating shared value: Set of guidelines for companies on how to incorporate a social dimension into their core business strategy, including redesign of products and markets, redefinition of productivity in the value chain, and improvement of local and regional business environments. Social enterprise: No specific methodology. It is a concept that intersects other notions of corporate responsibility.
Corporate Philanthropy	Indicators of philanthropic activities carried out by the organization.

In what follows, we dig deeper into the quantitative methodologies typically employed in the CSR realm. A good place to start is the Social Return on Investment (SROI) methodology, for it encompasses many of the methods used by other frameworks. For each part of the methodology, we provide a brief description and list the other frameworks that make use of it.

The SROI methodology can be split into six stages (Nicholls et al., 2012):

1. Establishing scope and identifying key stakeholders.
2. Mapping outcomes.
3. Demonstrating outcomes and giving them a value.
4. Establishing impact.
5. Calculating the SROI.
6. Reporting, using and embedding.

Stage 1: Establishing scope and identifying key stakeholders

<u>Description</u>: This phase of an SROI analysis comprises a description of the project being evaluated, with the delimitation of its boundaries and the identification of main stakeholders. This will typically be the outcome of a discussion over project goals, priorities, and the availability of resources, among other issues, between the team in charge of the SROI analysis and people within the organization with comprehensive knowledge of the project.

<u>Other frameworks that make use of it</u>: New CSP approaches, but to a limited extent.

Stage 2: Mapping outcomes

<u>Description</u>: The development of a "results chain" or "theory of change" is the main component of this stage. Its main elements are the following (Gertler et al, 2016):

- Inputs: Resources at the disposal of the project.
- Activities: Actions that convert inputs into outputs.
- Outputs: The tangible goods and services that project activities produce.
- Outcomes: Short to medium term results likely to be achieved once the beneficiary population uses project outputs.
- Final outcomes: Long term or final results achieved.

The first three elements are under the control of the project and concern its implementation. The last two elements are the results of the project and are not under its direct control. They depend on the behavior of the project's beneficiaries and external conditions.

It is crucial to involve stakeholders in constructing the results chain, for this ensures that the outcomes that are important to those who are directly affected by the project will be measured and valued.

Other frameworks that make use of it: CSP, Corporate Sustainability, ESG, Impact Investing, and Creating Shared Value, all of them identify indicators to measure one or more elements of the "results chain" listed above. However, those indicators are defined at higher levels of aggregation (typically the company) and there is no attempt to develop a "results chain".

Stage 3: Demonstrating outcomes and giving them a value.

Description: This stage involves developing outcome indicators, collecting data, establishing a timeline for the duration of the outcomes and valuing each of them. Each step presents its own difficulties, but outcome valuation is probably the most challenging. A typical project contains many outcomes that are either not traded in markets or whose market value is not unique, varying according to product characteristics and quality. Moreover, many goods and services generate externalities that should be taken into account in the valuation process. Different techniques, including cost savings, hedonic pricing, travel cost and contingent valuation are typically used to calculate financial proxies of the social value created by an intervention.

Other frameworks that make use of it: New CSP approaches, but only to a limited extent.

Stage 4: Establishing impact.

Description: This stage can be considered the core of the entire SROI process, since it is concerned with the very assessment of the impact of the project's activities. It is about determining what part of the outcomes measured in stage 3, if any, happens as a result of those activities. Establishing impact may also help identify any important stakeholders that were missed in stage 1.

There are several concepts that can be used in this stage, including:

- Deadweight: the amount of outcome that would have happened even if the activity had not taken place.
- Displacement: how much of the activity displaced other outcomes (this does not apply to every SROI analysis). When there is displacement, there might be other stakeholders who need to be included in the analysis.
- Attribution: Assessment of how much of the outcome was caused by the contribution of other organizations or people. It may already have been included in the calculation of deadweight.

- Drop-off: Assessment of how long the benefits will last. Over time, outcomes deteriorate and/or are influenced by other factors. Drop-off is only calculated for outcomes that last more than one year.

Other frameworks that make use of it: New CSP approaches, but only to a limited extent.

Stage 5: Calculating the SROI

The calculations in this stage are standard and follow the discounted cash flow method. The goal is to determine the financial value of the investment and the financial value of the social costs and benefits. This stage can be seen as a sequence of five steps (Nicholls et al., 2012):

- Projecting into the future
- Calculating the net present value (NPV)
- Calculating the ratio
- Sensitivity analysis
- Payback period

Before the NPV formula can be applied, outcome values calculated in stage 3 and attributed to the project in stage 4 need to be projected into the future. This amounts to spreading them over the years (or other time units) according to the duration of each outcome. After that, the NPV can be calculated using the same discounted cash flow formula applied in financial analysis. The (net) SROI ratio is defined as the (Net) Present Value of the outcomes divided by the value of the inputs. A sensitivity analysis that checks how results change in response to components of the SROI model, like deadweight, attribution, drop-off, financial proxies, input values, and outcome quantities, is recommended. Computation of the 'payback period', i.e., how long it would take for the investment to be paid off, is easy but optional.

Other frameworks that make use of it: Impact Investing calculates a social return on investment, but uses a different method that accounts for investor's partial ownership of companies.

Stage 6: Reporting, using and embedding

The last stage is about communicating the results of the SROI analysis to stakeholders and other parties, using the results to inform possible changes to current and future projects, and embedding the SROI process in the organization. Even though it doesn't create any challenges from a technical standpoint, this stage is extremely important.

<u>Other frameworks that make use of it</u>: CSP, Corporate Sustainability, ESG, Impact Investing, Creating Shared Value, Social Enterprise, Corporate Philanthropy.

Data sources and local social impact projects

The description above of the methodologies employed in CSR-type analyses reveals that they require an enormous amount of data. A large share of that data must be generated within the organizations themselves. For instance, the World Economic Forum's recommendations for ESG reporting include the use of metrics such as the composition of the company's highest governance body and its committees, the share of the company's governance body members, employees and business partners who have received training on anti-corruption policies and procedures, level of greenhouse gas emissions, land use, and water consumption by the company, the distribution of employees by age group, gender and other indicators of diversity, and the number and rate of fatalities as a result of work-related injury.

Publicly available data is also a very important source of information for CSR analyses, especially those done at the project level. Here are some valuable resources:

- Authoritative data from Utah government agencies.
- Social impact measurement datasets from organizations like UNESCO and OECD.
- United States federal databases, like Census information, or Labor Statistics.

Census Bureau data sets are particularly useful for the evaluation of local projects, since they contain public use microdata (areas containing ~100,000 residents) on many demographic, economic, and population categories. Another Census Bureau data set, the American Community Survey, contains similar data but is published more frequently.

For Utah County projects, the most disaggregated geographic areas available in those data sets are the following: West (Saratoga Springs, Payson, Southwest Lehi), Central (Orem, Pleasant Grove, American Fork, Lindon), Central (Provo), and East (Spanish Fork, Highland, Springville, Northeast Lehi). Census tract and block group geographic areas are even more disaggregated, but they only contain population data.

There are over 500 variables available for the four geographic areas mentioned above. Not all of them will be relevant for social impact research, but even those that are not directly relevant could provide insight on general social-economic changes and potential areas for future impact studies. Some potentially useful variables are shown in the table below:

Age
Sales of agriculture products
Business or medical office on property
Citizenship status
Ability to speak English
Employment status of parents
Family type and employment status
Family presence and age of related children
Yearly food stamp/SNAP recipiency
Gross rent as a percentage of household income last 12 months
House heating fuel
Household language
Travel time to work
Language other than English spoken at home
Marital status
Mobility status (lived here 1 year ago)
Number of persons in family
Complete plumbing facilities
Monthly rent
School enrollment
Sex
Telephone service
Vehicles (1 ton or less) available
Workers in family during the past 12 months
Work experience of householder and spouse
Usual hours worked per week past 12 months
Educational attainment
Number of bedrooms
Cognitive difficulty
Medicare coverage given through the eligibility coverage
Insurance through a current or former employer or union
Insurance purchased directly from an insurance company
Medicare, for people 65 and older, or people with certain disabilities
Medicaid, Medical Assistance, or any kind of government-assistance plan for those with low incomes or a disability
Refrigerator
Hot and cold running water
Property value (rounded and top coded)
Military service
Access to the internet
Broadband (high speed) internet service such as cable, fiber optic, or DSL service

Laptop or desktop
Smartphone
Tablet or other portable wireless computer
Electricity cost (monthly cost)
Household income (past 12 months)
Public assistance income past 12 months
Standard Occupational Classification
Property taxes (yearly real estate taxes)

Depending on the goals and scope of the analysis, different sets of variables will need to be collected. One of the challenges is finding data that reflects the conditions in the area in which the analysis is being conducted. For instance, food costs vary greatly from one area to another. In most cases, project-specific data will have to be gathered thorough surveys and other instruments.

In Utah there are many businesses doing projects to help others in the community. Some businesses are legally considered benefit corporations, which combine for-profit ventures and social impact considerations into their long-term plans. The following businesses were collated from a list of benefit corporations in Utah, as well as from other sources. We provide a description of each project and list some of indicators from the publicly available data sources discussed above that could be used to evaluate their social impact.

Cotopaxi

Cotopaxi is a company that sells camping gear. The Cotopaxi Foundation receives 1% of the company's annual revenue and has worked on issues relating to poverty. Cotopaxi recently gave $90,000 to help refugees in Utah. The social impact of this project could be measured, for instance, by its effect on refugees' quality of life. Research needs to be done on where the money goes (e.g., to job training programs) and the methodology and goals of the project.

Possible data sources: Some indicators from the Census Bureau that could be useful are:

- When individual moved into house or apartment
- Monthly rent
- Employment Status/hourly rate or salary
- Income

Qualtrics

Qualtrics is a tech company that also does a lot of social impact work. They have a program called "5 for the Fight" which encourages people to donate $5 to help fight cancer. The donations go to researchers at the Huntsman Cancer Institute. The social impact of this project could be measured, for instance, by how much of the money donated helps the research and what has come of the research itself.

Possible data sources: The Huntsman Cancer Institute provides useful statistics in their annual report. In addition, the following indicators could be helpful:

- Money invested in cancer research
- Number of community health events, and their impact on awareness
- Peer-reviewed papers published, and their impact on treatments
- Screenings provided for low-income individuals
- Clinical trials and research projects

USANA

USANA is a cosmetic company that focuses on helping people be healthy through their product and living a healthy lifestyle. They also operate the USANA Foundation, which works to stop child hunger. Their project "USANA Kids Eat" gives meals to children in need; it has already given about 25 million meals. The social impact of this project could be measured, for instance, by examining its effects on children's school performance and overall health.

Possible data sources: Some indicators from the Census Bureau that could be useful are:

- Yearly Food Stamp /SNAP recipiency
- Complete kitchen facilities
- School enrollment / graduation / retention rates
- Amount of free or reduced priced lunches/ breakfasts at school
- Sufficiency of food in the household

Young Living

Young Living is an essential oils company that is also focused on social impact through their foundation. Their major focus is working towards zero waste. They have a site where you can recycle glass to help with the zero-waste initiative. They also have a project in Utah called Global Patchwork that works with refugees. They are helping integrate refugees by getting them jobs and teaching them how to sew. The social impact of this project could be measured, for instance, by identifying the jobs that refugees receive and how much their income and living circumstances have improved.

Possible data sources: Some indicators from the Census Bureau that could be useful are:

- When individual moved into house or apartment
- Monthly rent
- Employment Status/hourly rate or salary
- Income

Younique

Younique is a cosmetics company located in Utah Valley. There is a report by Brigham Young University about the Haven Retreat Younique participated in. Haven Retreat is a 4-day retreat program to help those that have been affected by sexual abuse. The study was done on the people that attended the retreat to see how they benefited.

Possible data sources: Some indicators from the Census Bureau that could be useful are:

- Household/family type (includes cohabiting)
- Marital Status
- Sex
- Visits to a therapist

Indicators from the Brigham Young study that might be helpful are:

- Symptoms of PTSD
- The ability to cope with their traumatic experience
- Levels of life satisfaction
- Levels of social support

Conclusion

The SIMLab is uniquely positioned to assess the social impact of projects carried out by local companies as they seek to evaluate and improve their social initiatives. CSR is fast becoming a priority for companies across the world, and UVU has the opportunity to join this movement toward efficacious impact.

Large corporations like Walmart and Amazon have in-house analysts who can evaluate their social impact programs, and they also pay consulting groups to drive program development. For small-to-medium-sized companies, dedicating resources toward social impact evaluation is often not considered. Sometimes social impact tasks are included among competing priorities for a project manager, who may not have the time or experience to conduct a statistically rigorous analysis.

The UVU SIMLab can offer these companies a valuable first step in understanding their impact on the community. Reports generated by the SIMLab may be used by project managers as a stepping-stone to further evaluation and improvement. The SIMLab is relatively small, so this collaboration would not encompass comprehensive program development or marketing strategies, but would seek to provide specific analyses that project managers may find beneficial as they engage in social impact work. SIMLab reports would produce clear, accessible, and relevant information for collaborating companies, as well as their stakeholders.

Future directions for this project are numerous, especially as the Center for Social Impact grows. Increased coordination with other departments at UVU could place this social impact analysis alongside other business-oriented ventures as a free, approachable service that encourages collaboration. For example, coordinating with the Business Intelligence team at UVU could help foster a streamlined analysis and reporting pipeline, and create a consistent brand for internal and external project evaluation.

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