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Redefining social impact

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Introduction

In today’s world, social impact isn’t just a buzzword – it’s a movement. It reflects to what humanity can achieve when people come together (Sopact, 2023). Then, they possess the capacity to construct a world that is not only more sustainable but also more just. The social impact involves bringing about substantial and positive transformations to tackle urgent social issues. It is a comprehensive concept that includes enhancements at the local level as well as substantial changes on a global scale. In positive transformations on both small and large scales, various sectors, including business, government and non-profit organizations, can actively participate (MasterClass, 2022). Until now, numerous business organizations have primarily considered social impact as merely a potential addition to their overall strategy. Today, however, integrating social impact into a company’s sustainability strategy has become imperative (Tiuttu, 2020). Indeed, there is no better time than the present to start planning a social impact strategy and see what benefits it will bring, not only to the organization itself but also to the world at large. According to P. Frumkin, founder of the Center for Social Impact Strategy at the University of Pennsylvania, “Social impact strategy is any effort to create public value that is systematic, sustainable and innovative. Effectively creating social impact is an essential challenge to all organisations, regardless of geography or sector” (Frumkin, 2023).

Social impact is an important aspect of corporate social responsibility (CSR). The term is sometimes used interchangeably with CSR. While the two concepts are certainly related, they are distinct in meaning. CSR represents a company’s efforts to address social and environmental issues, often going beyond legal requirements. It includes the integration of responsible practices into core business activities, such as ethical sourcing, employee welfare and environmental sustainability. Social impact specifically highlights the intentional and measurable results a company achieves in creating positive social change through business activities and investments (Koval, 2023).
The term ‘social impact’ was first used in 1969 in a Yale University research paper on the ethical responsibilities of investors. The following year, a significant development was the enactment of the US National Environmental Policy Act (NEPA), which defined a set of practices and procedures known as Social Impact Assessment (SIA). In the years that followed, the ideology of SIA was made famous by the American social entrepreneur Bill Drayton. He is an ardent believer that everyone is capable of making a change and therefore we are all ‘changemakers’ (Ricee, 2021). In 1993, the first Principles and Guidelines for Social Impact Assessment were developed to assist government agencies and private entities in fulfilling their responsibilities under the NEPA statutes and the Council on Environmental Quality (Klingler-Vidra, 2020).

Democratized in the 90s, the concept of social impact emanates from the intersection of different cultures and professional practices: the rise of the evaluation of public action, the implementation of international development programs, the development of corporate social responsibility strategies, the influence of philanthropy on the measurement of social returns, etc. (IMPACTDOTS, 2023)

Social impact was also taken into account in later years, more specifically in the concept of creating shared value (CSV) proposed by M. Porter and M. Kramer in the Harvard Business Review (2006). The idea of CSV was closely linked to social impact (‘doing well by doing good’) in order to create shared value and contribute to positive change in the environment. By the beginning of the 21st century, social impact was already being mapped and reported by a wide range of organizations, well beyond the NEPA reporting requirements for land use in the US (Klingler-Vidra, 2020).

Today, more and more companies, NGOs and public institutions are making a conscious effort to achieve ever greater social impact. This study is an attempt to present the ways of defining and classifying social impact. A review of the literature and discussion on the subject is a starting point for further considerations on the nature of social impact.

Materials and methods

In pursuit of the purpose of the study presented at the beginning of this chapter, the authors have attempted to organize the resources of knowledge on social impact. Through their research, the authors aim to answer the following research questions:

• Social impact: What is the state of the art?
• What does social impact actually mean?
• What are the basic types of social impact?
• Are there any common features in the definitions of social impact?
To this end, the authors conducted an integrative review of the literature. The literature review covered the basic concepts related to the topic of social impact. It allowed the presentation of views and research in the field analyzed. The authors focused on the review of available publications in the most cited database: Scopus. The aim of the review was to find relevant documents that could be used to find commonalities in the quoted definitions of social impact and to examine the concept from different perspectives. The basic search term was “social impact”. Without applying any additional filters, a rather large pool of publications was obtained, with as many as 20,267 documents. Only after applying the right filters and AND/OR connectors did the platform allow a more thorough analysis of the data. Social impact was also associated with additional terms such as “definition”, “concept” and “classification”. Additional detailed filters were also applied to the Scopus database to reduce the number of documents available and create a shortlist for more in-depth review:

- Year – from 2003 to 2022. Author Frank Vanclay (2003) provides many insights into the definition of social impact in his publication titled “International Principles for Social Impact Assessment”. He is also repeatedly referred to and referenced in later publications. Furthermore, in the shortlist for review, he is also the author with the greatest publishing output (11);
- Subject area – given the authors’ research interests, three areas were selected for review: social sciences; business, management and accounting; economics, econometrics and finance;
- Document Type – article, book chapter, review;
- Publication stage – final;
- Source type – journals and books;
- Language – English.

Ultimately, 914 papers were found as a result of the above steps, which were designed to maximize the likelihood of finding papers that met the final purpose (Figure 1.1).

The chart above shows that the number of publications increased progressively from year to year, peaking in 2021. Most of these were: research papers (720 in total), chapters in research books (120) or reviews (74). The largest number of publications was found in the following research fields and disciplines: social sciences (178 publications); business, management and accounting (285); economics, econometrics and finance (153). The social sciences in particular are concerned with the nature of society, its structure, how it operates, the relationships between individuals and the underlying trends, and are therefore most relevant to the definition of social impact. Some publications are cross-disciplinary, which is why their total number was higher than the number of publications in the final list.

Most of the publications referring to the concept of social impact came from the following journals: *Sustainability Switzerland* (65 publications), *Journal of*
Cleaner Production (18), Impact Assessment and Project Appraisal (15), Environmental Impact Assessment Review (12) and Social Science and Medicine (10). The most common keywords in the reviewed publications were social impacts, sustainability, social impact assessment, social change and economic and social effects.

In terms of the origin of the individual papers, the largest number of publications came from developed countries such as the USA (191), the UK (143), Australia (91), Italy (59) and Spain (56). Papers from less developed countries, such as Pakistan (4), Bangladesh (2) and Nigeria (2), were also included in the analysis due to the greater social inequalities present and the significant need for social impact.

The literature review also shows that there is still a limited number of studies that capture the essence of social impact. Therefore, an attempt has been made to take a comprehensive approach to the topic of defining social impact and demonstrating its role in a dynamically changing environment.

Results

Defining social impact is difficult, as there are many definitions and perspectives. “There is currently a lack of consensus on the meaning of social impact, which results in the lack of a single and commonly accepted definition of social impact and the lack of one universal measurement method” (Perrini et al., 2021, p. 238). Indeed, there are no hard and fast rules for defining social impact (Lynes, 2021). At the same time, it should be noted that the concept of social
impact is constantly being redefined in different ways, which makes both theoretical and practical work in the field much more difficult (Maas & Liket, 2011). Furthermore, social impact has been studied in different areas such as education, healthcare, environmental sustainability and poverty, which can be difficult to compare (Rawhouser, Cummings & Newbert, 2019). Selected definitions of social impact are presented in Table 1.1.

The lack of consensus on the definition of social impact has led to confusion and hindered the ability to study the phenomenon (Maas & Liket, 2011). Most

**Table 1.1 Selected definitions of social impact**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Impact Assessment</td>
<td>Social Impact Assessment includes the processes of analyzing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.</td>
</tr>
<tr>
<td>Social Impact (Clark et al., 2004)</td>
<td>Social Impact – the portion of the total outcome that happened as a result of the activity of the venture, above and beyond what would have happened anyway.</td>
</tr>
<tr>
<td>Social Impact (Kolodinsky et al., 2006)</td>
<td>Social Impact can be identified as value obtained by the beneficiaries and other recipients of the intervention undertaken.</td>
</tr>
<tr>
<td>Social Impact (IMPACT, 2011)</td>
<td>Social Impact – a much wider range of activities that includes any change to social, economic and/or environmental welfare.</td>
</tr>
<tr>
<td>Social Impact (Perrini &amp; Vurro, 2013)</td>
<td>Social Impact – the ability of socially entrepreneurial ventures to change the status quo within a given area of intervention.</td>
</tr>
<tr>
<td>Social impact (Stephan et al., 2016)</td>
<td>Social Impact – beneficial outcomes resulting from prosocial behavior that are enjoyed by the intended targets of that behavior and/or by the broader community of individuals, organizations and/or environments.</td>
</tr>
<tr>
<td>Social impact (Dufour, 2019)</td>
<td>Social impacts include all social and cultural consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs and generally cope as members of society.</td>
</tr>
<tr>
<td>OCM Solution (2023)</td>
<td>Social impact meaning encompasses the broader outcomes and consequences of actions, policies, programs or projects beyond purely economic considerations, focusing on the improvement of social well-being and the resolution of social challenges.</td>
</tr>
</tbody>
</table>

*Source: Own elaboration based on Clark et al. (2004); Dufour (2019); IMPACT, (2011); International Association for Impact Assessment (1994); Kolodinsky et al. (2006); OCM Solution (2023); Perrini & Vurro (2013); Stephan et al. (2016); The International Association for Impact Assessment, (2022); Vanclay (2003).
glaring is the difference between entrepreneurs’ and social scientists’ definitions of the terms “impact”, “output”, “outcome” and “social return” (Clark et al., 2004, p. 6). According to J. Glowacki (2018), in order to fully grasp the concept of social impact, it is necessary to move from a process perspective, which focuses primarily on the implementation of specific measures, to an outcome perspective, which emphasizes the effects of these measures. Therefore, the definition of social impact developed by Clark et al. (2004) is based on the impact value chain: Inputs – Activities – Outputs – Outcomes (= Impact) – Goal Alignment. Outputs are the results that a company, non-profit organization or project manager can directly measure or evaluate. Outcomes are the ultimate changes you are trying to make in the world. Social impact consists of all the consequences (developments, changes and disruptions) of an organization’s activities for direct or indirect external stakeholders (beneficiaries, users and clients) in its field, for people within the organization (employees, volunteers) and for society in general (French Council for the Social and Solidarity Economy, 2017). Furthermore, the outcomes produced as a result of a given action can be direct (easier to measure) or indirect (more difficult to measure). Burdge (2003) therefore argues for the need for a more holistic definition of social impact, taking into account both individuals and the communities in which programs are implemented. Based on the above considerations, the authors have therefore adopted the following definition of social impact for the purposes of this monograph, as developed by the Interorganizational Committee on Guidelines and Principles for Social Impact Assessment (1994):

Social impacts – the consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs and generally cope as members of society. The term also includes cultural impacts involving changes to the norms, values, and beliefs that guide and rationalize their cognition of themselves and their society.

Many studies address not only the positive but also the negative social impact of various phenomena or activities. In addition, the literature on the subject distinguishes between indirect and direct social impact (Table 1.2).

Vague and aspirational conversations about social impact do not translate into much real impact. There is a need to clearly redefine what social impact is/entails/covers, and to effectively push institutions and organizations to take actions that not only generate social impact but are also able to measure it.

**Discussion and conclusion**

The difficulty of developing measurement methods and then applying them in practice is compounded by the myriad of definitions of social impact and the lack of a clear indication of the core meaning of the concept. The overview
in Table 1.1 shows that this concept has been defined as: social consequences (Vanclay, 2003), total outcome (Clark et al., 2004), value obtained (Kolodinsky et al., 2006), outcomes (Stephan et al., 2016), among others. Some authors have also used the terms social impact and social value interchangeably (Grieco et al., 2015). Social impact is therefore a category that defies explicit and precise definition. Its scope is further clarified to meet specific needs, such as research or the fulfillment of specific public policy tasks (Grabowska & Wójcik, 2021, p. 28). However, there are some common features in the above definitions that may be constituents of the core meaning of social impact:

- The outcome of a project, program, policy or activity, any change in social, economic and/or environmental welfare;
- Direct or indirect social impacts, both positive and negative;
- Stakeholder involvement;
- Social impact assessment (analysis, monitoring and management of the social consequences of development).

The literature review leads to conclusion. In most of the papers, the authors stress the need for a better definition of social impact. It is very difficult to find articles that discuss this concept in a general sense, most of them refer to specific sectors/contexts. Some papers dealt with only one of the three dimensions of sustainability, and it was often the area of social impact that was most neglected. In summary, there is an ongoing debate about the nature and conceptualization of the notion of ‘social impact’ (Martino, 2019).
The lack of consensus on a clear definition of social impact may, in turn, lead to difficulties in developing consistent classifications of methods for measuring social impact. This includes the dilemma of whether social impact will include both positive and negative, intended and unintended outcomes of actions taken, or whether it will be narrowed down to intended positive outcomes (Boyne, 2002; Sawyerr & Ebrahimi, 2022). Another difficulty in developing methods to measure social impact may stem from the intangibility of the concept and its qualitative framing, such as the reference to value, outcomes and social consequences mentioned above. In addition, both positive and negative impacts of a given company can lead to changes in, for example, the economic, social or environmental dimensions (Maas & Liket, 2011). Furthermore, these changes may be considered in the short and/or long term. Finally, it may be very difficult (especially in the long term) to determine which of the actions taken caused a particular change in the social, environmental and economic dimensions, and whether other variables may have influenced a particular outcome. The multitude of definitions of social impact has also led to a diverse approach to the assessment and measurement of social impact and, ultimately, multiple measurement methods. An evident outcome of this is reflected in the diverse array of methods for measuring social impact as documented in the literature, arising from a comprehensive critical review on the subject. For example, Dufour (2015) points to 86 methods, Grieco (Grieco et al., 2015) to 76, and Maas and Liket (2011) to 30. The wide variety of suggested social impact measurement methods can be seen as an advantage, as it offers freedom of choice depending on the varying requirements and different objectives to be met. At the same time, it can also pose a major challenge, as difficulties may arise in determining the best method to measure the full extent of impact (Hlady-Rispal & Servantie, 2018). Additionally, comparability of impact outcomes both between companies and within a given entity may be compromised if different measurement methods are used in different years.

When deciding on a measurement method, there are a number of questions that should guide the decision-maker towards the best choice. For example, the perspective from which the measurement is carried out – i.e. whether the analysis is carried out from the micro (individual), meso (the enterprise concerned) or macro (socio-economic) level – implies a different set of indicators, and thus, a different measurement will be made and a different impact will be indicated. Some methodologies allow the assessment of actions taken and completed (retrospective timeframe), while others add an assessment of expected impacts in the future (prospective timeframe). Such information can help to make investment decisions or to modify previously planned activities in terms of expected social impact. Equally important is the approach used to measure impact. In certain contexts, process-based methods are possible, which examine the cost-effectiveness and efficiency of the processes involved, although they do not as such provide an absolute measure of social “gains”. Monetisation methods quantify social and environmental indicators which can then be expressed in a specific currency and compared with the company’s other financial indicators. Further analysis
can reveal the dynamics and structure of change. From a management process perspective, this information can facilitate decision-making and planning about the scope and direction of change. There are also methods that measure the result of actions taken (operational outputs), i.e. the incremental outcome that would not have been possible without the initiatives taken beforehand. These methods, called impact methods, are actually the core of social impact measurement, but in Maas and Liket’s (2011) classification of different measurement methods, only 8 of the 30 methods analyzed were classified as actually measuring impact.

Measuring social impact, although it involves a great deal of financial, organizational and resource effort in a broad sense, can bring benefits not only to the social impact maker itself but also to its beneficiaries. These benefits can be of strategic importance. For example, the results of the measurement may lead to future changes and improvements in the operation of the company (as a whole or in specific areas of the company), as well as improvements in the initiatives undertaken so far (Grieco et al., 2015). This may be due to the fact that the awareness of social impact derived from the measurement carried out had to be preceded by an in-depth analysis of the manner, scope and purpose of resource allocation, in order to consequently obtain the best results. Decisions taken in this way also lead to improvements in accounting and reporting practices, which in turn ensure the clarity and reliability of information provided to stakeholders in the area of activities undertaken and the reliability of subsequent accounting. This further influences the gaining and/or maintaining of public confidence and also shapes the image of the company accordingly.

Thus presented, the optics of the changes resulting from the social initiatives undertaken show the company’s perspective. It should not be forgotten that these changes also (if not primarily) affect the beneficiaries of the company’s activities. Therefore, quoting Vanclay (2003, p. 8), we can speak of changes in the following areas:

- People’s way of life – that is, how they live, work, play and interact with one another on a day-to-day basis;
- Their culture – that is, their shared beliefs, customs, values and language or dialect;
- Their community – its cohesion, stability, character, services and facilities;
- Their political systems – the extent to which people are able to participate in decisions that affect their lives, the level of democratization that is taking place and the resources provided for this purpose;
- Their environment – the quality of the air and water people use; the availability and quality of the food they eat; the level of hazard or risk, dust and noise they are exposed to; the adequacy of sanitation, their physical safety and their access to and control over resources;
- Their health and well-being – health is a state of complete physical, mental, social and spiritual well-being and not merely the absence of disease or infirmity;
Their personal and property rights – particularly whether people are economically affected, or experience personal disadvantage which may include a violation of their civil liberties;

Their fears and aspirations – their perceptions about their safety, their fears about the future of their community and their aspirations for their future and the future of their children.

Given the areas of change presented, which concern the enterprises themselves on the one hand and the beneficiaries on the other, it is possible to propose a classification of the changes in terms of their focus and scale of the potential impact. Thus, the perspective of the enterprise itself and the changes that occur within the enterprise as a result of the initiatives taken can be classified as micro-scale and inward-focused. Changes on the part of the beneficiaries of the actions taken are characterized by a greater reach, so we can speak of mesoscale and outward focus. There is also the most far-reaching – the macro scale with an outward focus, which has not been discussed so far, and which concerns transformational change. As a result of the evolution of micro- and mesoscale changes, there may be further diffusion of transformations in social relations, the diffusion of knowledge or the socio-economic model. This may lead to transformations of existing paradigms, models, institutions, social structures or directions of further development. Transformational change can occur at the latest by virtue of its scope and focus, as it takes the longest time to occur. The social impact resulting from the launch of an initiative is also the most difficult to measure.

As is clear from the discussion above, defining social impact does not necessarily lead directly to a simple solution to the problem of assessing and measuring it. However, this does not mean that we should not try. After all, the power of social impact is enormous. The social impact is becoming an indispensable part of the strategy of modern organizations. Today, organizations following the path of sustainable development and implementing socially responsible activities should be aware of the impact they have on society as a whole, including economic, social and environmental aspects. The mentioned organization’s social impact awareness should result in the need and willingness to change and take specific actions. Do not let laziness, lack of knowledge, lack of goodwill or avoidance of responsibility turn into the sin of omission, the consequences of which will affect current and future generations.

References


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