

COMMUNIQUE

Trends, Best Practices, and Opinions on Community Involvement

Let's Make Citizenship Reporting More Meaningful

Outcome and Impact Metrics Are Crucial to Understanding Success

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We have long felt that for many public companies, **the standards** by which their corporate citizenship is measured fail to capture the level of success of a citizenship program. By standards, we mean the questions asked by internal and external stakeholders, including analysts and investors, about the value and impact of a company's corporate citizenship program.

The input and output data that are usually requested and reported can't capture the degree of success of an individual company's corporate citizenship program. It would be like measuring a human resources department's success by how many people the company employs.

But whereas human resources has some cross-industry measures, such as employee turnover, cost-per-hire, and diversity metrics, corporate citizenship does not. While metrics like volunteer participation percentages, total corporate giving, workplace giving participation and the like are interesting, they really can't be compared across companies to say who is a "better"

corporate citizen than whom. It takes more than that—outcome and impact data—to give the full picture. And outcome and impact data are specific to the company and the goals that it sets for itself.

To separate the best from the merely average, interested stakeholders have to look at two key pieces of citizenship that are rarely reported and difficult to quantify: 1) *progress against specific goals* of the program; and 2) the *outcomes and impacts of key programs*.

Best-practice companies are keenly aware of why they are practicing good corporate citizenship. While citizenship programs can have wide-ranging effects, a best-practice company has identified which effects are priorities, sets goals for itself and measures progress against those goals. These efforts go unacknowledged by many stakeholders, even by sustainable investing analysts and ESG researchers.

Outcome vs. Impact

Although frequently used inter-changeably, outcome and impact are not the same thing. The Center for Nonprofit Management says that "While the outcome evaluation tells us what kind of change has occurred, an impact evaluation paints a picture as to how a program might have affected participants' lives on a broader scale."

For example, the outcome of a program that targets financial literacy among low-income women would be the change in the women's financial literacy and in how they feel about their ability to manage money, etc.

Down the road, though, the program may influence the women's life trajectory. They may save more, become qualified to get a mortgage, buy appropriate insurance products—maybe even get a job in finance. It is these long-lasting effects that comprise impact.

Source: The Center for Nonprofit Management's Nonprofit Answer Guide.

What a shame. Is it because it is too hard to compare one company to the other? Perhaps we can fix that. We have been working with a select group of corporate citizenship professionals on how companies can report in such a way that it is easier to identify the great corporate citizens.

This is a work in progress. You can read our thoughts up to this point [here](#) and we welcome your feedback. Email me at linda@lbg-associates.com or call me at 203-325-3154 with your comments. I look forward to hearing from you!

About LBG Associates

LBG Associates is a woman-owned consulting firm focused on designing, implementing, and managing corporate social responsibility and corporate citizenship programs and initiatives. Founded in 1993 by Dr. Linda Gornitsky, LBG Associates drives social change through advice, implementation, research, and training. Find more information at www.lbg-associates.com or call 1-203-325-3154.

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