Abstract
This paper reports on an exploratory action research study designed to understand how grassroots community organisations engage in the measurement and reporting of social impact and how they demonstrate their social impact to local government funders. Our findings suggest that the relationships between small non-profit organisations, the communities they serve or represent and their funders are increasingly driven from the top down formalised practices. Volunteer-run grassroots organisations can be marginalized in this process. Members may lack awareness of funders’ strategic approaches or the formalized auditing and control requirements of funders mean grassroots organisations lose capacity to define their programs and projects. We conclude that, to help counter this trend, tools and techniques which open up possibilities for dialogue between those holding power and those seeking support are essential.

Introduction
Literature on social impact planning and assessment has become prolific with many articles concentrating on difficulties in the measurement of social impact (eg. DiMaggio 2001; Flynn & Hodgkinson 2001). Nonetheless, large funding bodies are increasingly looking to implement social impact reporting into the acquittal of specific projects and other organizations such as Local Governments (LG) are following suit. This paper outlines an empirical action research project that explored how grassroots organisations engage in social impact measurement and reporting and how they demonstrate their social impact to LG funders.
Setting the Scene: The Australian Context

Broad agreement has not emerged regarding how and when social impact tools should be implemented nor which techniques are more effective and how these can be associated with different forms of program delivery (Mulgan, 2010; Zappala & Lyons, 2009). Further, in the current climate, with its emphasis on the financialisation of social outcomes, not only may funders feel driven to ensure that the projects they fund lead to the maximum social benefit, they are also frustrated by the reporting process for seemingly small to medium sized grants.

Small grassroots organizations that rely heavily on volunteers are often resource poor and struggle to maintain their programs. At the same time, they are placed under increasing pressure from funding bodies and governments to prove their social impact. The large array of complex techniques available for measuring social impact and the confusion over their use and effectiveness compounds the difficulty. None-the-less, the ‘added value’ of the programs they deliver may result in unintended or unexpected outcomes (Collins et. al 2003, Reed et al, 2005) or ‘spillover’ effects, forms of social impact that are broader than the direct outputs of specific programs and that are beneficial to the broader community. Accounting for the impacts of small grassroots organisations may be useful for understanding broader community benefits within localised areas.

A benefit of social impact measurement is that it can enable non-profit organisations to reflect upon the long-term impacts of their work which is a fundamental driving force for so many practitioners engaged in the non-profit sector (Franke, 2005). However if the focus is on reporting within predetermined frameworks, demonstrating the real impact of community based projects may be lost or the reporting process compromised as organizations are obliged to show positive changes to ensure ongoing funding.

These observations and the concerns expressed by LGs for burdensome reporting requirements which may not reflect the real impact of community groups triggered this research project. Similar to a study conducted by Reed et al. (2005) we adopted an appreciative inquiry framework to interpret how grassroots community organisations understand social impact assessment. We also used a design thinking methodology with members of community groups to further refine the ways community organisations expressed their understanding of social impact. In addition, we engaged with the LG department.
responsible for awarding community service grants to determine what synergies these
stakeholder shared in relation to social impact.

**Method**

The study used an action-research methodology (Kemmis & McTaggart, 2005) that was
sponsored by a large urban LG which has a large community development program through
which it funds community-based programs. Three parties were actively engaged in process:
staff from the LG, members of grassroots community-based organisations and a team from
the Cosmopolitan Civil Societies Research Centre at the University of Technology, Sydney.

Conceptualised as a social process and as a process of learning a key outcome of the
methodological design was the reconceptualisation of social impact measurement and
reporting practices (Kemmis and McTaggart 2005, p.277). Through the action-research
approach, we studied participant practices in the community-based organisations and in the
LG. We interpreted how participants understood and expressed their practices and the
structures and constraints that shaped these practices. To some extent, we also acted as
mediators between LG staff and the community organisation members.

We designed the action-research through two iterative cycles. The first cycle used an
Appreciative Inquiry (AI) approach (Cooperrider & Whitney, 2005: Positive engagement
2010, online) and incorporated elements of communicative action (Habermas, 1987) to give a
structure to the processes which the community-based organisations would work through.
This approach also formed the basis for discussions with LG staff. The second cycle used a
design thinking methodology where community-based organisations participated in an
‘incubator’ workshop that guided participants through the project planning processes. Both
techniques encouraged workshop participants to focus on the needs of their clients, or local
community members’ needs and their own social change vision as the driver for social impact
indicator development. The cycles thus shaped a bottom-up approach that allowed
community organisations to determine social impact indicators for a project.

*Appreciative Inquiry*

Appreciative inquiry (AI is used as a method of analysing organisational performance by
small not-for-profits and large organisations alike. AI processes are open and collaborative,
allowing for individual voices to be heard. AI comprises four stages and in this paper we use
the four ‘I’s of AI, namely Inquire, Imagine, Innovate and Implement (Preskill, 2006). Through open dialogue with members and key stakeholders, the Inquire phase, is an honest appraisal of what an organisation does well and what is positive about its operations. The Imagine phase allows participants to envision the future and establish strategic action priorities and in the Innovate phase participants discuss and agree on the best ways to tackle the future challenges and design pathways for future development. The final phase, Implement, involves carrying out the agreed processes and actions and documenting these for reflection and re-consideration.

Rather than perpetuating a negative ‘deficit model’ cycle of failed initiatives, AI focusses on positive attained actions and envisions future possibilities. Organisations challenge negative mindsets and build collaborative cultures. When applied to social impact planning, AI processes encourage community-organisation members to express the change outcomes of their projects and therefore express their own view of their project’s social impact.

Design Thinking
Design Thinking began to emerge in its current form in the 1980s at Stanford. In essence the approach is about looking beyond ‘obvious’ solutions and engaging in the lived complexity of the social problem. Rather than focusing on past practices the techniques encourage participants to focus on community needs. It is a creative problem-based approach to strategy development for organisational change, using divergent thinking to generate many ideas and possibilities and convergent thinking to narrow the selection to those that are appropriate and feasible in the context. The Stanford method incorporates five steps which we extended to seven: define, research, ideate, prototype, choose, implement, and learn. The U.Lab team at University of Technology, Sydney (http://ulabblog.wordpress.com/) has adapted the Stanford model, for use in a “pressure cooker” environment, aimed at producing a plan of action with specified outcomes and a narrative for implementing that action within a full-or even half-day session. When applied to social impact, we developed a fast-paced workshop, influenced by AI to take participants through the project planning process. Through the use of storytelling participants defined their projects and articulated their social impact aims. All the stages focus on using creative approaches to communicating serious content.
Implementing the project

As might be expected in action research projects, there were a number of steps and processes, some of which were unanticipated. Originally the project was conceived to document of an expression of social impact from a grassroots perspective and to develop a simple reporting tool to be used by LG funding recipients. This would simplify the reporting process for both community-based organisations and LG staff. It was assumed that the communication and discussion processes in place would lead to the kind of inter-subjective or social understanding that characterises authentic communication (Habermas, 1987). Very early in the process, it became apparent that all parties needed discussion and deliberation rather than a diagnostic tool. The approach to action research used is often from a systems perspective where an intervention is required as the catalyst to prompt changes in processes and behaviour. However, in action research involving AI and communicative action, the focus is on working through a process and on deliberation.

As noted above, the research team worked in collaboration with a large urban LG community services department and with members of community-based organisations who had currently or previously obtained funding from this LG grant scheme. We were especially interested in those organisations struggling to maintain their funding base. The LG sent out a call for expressions of interest, to identify willing organisations to participate in the project. Eight groups representing a broad diversity of community groups responded to the call and of these six groups committed as project participants. These project participants worked with a range of community members, including children, youth (2), Aboriginal youth, local residents and Gay, Lesbian, Bisexual and Transgender people. The following outlines the three iterations of the action-research; ‘initial workshop’, ‘ongoing deliberations and tool-kit development’, and ‘evaluation’.

Initial Workshop

We convened an initial workshop with participant group members. Prior to attending an initial workshop participants completed a questionnaire and a subsequent follow-up questionnaire designed to ascertain the level of current engagement their organisation had with social impact planning and their awareness of the recently developed LG social sustainability strategy which will set the direction for community development. The initial workshop was attended by fifteen individuals including paid staff, volunteers and board members from six organisations. Following an AI approach, it comprised a series of
structured activities designed to enhance the capacity of staff and volunteers to develop community based projects and to document outcomes and impacts. Through discussions around these activities, we sought to understand how grassroots community-based organisations undertook social impact planning and assessment and how they expressed their project social impact (Cooperrider & Whitney 2005; Positive engagement 2010, online).

Ongoing deliberations and ‘tool kit’ development

The second iteration was a series of further discussions with participants as they moved through a process of identifying their social impact. Involvement in action research is not without a cost in terms of time and effort. It requires individuals and the collective of each group to engage in a social process, to be open to learning and change and to maintain a collaborative orientation. For small grassroots organisations where all staff are part-time and most are unpaid, this need to make additional time to discuss practices and plan for potential changes may be more than they can manage (Kemmis & McTaggart 2005, p. 280-283; Popplewell & Hayman 2012, p. 9). Thus, after the initial workshop, three groups withdrew.

Each remaining participant organisation took a different approach to identifying its social impact and thus our interactions with them differed. We maintained a focus on social processes, and their project practices and priorities began to diverge. These interactions explored; the differences the participants thought they made in their communities, what supported or hampered them in their work, how they described the impacts of their work, and what evidence they collected.

In parallel with these subsequent meetings with community groups, we worked with LG staff to engage them in exploration of their own understandings of social impact from the grassroots perspective. This occurred through meetings, phone calls and emails.

While the original intention was to develop and test a set of social impact social indicators, it became clear through deliberation that for participants their understanding of social impact was abstract and that measurement and reporting of social change, measurement and reporting was not everyday practice. Nor were LG clear about how they might incorporate these measures into their community grants program reporting. Therefore we explored the potential of developing a resource that might clarify the meaning of social impact.
Social impact indicators and the evidence for demonstrating it were drawn from three sources: (i) the participants and their descriptions of their own achievements and their brainstorming about how they could document these achievements; (ii) discussions with staff employed in the LG community grants program; and, (iii) analyses of other community-based projects describing indicators of social impact. This information was incorporated into a ‘tool kit’ resource which the LG could distribute to grassroots organisations intending to apply for community grant funding. The purpose of this ‘tool kit’ was to lead organisations through a planning process based on the steps of AI such that they could identify and articulate their social impact. At the same time, this resource would allow them to complete the application form for the LG community grants program and would give them the plan for collecting evidence of their social impact and reporting it.

**Evaluation**

Parts of the tool kit were tested in a two-hour workshop attended by members of over fifty community organizations, invited from a list generated by LG staff. Members of the organisations in the earlier phase of the project were not invited. The kit was also critically evaluated by LG staff in the light of their work practices and their communication with community-based organisations. We then held a half-day workshop to introduce a much larger number of community organisations to the ‘tool kit’. Twenty-five participants from twenty grassroots community-based organisations attended this workshop. Based on design thinking and run by staff from the University of Technology, Sydney’s U.Lab. Participants were divided and conceived as an ‘incubator’ approach the aim was to test parts of the kit such that groups might be able to express their ideas on social impact.

**Findings**

In this section we report on the findings of the action-research study. Each finding is connected to a cycle of the action-research methodology. We report these findings as: current level of engagement with social impact planning as reported by the first six case studies; findings of the deliberations and the final workshop with the broader sample group; and, the development of ‘the kit’.

In the first cycle, participants from the participant organisations identified resource constraints as significant barriers to identifying and communicating their social impact. From the pre-workshop survey, we are aware that most participants had no formal training in social
impact assessment or social impact measurement and reporting. Given that most of the participants were volunteers, this was not surprising. Those who had received some training (6 out of 15) described it in terms of “performance-based accounting” or as “results-based accountability”. Similarly, most participants lacked a structured approach to gathering and analysing information to document their social impact. Grant acquittal output reporting was most common practice. Only participants from one organisation reported the use of formal (commissioned) evaluations and two participants indicated that they had used informal questionnaires. Other approaches included the use of anecdotal feedback, for example in the compiling of annual reports and, occasionally for one organisation, client surveys. Overall, social impact measurement and reporting was sporadic, non-systematic and informal.

Constraints to formally identifying and reporting social impact were lack of money and lack of experienced staff. For participants, the small number of paid staff and the requirements of service delivery left little time for the “additional” activities associated with project delivery such as the identification of social impact measures. One of the participants revealed reports including accountability reports on funding projects were written by volunteers. Several participants highlighted a barrier being the difference in timescales between reporting periods and the impacts of the activities. Despite this, participants understood the benefits of social impact planning, measurement and reporting to: demonstrate and justify their projects; to develop their capacity to deliver long-term benefits to the community; and, to maintain and extend funding.

Groups had been invited to participate in the study as they were prior or current local government community services grant holders. A surprising finding was that participants had a limited understanding of the social sustainability strategy recently released by the local government after an elaborate process of community consultation. The government’s intent was for this strategy to set down the vision for the community and to guide community funding priorities. Only four participants were aware of the strategy and understood how they could associate their current activities with the social indicators in that report to better enhance the impact of their activities and to increase their capacity to access future funding. Another two realised that they ‘should’ become familiar with the social indicators in the social sustainability strategy to help ‘dovetail’ their activities with those outlined in that strategy in order to ‘serve both missions’. A further two were aware of the strategy but said they would not refer to it inform their future programs as they believed their projects were
short term and the strategy was of limited relevance to their organization. Six participants were not familiar with the LG sustainability strategy.

Identifying key stakeholders was a barrier to participants in the workshop and in subsequent deliberations. They were asked to consider people and organisations in the community who were supporters of their work and those who might oppose or be critical of their achievements and how they would communicate their social impact to these groups. They were also asked how they would represent their impact to their client group, members of the organisation (both employees and volunteers), and to funders. While it was understandable that they might have difficulties in the hypothesised communication with unknown people, it was surprising that the groups also had difficulty in translating impact themes even for client group, employees and volunteers and funder(s). Several participants expressed frustration at being asked to consider how they would express their achievements to others.

Participants had no difficulty in identifying the broad areas where they believed their programs and activities had an impact. In discussions among themselves, they were often able to describe the differences their activities had made in their local community. One purpose of the first workshop was to scope the degree to which community groups were aware of social impact and the strategic priorities of the LG. Having adopted AI as a core framing for the determination of social impact for grassroots groups, we used these techniques to uncover the key statements that guided the ‘Imagine’ phase of the process for organisations. Table 1 summarises the key themes and examples of the micro narratives recorded against each theme.

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<thead>
<tr>
<th>Theme</th>
<th>Micro-Narrative</th>
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<tr>
<td>Provide Links, leverage, connections and support</td>
<td>‘Integrating the broad community and business as real partners to shape the world we live in’</td>
</tr>
<tr>
<td>To provide access/empower</td>
<td>‘Counteracting disadvantage and extending access to resources and opportunities’</td>
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<tr>
<td>Raise awareness/Reflection</td>
<td>‘Raising awareness in multicultural communities of issues affecting them’</td>
</tr>
<tr>
<td>Improvement</td>
<td>‘Improving living/lifestyles in given geographic constraints’</td>
</tr>
<tr>
<td>Build Capacity</td>
<td>‘Builds capacity of individuals and communities to meet their own needs’</td>
</tr>
<tr>
<td>Reduce discrimination</td>
<td>‘Reducing social stigma and discrimination among’</td>
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The key themes that emerged from an analysis of the contributions in the workshop and in subsequent discussions were clear and consistent. However, a striking feature was the discrepancies between the discussions of goals and objectives and of social impact and the recording of those discussions. Whereas the discussions were often specific, identifying clear measures of social impact, when they were written down, people used broad and generalised terms. This had the consequence of creating a gulf between the internal discussions of the work of the organisation and its external reporting.

An opportunity to probe reasons for these discrepancies arose in the workshop held to test sections of the “toolkit” developed by the university researchers. This workshop was attended by more than 50 people, representing small and large community organisations which had not been involved in the earlier processes, as well as some funding bodies. Using steps from the implementation of AI, participants were asked to identify differences in the community they had been responsible for and how they could substantiate this and then think about how they would explain these differences. Then they were asked to express the same idea in language appropriate to the community or client group and finally in language appropriate to the funders. Most participants had similar difficulties to those of the participants from the initial community groups and did not manage to complete the task. Among those who did succeed, there were three participants who had in place in their organisations strong online and social media communication programs and who were used to communicating the differences their programs made to a variety of audiences.

At the other end of the spectrum, there were several participants (including some funders) who did not attempt the task of expressing impact in different ways for different stakeholders. They expressed the ideological view that grassroots organisations should not be concerned with social impact at all, only with service delivery. They argued that accounting for the funds received was all grassroots organisations should do. Funding bodies should be
responsible for social impact reporting, as they set social change priorities through their grant programs.

Participants in the design thinking workshop did not appear constrained by concerns about resources or anything else. They adopted the playful approach of the techniques of design thinking, although as one participant commented “[It was] Not quite what I expected. But it was creative and interactive.” This sense of the approach not being what they expected was echoed by most participants, who had expected “a more academic approach” especially to reporting. Participants benefitted from “new ways of thinking”, and understood how the storytelling approach enabled them to develop different narratives for different stakeholders. Given these multiple storylines they would need various sources of evidence to justify their “story”. While it is acknowledged that story telling is not a way to measure social impact, we found it a powerful way to mobilize and engage participants with the practices needed for social impact planning, accounting and reporting.

The themes and micro-narratives were very similar to those which emerged from the first part of the study. On the one hand, this was surprising as there was no overlap in participants and the approach different and different facilitators were used. On the other hand, the grassroots community organisations are all within the same government area and therefore potentially influenced by the local government’s community development priorities. Table 2 shows the themes and micro-narratives to emerge from the design thinking workshop.

Table 2: Key Social Impact themes and micro-narratives from design-thinking workshop

<table>
<thead>
<tr>
<th>Theme</th>
<th>Micro-Narrative</th>
</tr>
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<tbody>
<tr>
<td>To provide access/empower</td>
<td>‘To empower young people to play an active part in their community’</td>
</tr>
<tr>
<td>Raise awareness/Reflection</td>
<td>‘Raising awareness in multicultural communities of issues affecting them’</td>
</tr>
<tr>
<td>Build Capacity</td>
<td>‘Builds capacity of individuals and communities to meet their own needs’</td>
</tr>
<tr>
<td>Advocacy</td>
<td>‘Advancing the rights, dignity and well-being of older people’</td>
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As in the first part of the study, the majority of participants struggled to complete each of the stages of the process. Through the story telling technique, participants showed that even those
who did not complete each stage of the process were able to document the expectations of the various stakeholders. Several participants stated that it was easier to use drawing to communicate their view of social impact or that story telling was easier than having to use a more formal vocabulary.

After the workshop, government staff sought feedback from participants. This showed that participants believed that through this new and playful approach, they had a much stronger understanding of how to develop a grant proposal and indicate how they might measure social impact. Several stated that it would be useful to have a follow-up session focusing on a more “in-depth analytical” approach. It is not known at this stage how participants in the workshop were able to communicate this approach to identifying social impact to their colleagues, paid and unpaid in their community organisation or to translate their new-found skills into an effective plan for applying for a grant and managing the project.

Discussion
The findings of this small-scale study have shown that grassroots community-based organisations have difficulty in engaging effectively in processes which are fundamental to the workings of social democracy. There are two points which warrant discussion here. The first is concerned with issues of training and the significant roles of volunteers in managing the affairs of community-based organisations. The second relates to ways in which auditing and control requirements of funders lead to loss of voice for members of small grassroots organisations.

Although there is little research on grassroots community-based organisations, across studies of larger organisations, the important contribution volunteers make to programs and to the work of NGOs when they are well trained is a commonplace. By and large, the emphasis in training is on practical technical skills, for example, techniques for cardio-pulmonary resuscitation or approaches to answering telephone calls from desperate young people. There is often an assumption that volunteers who bring professional skills to their role do not need significant training in the tools and techniques of management and the lack of resources in some small organisations means that continuing staff cannot develop the level of knowledge and skills that would improve the work of their organisation (Eisner et al. 2009). In the context of this study, more than half of the participants had no training in social impact and its measurement, in spite of their roles as initiators of programs and their responsibilities for
reporting on grant outcomes. Even though they may have recognised that their practices in reporting on their community-based actions were unsystematic and lacked cohesion, they were largely unable to harness the resources to make changes in these practices.

The action research approach reinforced the sense of a gulf in understanding of social impact between community organisations and the local government. A lack of vocabulary prevents community groups from taking part in discussions and debates on social sustainability at local and state levels and this may have been influenced by the apparent lack of familiarity with the local government’s goals for social change. The requirement for auditing and control by funding bodies leads in part to a lack of voice for community groups. Power, in his influential paper The Audit Explosion, argues that the requirement to report on publicly funded activities in a structured, auditable way, while it may give the appearance of transparency and accountability, is becoming “an emerging principle of social organisation” (1994, p.38) where administrative processes may overwhelm public engagement. He cautions that there is a danger that an auditing process “can bring an end to dialogue inside and outside an organisation” (1994, p. 39). In this study, it was clear that members of most community-based organisations struggled with using the language of their stakeholders, their funding body or even of their clients to report on social change and they tailored their reports to the accountability format adopted by government. This is a further example of how the processes of social democracy were impaired and opportunities for debate initiated from the grassroots were lost.

Development of a conceptual tool could mediate between the LG and the community and be introduced into the everyday practices of both community groups and staff in the local government. In the early stages of this study, the research team acted as a ‘go-between’ for the two groups, an approach which was not sustainable. It had been a relatively straightforward approach to devise a set of measures of social impact for reporting purposes that incorporated the interests of the community organisations and also reflected the program objectives of the local government (as described above). While it was clear that these measures would undoubtedly make reporting easier for all concerned, they had not created any substantial shared understanding of social impact; they had not bridged the gulf between the internal workings of the group and the needs and expectations of government staff. Nor had they made it easier for members of community-based organisations to express the social impact of their programs in the language of their community, or even in their own working
language. Indeed they had the potential to function as a different kind of audit tool, controlling what the community-based organisations could report on.

Both the ‘tool kit’ and the workshop based on design thinking have the potential to act as a bridge between government and community. As catalysts in these interactions with the ‘tool kit’, we were also activist professionals (Groundwater-Smith & Sachs 2002), using our knowledge and skills to foster and develop democratic discourses (Habermas 1996). The AI method can still lead to an audit tool, but it is one which gives scope for the public dialogue which is fundamental to social democracy. Thus, the tool kit emphasised the importance of multiple approaches to data collection, with a focus on local engagement and local representations of qualitative ‘evidence’, including photographs, personal anecdotes and audio-recordings. The decisions on what evidence might be required and who might collect it were made by the community-based organisation, demonstrating their autonomy in decision-making and underlining the high level of trust inherent in such a process (Power 1994, p.7).

The evaluation comments from the design thinking workshop show that design thinking has the potential to promote new ways of thinking and lead to creative approaches to identification and measurement of social impact, thus forming a bridge between government and community. However, it did not give participants a strong sense of confidence in their capacity to carry through with the project management and reporting processes in the longer term.

Within the current accountability culture, there is a need to ensure that members and clients of grassroots community-based organisations can have a voice in debates on social change. The obstacles may appear insurmountable both from the perspective of the community-based organisation and the perspective of the funding body. Yet, without efforts to remove these obstacles or minimise the hindrance they cause, the principles of social democracy will be weakened.

Finally in regards to the role of the authors as activist academics the findings are insightful. It is all too easy for academics to use their knowledge and skills in the service of the audit culture, developing easier to use audit tools and encouraging grassroots organisations to take a universalist position acknowledging common ground with funding bodies as more important than the differences identified by community members and clients. A position as activist professional gives the opportunity for academics to use their scholarly knowledge to
contribute to agendas of social change and to act in ways that foster negotiated, collaborative, future-oriented democratic processes.

Conclusion
Given the increasing international trend for accountability and social impact analysis, our findings suggest that the relationships between small grassroots organisations, the communities they serve or represent, and their funders are increasingly driven from the top down. Grassroots community-based organisations are challenged to find ways to meet agendas set through externally-imposed policy and translate these into local actions. This approach undermines the legitimacy of community-based non-profit organisations at the same time as it bolsters the legitimacy of local government policy agendas. To help counter this trend, tools and techniques which open up possibilities for dialogue and deliberation between those holding power and those seeking support are essential. The processes of social democracy can also be supported by scholars who are willing to take on a role as an activist professional.

References


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