

How to measure Social Governance Impact?



Source: Pexels (2021)

Background

In today's world, social sustainability has become a major consideration for potential customers and investors. A company's contributions to social matters directly influence its reputation and future returns. However, measuring and quantifying social sustainability at the asset level presents significant challenges, especially when it involves abstract concepts such as culture and well-being (PERE, 2024).

Given the lack of standardized metrics for all social matters, companies should develop their own metrics tailored to their specific business environment and the social issues they aim to address (SAP, 2024). This can be achieved by translating their social mission into clear objectives and time-specific targets. Additionally, companies can utilize impact pathways to map the connections between a program's inputs, processes, outputs, and impacts. This approach helps ensure that the identified metrics and KPIs align with the program's objectives and that the data collected effectively assesses the program's progress and impact (ADEC, 2023). Moreover, engaging a wide range of stakeholders in the process can further enhance the assessment's objectivity and relevance.

One valuable framework for quantifying social impact is the Social Return on Investment (SROI). This framework enables companies to measure the value of change produced per monetary unit spent on a project (EU Social Economy Gateway, n.d.). Each identified change is assigned a monetary value using market prices and surveys that gauge how much individuals are willing to pay for certain benefits (Sopact, n.d.). By adding up the assigned values and comparing them to the total investment cost, the SROI ratio illustrates the social value generated for every dollar invested. As a result, SROI not only helps companies assess the effectiveness of their social initiatives but also helps justify their expenditures to investors and in financial reporting.

Discussion Questions

1. Why has social sustainability become increasingly important for hospitality companies today?
2. What are the main challenges in measuring social sustainability at the asset level?
3. How can companies effectively develop their own metrics for social sustainability, and what factors should they consider to ensure these metrics are relevant to their specific business environment?
4. How does the SROI framework help companies measure the social value generated by their projects, and what are some potential limitations or challenges in using this framework?
5. What future trends do you foresee in the development of social impact measurement?

References

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Keywords

- Food and Beverage
- Social Sustainability
- Social Return on Investment (SROI)
- Impact measurement
- Financial reporting
- Reputation

