

Executive Summary

Background and Interest

This feasibility study presents methods appropriate to capture the impacts of civil society (non-profit) organizations and discusses them against the background of the current debate on impact and the particular position of the Free Welfare Associations for social services in Germany. The Free Welfare Associations (*Freie Wohlfahrtspflege*) include six major service providers: the two church-related *Caritas* and *Diakonie* as well as *Arbeiterwohlfahrt (AWO)*, *Paritätischer*, *Deutsches Rotes Kreuz (DRK)* and *Zentralwohlfahrtsstelle der Juden in Deutschland (ZWST)*.

Requirements for appropriate instruments of impact measurement

Welfare associations are typically characterized by a mix of activities. This analysis explores how well the different approaches analyzed can capture and represent impacts in the sense of the production of goods and services, increased social capital, values expressed and represented, and in terms of effective advocacy of political claims. In addition the more elaborate approaches considered were to consider hybridity, include in their framework the relevant stakeholders as part of impact, and support an assessment of overall impacts in society.

Developments in impact analysis

We observe a recent trend towards more differentiated instruments and a growing consideration for the particularities of public benefit-oriented activities as different from measuring economic success of for-profit (market) activities. Despite that more exact analyses of the impacts of the Free Welfare Associations as well as the emergence of specific instruments for that purpose are still to be awaited; especially when it comes to look at the different welfare association roles as well as levels and dimensions of impact systematically. This study presents the most relevant approaches, discusses them and values them concerning their feasibility in those organizations.

Methodology

At first we collect a state-of-the-art list of approaches according to current literature and analyze them according to the following criteria: (1) Methodological quality – (2) Quantitative and monetized measurement of impact – (3) Impact dimensions and levels of impact – (4) Degree of standardization and resource requirements – (5) Fields of application and target audiences. On this basis we look in depth at five approaches for further illustration.

Results

We are able to present a number of results relevant for the Free Welfare Associations:

- *Lack of an impact model:* The number of approaches which comprehensively measure social impact according to the interest stated above and to the goal of being feasible for the Free Welfare Associations is very small. The vast majority of approaches considered rather focuses on outputs than outcomes or even impacts; causal loops as part of an impact model concept remain largely uncovered.
- *Limitation of levels of impact:* The majority of approaches limit themselves to the level of clients or the macro level, without demonstrating the connection.
- *Limitation of the dimensions of impact:* By far the most approaches put their emphasis on the economic dimension, while the cultural and political dimensions are hardly touched upon;

the multiple impacts of the Free Welfare Associations (economic, social, cultural/supporting values, political) remain unconsidered.

- Existing approaches as they are however provide for valuable contributions which can be combined into a promising concept.

Conclusions

- In the field of social impact measurement currently no other way seems feasible than to broaden and combine existing approaches such as the Social Return on Investment (SROI) and the Impact Reporting and Investment Standards (IRIS), or to enrich them by including instruments appropriate for the respective interventions – e.g. from educational, medical, care professional, cultural sociological or political science backgrounds – in order to cover impact in a broad sense and on the methodological level necessary.
- On a generic level the SROI approach can serve as a methodological and conceptual starting point for any effort to determine the level of rigour and abstraction as well as the choice of concrete instruments. Considering the newest methodological improvements it is probably the most all-encompassing and impact-driven approach allowing for a variety of adjustments in detail (e.g. by combining it with Quality of Life indicators).

Outlook

In order to measure the impact of the Free Welfare Associations, a coordinated effort on the level of the Federal Associations of Free Welfare Associations (BAGFW) should first clarify the relevant impact models in the different fields of activity and the strategic relevance of their measurement. A combination of integrated approaches based on the conceptual background of SROI thinking could then deliver different modules of an integrated impact measurement and provide for the support of continued monitoring efforts. According to strategic goals and the intended use and application of impact measurement less rigorous instruments could also be helpful and sufficient.

For a cursory estimate of impact the elaborate development of an impact model – i.e. the (hypothetical) causal connections – in a context of action might already suffice to observe rough indicators of impact in everyday management. When it comes to far-reaching and potentially conflict-ridden decision-making which is to be based on impact evidence more demanding efforts in terms of methodology and resources applied are well justified. This particularly applies when results of impact measurement are intended to support political advocacy and public communication.