Social Return on Investment (SROI) is a framework that helps organizations measure and account for much broader concepts of value. The framework seeks to reduce inequality and environmental degradation and improve well-being by incorporating social, environmental and economic costs and benefits.

**Why is SROI important?**

The SROI framework helps measure change in ways that are relevant to the people or organizations that experience or contribute to it. It tells the story of how change is being created by measuring social, environmental and economic outcomes, and uses monetary values to represent them. This enables organizations to calculate cost-benefit ratios.

SROI helps manage and communicate the social value a project creates in the form of a measurable number that can be understood by all relevant stakeholders. The SROI measurement also helps to increase the social value or impact the project creates.

**Types of SROI**

- **Evaluative SROI**
  Conducted retrospectively, based on actual outcomes that have already taken place. Useful following project implementation.

- **Forecasted SROI**
  Predicts the amount of social value that will be created if intended outcomes are met. Useful during project planning.

**Principles of SROI**

Seven principles underpin SROI. The principles are as follows:

- Involve stakeholders
- Understand the impact of projects
- Value the things that matter
- Only include what is material
- Do not over-claim
- Be transparent
- Verify results

SROI analysis is done in six stages:

**Establish scope and identify key stakeholders**

Clearly set out what your SROI analysis will cover, who will be involved in the process and how.

**Map outcomes**

By engaging with stakeholders, develop impact maps or theories of change which show relationships between inputs, outputs and outcomes.

**Evidence outcomes and give them a value**

Establish whether outcomes have happened and ascertain their value.

**Establish impact**

Having collected evidence on outcomes and monetised them, eliminate aspects of change that would have happened anyway or are a result of other factors.

**Calculate the SROI**

Sum all benefits, subtract any negatives and compare the result with the investment. This is also where the sensitivity of the results can be tested.

**Report, use and embed**

Share findings with stakeholders and respond to them, embed positive outcomes and processes and verify the report.
How SROI helps improve services

- Provides guidance for strategic discussions.
- Helps assess and increase the social value a CSR activity creates.
- Helps in targeting appropriate resources to manage unexpected positive and negative outcomes.
- Demonstrates the importance of working with other organisations and people contributing to change.
- Identifies overlap between an organization’s goals and its stakeholders’ expectations.
- Establish dialogue with stakeholders to make services accountable. Involves stakeholders in service design.

How SROI helps enhance organizations' sustainability efforts

- Improves your brand image.
- Strengthens the case for more financial grants.
- Makes your CSR proposition more attractive.

Why KPMG?

KPMG has a well-established relationship with Social Value International, previously the SROI Network.

KPMG has an experienced team that has conducted many SROI studies.

KPMG has helped leading companies to design, execute and monitor end-to-end corporate social responsibility strategies, including SROI.

Our SROI service offerings are delivered by KPMG professionals from our sustainability, strategy and internal audit practices supplemented by government, education, healthcare, audit and accounting advisory specialists.

We work with a range of stakeholders including government agencies, ministries, think-tanks, and multilateral and domestic development agencies.

We can leverage the expertise of our global network of member firms to identify leading global practices in corporate social responsibility.

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