



SOCIAL RETURN ON INVESTMENT –
QMANSYS PROJECT IMPLEMENTED BY NASSCOM FOUNDATION

A CSR Project of Firstsource Solutions Limited

Report Prepared By

Social Audit Network, India

Assessing Social Impact using Social Return on Investment (SROI) - Training and Empowerment of 150 youth in Siliguri by Qmansys

Introduction

The SROI methodology serves as a valuable tool for elucidating and comprehending the financial value of outcomes resulting from social interventions. It quantifies, in monetary terms, the social value generated for every rupee invested in a project or intervention. Unlike traditional economic analyses, SROI goes beyond mere investments and outputs, centring its focus on the value of outcomes or changes experienced by stakeholders.

This methodology incorporates a wide array of social outcomes, including intangible benefits like increased self-confidence and communication skills, alongside more tangible outcomes such as an increase in earning capacity. SROI analysis integrates both quantitative and qualitative data gathered from surveys, providing a comprehensive account of the impacts generated.

The culmination of an SROI analysis is an SROI ratio, which compares the investment made to the demonstrable financial value of social outcomes reflected in monetary terms. It highlights the financial benefits derived from social investments made.

It is crucial to understand that while SROI enables the assessment of social initiatives in terms of social outcomes expressed in financial returns, the calculated social value return is not synonymous with the creation of spendable currency. Instead, it aids in better understanding the value of social outcomes using financial measures, as opposed to other economic indicators. By estimating this value through financial proxies and amalgamating these valuations, an SROI analysis provides an approximation of the total social value created by an intervention.

The SROI calculation given below is for the CSR initiative, Skilling youth on Green Technology Project implemented by NASSCOM Foundation for 150 beneficiaries in Siliguri, West Bengal, is based on a total budget (input value) of Rs 16,08,200 (Sixteen Lakhs, Eight Thousand, and Two Hundred rupees).

I. Step 1. Establishing scope and identifying stakeholders

The stakeholders considered for the SROI were

- *150 youth who have completed the training on ATL LAB implementation, Electric Vehicle Chargers Infrastructure and 5G technology at Siliguri, West Bengal. Of them, 100 youth were placed.*

II. Step 2. Mapping outcomes

The outcomes represent significant changes observed in the participants who have completed or are currently undergoing the course, and these changes can be quantified financially. From a myriad of experiences, the most crucial outcomes have been identified for inclusion in the SROI analysis. The primary goal of this program is to enhance the skills of rural youth in green technology, electric vehicle (EV) technology by harnessing the power of technology.

i. The proposed project outcomes were:

- The beneficiaries will have the capability to apply their learnings from the green technology effectively, leveraging it to improve their livelihoods.
- All participants are expected to experience an increase in their income, reaching 100% employment.
- Enhanced levels of confidence and happiness are anticipated for all participants.
- Every individual involved is anticipated to contribute towards the improvement of the environment within their respective communities.

The Impact map:

Positive outcomes experienced by key stakeholders, who are the youth who attended the training are mapped below.

ACTIVITY	INPUT	OUTPUT	OUTCOMES	IMPACT
Training on ATL LAB implementation, Electric Vehicle Chargers Infrastructure and 5G technology	Training, mentoring	150 youth trained	100% youth trained understood the technology	New avenues of jobs created.
			100% youth trained know how to implement the technology in their line of work	Huge scope of the subject knowledge to be utilised to benefit local communities. Knowledge on technology of the future.
			More people are aware of environment friendly technology options and its prospects. Increased interest in participation in similar jobs.	Environmental sustainability.
Placement Mentoring Participants and offering them guidance and support	Connecting to organizations in the area/region to improve placement prospects and fill need	100 youth placed	100 youth placed in the same field they are trained in	Rs 12,000 average income earned per month Increased knowledge of financial literacy aids
				Increase in number of jobs created in the area/region.
			100 youth reported increased confidence levels and happiness levels	Improved family income Increase in wellbeing of family and community

During the stakeholder consultation, the participants were asked whether they had experienced these outcomes before and after the training.

III. Step 3. Evidencing outcomes and giving them a value

This step determines how stakeholders experience the listed outcomes and establishes the financial value of each mapped outcome. The following outcomes were observed during our interaction with the stakeholders.

S. No	Key Outcome	Key area of focus
1	Increase in income levels of each trainee	Average salary after placement
2	Increase in confidence and happiness Levels	Self-reported
3	Capability to make a positive impact on the environment in their area of residence.	
4	Increased earning aspirations	
5	Creating a new need in the market	
6	Tech innovation	
7	Networking Opportunities	

However, only the top 3 outcomes were considered for the SROI study. They are as follows.

Outcome No	Key Outcome
1	Increase in revenue
2	Increase in confidence and happiness Levels
3	Capability to make a positive impact on the environment in their area of residence.

IV. Step 4. Establishing impact

This step involves considering what other elements are part of the change experienced by Participants. They include:

- Deadweight –an estimation of the value that would have been created if the activities from the program did not happen.
- Displacement – an assessment of how much of the activity displaced other outcomes.
- Attribution – reflects the fact that the investment and core program activity is not wholly responsible for all of the value created.
- Drop-Off- refers to how long an outcome lasts for and recognises that outcomes may continue to last for many years but in the future may be less, or if the same, will be influenced by other factors.

These elements are applied as discounts to the value included in the SROI analysis (expressed as percentages). They help ensure that the SROI value is not over-claimed, and provide a ‘reality check’ on the actual impact of the social investment. These values have to be gathered during stakeholder consultations.

i. **Deadweight**

The % of Participants who were confident that they would have got the skills on their own volition was the value assigned for Deadweight. The completed Participants were asked a question- What would they have done had they not joined the course - for which the following were the responses.

- **Outcome 1:** According to the conducted interviews, no similar programs had been implemented in the program area prior to this initiative, marking it as the first of its kind. Consequently, a 5% deadweight was assigned to this outcome.
- **Outcome 2:** Stakeholders universally expressed increased satisfaction and confidence, attributing it to their enhanced earning capabilities and financial independence (not being reliant on their family). Previously reliant on meagre incomes from the MNREGA scheme, they now reported a positive shift. As a result, a 5% deadweight was assigned to this outcome.
- **Outcome 3:** The program was acknowledged for its notable impact on the community's awareness. Before the students were placed, no other organization operated in the same field and hence, the villagers were unaware of the benefits of the technology, justifying a 5% deadweight allocation for this outcome.

ii. Displacement

Displacement is the positive impact of one stakeholder at the cost of a negative impact on the other stakeholder.

- Observations revealed that there were no other centres providing comparable youth development programs in the specified areas. Consequently, a 10% **displacement rate** was presumed.

iii. Attribution

The Participants were asked whether they were aware of any similar skill **development** centres in the neighbourhood.

Outcome 1, 2, 3: *None of the youth knew what green technology, EV was. Negligible to marginal prior experience. Hence, the value for attribution was assigned as 10%.*

iv. Drop-off

The Participants were also asked about the duration they would remember or use the skills learnt. All the respondents had said that the skills learnt – both technical and entrepreneurial would be useful to them for life.

- *The duration of the skill was assumed to be for 5 years as that is the maximum that can be assumed in an SROI calculation. Based on the above findings, only a marginal 5% dip in their knowledge and skill-sets if any, is envisaged.*
- *Hence the **drop off rate** is calculated to be 5% for each of the envisaged outcomes.*

V. Step 5. Calculating the SROI

The last step in an SROI analysis is calculating the SROI ratio. The ratio is calculated by multiplying the number of stakeholders achieving an outcome by the value of that outcome (financial proxy), and then discounting for impact. All outcomes are then added together for the total present value, which is divided by the total investment.

The financial proxy was based on the feedback received from the stakeholders during the consultation with them. They were asked to rate their outcomes based on ratio. The financial proxies used were calculated on a rating basis. Pro rate of 3:2:1 assumed to be reasonable for outcomes 1,2 and 3 respectively. All the costs detailed below are for one person.

Outcome	Financial Proxy	Reason for assigning the value
Ability to use the learnings to enhance their livelihood and income	Rs 12,000	Average salary per month after the training was Rs 12,000 (Rating 1)
Increase in happiness and confidence levels	Rs 8,000	Consultation with youth (Rating 2)
Triggering consciousness on the benefits of Green tech for environment	Rs 4,000	Consultation with youth (Rating 3)

SROI Formula

- $SROI = \text{Total Present Value of social value} / \text{Net Present Value of the investment}$
- $\text{Total PV of Social Value} = \text{Quantity of outcome} * \text{Proxy Value} * (\text{Attribution} - \text{Deadweight} - \text{Displacement} - \text{Drop-off for each year})$
- The cost per learner*no. of Participants/completed Participants was used to calculate NPV of Investment

Some of the assumptions taken were as follows:

- The client consultation involved a Focused Group Discussion that involved 3 youth. The answers are assumed to be representative.
- The average income was assumed as 12, 000 per month
- The financial proxies, percentage adjustments for deadweight, displacement, attribution and drop off are assumed to be reasonable
- The outcomes would last for five years and hence the cost id calculated for 5 yrs

SROI Calculation

Description	Qty	Value	Total cost for 5 years	Who else contributed to the change?	What activity did you displace ?	What would have happened without us?	Does the outcome drop off in future years?	Total PV (present value)
Increase in income	100	12,000	60,00,000	10%	5%	10%	5%	43,86,150
Increase in happiness and well-being	100	8,000	40,00,000	10%	5%	10%	5%	29,24,100
Triggering consciousness on the benefits of Green- tech for environment.	150	4,000	30,00,000	10%	5%	10%	5%	21,93,075
Total PV (Present Value) = 95,03,325								

Description	Value (Rs)
Input Value (<i>Spent by First Source</i>) (IV)	16,08,200
Total Present Value (TPV)	95,03,325
Net Present Value (TPV- IV)	78,95,125
Social Return on Investment (PV/NPV)	5.91

SROI Interpretation

For every one rupee spent on the project, a social value of 5.91 was generated through the project. This SROI suggests that the investment is likely to continue generating social value over time, potentially leading to sustained positive outcomes for the participants who were trained. Overall, an SROI of 5.91 indicates that the investment is generating substantial social value relative to its cost, suggesting a potentially effective use of resources in terms of social impact.