

# THE ROLE OF ICT IN SCALING UP SOCIAL IMPACT

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## INTRODUCTION

In recent years, the field of social economy has been searching for tools and methodologies to expand the impact of initiatives that help to solve social problems. Different Information and Communication Technologies (ICT) – from radio and television to the newest internet-based smartphones – have constituted a disruptive revolution in the last three decades, radically transforming how we interact with other individuals and organizations.

The main objective of this article is to shed some light on the question: “How can ICT help organizations of the social economy to achieve greater impact?” This question is rooted in the theme number 5 of the Congress (“Innovative management”) and addresses some of the important structural transformations that social economy is facing today, that is, changes generated by technologies.

This communication attempts to systematize existing knowledge and to identify technological key factors that can help organizations of the social economy to improve their performance through the use of ICT. This text is part of a broader research carried out by the Research Center for Sustainable Organizations at the Universidad Politécnica de Madrid.

Our analysis can be considered wide and general for two reasons:

- We address poverty in a general way, as a complex mosaic of realities that is caused by a shortage in one or more fundamental aspects of people’s life: access to water, healthcare, housing, security, financial services, education, etc. (Subirats, 2009).
- Moreover, we discuss general actions carried out by generic types of organizations from different sectors of the social economy. This communication doesn’t focus on a specific type of organization or a national context, but tries to reach the wider scope possible.

At the same time, our research can be described as technical (in the sense that it focuses on specific technological issues), applied (as it will include real examples of different social economy organizations) and related to micro-level approach (because it is about organizational elements of organizations as units).

ICT are bringing about some important structural changes in the way individuals and organizations interact that propose a wide range of innovative opportunities. They constitute new solutions that make us believe that "There Is No Alternative" and that another society is indeed possible.

## Defining Social Impact

According to Mulgan (2010), defining social value is a difficult task because value is “*not an objective, fixed, and stable fact, but subjective, malleable, and variable.*” Most modern economists now agree with Mulgan that in many fields of social action there is no consensus about what the desired outcome should be.

In general, the Organization for Economic Co-operation and Development (2004) defines impact as “*positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.*” Others authors propose definitions based on the effects caused to the individuals or to a system as a whole.

In a micro-level approach, Vanclay (2003) defines social impact as *changes to one or more of aspects in human livings, from people’s way of life to their fears and aspirations.* This definition highlights the multidimensional condition of human nature (Yunus, 2007) and makes clear that poverty is not only about not having money, but about living a life that is not at its full potential in different aspects (Duflo, 2009).

In a holistic macro-level approach, Ashoka (2010) defines social impact as a systemic change that affects (or has the potential to affect) large numbers of people or industries as a whole. This approach is summarized by the words of its founder and CEO, Bill Drayton: “*social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.*”

## THE NEED OF SCALING IMPACT

ICTs have great potential for empowering and strengthening socially-oriented organizations in their quest for impact. Yunus (2007) points out that “*the new ICT can allow poor economies to abandon past economic development trends and integrate instead into the world economy much faster than anyone could have supposed.*” Duncombe (2008) underlines the need for ICTs for inclusive or pro-poor markets, particularly for small and micro-enterprises in value chains, as they are important tools for improving market coordination, efficiency, transparency, and equity.

The need for scale derives from the fact that local actions have physical limitations in reaching people in need. Sir Fazle Hasan Abed, founder of BRAC, the Bangladeshi NGO named the largest in the world, says “*If you want to do significant work, you have to be large,*” and discussing the vision of the twentieth century economist E.F. Schumacher, author of *Small is Beautiful*, adds “*small may be beautiful, but big is necessary.*”

In a global world, where people suffering the same problems are interconnected, social entrepreneurs and organizations of the social economy should not only solve the problem locally, but reach a global change, a shift of paradigm that leads to a global sustainability.

The social impact of a given initiative depends primarily on two variables: how much social value an action generates for each person reached; and, how many people are reached by the initiative. According to this, we can differentiate two ways of scaling social impact (Desa, & Koch, 2010):

- Normally, scaling social impact refers to **breadth scaling**, that is, increasing the number of beneficiaries that is reached by the organization or initiative so they can profit from the social value created.
- Social impact can also be increased through **depth scaling**, which increases the social value proposition already delivered to a given number of beneficiaries by including new features and benefits. This type of scaling is related to being more effective and to expanding the effect of the actions undertaken by organizations.

## THE ROLE OF ICT IN SCALING IMPACT

### The role of ICT in depth scaling

ICT can help build more efficient, complete products or services that have deeper impact in poverty alleviation. The use of ICT can increase the value proposition in five ways:

- *Accurate and fast needs recognition*: In today's dynamic world, information changes fast; having current information can be difficult. Information from beneficiaries (needs, preferences, etc.) is critical to design a program or an initiative and, in some cases it is not attainable by the social agents.
- *Adaptation of products and services*: adapting products and services to the needs of beneficiaries is one of the key success factors in all human development actions. In this sense, ICT can help adapt products and services by turning physical features into digital ones.
- *Opportunities creation*: many economic opportunities in the 21<sup>st</sup> century are based on access to information, knowledge, and education. Information and knowledge are essential resources for women and men to live satisfactory lives and ICTs are used to gather, disseminate, exchange, process, store, and access information and knowledge. The integration of ICTs in human activities is consistent with the appearance of the Network Society (Castells, 1998).
- *Information disclosure and fairer markets construction*: cultural and social norms as well as citizen awareness about social economy is spread through viral ICTs: social media, blogs, videos, etc. Different institutions are creating momentum in the field of social economy by spreading the concept throughout the world, and promoting social action.
- *Inclusion and social capital creation*: the development of communication options has enabled the involvement of more people in collaborative actions than was previously possible. The interaction of beneficiaries with other agents generates social cohesion and social capital, defined as "features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit" (Putnam, 1995).

### The role of ICT in breadth scaling

A traditional paradigm in poverty alleviation consists of piloting a prototype product or service for a limited period of time and measuring benefits for a small community or cohort. If the initiative shows efficacy and impact, it can be scaled to reach more people in the same target

community or in other regions where the same social problem exists. ICT is a powerful tool to grow the size of these human development initiatives in two directions: providing the outputs and effects to more beneficiaries, and also capturing more inputs or resources to make the organization larger.

We identify five benefits in breadth impact derived from the use of ICT:

- *Access to new resources*: one challenge that most social impact initiatives (especially non-profits) face, regardless of size, is the effective capture of new resources for the organization, including voluntary work and economic funds. The crowdsourcing movement, based on the collection of funds through a large group of individuals, can mean significant scale and transformation. In the words of Edward Happ, founder of NetHope: “*technology is a gate that can provide a transformation of hours of work in countries far away into hours of impact where it is needed.*”

- *Synergies and networks creation*: networks are the quintessential organizational structures in the Information Era (Castells, 1998) and ICT facilitates information sharing, making coordination easier and making effective communication possible. These benefits have an impact in the performance of individual organizations and also in the performance of the entire social impact sector.

- *Organizational efficiency*: the incorporation of suitable ICT platforms can help socially-oriented organizations improve their internal performance. ICT improves communications with stakeholders at a lower cost, reduces operational costs inside the organization making labor-intensive activities almost free through technologies and makes possible the management of a huge amount of small transactions that without ICT would simply be cost-prohibitive or impossible.

- *Improved visibility*: ICTs are inexpensive and effective tools to offer reliable information to multiple stakeholders: employees, donors, and society in general. The goals of information disclosure can be understood from different perspectives. Transparency and openness about how the socially-oriented organizations invest funds generates trust that can attract new capital investment and collaborators.

- *New access channels to beneficiaries*: lack of access to credit, basic services, healthcare, and information are some of the main causes of exclusion and persistent poverty in the developing world. In some cases, the lack of a physical channel precludes provision of that good or service. Access is sometimes difficult and expensive, particularly in rural areas. ICT provides a bi-directional channel: access to markets for people living in isolated areas and access to isolated communities for enterprises that provide goods and services.

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