

SROI (Social Return on Investment) – A Case Study about Social Profit

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Abstract—In annual accounts and management reports, financial figures are used predominantly both in commercial and nonprofit companies in order to give a true and fair view of a company's assets, profits and financial position. As a result, the financial success is a key performance indicator – a figure which, usually, is quite low in the case of nonprofit companies [1]. However, such companies strive to reach content-oriented goals primarily, for instance performance quality, training success and employee satisfaction. As content-oriented goals are their basis of legitimacy, there should be possibilities to calculate whether they are met [2].

Basic prerequisite for such a calculation are specified details about the company's mission statement, its content-oriented goals (from an economic, business, social or environmental point of view), its commercial goals (concerning profitability, liquidity and financial security) and its standards to measure objectives [3]. On this basis, it becomes possible to set targets and to incorporate the defined goals into a monitoring and reporting system [4].

Beyond achieving a profit, a social kind of success becomes interesting in such cases, which can be expressed as the so-called Social Profit. For example, this key figure can be measured by comparing costs and benefits attributed to the support of people in need. Benefits calculations takes avoided social spending into account, for example due to the prevention of homelessness, imprisonment or psychiatric clinic stays. The calculation also takes account of the effects of an individual's rehabilitation and restored working abilities on the partaking in working and social life – which in the long run benefit society as a whole as well as tax payers [5].

Company goals, target groups, possible activities and their effects are of interest to calculate the Social Profit. However, several assumptions must be made about future political and economic developments. The following case study approaches to define and apply the concept "Social Profit".

Index Terms: Content-oriented objectives, Impact, Legitimation, Private and public investments, Social economy enterprises, Social Profit, Social Return on Investment