

# **Social Return on Investment Assessment from Operations of Community-Based Innovation and Career Development Fund: Information Systems for Managing Community Financial Institutions**

**By**

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## **Abstract**

This research aims to study the social return on investment assessment from operations of community-based innovation and career development fund: Information systems for managing community financial institutions. Population and sample consisting of 60 members of Kae Noi Royal Project Cooperative, Mueang Na Sub-district, Chiang Dao District, Chiang Mai. The sampler selection was done by using the technique of quota sampling, nonprobability sampling, convenience sampling and purposive sampling method, which the respondents must provide information voluntarily. The researchers analyzed the outcome mapping, which consists of input, activities, outputs, and outcome/impact, then analyzed the deadweight, attribution, drop-off rate, then find the financial proxy of the actual outcome to calculate the ratio of social return on investment (SROI). The results of the study revealed that the economic aspect included income from agricultural occupation, income from processing agricultural products, and the reduction of the cost for social purpose, the reduction of the family's expenses in investing in agriculture, as well as the reduction the household debt from prepare a yearly production planning of agricultural production. While the social studies aspect included that the profession and knowledge of processed products and knowledge of agricultural production planning and processing. The social return on investment (SROI) of the project has a total current value of 1,155,532.50 Baht and the investment value by stakeholder of 3,634,189.57 Baht. In this regard, every 1 Baht invested in the project can generate social benefits with a value of 1.32 times. It can be concluded that the project creates the value that is beneficial to the society and it is worthwhile to invest in the operating budget.

**Keywords:** Information Systems, Social Impact, Social Return on Investment

## **Introduction**

The social return on investment assessment is a study of the economic, social and environmental changes that occur in the community to the people living in the community and society that was resulted from the implementation of the social projects by the government, private sector, as well as the academic and charitable sectors that carry out the social activities

or projects. The social impact assessment helps to create the sustainability for the organization by raising the level of data collection related to performance and helps to see the value of social impact resulting from social activities or projects. As well as creating an engagement mechanism with the stakeholders to improve the development of organizational policies and create more benefits in the future. As the social activities or projects aim to create “Social Impact”, such as reduce educational inequality, reduce poverty, reduce waste, or develop the community economy, which operate as the academic services to the society by the higher education institutions, therefore, it is necessary to develop the academic services to society and communities that will help the organization to know the arising social values. From providing financial support for the preparation of the project via the organizations that have been selected to help society, it is clear that the work that has been done meets the needs of society or not, how much has the mission accomplished, and what should be improved, which will lead to valuable and appropriate resource management as well as developing strategies to respond to social changes and global competition (Scholten et al., 2006). The Equitable Education Fund (EEF), Thailand was established under the Equitable Education Act 2018 with the objective to provide financial support for children and youth who are in greatest need, reduce educational inequality by forming partnership with different groups and conducting systematic research to support and develop teachers’ effectiveness. EEF provides funding to promote learning opportunities and develop skills for youth and informal workers to develop community-based careers, focusing on the process of finding the new forms of social processes to lead to learning management that suitable for the needy and underprivileged, especially youths who have retired from education and informal workers who get the lowest income and are the weakest human resource groups in the Thai economy, to discover their potential, self-reliance and upgrade their systematic work. EEF works together with the related agencies as a network partner in the area between government, local organization, civil society, academic and private sector. The results of the selection year in 2021, the Information Center of Knowledge, Local Wisdom and Community Innovation (Social Enterprise) was funded under the project name “Information system for management of community financial institutions”. This project has been carried out on the development of professional skills with income systems and production cost planning system, promoting skills in solving debt problems for working capital management and creating savings and developing the information system of the Kae Noi Agricultural Cooperative Limited’s financial institution to be an effective community financial institution for underprivileged people. This project also works on innovation or development guidelines, course creation process, cooperative group management, financial management database that can be applied to community financial institutions, production planning process to suit the market, and the potential of farmers and processing to increase the value of agricultural products. The project has been carried out since 2021 until the present, with 60 participants who have passed the training course of the project. From the continuous follow-up of the project, it was found that the target group has changed their attitude from having to buy all the inputs such as fertilizers to making fertilizers for their own use in order to reduce production costs. As well as being able to forecast the market in order to plan the production to meet the market demand. In the same time, the community understands the approach and sees the ways to reduce input expenditures and is able to make the financial plans (Equitable Education Fund, 2021). It is important to enable the project to demonstrate the social value or social impact, both qualitatively and quantitatively to the stakeholder of the project. As well as seeing that the investment in the implementation of the project can produce real value or positive social impacts and create benefits for the society that are worthwhile from the apparent numbers. Therefore, social return on investment assessment of the project is extremely important to examine the social value of the project, including the use of the information

obtained from the assessment to make the decisions about the project and further development of academic services to the society of the organization

## **Research Objectives**

The objective of this research is to study the social return on investment assessment from operations of community-based innovation and career development fund: Information systems for managing community financial institutions.

## **Research Methodology**

### **Research model**

This research used a semi-structured interview as a tool for the project implementation. The questions used to measure the variables and the content of the questionnaire cover the concepts derived from the literature review to be relevant and consistent with the objectives set forth in the measurement of variables. The researchers reviewed the literature to pre-determine a broad topic or issue through management and accounting professionals, where open-ended interview questions can be modified further to ensure clarity of the answers, which the questions covered the issues as follows: (1.) Social return on investment (SROI) analysis is a measure of social impact, including economic, social and environmental outcomes. The social impact in various areas were assessed by calculating the monetized value and then compared the monetary value of the cost or budget spent on the implementation of the project or activity to show how a project or activity is benefiting a profit-to-cost ratio, for example, a ratio of 2:1 indicates that an investment of 1 Baht creates 2 Baht of social value. The principle of social return on investment assessment must take into account the participation of stakeholders by expressing their opinions and set the concrete scope and results. (2.) Social impact assessment (SIA) concept is a study of social values or social changes that occur as a result of project implementation and is an important tool in creating learning between project facilitators and stakeholders. SIA should be done by joint monitoring of the results of actions taken to the community after the implementation of the project whether they are the economic, social or environmental aspects. In addition, social impact assessment not only the strategy for recognizing project outcomes, but also an important tool in decision-making about projects being undertaken ([Joyce & MacFarlane, 2022](#))

### **Population and Sample**

Consisting of 60 members of Kae Noi Royal Project Cooperative, Mueang Na Subdistrict, Chiang Dao District, and Chiang Mai. The qualifications required by the Equitable Education Fund (EEF) were, people ages of 30-65 years old, lack of funds, education level lower than junior high school (grade 9), main occupation was in agriculture, farmers' households have non-farm workers 10% of all farmers, the average income per person not more than 6,5000 Thai Baht ([Equitable Education Fund, 2021](#)). The sampler selection begins with the technique of quota sampling, using nonprobability sampling, convenience sampling, and purposive sampling, which the respondents are required to provide information voluntarily. The period for collecting data for the assessment took one month from April 1 – May 31, 2022.

### **Research methods**

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financial institutions was a part of the research and development process that proceeded as follows: (1) Workshop on data collection for project assessment according to the developed assessment model. (2) Group discussion (focus group) by providing a group discussion of 6-10 people and gathered the project participants from the same group together, which the researchers were the moderator in the discussion, and the research assistants recorded the conversation as well as provide the additional discussion issues using in-depth interviews in a semi-structured interview style. The in-depth interview issues were based on the three-pillar approach, which included economic, environmental and social, which the research assistants conducted the interviews with the key informants individually. (3) Analysis the data of social impact assessment for the project implementation by analyzing the data and summarized the content as outcome mapping, which included input, activities, output, and outcome/impact. (4) Analysis the data of the social return on investment assessment by calculating the social return on investment in comparison with the investment value in the project budget for every 1 Baht spent.

### **Research Results**

The results of social return on investment from operations of community-based innovation and career development fund: Information systems for managing community financial instructions can determine the project based on the project stakeholder groups as follows: (S1) Beneficiaries are organizations, groups, associations, enterprises or community, such as members of the Kae Noi Royal Project Cooperative (target group), the Information Center of Knowledge, Local Wisdom and Community Innovation (Social Enterprise), Kae Noi Royal Project and Kae Noi Royal Project Cooperative, Kae Noi Sub-district Administrative Organization, and community leaders. (S2) Main project operators are the group, club, and foundation, and association, enterprise, such as the Information Center of Knowledge, Local Wisdom and Community Innovation (Social Enterprise). (S3) Individuals, groups that providing direct support, such as the Equitable Education Fund. (S4) Other related individuals, indirect group, such as youth and children of Kae Noi Royal Project, women's community group, and educational institutions that participating in the project. The results can be described as follows:

Table 1 showed outcome mapping, which consisted of input, activities, output, and outcome/impact of the project. The results from the implementation of the projects were in two aspects, economic aspect and social and study society aspect. The economic aspect was included income from agricultural occupation, income from processing agricultural products, such as Cape gooseberry jam, dried Cape gooseberry, Cape gooseberry gummy, and Cape gooseberry biscuits. As well as reducing the social cost, reducing family expenditure on investing in agriculture, and reducing the household debt by preparing the production planning for the yearly agricultural production. The social and study society aspect was included having a profession and knowledge in processed products, had knowledge set for planning the production and processing of agricultural, social and cultural products

Table 2 presented information on economic outcomes or the economic value generated in society from the operation of the project by calculating the economic value or present value of the economic outcome with a monetary factor and calculating the annual outcome of the project operation, which is the value of the outcome during the entire project operation (base year) with a discount rate = 3.50%, and found that the social-economic outcomes of the project tended to decrease.

**Table 1** Analysis of the outcome mapping of the operations of community-based innovation and career development fund: Information systems for managing community financial institutions.

<b>Input</b>	<b>Activities</b>	<b>Output</b>	<b>Outcome/Impact</b>
<ul style="list-style-type: none"> <li>- 60 project participants (informal workers who are farmers)</li> <li>- Community leader/ Kae Noi Royal Project officer/ local philosopher</li> <li>- Budget 686,325 Baht</li> </ul>	<ol style="list-style-type: none"> <li>1. Activities to understand and prepare the target groups for professional skill development.</li> <li>2. Occupational skills development activities with income system and production cost planning system.</li> <li>3. Nine approach activities to reduce the cost and create value-added in crop production.</li> <li>4. Four financial skills activities for financial stability.</li> <li>5. Product processing workshop activities to increase income.</li> <li>6. Workshop on adding value of agricultural waste products.</li> <li>7. Activities for creating and using data for income planning, expense planning for debt management, savings and career plans.</li> <li>8. Data creation and use activities to promote and increase distribution channels for agricultural products.</li> <li>9. Community activities on borrowing the information and return back in the form of new career to promote the quality of life of the community.</li> </ol>	<ul style="list-style-type: none"> <li>- Comprehensive management information system manual for cooperative management.</li> <li>- Information system for cooperative management that meets the needs of the community.</li> <li>-Processing to add value to the agricultural products.</li> <li>-Occupational grouping.</li> <li>-Having an additional occupation from processed products.</li> <li>-The community has a good relationship among each other and have cooperative between the community and the organization.</li> <li>-The community has community enterprises and career groups.</li> </ul>	<p>Economic aspect</p> <ul style="list-style-type: none"> <li>-Income from agricultural occupation.</li> <li>-Income from processing products.</li> <li>-Reduce family expenditure in investment in agriculture.</li> <li>-Reduce household debt from production planning for the annual agricultural production.</li> </ul> <p>Social aspect</p> <p>Study society</p> <ul style="list-style-type: none"> <li>-Having profession and knowledge in processing products.</li> <li>-Having a set of knowledge of planning, production and processing of agricultural products.</li> </ul> <p>Cultural society</p> <ul style="list-style-type: none"> <li>-Self-reliance according to the Sufficiency Economy Philosophy.</li> <li>-Community grouping</li> <li>-Happiness and pride from working on agriculture and environmental protection for the community.</li> <li>-Warmth and pride of the family.</li> </ul>

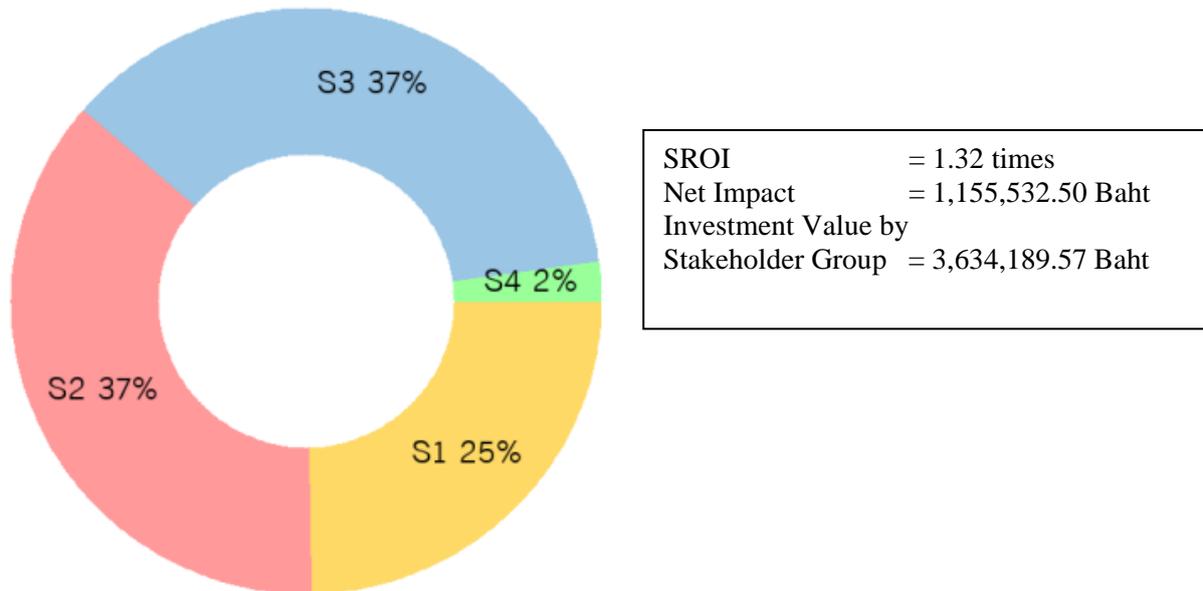
**Table 2** Results of Social Return on Investment (SROI) Assessment.

<b>Input</b>	<b>Input/ resources (Project Activities)</b>	<b>Value of investment (Baht/Year of Project Operations)</b>	<b>Indicators</b>	<b>Importance (%)</b>	<b>Result value (Baht/ Year of Project Operation)</b>	<b>% of change in results and investment direction</b>
(S1) Beneficiary	Assets for participating in operating activities.	286,509.87	-The level of change in skills/ knowledge in applying innovation. -The information system for managing community financial institutions. -The level of income/ resources in management/ production/ operating changing activities. -Non-agricultural income, processed products and household financial planning.	43.25	286,466.62	Constant

<b>Input</b>	<b>Input/ resources (Project Activities)</b>	<b>Value of investment (Baht/Year of Project Operations)</b>	<b>Indicators</b>	<b>Importance (%)</b>	<b>Result value (Baht/ Year of Project Operation)</b>	<b>% of change in results and investment direction</b>
	Participation in operating activities.	86,716.00	-The level of income/ resources in management/ production/ operating changing activities. -Non-agricultural income, processed products, and household financial planning. -Encourage farmers to have the ways to generate more income and can lead to debt management.	9.00	86,707.00	Constant
(S2) Main project operators	Professional/ volunteer compensation	85,405.00	-The level of change in the availability of project related opportunities networking sectors.	39.25	85,365.75	Constant

<b>Input</b>	<b>Input/ resources (Project Activities)</b>	<b>Value of investment (Baht/Year of Project Operations)</b>	<b>Indicators</b>	<b>Importance (%)</b>	<b>Result value (Baht/ Year of Project Operation)</b>	<b>% of change in results and investment direction</b>
(S3) Individuals/ groups who give direct support	Support budget/ funds/ donations	686,325.00	-Number of works/ knowledge/ innovation/ operation model/ professional skills. -Encourage farmers to have the ways to generate more income and can lead to debt management.	100.00	686,225.00	Constant
(S4) Other related individuals/ groups who give indirect support	Participation in management/ coordination	36,000.00	-Encourage farmers to have the ways to generate more income and can lead to debt management.	8.50	35,991.50	Constant

Figure 1 showed the results of the calculation of the social return on investment ratio of the project's investment by comparing the present value of the project with the value of investment used in the operation of the project annually and the total results. It was found that the total present value was 1,155,532.50 Baht and the total investment value was 1,155,532.50 Baht. The investment value by stakeholder group was 3,634,189.57 Baht. Every 1 Baht invested in the project can create social benefits with a value of 1.32 Baht.



**Figure 1** shows the results of the calculation of the social return on investment ratio from the project's investment.

**Source:** National Innovation Agency: SROI Calculator

## Discussion and Conclusion

Social return on investment assessment from operations of community-based innovation and career development fund: Information systems for managing community financial institutions had two issues that can be discussed as follows: (1.) Project to create the knowledge skills to promote community-based innovation and career development had created social impacts in two areas, which were economic aspect and social aspect. The economic aspect was included the income from agricultural occupation, income from processing agricultural products, reducing the social cost, reducing family expenditure on investing in agriculture, and reducing the household debt by preparing the production planning for the yearly agricultural production. The social and study society aspect was included having a profession and knowledge in processed products, had knowledge set for planning the production and processing of agricultural, social and cultural products. This finding is in line with the work of [Vallaey \(2011\)](#) who discussed that on the corporate social responsibility, all sectors of the organization must play the roles in creating social change by supporting personnel with professional knowledge in carrying out the activities to help and support social change. As well as by focusing on responding to the needs of society and causing values or social impacts in terms of the economy, society, and environment. [Cambero & Sowlati \(2014\)](#) also noted that human groups coexist in order to survive and provide the quality livelihoods. The study of the group and group process involved showing human relationships in a local or community that can lead to the development and creation of things that benefit oneself and the community. By the way, any creations involve the use of valuable local wisdom to create a good social heritage by creating learning among stakeholders by collectively monitoring the results of actions that are taken to communities after the project operation in term of economic, social and environment aspects. Social impact assessment is not only a strategy that helps to know the results of the project operation, but also an important tool in decision-making about the projects undertaken that achieve the project's objectives to measure and assess. (2.) The results of the return on investment (SROI) assessment showed that the projects that were

being operated had a total present value of 1,155,532.50 Baht, a total investment value of 1,155,532.50 Baht, and the investment value according to the stakeholder group was 3,634,189.57 Baht. In this regard, every 1 Baht invested in the project can create social benefits with a value of 1.32 times, meaning that every 1 Baht invest in the project can generate social benefits 1.32 Baht. The results of the study showed that the project was beneficial to society and worth investing in the project. Moreover, the return on investment ratio also varies with the number of the project participants and the change in duration, meaning the benefit or financial value of society will increase further in the future.

## **Suggestions**

Suggestions for applying the research finding are as follows: (1.) The results and social return on investment was calculated and assessed only with measurable information and the value obtained at the time of appraisal or present value. There is still the value that comes from the project, such as happiness and self-esteem, family warmth and acceptance in the community and so on that cannot be measured and not taken into account, including the value that will occur in the future or in the long term. The project operators or academic service decision-makers should use the results of this assessment with other project qualitative reports to determine the outcome of the project. (2.) Assessment of social impacts and social return is a management tool that aims to foster participation and collective learning to promote cooperation between the community and the project agencies to monitor the performance and sustainable development of the community. The project operators can use the project's value or rate of return in the preparation of the report and focus on communicating with all stakeholders in seeking cooperation to develop projects to create sustainable value or social value for the society.

Suggestions for further research: By evaluating the results and the return on investment for this study, it can be seen that it is a study of social impact and return in the dimension of social values or social change resulting from the implementation of knowledge building projects, knowledge set skills for career development and community-based innovation and career promotion to the community. Anyway, in fact, the value or change caused by the implementation of the project also has other dimensions such as the organizational dimension in terms of corporate image, personnel dimension or project team on the integrated development and research extension including attitudes or point of views towards oneself and society and so on. Therefore, in the further research, the impact and return generated by the project should be assessed by studying the dimensions of the variables to cover the values generated by the project, which will help to find the accurate and comprehensive financial compensation.

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