Solving social problems & demonstrating impact

A tale of two typologies

Gianni Zappalà
Solving social problems & demonstrating impact

A tale of two typologies
The Challenge of the Social

Two key challenges that confront nearly all not-for-profit (NFP) and social enterprises is first, how to solve entrenched social problems (including environmental and economic) and second, how to demonstrate that the proposed solutions and programs to such problems have achieved the desired impact. Solving problems is part and parcel of what most organisations do, be they publicly listed corporations, private business enterprises, government agencies or organisations that comprise the Third sector. What is usually different for Third sector organisations is that the problems they deal with are complex. Similarly, assessing or establishing the impact of their programs is difficult and at times impossible. This briefing paper summarises two recent frameworks that assist our understanding of the nature of social problems and how the subsequent measurement of any social impact is contingent on a range of factors.

The complexity of social problems and their solutions

The complex nature of social problems is well known to those that operate in the Third sector.¹ First, entrenched social problems usually require relatively long time frames in order to begin to address the root causes of the problem/s. It may help if we think of tough problems and their solutions as a tree. The root ‘system’ represents the cause/s, which just like the causes of social problems, often grow in different directions and terrains over time and are concealed deeply and spread widely beneath the soil. The interlocking and overlapping of the branches of the tree that we see above the soil, represents the way that programs to solve the problem often develop. This complex pattern of problems and attempted solutions is part of the reason for the disappointment and pessimism expressed by some regarding the failure of even large scale long term social programs in achieving broad social change.²

Second, unlike the so called hard sciences where various ‘natural laws’ and patterns have been enumerated, no such laws can be observed in the social sphere. And even when social scientists have been brave (or foolish) enough to try, this is met with disagreement over the best way to achieve the desired result. Programs that address social problems are by their nature political, normative and open to contestation. The social value that programs purportedly generate is always open to contestation, and it is likely to change over time, the context in which it is implemented and the individuals or social groups involved.

Third, the value generated by social programs is not always immediately or clearly observable, as it is often tacit and embodied in processes rather than explicit in particular outcomes. Programs that have the building of social capital in communities or neighbourhoods as an objective, for example, often achieve this through the building of relationships, engendering greater trust and friendships between strangers and making people feel safer.

Sievers recently summed up the issue nicely:

‘…[the metaphor of impact] oversimplifies the process and belies the enormous complexity of the cultural and political factors involved in social change. Beyond the interaction of innumerable variables, many of which are unpredictable and random, and very long

timescales lie deeper complexities of competing value systems and subjective interpretations of the ends of social action.³

A useful insight into understanding the nature of social problems and their corresponding solutions was elaborated a few years ago by Adam Kahane.⁴ His insights were based on his years of experience of facilitating dialogue between often warring parties in countries or regions such as South Africa, Colombia, Argentina and the Basque region of Spain but can also be applied to many of the issues that Third sector organisations work with.

Kahane argues that tough problems exhibit three different types of complexity: Social, Generative and Dynamic and they vary to the extent that this complexity is present either to a low or high degree. This creates six broad types of problem situations with six corresponding solutions (see Figure 1).

Social complexity refers to the extent of consensus that may exist among a particular target group and organisations that are working with that group regarding the assumptions, values, rationales and objectives with respect to the problem and its proposed solution. If there is little consensus (the degree of complexity is high) then imposing solutions from above is likely to fail. The people involved need to actively create and implement the solution. If on the other hand there is a great deal of consensus (the degree of complexity is low) then a solution imposed from the top may be more feasible.

Generative complexity refers to the relationship a particular problem has with the future and whether the future is likely to remain familiar and therefore predictable (the degree of complexity is low) or if the future is more likely to be unfamiliar and therefore unpredictable, such as periods of rapid and change and social unrest (the degree of complexity is high). If the future is likely to be stable and predictable, then basing programs on what has worked well in the past makes sense. If on the other hand the situation is likely to experience volatile and unpredictable change in the future then designing programs in advance are unlikely to work. In contrast, programs should be designed to emerge and adapt to the unfolding situation.

Dynamic complexity refers to the nature of the cause and effect relationship of a particular problem. If the cause produces an immediate and obvious effect (low degree of complexity) then programs that may address one issue at a time, such as basic emergency service provision for the homeless (even though the issue might be part of a bigger issue) make sense. If the cause and effect are farther apart in space and time, such as the impact that a particular upbringing may have had on the employment chances of young people (high degree of complexity), then ‘systems-wide’ programs that take account of the multitude of barriers that such youth might face in obtaining employment are more appropriate.

The Third sector has seen increasing attempts to overcome these challenges either by developing impact assessment approaches that mimic the supposed strengths of financial based models, such as...
Social Return on Investment (SROI), which seek to provide a monetary measure for the social value created by programs, or that mimic scientific-experimental based models, with their use of randomised control trials (RCT). While these approaches have their place, they are not for the uninitiated and come with their own set of dangers and pitfalls. A particular challenge that most NFP organisations face when thinking about how they assess their impact is deciding which tool or approach is appropriate, and to what extent can or should they measure impact rather than say outputs or outcomes.

A useful framework for understanding the challenge of social impact assessment for NFP organisations was developed by two Harvard Business School researchers early last year – the contingency framework for measuring social performance. The authors correctly point out that it is neither feasible nor desirable for all organisations to measure performance at all levels of their particular logic chain (i.e. inputs, outputs, outcomes and impact). They suggest that while some Third sector organisations should be measuring long-term impacts, it may make better sense for others to focus on measuring short-term results only. The authors summarised their thesis in the matrix reproduced in Figure 2

Figure 2: A contingency framework for measuring social impact

<table>
<thead>
<tr>
<th>THEORY OF CHANGE</th>
<th>OPERATIONAL STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FOCUSED</td>
</tr>
<tr>
<td></td>
<td>Niche Results</td>
</tr>
<tr>
<td></td>
<td>• Basic &amp; emergency services, soup kitchens, crisis drop-in centers &amp; hotlines</td>
</tr>
<tr>
<td></td>
<td>Measure: Inputs, activities, outputs</td>
</tr>
<tr>
<td></td>
<td>Institutional Results</td>
</tr>
<tr>
<td></td>
<td>• Change in societal norms &amp; policies (on rights &amp; freedoms, good governance, efficient markets)</td>
</tr>
<tr>
<td></td>
<td>Measure: Outputs &amp; ‘influence’ (intermediate outcomes)</td>
</tr>
<tr>
<td></td>
<td>COMPLEX</td>
</tr>
<tr>
<td></td>
<td>Integrated Results</td>
</tr>
<tr>
<td></td>
<td>• Service delivery (in health, education, employment), immunization campaigns, complex emergency services</td>
</tr>
<tr>
<td></td>
<td>Measure: Aggregate outputs, outcomes &amp; sometimes impacts</td>
</tr>
<tr>
<td></td>
<td>Ecosystem Results</td>
</tr>
<tr>
<td></td>
<td>• Economic development, comprehensive rural development &amp; natural resource management, collaborative development</td>
</tr>
<tr>
<td></td>
<td>Measure: Outcomes &amp; impacts</td>
</tr>
</tbody>
</table>

Source: Ebrahim & Rangan (2010)

---


The two key dimensions to the matrix is the Theory of Change or causal logic that underlies a particular organisation’s program and the type of operational strategy the organisation employs, that is, what it does to implement and carry out its mission. Programs with a focused theory of change are those where the relationship between cause and effect is linear and relatively straightforward, such as in the provision of emergency or basic services (this is similar to problems of low Dynamic complexity in Figure 1). Programs with a complex Theory of Change are those where the relationship between cause and effect is non-linear, and there are multiple factors at play and the patterns of causation are not clear, such as advocacy organisations that attempt to influence public policy (this is similar to problems of high Dynamic and possibly Generative complexity in Figure 1).

The second dimension relates to an organisation’s operational strategy. Programs with a focused operational strategy are those organisations or programs that concentrate on a highly specific task or intervention, such as an ambulance service transporting individuals. Programs with a complex operational strategy are those where the organisation undertakes other key activities related to its mission along the value chain, such as a hospital also operating an ambulance service. In other words, organisations can exert greater control over a greater length of their causal logic chain.

The key message that emerges from Ebrahim and Rangan’s work is that it only makes sense for NFP organisations to measure impact in certain cases, according to Figure 2, for example, it is only when an organisation is in the ‘ecosystem results’ quadrant, where a program has a high level of complexity across both its Theory of Change and its operational strategy that measuring impact should be considered. For the majority of organisations that operate at levels represented by the other three quadrants, the authors suggest that measurement should focus on inputs, outputs and sometimes outcomes.

As with the matrix in Figure 1, in reality many organisations’ programs straddle across several quadrants, but the key insight remains – the type of measurement system and approach a NFP organisation should employ should be contingent on the nature of the program. Echoing this sentiment, Geoff Mulgan recently stated that NFP organisations ‘should use metrics only in proportionate ways. It’s not sensible for a small NGO to invest scarce resources in apparently elaborate estimates of social value – not least because these estimates are bound to crumble under serious scrutiny’.7

The usual approach to solving social problems & measuring impact

Adam Kahane’s work suggests that social problems that are characterised by low degrees of Social, Generative and Dynamic complexity can be solved through programs that are designed or implemented via top down systems, are based on previous experience and focus on addressing one issue or effect. The analogy Kahane uses to illustrate such problems is that of a police officer directing traffic at a busy intersection. This situation has low social complexity (as all drivers share an objective of good traffic flow and will defer to the police officer’s authority), low generative complexity (as traffic rules apply equally to the future as they did in the past) and low dynamic complexity (as cause and effect relationships in the traffic are close, immediate and clear). In contrast social problems that are characterised by high degrees of Social, Generative and Dynamic complexity can be solved only through processes that are participatory, emergent and systemic. In practice, many organisations that

---

7 Mulgan, op.cit., p.43.
address social problems fall prey to what Kahane terms the ‘apartheid syndrome’ – where problems with high degrees of complexity are addressed ‘using a piecemeal, backward-looking, and authoritarian process that is suitable only for solving simple problems’.  

Ebrahim and Rangan’s framework suggests that NFP organisations should only devote the time and resources to demonstrating their social impact when their programs are underpinned by a complex causal logic and operational strategy, where an organisation ‘operates at an ecosystem level, and yet can exercise sufficient control over results to attribute impacts to its work’.  

In practice, many NFP organisations are falling prey to a ‘Wall Street’ syndrome when it comes to measuring their effectiveness of their programs, by applying relatively complicated, time consuming and expensive measurement approaches that attempt to quantify and/or monetise impact to relatively simple and straightforward programs, where measuring inputs and outputs and at times outcomes would suffice.

**Complex problems require complex intelligence**

Why do these syndromes occur and persist with respect to social problems and evaluating the effectiveness of their attempted solutions? One reason may lie with the dominant type of intelligence that leaders and organisations use to think about these issues. Intelligence is essentially about our ability to solve problems and think about them in different contexts. Danah Zohar and Ian Marshall have outlined three types of intelligence:

- **IQ** – the intellectual or rational intelligence we use usually use to solve logical or strategic problems;
- **EQ** – the ‘emotional intelligence’ we use when we empathise or display compassion with someone else’s situation. It enables us to respond to different situations and behave appropriately to the context of different situations;
- **SQ** – the ‘spiritual intelligence’ we use to address and solve problems of meaning and value.

Zohar and Marshall argue that SQ is a prerequisite for both IQ and EQ to function effectively – it is what they refer to as our ‘ultimate intelligence’. In brief, IQ and EQ work within boundaries while SQ allows humans to change the rules and to alter situations and boundaries. Like much of Kahane’s work, their framework of Spiritual Intelligence and related idea of Spiritual Capital draws upon developments in Complexity Theory and in particular Complex Adaptive Systems.

Space constraints prohibit further discussion of the SQ concept here, however, returning to the framework of social problems in Figure 1, my argument is that using IQ is most suited to the left hand side of the matrix only, that is, situations where social problems have low degrees of complexity. This is also the side of the matrix that mirrors the ‘niche results’ quadrant from Ebrahim and Rangan. Problems with low complexity should only require the measurement of inputs, activities and outputs from a measurement perspective. Problems with high complexity by their character require the application of EQ (especially problems with high social complexity) and SQ (especially problems with high generative and dynamic complexity). This right hand side of the matrix encapsulates the three other quadrants from the Ebrahim and Rangan matrix to varying degrees.

---

8 Kahane, op.cit, p.32
9 Ebrahim & Rangan, op.cit, p.29
It may seem counter intuitive at first to be suggesting that SQ (rather than IQ) is necessary for understanding and solving complex social problems and also to evaluate their impact. We are still at the beginning of the journey with respect to understanding SQ, however, much of the research in Spirituality at Work and Leadership suggests that higher levels of SQ enable people to leverage their IQ and EQ in order to recognise ‘increasing levels of interconnectedness, to create meaning with increasing complexity, to transcend what is and to envision what could be’. In other words, SQ is the intelligence required to understand and address complexity in all its dimensions.

The ‘apartheid’ and ‘Wall Street’ syndromes persist partly because of the continued exclusive use and reliance on IQ to the exclusion of EQ and SQ to understanding and addressing social problems. They persist because of our inability to think outside of existing boundaries, applying IQ based approaches to all situations, rather than using EQ and especially SQ to re-frame or re-think the complex issues being addressed.

The issue for those that provide education, training and capacity building to the Third sector is how do we cultivate SQ among the emerging leaders and organisations that address entrenched social problems? How do we harness the use of a different form of individual and collective intelligence to that which has been used to date?

A good place to start may be ensuring that we encompass the ideas from the two frameworks outlined in this paper in the social impact courses we teach together with the use of experiential and reflective assessment tasks that will require, nurture and develop the use of Spiritual Intelligence.
