

How to Boost Social Values for Entrepreneurs in International Development



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While most companies focus primarily on maximizing profits for their shareholders, social enterprises aim to create positive impact in addition to financial goals. They often work directly with local communities to address issues of poverty, employment, education, and environmental sustainability. They can complement government efforts by innovating new approaches to social problems and delivering services more efficiently.

Common profitability metrics often fall short of fully capturing the true societal impact of development projects. Beyond monetary gains, it is essential to incorporate social indicators into the evaluation framework. This requires establishing Key Performance Indicators (KPIs) that align with and go beyond financial metrics. The main goal is to help people understand in more detail how a company contributes to the United Nations Sustainable Development Goals (SDGs). Using KPIs that measure social, environmental, and governance issues helps businesses understand their overall impact and align their strategies with broader societal goals. This approach not only shows a commitment to corporate social responsibility

but also positions companies as agents of positive change in a world where sustainability is increasingly important.

Measuring social impact and profitability can be challenging but is crucial for assessing the effectiveness and sustainability of social entrepreneurship. The entrepreneurs need to build measure which identify specific social outcomes or changes that the program aims to achieve. This could include improvements in health, education, gender equality, environmental conservation, etc. The entrepreneurs should collect relevant data and conduct rigorous impact evaluations using methods such as randomized control trials, quasi-experimental designs to identify the causal effects of the program on social outcomes.

A/B testing, known for its use in controlled experiments, is widely used in tech companies and is considered essential for start-up growth. International development projects also benefit from controlled experiments,¹ highlighting their essential role in gaining a thorough understanding of project dynamics.

A/B testing is a powerful tool, not only for measuring the impact of interventions, but also for gaining detailed qualitative insights. For example, the World Bank uses RCT (randomized controlled trial) based impact evaluations to identify the causal effects of programs.² By rigorously comparing different versions of a strategy, entrepreneurs in international development can learn what works best in different cultural, economic, and social settings. This provides a data-driven basis for decision making. It allows project teams to refine strategies based on real-world evidence. In essence, the use of A/B testing for entrepreneurs in international development show a dedication to evidence-based practices, promoting adaptability and effectiveness in achieving sustainable and impactful outcomes.

However, some decision makers often fall short when using before-and-after analysis. While before-and-after studies provide a snapshot of change over time, they often miss the complex dynamics and various influences at play. To thoroughly assess impact, entrepreneurs should consider incorporating longitudinal studies, control groups, and other advanced methodologies. This detailed approach allows for a better understanding of causal relationships, the identification of confounding factors, and the ability to distinguish between short-term fluctuations and lasting impacts of the program. By moving beyond the limitations of simple before-and-after analyses, a more sophisticated assessment framework enables stakeholders

¹ The Nobel Prize. <https://www.nobelprize.org/prizes/economic-sciences/2019/duflo/facts/> (Accessed February 14, 2024)

² Hur, Yoonsun. 2017. "Evidence-based Policy Making to Enhance Development Effectiveness." KIEP Opinions, no. 121. Korea Institute for International Economic Policy.

to make informed decisions and improve the effectiveness of interventions in different situations.

Social enterprises have the flexibility to adjust their strategies in order to achieve more favorable outcomes. Clear evidence comparing treatment and control group guides the firm to further investigate issues that their users face. XPRIZE, nonprofit organization funded by Elon Musk and the Musk Foundation that designs and runs incentive-based competitions, requires participating teams to conduct experiments during the pilot study phase.³ Eugene Chung, COO of Enuma, mentions that participating in the competition has helped Enuma gain more visibility. Chung adds that the field test by XPRIZE provides an opportunity to study how the product helps children.⁴

The key to gaining the trust and support of investors⁵ and taxpayers for programs conducted by social entrepreneurs is to collect solid evidence. By carefully tracking the impact of development projects using measurable metrics, entrepreneurs can show not only the effectiveness but also the tangible results of their efforts. Open reporting and thorough data provide stakeholders with a clear picture of the project successes, challenges, and overall contributions. This evidence-based approach not only builds investor confidence about resources used but also assures taxpayers of the tangible benefits of their contributions. It promotes a sense of accountability and alignment of interests in working toward the SDGs. Eugene Chung also adds that the visibility will be useful in attracting investors, partners, and users interested. As of year 2019, Enuma has raised \$9.5 million in investments, with the most recent round being a \$4 million in April 2018.

In summary, the significance of impact assessment for entrepreneurs in international development cannot be overstated. By measuring societal goals and utilizing strong evaluation methods, we set the stage for more effective and impactful development projects that make a positive difference on a global scale. Social entrepreneurs involved in international development must acknowledge the importance of measuring social outcomes and conducting impact evaluation as a foundation for driving positive change and achieving sustainable outcomes. **KIEP**

³ XPRIZE. <https://www.xprize.org/challenge/digitalllearning/rules-regulations> (Accessed February 14, 2024)

⁴ Millward, W. T. 2019. "The 5-Year, \$15 Million Global Learning XPRIZE Competition Is Over. Here's Who Won." *Ed-Surge*, March 15. <https://www.edsurge.com/news/2019-05-15-the-5-year-15-million-global-learning-xprize-competition-is-over-here-s-who-won> (Accessed February 14, 2024)

⁵ Antadze, N. and F. R. Westley. 2012. "Impact Metrics for Social Innovation: Barriers or Bridges to Radical Change?" *Journal of Social Entrepreneurship*, 3, pp. 133-150.