Nonprofits and Social Media: Applying SROI to New Technologies

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ABSTRACT

Today's economic environment has placed a greater onus on nonprofits to demonstrate how effective their programs and services are in relation to the invested resources. While some perceive the relationship between investment and outcome as a function of financial measures, a holistic understanding of return gained through nonprofit services and programs is understood through the use of a social return on investment (SROI) analysis. The SROI goes beyond measuring the economic value of a program or service to include the socio-economic and social values gained. These three values are underpinned by "transformative value", the measure of the added social value created by the nonprofit. To better understand how nonprofits perceive SROI, nonprofits in Duval County, Florida were identified through snowball sampling and then semi-structured interviews with the executive directors of nonprofits that have a robust presence on social media platforms were done. This paper identifies the different ways that nonprofit leaders conceptualize SROI's connection to social media technologies and how hey are used for outcome measures. The findings provide an insight to how nonprofits measure the values created by the use of social networking for the organization, its stakeholders, and the community.

Introduction

  As the financial environment that nonprofits exist in become tighter, organizations in this sector are being forced to be able to demonstrate to current and potential funders what the organization does for society. No longer is just being able to say that the organization provides a specific service – to help the needy, for example – going to suffice. As financial resources become scarcer, the demand for this type of accountability is on the increase. "Investors" in nonprofits are seeking the best return on investments (ROI) for their contributions, in a monetary sense. What is the "biggest bang for the buck" that they can get for their dollar? What is the "value added"? As the competition for government funding increases, this question is increasingly being asked.

  One technique that nonprofits can use is to go beyond the monetary measure for their services to looking at how the organization's services add social value to the community. This technique places organizational stakeholders at the center of the analysis, and seeks to measure organizational outcomes, not just outputs. How the organization's services impact its stakeholders is the metric used to measure its effectiveness and the value it adds to the community. This technique is referred to as the Social Return on Investment (SROI).

  However, whether nonprofit organizations view the services they provide through a SROI lens is less understood. While the SROI concept had been around for about two decades, its dissemination from a normative theory to application has been relatively slow. Two groups that seek to develop standardized measures for SROI for nonprofits are The SROI Network, located in England, and the Roberts Enterprise Development Fund (REDF) in San Francisco, CA. The SROI network can be contracted to perform SROI analysis as well as provides a guide for nonprofits on SROI, while the REDF created a framework to attempt to monetize the social value nonprofits provide to communities.

  While these groups seeking to promote SROI and obtain "doable" measurements, the application if SROI across the sector is less understood.   What has been noted across all findings is how SROI, done correctly, is very resource-intensive, which makes implementation even more difficult in the current economic environment. Interestingly though, REDF notes how SROI tool is widely adopted in the nonprofit sector (Javits, 2008: 1).   Still, the benefits of SROI's application is touted to provide clearer communication, more effective (and strategic) decision-making, allows organizations to focus on what its core mission, as well as producing effectiveness measures that go beyond basic output figures.

  The effectiveness literature surrounding nonprofits tends to revolve around the difficulty in achieving these measures, not focusing on SROI and the standardized measure used by the SROI Network. What is agreed upon is that any true measure of SROI or nonprofit effectiveness also incorporates how the organization's stakeholders perceive the nonprofit.

One set of tools stakeholders use to interact with nonprofits is social media. They can like the organization on Facebook, follow it on Twitter, and not only receive messages and updates through these mediums, but also provide feedback to the organization. These interactions drive an accountability relationship, which each party in the accountability relationship having access to the other.

This paper seeks to understand how nonprofits perceive SROI in relation to their use of social media technologies. Next, a review of the connection between ROI and SROI is done, and then linked with social media technologies. Then the methodology for collecting the data and its analysis is discussed, followed by the findings. The implications of these findings are then mapped out, in addition to future avenues of research.

Literature

The literature on ROI has been lush in schools of business. ROI is an economic measurement to determine the true monetary return on a given investment. While this fit for-profit organizations well, those hoping to apply simple financial calculations to nonprofit effectiveness are often disappointed. While there are many ratios that can be used to measure a nonprofit's administrative overhead, fundraising expenses, and program expenses, these measures are fuzzy at best (McLaughlin, 2009).

What is often overlooked, at lest to the causal observer of nonprofits, is that while they carry the title not-for-profit, these organizations do indeed, need to make a profit in order to remain sustainable over time (Bell, 2010). A nonprofit's assets, reserves, and cash on hand tend to dominate the ratios that are used to determine the financial health of the organization, but what is lacking is determining whether the financial resources that are invested in the organization are producing a social value, and if so, what the difference is between the outcome of a program, and what would have happened anyways if the program had not been there.

SROI's main goal is to measure value creation, with is processed simultaneously in three ways along a continuum, ranging from purely economic, to socio-economic, to social (Emerson, Wachowics, and Chun, 2001). Simply states, SROI is a financial assessment of the socio-economic value a nonprofit's programs provide (Emerson and Babaj, 2000). The difficulty lies in defining or measuring the social component of the socio-economic model. SROI stresses the connection of stakeholder input, in the very least to obtain outcome measures, in providing information to the organization. One vehicle through which this feedback can flow is the Internet.

The Internet has brought about a communication revolution (Bimber, 2003). One front of this revolution is the use of social media to interact with stakeholders. Social media are powerful tools that can be used by a nonprofit to engage in and build strong relationships with external stakeholders. Prior exploratory research

identified the use of Internet technologies as having an impact on the organization's effectiveness (Dumont, 2010). Still, organizational effectiveness is difficult to measure (Frumkin, 2002; Herman and Renz, 1999, 2004, 2008). Complicating the measurement of effectiveness are two other factors: the diversity and multitude of stakeholders nonprofits must account to (Brown and Moore, 2001; Ebrahim, 2010) and, related to the first, the multiple measures nonprofits must account for (Ebrahim, 2010). In other words, nonprofits not only need a plan that addresses who they need to communicate with, but also identify the information that these stakeholders are seeking. To accomplish this in the virtual world, nonprofits need to be able to not only provide avenues for feedback, but also use that feedback to help shape the organization to adjust to changes in the environment.

One use of feedback for nonprofits is to move beyond simple output measures to assessing outcomes. These outcomes provide that foundation for determining the successfulness of a nonprofit's services and programs. In regards to SROI, the outcomes measure the social value, and the cost to produce these outcomes is the economic investment. The difficulty lies in transforming the "story" – the outcome, into a useable metric. Once this metric is obtained, one can measure the societal economic impact of a program, and compare that to the initial resources needed to arrive at the outcome to determine the true SROI. This benefits the nonprofit, giving them metrics to demonstrate their effectiveness, as well as investors by giving them the information need to make a smart investment.

While the importance of SROI can be strongly defended – both in financial terms as well as reputational – what is less understood is how well the concept has penetrated the nonprofit sector. While it can be seen that few organizations are at the stage where they are measuring their programmatic and service outcomes, it is not know whether or not nonprofit leaders are thinking through an SROI "lens" when discussing and measuring the effectiveness of the organization and its programs. Since SROI is a process-based concept, it is believed that to full incorporate the concept in its entirety goes beyond the scope of this paper.

This paper does seek to begin to uncover is one of the core components of the concept: stakeholder feedback. As noted above, stakeholder involvement in the SROI process is key in determining the impact of the programs and services provided. One set of cost-effective tools nonprofits have at their disposal in collecting information from stakeholders, even after they are no longer being served by the organization, is social media. To better understand the relationship between social media and SROI, to questions guide this paper:

Question 1: Do nonprofit leaders see a relationship between
social media and SROI?

Question 2: What is the role of social media in obtaining outcome measures?

To answer these questions, in-depth interviews were conducted with the leaders of ten nonprofit organizations that were determined to have high degrees of social media utilization. The process in selecting the sample and gathering information about how nonprofits are utilizing social media tools is discussed next.

Methodology

This paper uses grounded theory to understand how nonprofit leaders perceive SROI and its relation to social media. As such, semi-structured interviews were conducted with the nonprofit executives in Jacksonville, FL of nonprofits that have a vibrant online presence through Facebook and Twitter. To identify these nonprofits, a snowball sample was done in June 2011, that began with the Facebook and Twitter accounts of two prominent umbrella nonprofits in Duval County, the United Way of Northeast Florida and the Nonprofit Center (Dumont, 2011). The local nonprofits that each organization "liked" on their page was noted, and all of the local nonprofits that they "liked" were noted as well, until the identification of local nonprofits was exhausted. The same technique was done on Twitter using the accounts the organizations were following.

This process resulted in the identification of 348 unique organization and 464 accounts: 129 Twitter accounts and 335 Facebook pages. The posts and tweets over a three-month period were then recorded. In addition, an e-survey, that was opened from August 30 through September 30, 2011, was sent to all organizations in the sample and had a 43% response rate. The social media usage of the organizations that completed the survey was then measured, and those organizations with the most tweets and posts in different service areas were identified. Two nonprofits in arts and culture, environment and animal welfare, human services, and societal benefit service areas were interviewed. Two non 501(c)(3) nonprofit were interviewed as well. All interviews took place between October 13 and November 10, 2011.

The executive director of each organization was interviewed. In two instances, the executive director also had me interview the person in charge of social media, in two other cases, only the person in charge of social media was interviewed. and in two more, the person in charge of social media was present during the interview. Three interviews were conducted via the phone and all others were done in person. The interviews were semi-structured and framed around four concepts: purpose of social media use, social media's role in the organization's effectiveness, what is done with the feedback the organization receives through these mediums, and the role of social media on the organization's social return on investment (SROI). The fourth concept is the focus of this paper. Each interview was recorded, transcribed, and coded using HyperReasearch.

Table 1: Sample Descriptives

	Time on FB	Time on TW	Use	Strategy	TW/FB linked	Comm Flow	Effect
A&C 1	>2yrs	1-2yrs	inform	Attract business	no	2-way asymmetrical	Cost effective marketing; immediate
A&C 2	1-2yrs	6mo-1yr	engage	Attract business; reach youth demographic; build community	no	2-way symmetrical	Cost effective marketing; ; immediate; customer service
HS 1	1-2yrs	6mo-1yr	inform	Attract business; reach youth demographic	no	2-way asymmetrical	Cost effective marketing; ; immediate; donations
HS 2	>2yrs	>2yrs	engage	Attract business; monitor environment; build community	no	2-way symmetrical	Cost effective marketing; ; immediate; advocacy; broadened governance
SB 1	1-2yrs	6mo-1yr	inform	Attract business; reach youth demographic	yes	2-way symmetrical	Cost effective marketing; immediate
SB 2	1-2yrs	1-2yrs	engage	Attract business; reach youth demographic	yes	2-way symmetrical	Cost effective marketing; branding; ; immediate
E/A 1	>2yrs	1-2yrs	inform	Attract business/ donations	yes	1-way symmetrical	Cost effective marketing;; immediate
E/A 2	>2yrs	1-2yrs	inform	Attract business; reach youth demographic	no	2-way asymmetrical	Cost effective marketing; immediate
Non 501 (c)(3)1	>2yrs	>2yrs	inform	Attract business; draw people to area	no	2-way symmetrical	Cost effective marketing; immediate
Non 501(c)(3)2	>2yrs	1-2yrs	inform	Attract business; reach youth demographic; build community	no	2-way symmetrical	Cost effective marketing; immediate; intimate; Advocacy; branding

All organizations that were interviewed have annual budgets greater than $500,000 and noted on the survey that a full-time employee maintained their social media. However, the percentage of time of the individual's position dedicated to

social media ranged from 0-10% (environment and animal welfare), to 51-75% (one non-501(c)(3)). Five nonprofits: two human service organization, two arts and culture organization, and one societal benefit organization had a full-time employee dedicating 11-25% of their time to social media. The remaining three, one non 501(c)(3) organization, one societal benefit organization, and one environment and animal welfare organization, had a full-time employee dedicating 26%-50% of their time to social media. All interviewees have actively engaged Facebook, four for one to two years, and six for more than 2 years. Twitter engagement varied from 6 months (3 organizations) to 1-2 years (5 organizations). Only two have been actively using Twitter for more than two years. See Table 1 for sample descriptives.

Findings

   The first topic to address is how nonprofit leaders perceive SROI's relationship to social media. Not surprisingly, all knew what ROI, but not necessarily SROI. In other works, they understand the economic return on investment, but did not think in economic terms when discussing what their nonprofit did. Indeed, the focus was always on the societal good the organization was providing. When finances and effectiveness were discussed, the discussion trended towards the need to draw more people toward the organization and/or raising more funds to provide the social good. For instance, one executive director noted:

   I don't know if I ever really looked at it in that way. (SB 1)

Similarly, or more to the point, another said,

   I don't have a clue. I don't. And again, that may be something we ought to have a clue about. (Non 5-1(c)(3) 2)

And another:
   We haven't thought of a connection between [SROI and social media]. But that's not a bad idea. (EA 2)

Even though the application of SROI to social media had not been thought through, nonprofit leaders did note that measuring the benefits derived through social media was challenging.   For instance, the executive director of one of the human service nonprofits noted:

   I think there is a connection. I would be hard pressed to measure it. (HS 2)

Other noted the benefit derived from their use of social media was in relation to its ability to get their message out. One leader of a societal benefit nonprofit noted:

 Anything that helps us tell our story and the story of those we help is a benefit. (SB 1)

Indeed, the last aspect noted, social media's ability to tell the organization's story, was often substituted for SROI, as seen in Table 2.

Table 2: Social Media and SROI

	Connection b/w SM & SROI	Hard to Measure	Learning Org	Reverts back to story-telling	No Clue/ Haven't thought in that way
A&C 1		✓		✓	
A&C 2	✓		✓		
HS 1				✓	
HS 2	✓	✓	✓		
SB 1		✓		✓	✓
SB 2	✓	✓		✓	
E/A 1				✓	
E/A 2				✓	
Non 501 (c)(3)1				✓	
Non 501 (c)(3)2		✓			✓

Even though there was no consensus on the role of social media and SROI, other than as an efficient vehicle to get the organization's story out, going back one step may prove to be informative. Specifically, instead of focusing on the larger concept, perhaps breaking it down in to its "feedback" feature would be more digestible. This component of SROI links with social media; SROI requires measurement of value creation through stakeholder input. Social media is a tool stakeholders can use to provide input, if nonprofits conceptualize social media tools as vibrant, two-way communication channels where dialog – and stories – can be exchanges between the organization and its multiple stakeholders. However, as seen in Table 1, nonprofit leaders primarily see social media as a tool to inform more than engage. Furthermore, regardless of who social media is viewed, all interviewees saw it as a tool to attract business, but only three saw it as a tool that can also build community through interactions with other nonprofits as well as stakeholders.

Another aspect that was consistent was the use of analytic tools that measure the number of fans, followers, posts, etc. These tools provide basic metrics of the use of the tool, but no depth. When discussing the use of social media tools and program evaluation, one human service and one arts and culture noted how the feedback received through social media was used for evaluation. The human service leaders noted:

We do a lot of evaluations in real-time, so we can feed the information back in real time and then begin to take corrective action if needed. (Human Service 2)

The individual also noted:

I sort of see this as management 101, you always have to be ready to learn… whether it's strategic learning, program design and development, or evaluation, social media is a part of that. It is not different. (Human Service 2)

Similarly, an Arts and Culture executive director said, in regard to feedback received through social media:

We wrap the feedback from our social media conversations into those visitor surveys and we review them once a month, as a senior staff, to see if there are any common threads, common concepts, common problems, that we need to do any kind of follow through on. (Arts & Culture 2)

Both of these nonprofits were found to have moved beyond the informational and interactive stages of social media to engagement in a manner that related to the governance of the organizations. In e-government terms, they are at the early

stages of joined-up governance. An excellent example can be seen in the following story.

At our last board retreat, we have a woman who is a communications professional. She was tweeting on her account - not our account - throughout the retreat. And she had a number of hits from a number of people who are following her on Twitter about [our organization] because she was tweeting through the board retreat - which was kind of curious. So she was bringing in a lot [of feedback] as well just sitting there tweeting about just about what the board was doing... She would tweet that we've been talking about this and literally at one point in the meeting she said that I have been tweeting things out as we have been sitting here talking and I want you to hear some of the responses. That was interesting. That's sort of cool. The board said we haven't thought about that, maybe we should consider it. (Human Service 2)

They found that social media is a useful tool to bring more stakeholders into the conversation, not only about how to improve programs, but also for identifying new needs in society, and ideas on how the organization can address them.   For both of these organizations, the purpose of social media is more than providing information and basic stakeholder interaction. They see these tools as a means to create more transparency, accountability, and inclusive governance for their organizations. Table 3 notes how the different interviewees see the purpose of social media, and how they use feedback. As can be seen, only two organizations utilize the feedback in a programmatic manner. This does not mean the others do not utilize the feedback they receive. Indeed, it was found that feedback through social media tends to be, for lack of a better term, thin. In other words, the comments that the nonprofits receive through social media lack depth.

Table 3: Social Media Purpose and Feedback

	Purpose			Feedback		
	Build Relationships	**Push Information**	**Program Involvement**	**Program Outcomes**	**Real-time Evaluation**	**Strategic Learning**
A&C 1	✓	✓				
A&C 2	✓		✓	✓	✓	✓
HS 1		✓				
HS 2	✓		✓	✓	✓	✓
SB 1	✓	✓	✓			
SB 2		✓	✓			
E/A 1		✓				
E/A 2	✓	✓				
Non 501 (c)(3)1	✓	✓				
Non 501 (c)(3)2	✓	✓				

An interesting finding was how the interviewees who see the different social media tools as complimenting each other visualized the connection between the different social media tools. As one interview describe the connection between the organization's use of the tools:

> *The blog is where we live, Twitter is where we magnify or broadcast the story, and I added we do frequent quick hits so there is breadth, but not depth, and then the e-news is where we magnify and broadcast our story by with more depth. Less breadth. And then the blog feed on the Web site is where we can broadcast the story to a lesser extent, but we*

have the opportunity to reach new friends, and then Facebook where we
build community and the Web site were we conduct our business.
(Societal Benefit 2)

Similarly, the executive director of one of the arts and culture nonprofits that was interviewed noted:

We treat our blog and social media together. When we do a blog entry, it also
becomes a Facebook post. We are integrating those, probably not a 100% of the
time, but often since we are developing some really great content for the blog. So
using those forms to cross-fertilize... we just redesigned our Web site and it is
launching next week. We made sure that our links to our social media sites are
much more prominent than they have ever been. We can measure how many
people are getting to those through the reports that we get. How many people
stick with it or become our friends or decide to follow us on Twitter. It is hard for
use to be able to measure that in particular.   We try to cross-fertilize those things
when we can...Our blog provides that fresher content. It really serves for us more
like our members magazine use to. We do a Blog entry every day. And we have a
series of interactive thins, like the "ask the curator" spot on the blog. And our Web
site is a bit more static, where the content doesn't change regularly, where the blog
allows us to get our a little flip camera and interview a visitor when they come in...
just a quick get it up there. And we do not tend to use our Web site that way. (Arts
and Culture 2)

Interestingly, this arts and culture nonprofit leaders has a vision of how social media can not only help the organization achieve its mission and measure program outcomes, but also create a strong off-line community through vibrant online interactions. Moreover, these partnerships and communities extend beyond the nonprofit sector to include public and private organization. Indeed, a true measure of a community.

Sort of knocking down the walls and the silos between social services, education,
the arts, civic engagement, and instead see that as one bundle that really wraps
around the concept of quality of life. If part of people's quality of life is
engagement in that collective thing we call community, I think social media has a
really important role to play in it. I don't think we have figured out how to get it....
we tend to be able to talk about how to do it programmatically and through
content and through engagement of people, but how to translate that through
social media, I don't know if any of us are doing that well yet. (Arts and Culture 2)

The visualization of these findings is seen in Figure 1.   It notes how executive directors see as the different roles of specific ICT tools to help achieve the organization's mission.

Figure 1: Social media Conceptualization
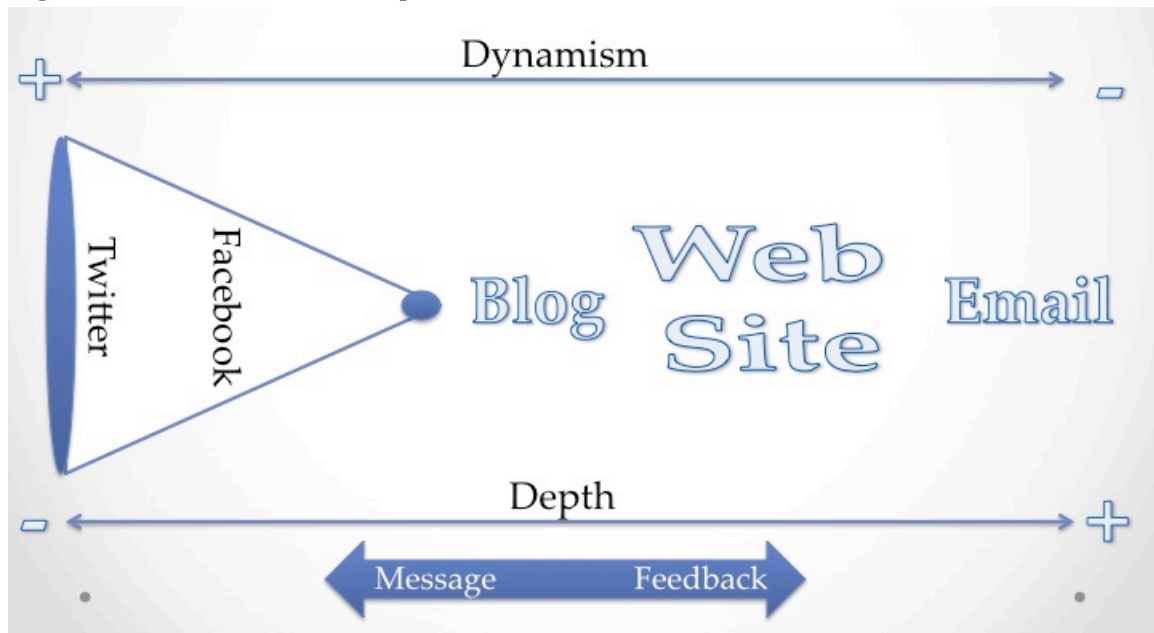
Conclusion

While the goal was to interview the executive directors of each organization, in two instances, I was directed to the person in charge of social media in the marketing department, as noted above. Unfortunately, this individual did not think in terms of SROI, so while they attempted to answer the questions, they always reverted back to using the mediums to push out information or market the organization.

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