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# SOCIAL AND ECONOMIC IMPACT: MEASUREMENT, EVALUATION AND REPORTING

A must-have guide for companies operating  
in vulnerable communities

## REPORT SUMMARY

Full report available for purchase at [www.ethicalcorp.com/impact](http://www.ethicalcorp.com/impact)

**September 2010**

Ethical Corporation



**Ethical**  
CORPORATION

[www.ethicalcorp.com/impact](http://www.ethicalcorp.com/impact)

# What people are saying about Ethical Corporation research

In the words of industry experts, Ethical Corporation's research offers...

“Ethical Corporation events and publications continue to make up an important part of my personal CSR tool kit. Whenever I need to research CSR issues, I always include Ethical Corporation and its invaluable resources. The alternative is to be less informed than I could or should be... and I owe it to my company, employees, customers and other stakeholders to be totally informed.”

– Jeff Curtis, MTS

“This is the only guide of real value we found that explores the value of joining CR initiatives”

– Nadine Exter, Doughty Centre, Cranfield School of Management

“Ethical Corporation has been very informative especially with regards to the current developments in the CSR field and helped a great deal when I was putting my dissertation together.”

– Thule Lenneiye, LSE

“I've found in this report useful concepts, ideas and practical examples that definitely helped to improve the way in which we embed CSR across the company.”

– Sergio Herrera, Director of Responsabilidad Social, Genomma Lab



## About Ethical Corporation

Ethical Corporation is an **independent business intelligence company**. We provide objective analysis in our reports, news, events and updates for the corporate sustainability.

**Our aim** is to act as an impartial voice, provide industry data, and carry critical analysis of current best practices.

Our practical reports aim to provide **critical independent analysis**, purvey necessary **industry data**, and carry out **in-depth, real life case studies** – all in an easy-to-read format.

**Sign-up online** to receive more information, electronic updates, discounts and exclusive findings at: [www.ethicalcorp.com](http://www.ethicalcorp.com).

## About the report

This report provides **real data, fresh statistics** and **100% independent analysis** on measuring, evaluating and reporting social and economic impacts.

Use this real data and analysis to understand and communicate the true impact of your business.

### Report benefits:

- ✓ Find out which social and economic indicators your company should use, and why
- ✓ Receive a break-down and analysis of impact measurement methods, tools and processes currently available
- ✓ Understand how impact can inform your strategy, build trust, generate ROI, boost the effectiveness of your communications and earn you a license to operate
- ✓ Learn how to get the most from existing tools, measure your impact on a tight budget, get approval from top management, and communicate your message through impact stories

This timely report contains **must-have data and insight** for those involved in designing or delivering social and economic impact studies.

### Our analysts conducted in-depth analysis in order to present you with exclusive findings from:

- ✓ **Over 30 in-depth interviews** with corporate sustainability and community engagement managers
- ✓ A review of **over 60 corporate sustainability reports**
- ✓ **A literature review** of initial impact research
- ✓ **An analysis** of existing measurement tools and methods available
- ✓ Feedback from a roundtable debate attended by **over 100 corporate sustainability professionals**
- ✓ **A compilation of case studies** on companies that have begun to test impact measurement methods

The general opinion of interviewees, survey respondents and debate attendees is that greater corporate attention to social and economic impacts will contribute to long-term business success.

# Outline

- I. Executive summary**
- II. Introduction – Beyond performance measurement**  
An introduction to how leading companies are measuring impact on local communities
- III. Methodology and terminology**  
Understand the basics of designing and conducting impact studies
- IV. Review of current impact methods**  
An exploration of current tools, their advantages and disadvantages, applicability and use methods and processes for planning, budgeting and conducting baseline studies, setting targets and indicators, monitoring impact and assessing results
- V. Current state of play**  
An explanation of results from a survey of corporate sustainability managers
- VI. Impact model descriptions and company case studies**
  - Model #1: Managing supply chains
  - Model #2: Meeting global standards
  - Model #3: Assessing integration into the local community
  - Model #4: Contributing to social and economic development
- VII. Learning from the development sector**  
International aid agencies have been struggling for decades to measure local developments in an efficient and meaningful way. Understand what lessons are applicable to companies
- VIII. The way forward**  
Find out how leading companies will measure community impact in the next five years, what will be mandatory and how to use the results of impact studies
- IX. Practical recommendations**  
A practical guide to understanding and integrating current best practices being used by leading companies

## A few of the report's key findings

This brand new report was prepared by independent experts and incorporates strategies and data from **over 30 corporate sustainability experts**.

Here are a few of the primary data findings published in this report...

**67% of corporate sustainability professionals** who responded to an Ethical Corporation survey said their company “measures social and/or economic impact of their business on the communities where they operate” (n=116).

This positive response astounded the 100 corporate sustainability professionals who turned up in London for a debate where Ethical Corporation shared its preliminary results of this report.

### Are companies actually concerned with their impact on society?

Ethical Corporation delivered a second anonymous survey, asking a similar question: “Has your company conducted a study of the social or economic impact of your operations on a local community?” Again, an affirming **69% of respondents** answered yes (n=50).

Companies are beginning to realise that corporate sustainability is about much more than being green, despite a hazy understanding of exactly how social and economic impact studies benefit their business.

**73% of respondents** indicated that communication of their business impacts is one of the main reasons for conducting the studies. Yet a growing number of companies are using the studies more strategically.

**71% of survey respondents** said that the results of impact studies directly affect their business strategy.



## More key findings

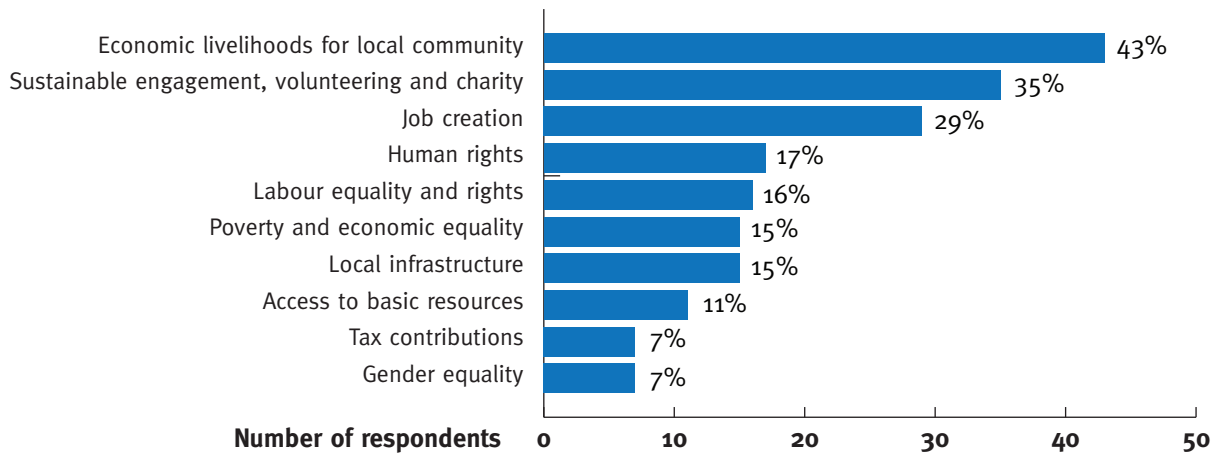
The report looks at the ‘how’ and ‘why’ companies across a number of industries conduct impact studies.

### For what purpose does your company measure its social and/or economic impact?

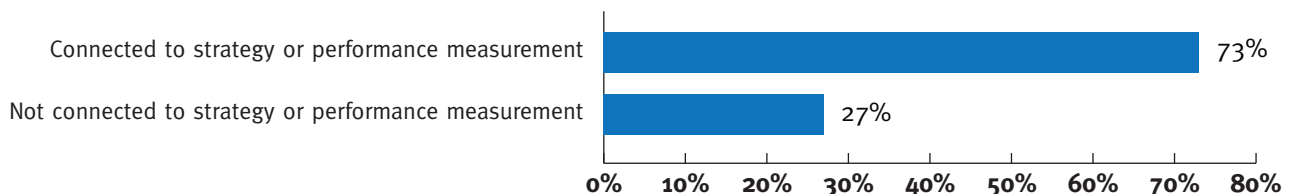
Respondents were asked to select up to 3 answers.( n=116)



### The most important social and economic indicators (n=116)



### Impact studies connected to strategy and performance management (n=116)



The business objectives, location and industry determine the appropriate model for a company. Ethical Corporation has identified four impact models, each carrying its own set of best practices:

- ✓ supply chain management
- ✓ managing site-level community impact
- ✓ meeting external reporting standards
- ✓ measuring socio-economic contributions

# More key findings

## What resources are needed?

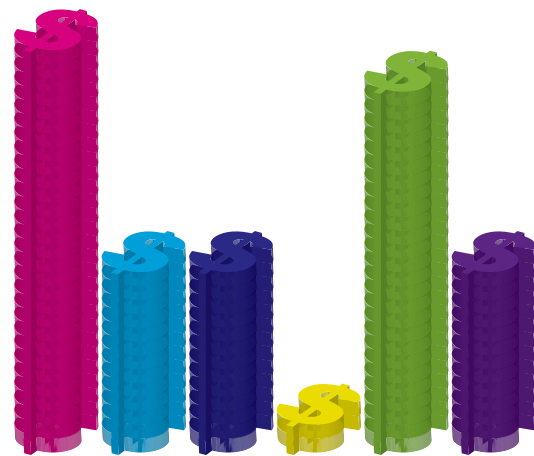
Based on a survey Ethical Corp conducted with high level CSR executives, we discovered some interesting facts that will help you understand what resources are needed to understand all aspects of your company's impact.

Number of days required to design an impact study (n=50)



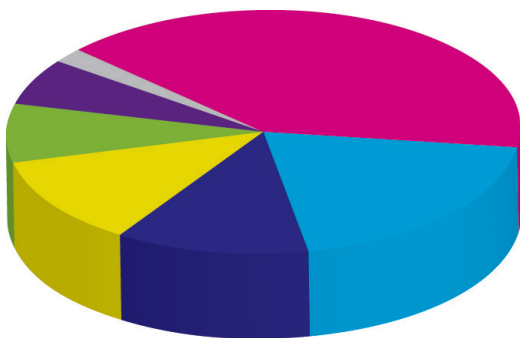
- More than 20 days.....30%
- 11-20 days .....10%
- 6-10 days .....26%
- 1-5 days .....16%
- It depends .....10%
- Don't know/haven't considered it .....8%

Cost of conducting an impact study (n=50)



- \$10,000 or less .....28%
- \$10,001 to \$30,000 .....14%
- \$30,001 to \$70,000 .....14%
- \$70,001 to \$100,000 .....4%
- It depends .....26%
- Don't know.....14%

How often should an impact study be conducted? (n=30)



- At least once every few years .....67%
- Every year .....33%
- When first doing business in a new location .....20%
- It depends .....20%
- Every three years or more .....13%
- Only when a specific community needs to be better understood .....10%
- Don't know .....3%

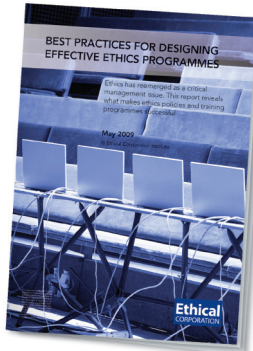
Who should conduct impact studies? (n=50)



- Third party: expert auditor or assessment agency 36%
- Third party: local NGO or academic.....28%
- Combination of other categories .....14%
- Local employee .....8%
- It depends .....8%
- Employee from head office or sustainability team 6%

# Ethical Corporation report centre

Recent publications cover topics such as anti-corruption, voluntary initiatives in CSR, emerging market issues, and managing carbon emissions. You can also visit Ethical Corporation's website and download some free research papers: [www.ethicalcorp.com/reports](http://www.ethicalcorp.com/reports)

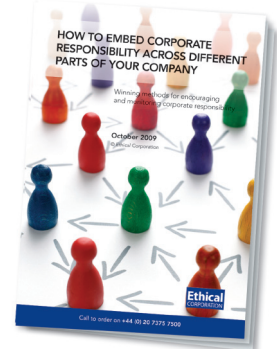


## Best practices for designing effective ethics programmes

Find out which ethics and compliance training is most effective and productive. For more information, current prices or online ordering, visit: [www.ethicalcorp.com/ctraining](http://www.ethicalcorp.com/ctraining)

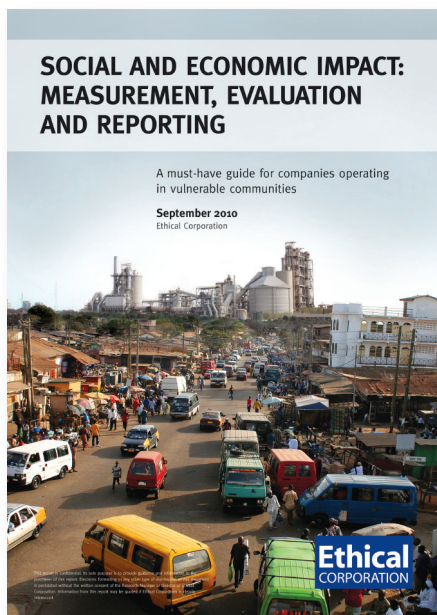
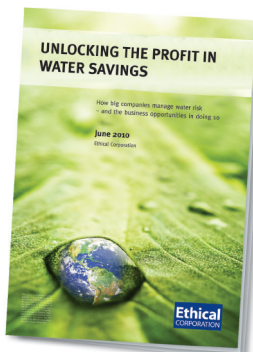
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Winning methods for integrating sustainability into operational departments including communications, finance and facilities. For more information, current prices or online ordering, visit: [www.ethicalcorp.com/csr](http://www.ethicalcorp.com/csr)



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Learn how water risks factor into your operations, and what you should do to ethically manage water use. For more information, current prices or online ordering, visit: [www.ethicalcorp.com/water](http://www.ethicalcorp.com/water)



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