



# Social Return on Investment

## *A New Approach to Understanding and Advocating for Value in Healthcare*

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**OBJECTIVE:** To determine whether the methodology of social return on investment (SROI) could be a way in which the value of a healthcare-related program (children's cancer camp) could be captured, evaluated, and communicated.

**BACKGROUND:** The value of healthcare goes beyond what can be captured in financial terms; however, this is the most common type of value that is measured. The SROI methodology accounts for a broader concept of value by measuring social, environmental, and economic outcomes and uses monetary values to represent them.

**METHODS:** The steps/stages of an SROI analysis were applied to the context of a children's camp for this article.

**RESULTS:** Applying the SROI methodology to this healthcare-related program was feasible and provided insight and understanding related to the impacts of this program.

**CONCLUSIONS:** Because of SROI's flexibility, it is a tool that has great potential in a healthcare environment and for leaders to evaluate programmatic return on investment.

We live in dynamic times with respect to healthcare: political agendas, budgetary constraints, and changes in leadership all contribute to healthcare profes-

sionals being asked to do more with fewer resources and administrative personnel required to justify expenses. It has become common to hear about programs being eliminated as resources are evaluated and constrained. Nurses and other healthcare professionals live in a state of unrest, not knowing if their areas of work are under consideration for elimination. What has become clear through these times of fiscal restraint is that our current healthcare system is not sustainable; government officials, healthcare leaders, and others must find ways to deliver the same high-quality healthcare to consumers in a more affordable, sustainable way.

What is seen to have value is often funded; however, the determination of value is variable. One of the problems with understanding the value of healthcare, and healthcare-related programs and services, is that they are not easily quantified, and much of their value is social in nature, not financial. It is very difficult to determine the return on financial investment of a children's cancer camp program, for example, because so much of the value comes in terms of social outcomes versus more quantifiable financial returns. Improved physical ability, increased self-esteem, and a marked improvement in quality of life are valuable outcomes,<sup>1</sup> yet most are difficult to capture, describe, and explain to decision makers in a language they understand and respond to. This language, of course, is numbers.

### **Project Objective**

The primary purpose of this pilot project was to determine whether the methodology of social return on investment (SROI),<sup>2</sup> a relatively new methodology based on generally accepted accounting principles,

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might be a way in which the value of a healthcare-related program (children's cancer camp) could be captured, tracked and monitored over time, and communicated to funding bodies and decision makers. In this feasibility study, we sought to trial the SROI methodology and determine the potential for use as an evaluative tool in a healthcare-related program.

## Background

A methodology for calculating SROI was first documented in 2000 by the Robert's Enterprise Development Fund, a San Francisco-based philanthropic organization that assists people moving out of poverty.<sup>3</sup> Since then, the SROI methodology has evolved and has been refined and standardized, taking into account developments in corporate sustainability reporting, as well as developments in the field of accounting for social and environmental impact.<sup>2</sup> Currently, SROI methodology is used primarily in private enterprise, social and philanthropic businesses, and investing and commissioning services.<sup>2</sup> Because the methodology is based on principles (Figure 1), it is flexible and thought to be adaptable to numerous industries and settings,<sup>2</sup> making it an emerging and potentially influential tool in healthcare.

The value of healthcare goes beyond what can be captured in financial terms; however, this is, for the most part, the primary value that is accounted for and measured. As a result, individual programs are often evaluated based on how much they cost or net return versus understanding the value and impact they provide. Thus, decisions based solely on financial indicators may, at worst, be the wrong decisions and, at best, will not be based on complete information. Because it is based on principles that allow for

flexibility, the SROI methodology accounts for a broader concept of value, measuring change in ways that are relevant to the people or organizations that experience or contribute to it. It tells the story of how change has been or is being created, by measuring social, environmental, and economic outcomes (triple bottom line), and uses monetary values to represent them.<sup>4</sup> By way of establishing scope, identifying stakeholders, mapping and valuing outcomes, and establishing impact, an SROI is determined, expressed as a ratio of benefits to costs (eg, \$1: \$SROI), but also a story of how change is being created.<sup>2</sup> Because social impact is valued, it is never just about the money; there is always context associated with it.

From the SROI principles comes a methodology derived by practitioners from the United States, Canada, the United Kingdom, and the Netherlands.<sup>5</sup> This methodology, first created in 2002 and updated in 2008, consists of 6 stages, each with numerous steps, in conducting an SROI analysis.<sup>6</sup> To date, approximately 60 users have generated more than 500 cases and hundreds of indicators pertaining to different industries. Healthcare and healthcare-related programs, however, are industries that are poorly represented.<sup>6</sup>

## Project Design and Results

This pilot project, although innovative, was atypical in that it does not necessarily fit into the traditional research design categories (eg, data collection, data analysis). The steps/stages of an SROI analysis are outlined below, and for clarity, we have indicated the equivalent phase in a traditional research design, while discussing the results for each section. The stages are taken from the SROI model<sup>2</sup> and are

### Principles of the SROI Framework

1. **Involve stakeholders:** Understand the way in which the organization creates change through a dialogue with stakeholders.
2. **Understand what changes:** Acknowledge and articulate all the values, objectives and stakeholders of the organization before agreeing which aspects of the organization are to be included in the scope. Determine what must be included in the account in order that stakeholders can make reasonable decisions.
3. **Value the things that matter:** Use financial proxies for indicators in order to include the values of those excluded from markets in the same terms as used in markets.
4. **Only include what is material:** Articulate clearly how activities create change and evaluate this through the evidence gathered.
5. **Do not over claim:** Make comparisons of performance and impact using appropriate benchmarks, targets and external standards.
6. **Be transparent:** Demonstrate the basis on which the findings may be considered accurate and honest, showing that they will be reported to, and discussed with, stakeholders.
7. **Verify the result:** Ensure appropriate independent verification of the account.

Source: (5)

Figure 1. Principles of the SROI framework.

applied to the context of a children's camp for this study. This study received approval from the Conjoint Health Research Ethics Board (REB14-0927) prior to commencement.

### **Stage 1: Establishing Scope and Identifying Key Stakeholders (Recruitment of Participants)**

It is important to have clear boundaries about what the SROI analysis will cover, who will be involved in the process, and how. There are 3 steps in this stage including establishing scope, identifying stakeholders, and deciding how to involve stakeholders (see Document, Supplemental Digital Content 1, <http://links.lww.com/JONA/A580>). Stakeholders are defined as people or organizations that experience change (positive or negative) as a result of the activity being analyzed.<sup>2</sup> For the purpose of this SROI analysis, stakeholders were identified as the children and adolescents who attend cancer camp (target stakeholders), their parents/guardians, counselors, and volunteers. The scope of this project was kept to a specific cancer camp that targets children and adolescents (7-17 years old) who have been affected by childhood cancer (ie, cancer patients, survivors, or siblings).

### **Stage 2: Mapping Outcomes (Data Collection, Part 1)**

Stakeholder engagement leads to the development of an impact map, a key component of an SROI analysis, detailing the relationship between inputs (resources that go into running a program), outputs (activities of the program), and outcomes (the impact or changes for the stakeholders as a result of the program).<sup>2</sup> The impact map is the story of how the intervention makes a difference. This stage, like others, was done in conjunction with 1 or several cancer camp staff members to ensure that data were as accurate and comprehensive as possible. For each stakeholder, short-, mid-, and long-term outcomes were identified (see Document, Supplemental Digital Content 2, <http://links.lww.com/JONA/A581>). These outcomes can be summarized as occurring in domains: physical, social, and psychological. Although there were many specific outcomes for each domain, some examples include an increase in physical activity (physical domain), an increase in the size of children/adolescents' social network and amount of social engagement (social domain), and an overall improvement in quality of life (psychological domain). Data were collected primarily through parent and staff interviews, existing program evaluation data, and research.

### **Stage 3: Evidencing Outcomes and Giving Them a Value (Data Collection, Part 2)**

This stage involves finding data to show whether outcomes have happened and then valuing them.

Valuation, or monetization as it is also called, is the process by which monetary value is assigned to outcomes that do not have a market price.<sup>2</sup> In SROI, financial proxies are used to estimate the social value of outcomes.<sup>2</sup> Outcome indicators are established, which are ways of knowing that a change has happened as a result of the activity in question. It is in this stage that outcome indicators are developed, outcome data are collected, and a value is placed on the outcomes. For example, the outcome example offered above—*increase in social network/social engagement*—was determined through interviews with parents, cancer camp research,<sup>7</sup> and staff interviews (see Document, Supplemental Digital Content 3, <http://links.lww.com/JONA/A582>). This outcome was valued by determining the cost of social activities that bring children/adolescents together, and proxies were broken down by age ranges (recognizing younger children are socially engaged differently than teenagers, for example). The financial proxies used in this outcome ranged from the cost of admission to a local swimming pool (1/month × 12 months) for the younger children, to the cost of a cell phone text/data plan (family plan, addition of 1 member) for the older adolescents. Overall, a value of Can\$780 per child per year was the valuation assigned, based on proxies, for this outcome. By estimating value through the use of financial proxies for all monetizable outcomes and combining these valuations, we arrived at an estimate of the total social value created by this cancer camp program: Can\$2.6 million.

### **Stage 4: Establishing Impact (Data Analysis)**

Having collected evidence on outcomes and monetized them, those aspects of change that would have happened anyway, or were a result of other factors, were eliminated from consideration. The concepts of deadweight (the amount of outcome that would have happened even if the activity had not taken place), displacement (how much of the outcome displaced other outcomes), attribution (how much of the outcome was caused by the contribution of other organizations or people), and drop-off (how long the outcomes lasted) are considered at this stage<sup>2</sup> (see Document, Supplemental Digital Content 4, <http://links.lww.com/JONA/A583>). It is helpful to think of these concepts as “discounts” applied to the valuation determined in the previous step; how much of a discount you apply to each outcome depends on the relevant context of each particular outcome. With the exception of displacement, assumed not to be applicable to this program, up to 50% of an outcome's impact was assigned. Using the previous example, the outcome of increased social network/engagement was assigned a 10% discount for deadweight, 10%

discount for attribution, and 50% discount for drop-off after year 1.

### Stage 5: Calculating the SROI (Data Analysis)

Once the net value has been calculated and discounts have been applied, it is at this stage that the result of the calculated value is compared with the investment to determine the ratio.<sup>2</sup> The SROI ratio is determined by dividing the value of benefits by the total investment (SROI ratio = present value / value of inputs). In this study, the net social value of the children's cancer camp program was calculated at Can\$2.6 M, whereas the total investment—the costs (hard and soft, to run camp)—was calculated at Can\$660 000. The ratio equation, therefore, was Can\$2.6 million/Can\$660 000, equating to a ratio of Can\$1.00:Can\$4.00; in other words, for every dollar invested in this children's cancer camp program, Can\$4.00 (4×) of social value is created.

### Stage 6: Reporting, Using, and Embedding (Knowledge Translation)

The last stage involves sharing findings with stakeholders, embedding good outcomes processes, and verifying the report. The intention of an SROI analysis is to create accountability to stakeholders; therefore, it is important that the results are communicated to the intended audiences in ways that are relevant and easily understood. Qualitative, quantitative, and financial aspects are included, providing the end user with the salient information on the social value of the activity or program in question. An SROI analysis tells the story of change and explains the decisions made in the course of the analysis, while including sufficient information to allow another person to verify the results. Results for this SROI were verified through a company in Western Canada that specializes in SROI analyses, but were also sent to an independent consultant in the United Kingdom, considered an expert in the field of SROI, for 3rd-party verification. Results were presented to staff and the board of directors of camp. They have also been presented at an international conference. The results of this analysis are being used by the cancer camp in the form of a 2-page executive summary (see Document, Supplemental Digital Content, <http://links.lww.com/JONA/A584>).

## Discussion

Almost regardless of geographical location, the problems of sustainability, efficacy, and efficiency of healthcare systems have been written about for decades,<sup>8,9</sup> yet frustration remains regarding the apparent difficulties with exactly *how* to change.<sup>10</sup> These prob-

lems have been approached from many different angles: better leadership<sup>11</sup>; LEAN, Six Sigma, and other quality improvement projects<sup>12,13</sup>; elimination of programs and positions<sup>14</sup>; and change of executive leadership and responsibilities<sup>15,16</sup>; yet, these issues remain and appear increasingly complex. While there exists no shortage of theories related to why this might be, the purpose of this project, in addition to determining feasibility of SROI in a healthcare environment, was to add to this discourse in the form of advocating for a change in direction and conversation of how these topics of sustainability and efficiencies are discussed and approached.

Traditional approaches by which decisions in healthcare are made and analyzed often take into account only financial measures (eg, cost-benefit, cost-utility, and cost-effective analyses). However, much, if not all, of the value in healthcare and healthcare-related programming is social in nature, not financial. Currently, there is no standardized way of capturing the social value inherent in many healthcare programs, and trying to understand their worth by financial means alone is insufficient. While we make no claims to having found the answer to sustainability or efficiency through SROI, we offer that before the complexity of healthcare can be addressed it must 1st be understood; understanding starts with asking the right questions. We maintain that the right questions do not always start with “How much does this program cost?” but rather “What impacts are being created by this program?” Changing the conversation from cost to value (impact) will offer greater insight into the real value of healthcare programs and the differences they make. That, we offer, is the basis upon which a more fulsome understanding can be achieved, and decisions based on accurate information can be made. Until the value (ie, social, environmental, and economic) of an individual program is understood, any decisions made are from a position of incomplete information and may be more susceptible to reversal or change. Social return on investment is a tool to help understand the value of a program and switch the conversation from cost to value. It is not our recommendation that SROI be used instead of other program evaluation tools, but rather that it be incorporated as one of the program evaluation tools used, to round out the portfolio and create the most complete understanding of the program in question.

Before the SROI analysis of cancer camp, employees and those responsible for fundraising at this organization often found it difficult to articulate, to an intelligent but uninformed public, why camp mattered and what the outcomes of camp were. Working through the SROI analysis not only produces a ratio, but also necessarily implies that those questions become



answered along the way, as the evaluator progresses through the steps of the analysis.

There is growing consensus that better tools are needed to account for the social, economic, and environmental value that results from activities.<sup>2</sup> Understanding what kind, and how much, of a difference is made can be as or more important than knowing how much a program costs. While some sectors have embraced this idea (eg, commissioning services, philanthropic organizations), others—such as healthcare—have been slower to account for a broader understanding of value.

### Limitations

An SROI analysis is akin to a mixed-methods/multimethods study; there are both qualitative and quantitative components. Because financial proxies are used to represent social value, there is inherent subjectivity involved, and it is possible that 2 different people or teams could produce different results. Every effort was made to ensure the principles of rigor, validity, transparency, and conservatism were followed and accounted for along the way, and the results were independently reviewed by a neutral 3rd party (see Document, Supplemental Digital Content 6, <http://links.lww.com/JONA/A585>). Despite this, SROI is subject to critique because of the nature of subjectivity that is part of this methodology. We offer, however, that anytime social value is in question it is inherently subjective and impossible to maintain strict objectivity.

### Implications and Recommendations

The SROI methodology has not typically been used in healthcare; however, we believe this methodology shows great promise in this arena. An SROI analysis,

used as a tool for programmatic evaluation, could greatly assist those responsible for implementing programs in articulating the value of what they are delivering and those responsible for distributing resources in understanding the value of the programs being delivered. There is much to learn about the SROI application in healthcare; however, our intent for this project was to demonstrate SROI feasibility with a small healthcare-related program, such as cancer camp, and encourage other researchers to bring this tool to the larger healthcare arena. It is our belief that because of SROI's flexibility, it is a tool that has great potential in healthcare.

### Summary

Our purpose in this research was to determine whether SROI could be used in healthcare as a way of understanding, monitoring, and communicating the unique value of individual healthcare or healthcare-related programs. An SROI offers a common language between those who are familiar with the value of projects (such as an organization) and investors with less information or understanding: it shifts the conversation from one of cost to one of value, by measuring the impacts that matter.<sup>2</sup> Before the healthcare system can change—before patient and family satisfaction increases, outcomes improve, and per-capita healthcare expenditures are reduced—we propose that we need to stop making incomplete and uninformed decisions about how, and instead move toward understanding what. Increasing, decreasing, or improving anything speaks to a deep and comprehensive understanding of what is being changed. Social return on investment, we propose, is a tool to take us 1 step closer to understanding.

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### ***DNP-Prepared Nurse Leaders: Part of the Solution to the Growing Faculty Shortage: Erratum***

In the article that appeared on page 359 of the July/August issue (1), the authors wrote in error: “The 2004 American Association of Critical-Care Nurses position statement endorsed the DNP degree as the appropriate degree for entry into practice for advanced practice nurses.” The sentence should be “The 2004 American Association of Colleges of Nursing position statement endorsed the DNP degree as the appropriate degree for entry into practice for advanced practice nurses.” Also, the correct reference information (Reference 3) for this endorsement is below.

3. American Association of Colleges of Nursing. AACN Position Statement on the Practice Doctorate in Nursing, 2004. Available at: <http://www.aacnursing.org/DNP/Position-Statement>. Accessed September 12, 2017.

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