HONG KONG SOCIAL ENTERPRISE CHALLENGE
Guidelines for Social Impact Assessment

HKSEC contestant teams are required to define and assess their ventures' social impact by using **1) Theory of Change** and **2) Impact Value Chain**.

1. What is "Theory of Change"?

"Theory of Change" is a way of thinking about why the outcomes of your venture's activities lead ultimately to your desired social outcome.

The basic format of any theory of change can be express as…

To make desirable CHANGE happen, Condition1, Condition2, Condition(n) must be met.

OR

If Condition1, Condition2, Condition(n) are met, then, the desirable CHANGE will happen.

So, it's always something like: **IF-CONDITIONS-THEN-CHANGE**

Examples of IF-CONDITIONS-THEN-CHANGE:

- If rural communities can sell their local handicraft produce through an online e-commerce platform, there will be economic development in rural communities
- If low-income, marginalized teenagers have first-hand experience running a business, they will be more successful in their careers
- If poor women in Africa have microbicidal contraceptives they control, AIDS will spread
- If customers' water usage is metered and they have to pay for it, they will use less water
- If people buy organic yogurt instead of non-organic yogurt that may be full of pesticides, their health will improve
- If jobs are created in low-income areas, personal well-being will increase and the quality of life those neighborhoods will increase.

Note: In the examples above, the ultimate social impact is expressed as a change, and increase or a decrease. This is the same thing as the social mission you are trying to achieve.

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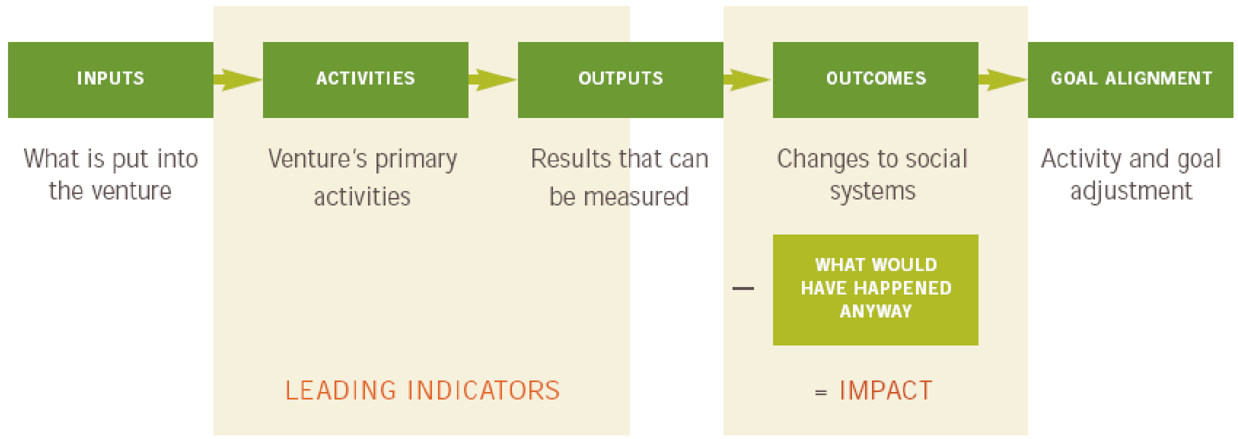
[1] These guidelines were prepared by the HKSEC to provide educational background for HKSEC contestants only. Copyright © HKSEC 2011. Publications and online references used in these guidelines are:

- Clark, Rosenzweig, Long, and Olsen. "Double Bottom Line Project Report: Assessing Social Impact in Double Bottom Line Ventures." Rockefeller Foundation. Jan 2004. <http://www.riseproject.org/DBL_Methods_Catalog.pdf>.
- Olsen and Galimidi. "Impact Measurement Approaches: Recommendations to Impact Investors." Rockefeller Foundation. April 2008. <http://svtgroup.net/wp-content/uploads/2011/09/RIIC_Report_Final.pdf>
- Youth Social Enterprise Initiative (YSEI) <http://www.ysei.org>

2. What is “Impact Value Chain”

The “Impact Value Chain” is a model which illustrates how the desired outcome and impact are created through the social venture’s activities. Building on your Theory of Change, the Impact Value Chain also shows the relationships between leading indicators (generally the social venture activities and outputs), and outcomes and impact. The Impact Value Chain also serves to differentiate “outputs” from “outcomes”.

Impact Value Chain



Based on the Impact Value Chain in *The Double Bottom Line Methods Catalog*, Clark, Rosenzweig, Long and Olsen and The Rockefeller Foundation, 2003.

Below are some key terms which help you to understand the Impact Value Chain:

INPUTS: The resources (e.g. money, staff time, capital assets, etc.) required to operate the venture or organization.
OUTPUTS: Indicators and other measurable variables from an organization’s operations that management can directly measure.
OUTCOMES: Specific changes in attitudes, behaviors, knowledge, skills, status, or level of functioning that result from enterprise activities, such as finding a job, avoiding getting sick, or reducing emissions by a certain amount.
IMPACT: The difference between the outcome for a sample exposed to an enterprise’s activities and the outcome that would have occurred without the venture or organization.
GOAL ALIGNMENT: The management process of evaluating whether outcomes or impacts met desired goals and determining what can be done to improve operations.

Illustrative Example: Impact Value Chain of Dialogue in the Dark