

Social Value in the Public Sector : Social Value Investing

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An Example of Social Value: What is Your Behavior in Social dilemmas?

- **Table 1 shows an example of a decomposed game.**

Here, a **cooperator** would choose Option A, as it maximizes joint gain and equality (Van Lange, 1999), an **individualist** would choose Option B, as it maximizes his/her own gain, and a **competitor** would choose Option C, as it maximizes one's relative advantage over the other person (Balliet et al., 2009)

- **Social Value Orientations (SVO)** : The weights people assign to their own and others' outcomes in situations of interdependence (Balliet et al., 2009: 533)

<Table 1> Example of a decomposed game for assessing social value orientation

	Option		
	A	B	C
Allocation			
Points to Self	500	600	500
Points to Other	500	200	0

Social Value as New Public HR Trends and a Strategic Approach

- According to Deloitte Human Capital Trends 2018, 65% of companies surveyed considered **'inclusive growth'** as one of their top three goals. In addition, about 77 % of companies rated **'citizenship and social impact'** important. However, CEO considered the topic as the **"least ready"** issue (Bersin, 2018)
- In this regard, **social value has today been risen as new paradigm for the public sector** as well as the private sector

<Figure 1> New public HR trends



The Role of Civil Servants to Achieve Social Value

- Public service activities should be value-based and civil servants must play an important role in implementing public policies and understanding the meaning of values to all aspects of their activities (MacCarthaigh, 2008)
- Simultaneously, public employees tend to have a different job motivation such as PSM which focuses on public interest, compassion, altruism, and so on (Perry & Wise, 1990)
- In the era when the limits of NPM are highlighted, in particular, civil servants need to cultivate the social values in order to implement public activities to be beneficial to society
- Civil servants need to play an important role in helping build partnerships and collaboration among government, market, and civil society for social value

Social Value: Definition

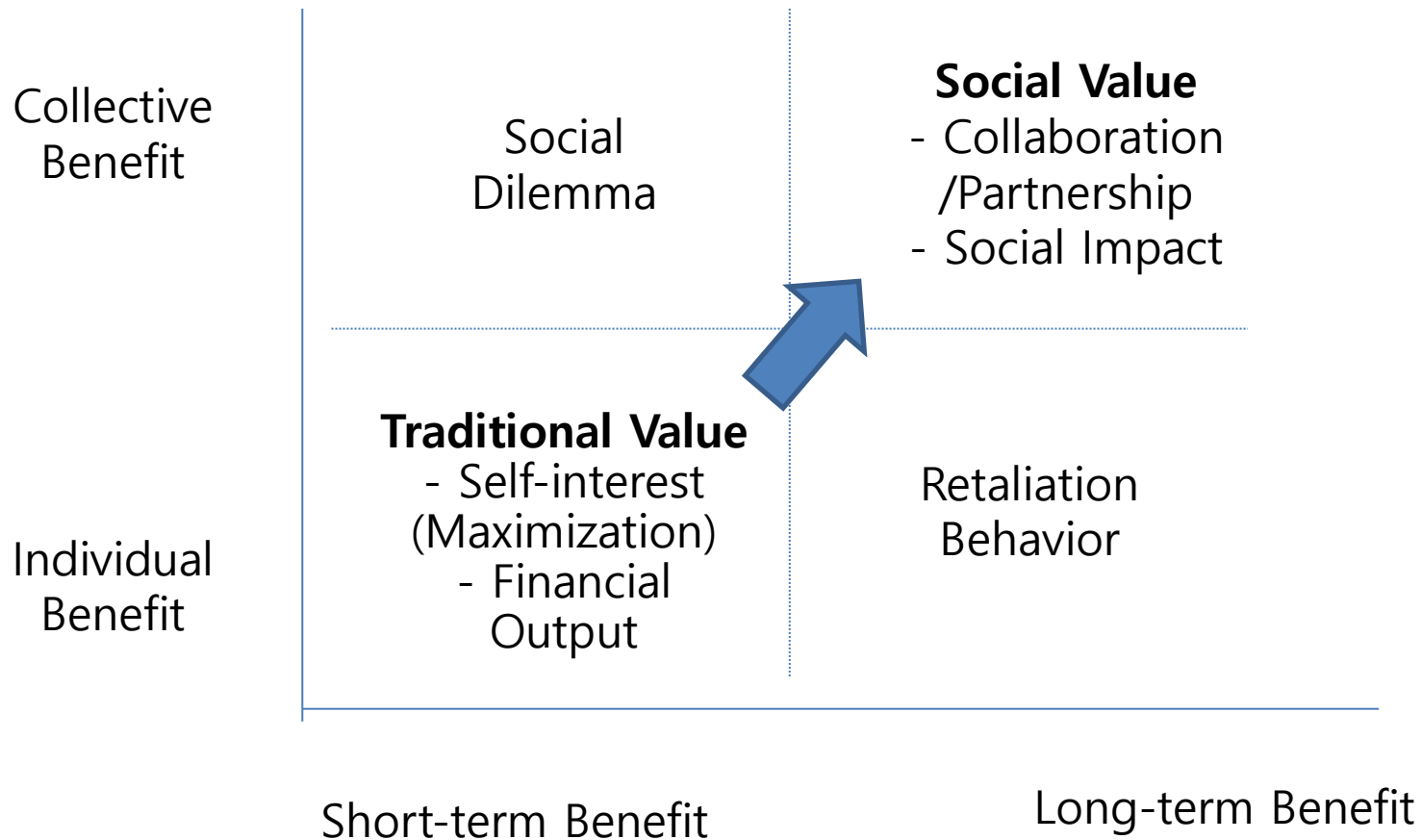
- “The **extra-financial value** and can be understood as a **collective term** for assessing the relative value of social, economic and environmental outcomes most often **in the context of resource allocation decisions**” (Morgan, 2015: 4)
- “The value, financialized or not, attributed to that **change to individuals, society, the economy and the environment**, often relative to its cost” (Morgan, 2015: 4)
- “The **wider non-financial impacts** of programmers, organizations and projects, especially **on the wellbeing of individuals and communities and of the environment**” (Chartered Institute of Housing, 2015: 3)

Social Value: Characteristics

- Long-term effect not short-term one
- Social benefit not financial one
- Collective effect not individual one
- Social Impact or outcome not output
- Equitable, inclusive, and responsible value

Social Value: Scope

<Figure 2> The scope of social value



Social Value Focusing on Social Benefits

<Table 2> Examples of three different benefit types

Example	Fiscal Benefits	Economic Benefits	Social Benefits
Employment mentoring for individuals with mental health problems	Reduction in incapacity benefit payments as individuals gain employment	Increased income of individuals gaining employment	Improved confidence, self esteem and reduced isolation of individual
Initiative to tackle anti social behavior on a problem estate	Reduction in police, housing and local authority time spent responding to incidents	Increased patronage of local businesses	Reduced fear of crime of residents
Drug treatment program	Savings in reactive health costs—long term health costs	Reduced outgoings spent on drugs	Improved health and life expectancy of individual

Social Value Investing as an HR Strategic Approach (Framework)

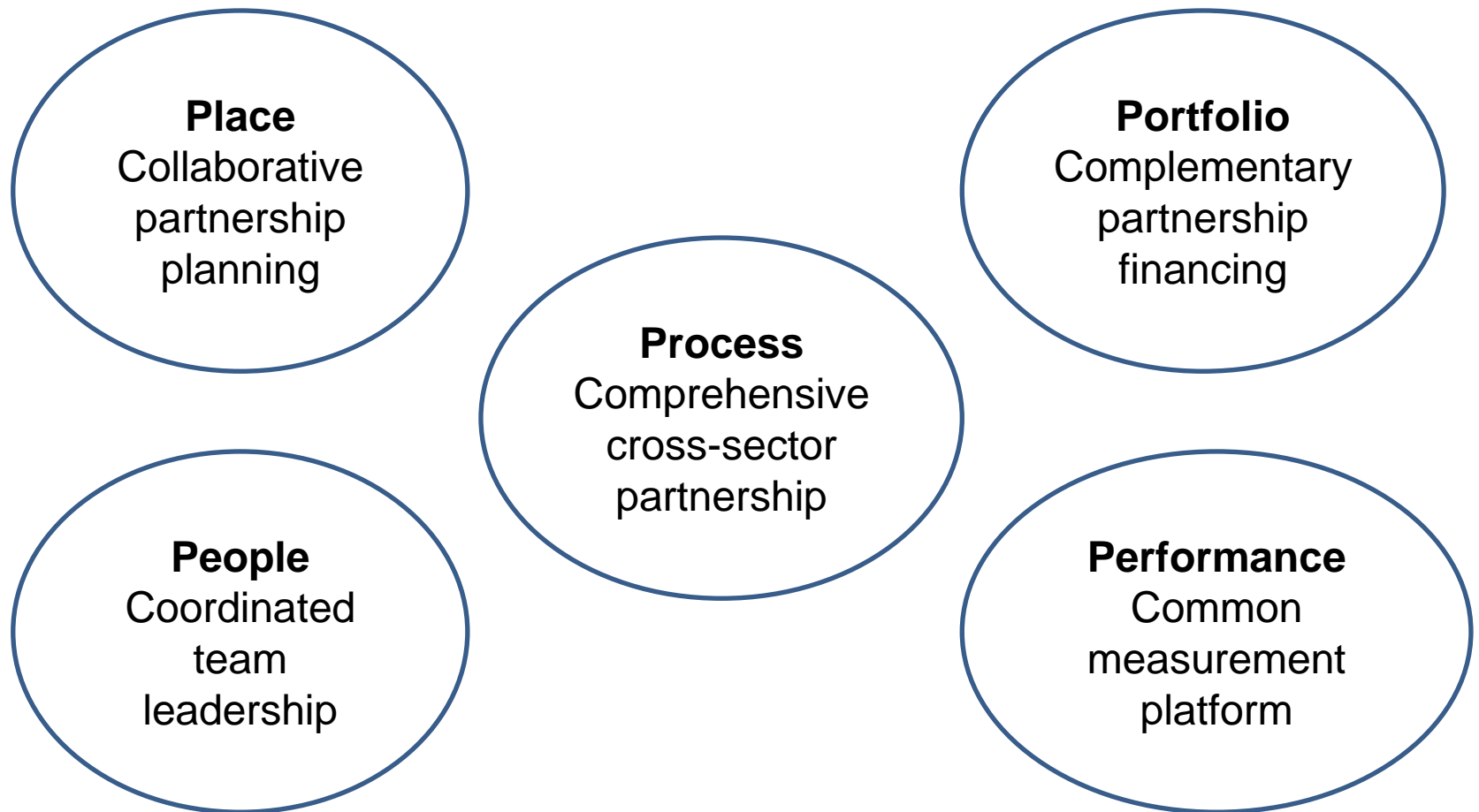
- The Social value focuses on **partnerships among governments, corporations, and philanthropy (NGOs) and cross-sector collaboration**. In particular, partnerships have the potential to maximize the positive attributes of each sector while it minimizes their weakness (Buffett & Eimicke, 2018: 11)
- Similar to value investing, **social value investing focuses on a long term time horizon**. It includes **equitable, inclusive, and responsible value** (Buffett & Eimicke, 2018)
- A long-term investment strategy that attempts to **unlock hidden or intrinsic value, and it focuses on effective management through a five element approach (5P): Process, People, Place, Portfolio, and Performance** (Buffett & Eimicke, 2018: 7)

Social Value Investing: 5P

- **Process:** The need for an effective *process* to structure how organizations build partnerships successfully
- **People:** How cross-sector partnerships rely on *people* as their most important asset
- **Place:** How successful partnerships empower constituents as co-owners of outcomes by using a *place*-based strategy and cooperative planning mentality
- **Portfolio:** How partners from different sectors can coinvest their resources in a *portfolio* to diversify risk and achieve greater impact
- **Performance:** Focus on projecting and measuring *performance* to understand the intrinsic value a program or partnership

The Five Elements of Social Value Investing

<Figure 3> The five elements of social value investing

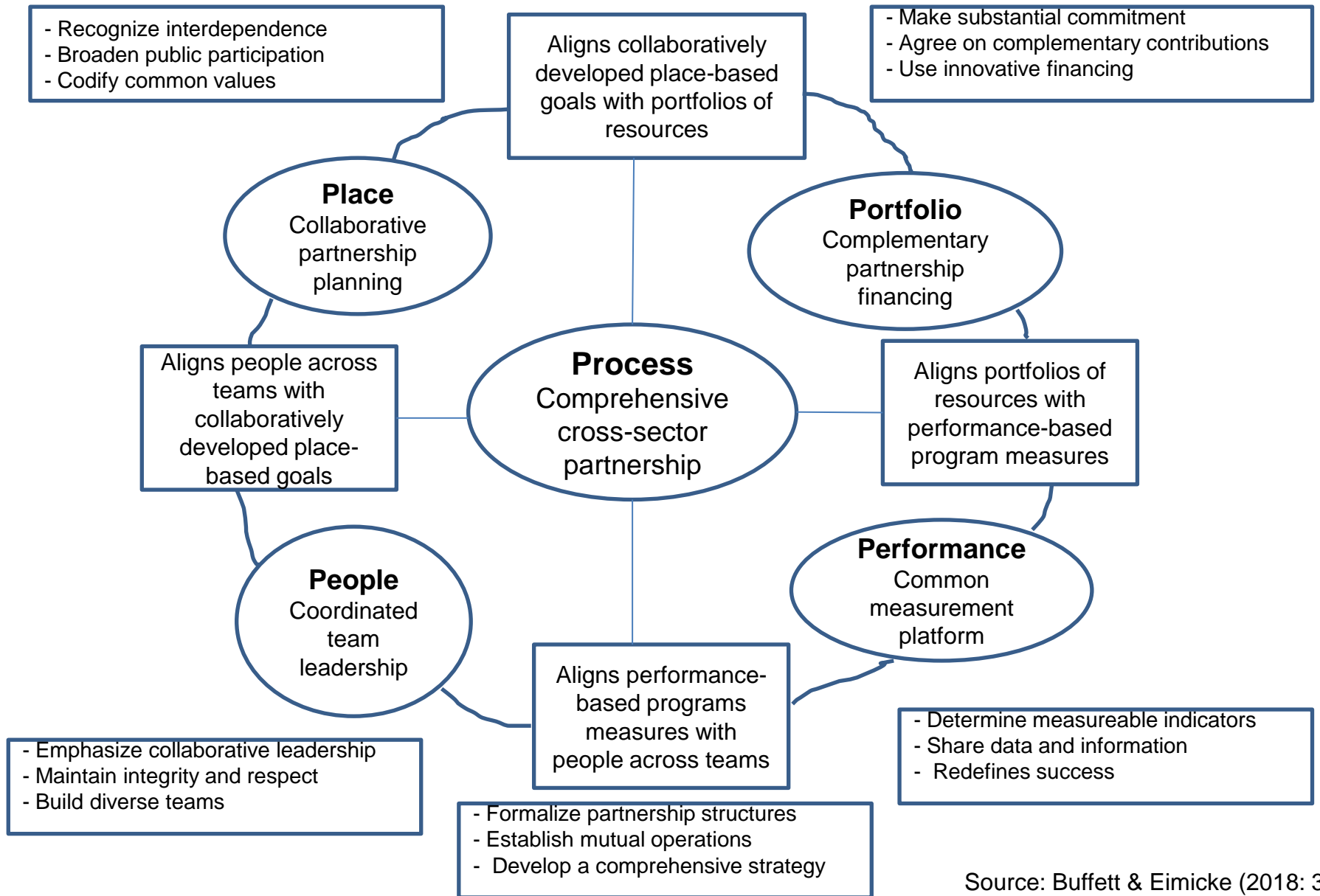


The Social Value Investing Partnership Checklist: How to Design and Invest in Partnership That Produce Social Value

- **1. Process:** “Successful cross-sector partnerships comprise diverse yet complementary organizations that collectively contribute to the creation of long-term value. Through a well-structured operating process, partners expand and align their efforts and draw on comparative strengths” (Buffett & Eimicke, 2018: 306)
 - ① Formalize Partnership Structure, ② Establish Mutual Operations, ③ Develop a Comprehensive Strategy
- **2. People:** “Cross-sector partnerships thrive through a network of decentralized leaders and managers who operate independent programs and organizations. These leaders and their teams comprise a range of varied strengths but are aligned toward shared values” (Buffett & Eimicke, 2018: 308)
 - ① Emphasize Collaborative Leadership, ② Maintain Integrity and Respect, ③ Build Diverse Teams

- **3. Place:** “Working collaboratively with a sense of permanent community, what we call place-based co-ownership, reinforce important long-term relationships between partners” (Buffett & Eimicke, 2018: 310)
 - ① Recognize Interdependence, ② Broaden Public Participation, ③ Codify Common Values
- **4. Portfolio:** “Cross-sector partnerships can draw from and combine various financial tools and investments. This enables partners to diversify risk and expand the pool of capital available to carry out the partnership’s programs and deliver its outcomes” (Buffett & Eimicke, 2018: 3011)
 - ① Make Substantial Commitments, ② Agree on Complementary Contributions, ③ Use Innovative Financing
- **5. Performance :** “Partners must work together to identify and select collaborative programs with comparatively high intrinsic values-programs that are in line with partners’ principles and partnership's overall objectives” (Buffett & Eimicke, 2018: 313)
 - ① Determine Measurable Indicators, ② Share Data and Information, ③ Redefines Success

<Figure 4> A framework for effective partnership for social value



Source: Buffett & Eimicke (2018: 315)

The Competence of Civil Servants to Cultivate Social Value

<Table 3> Social value investing and the competence of civil servants

Social Value Investing	The Competence of Civil Servants	The Meaning of Competence and Social Value
Process	Comprehensive Competence	The competence to make successful cross-sector partnership which collectively contributes to the creation of long-term value
People	Coordinated Competence	The leadership competence to coordinate cross-sector partnership
Place	Collaborative Competence	The competence to work collaboratively with a sense of permanent community
Portfolio	Complementary Competence	The competence to combine various financial tools and investment among cross-sector partnerships
Performance	Common Competence	The competence to work together to identify collaborative programs with comparatively high intrinsic values-programs

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