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Proposal of Social Return on Investment Assessment to Enhance Community Empowerment Grant Management in Malaysia

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Abstract

The Malaysian government, through its various ministries and agencies, strive to empower communities via various policies and funding programs. One significant initiative during the post-COVID-19 recovery period is the Malaysian Incentive Community Empowerment program. This program provided funds to over 2,000 non-governmental organisations to conduct community programs focused on four aspects: security, well-being, leadership, and cooperation with public agencies. While the number of communities benefiting from the funding program was encouraging, interviews with the agency responsible for administering the funding and assessment of program reports revealed a lack of adequate and systematic evaluation for program outputs and the returns on the investment made by the government. Evaluating social impacts particularly those resulting from the use of public funding is crucial to ensure accountability, transparency, resource optimisation, social equity as well as for informed decision-making for future initiatives and policies. Therefore, this paper proposes the application of the Social Return on Investment approach by funding organisations and government agencies to measure and validate the impacts of publicly funded community programs. Additionally, this paper explores the reality of

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integrating this elaborate impact evaluation methodology in the broader administrative framework of the funding program, with particular attention on the opportunities and challenges presented by its implementation by local agencies.

Keywords: *Social sciences, Public policy, Community empowerment, Social well-being, Social return on investment.*

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1. Introduction

An empowered community is the basis for a successful community development. At the core of empowerment is root word ‘power’, signifying the ability and capacity to take action. This means that a community that is empowered possesses the ability to take actions, take ownership, to participate, collaborate, engage and becomes involved in their own development processes (Fauziah et al. 2018). Through empowerment, a community’s members either individually or as a group are able to participate in the development process, and subsequently they will not only have the ability but also the capacity to understand their needs, as well as to transform that understanding into a plan for action. The processes to empower a community through their development include increasing their self-esteem and determination, encouraging widespread participation, building relationships with partners and other stakeholders, creating a vision, establishing the work plan, finding resources, celebrating their successes, developing their capacities, adapting strategies, and aiming for sustainability (Reid, 2002).

Community participation alone, however, is not sufficient without collaboration and cooperation between the communities with public agencies and social organisations. Within this dynamic, public agencies whether at national or federal level down to district levels have the legal and mandatory responsibilities of administering, facilitating, granting funds, legislating acts, and planning the direction for the community’s development (Vadeveloo and Singaravelloo, 2013). In delivering their community development services, public agencies rely heavily on their perceptions and expectations of the community’s needs. On the other hand, the effectiveness of services delivered relies on the capability of the implementing organisation be it the public agencies themselves or through social organisations, as well as the expectations and motivations of the community where the development services are taking place. A truly successful community empowerment balances the power and influence between the government and the community, in addition to strong confidence among the community members in making decisions, high level of trust between all stakeholders, and appreciation of the roles and services provided (Audit Scotland, 2019).

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2. Literature review

2.1.Community empowerment grants

In Malaysia, community empowerment and development are supported by various public and private entities. Examples include the SejaTi MADANI grant to support community-wide socioeconomic projects under the Prime Minister's Department, annual nationwide community grants under the Registrar of Societies Malaysia (ROS), community empowerment grants by state development bodies such as KEJORA (South East Johor Development Authority), community sports grants by the Ministry of Youth and Sports Malaysia (KBS), and various other community-centric grants with relevant focus areas offered by government-linked companies (GLCs), foundations, or corporations.

One such grant that was studied for this paper is the Malaysian Incentive Community Empowerment (MyICE) grant, provided by the Ministry of Home Affairs Malaysia (MOHA) to social organisations registered with the ROS in 2022. With a total allocation of RM20 million (approximately US$4.8 million based on the 2022 exchange rates), the grant was offered to more than 53,000 organisations registered under the welfare, social, human rights, and security categories (ROS, 2023). These organisations were requested to submit their proposal for community empowerment and capacity-building programs in the context of COVID-19 recovery that will benefit both the communities and the organisers via four areas, viz., well-being, security, leadership, and collaboration with public agencies. As a result, over 2,000 organisations were granted with funding up to RM10,000.00 for programs conducted throughout the same year. Based on the guideline circulated by the agency, program evaluation was done based on the program report submitted by the organisations as well as ad hoc visits (with or without notice) to select organisations.

2.2.Assessing social impacts

For any type of community empowerment or development program, its effectiveness needs to be evaluated, particularly for programs implemented using public funding. This evaluation is required on the basis of transparency, accountability, social justice, equity, and continuous improvement, as well as to provide evidence for future policy making. These requirements can be elaborated as follows (Audit Scotland, 2019):

i. Accountability: to ensure that the funds were used effectively and impactfully for the target communities as intended by relevant stakeholders.
ii. Transparency: to ensure the programs achieved objectives set by the implementing organisations, and strengthen the trust built between all stakeholders.
iii. Continuous improvement: findings from the evaluation can provide all stakeholders with the opportunities to identify improvements that can be made for future programs.

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iv. Program sustainability: to determine the sustainability and temporal dimension of the program's impacts on the target communities, while also optimising benefits from the community investment.

In developed countries like the United States of America, evaluating the outcomes of community programs have been legislated or outlined in various acts and policies as far back as the 1970s (U.S. Department of Commerce, 1994). In contrast to business investments where the returns can be easily valuated based on the profits made, the returns for funds spent on community empowerment or development needs to be evaluated based on social values created through the improvement in life quality or well-being of the community (Corvo et al. 2022). From the lens of research, the analysis, monitoring, and assessment of social impacts from implemented programs can also help all stakeholders to better grasp the social dimension of development (Esteves et al. 2012).

Various methods are available to assess social impacts and values created as the outcomes of an investment, be it from public funds or otherwise. These include cost-benefit analysis, cost-utility analysis, cost-effectiveness analysis, and social return on investment (SROI). Comparison between some of the available assessment methods in terms of their aims, temporal scale, and perspective scales are summarised in Table 1 below (CSI, 2013). Among these methods, the SROI framework that are presently available offers a systematic option to assess changes and growth not only for the community where a program is implemented, but also for the improvement of collaboration among the other stakeholders involved. The phases and processes involved in an SROI assessment also simplifies the management and communication of social, economic, and environmental improvements as a result of the program (KPMG, 2018).

Table 1. *Comparison between several impact assessment methods for community programs (CSI, 2013).*

Method	**Aim**			**Temporal Scale**		**Perspective Scale**		
	Monitor	Report	Assess	Retrospective	Prospective	Micro	Meso	Macro
Balanced scorecard	o	o		o			o	
Impact mapping			o	o		o	o	
SAM rating		o	o	o			o	o
SROI	o	o	o	o	o	o	o	o

Returning to the context of this paper, this study aimed to explore the impact evaluation method currently implemented by the ROS as the administrative agency responsible for the community grants offered by MOHA, and subsequently to outline recommendations that can be considered for future applications by the agency.

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3. Method

Data collection through interviews can provide researchers with detailed information as the interviewees are able to share their perspectives and experiences, either as an individual or as a representative of their organisation (Lapan et al. 2012). For this study, a semi-structured interview was developed using the four phases as recommended by Castillo-Montoya (2016) to ensure that the information obtained are aligned to the research questions and objectives. Given the objectives of the study, personnel involved in directing and managing grants at the federal office of the Registrar of Societies Malaysia (ROS) were selected to participate in the interview. The research team also received advice from the agency to select specific personnel based on their positions at the agency and their suitability for the study. In total, three participants at the higher managerial positions at ROS participated in the interview.

Following the aim of this study, the following interview questions were formulated as the basis of the data collection process, with follow-up impromptu questions put forward during the interview based on the responses received:

i. Is there a guideline in the decision-making process when evaluating an application for the grant?
ii. Is there a monitoring mechanism at ROS for programs funded by the grant?
iii. Is there any issue or challenge in the management of the grant at ROS?

As part of the study's ethical considerations, ethical approval was obtained from the university's ethics committee prior to the interview. Interviewees were also informed of the study's objectives and consented to the audio recording process for the purpose of data analysis afterwards. After the interview, the research team analysed responses obtained using both field notes taken during the interview sessions as well as the audio recordings to clarify ambiguities and ensure data completeness. The interview data were first analysed thematically, first broadly and subsequently for the sub-themes that relate to the research questions asked during the interview. The identified sub-themes were later reviewed and merged where necessary to improve coherence of the findings.

4. Findings and discussion

4.1.Interview with ROS representatives

The interview sessions with ROS representatives yielded several valuable insights into their overall grant management processes, and subsequently some underlying issues in relation to the topic of this study that can be addressed. Two main themes were identified from the interview data: (1) MyICE grant management processes; and (2) Issues and challenges in managing grants at ROS. These two themes and their sub-themes are shown in Figure 1. Collected data revealed that from the perspective of ROS, the general

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guideline and process flow that they have developed have allowed the overall grant management and application process to be much better than they were in previous years.

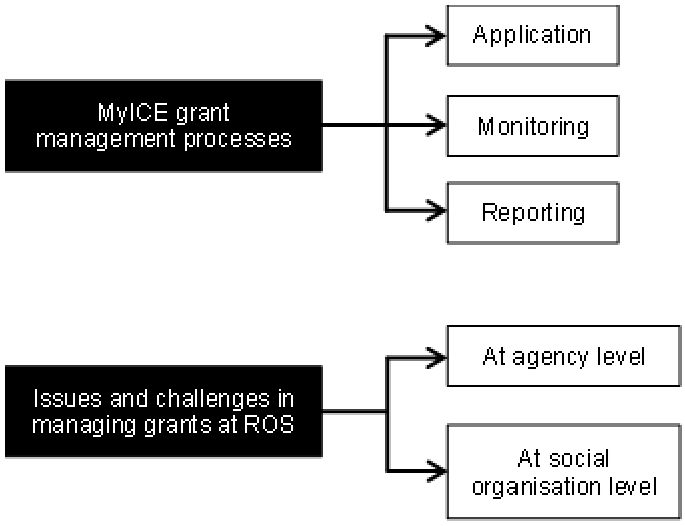

Figure 1. *Themes and sub-themes identified from the interview sessions with personnel involved in managing grants at ROS Malaysia.*

This benefit was claimed to be applicable to both the agency and the social organizations that applied for the grant. However, it was noted that while the approach that ROS took in evaluating applications was foundational, they were also rather limited and subjective. The criteria shared by ROS include

i. The applicant is a legitimate and registered organisation (active social organisation with updated information in the online ROS platform).
ii. The proposed program aims to provide benefits in terms of community well-being, security, leadership, or collaboration with agencies.
iii. The applicant provided an appropriate and realistic breakdown of project expenses in their application.

Based on the information gathered, there was a clear opportunity to improve the evaluation process by giving more emphasis to the impacts of the proposed program. While this may have come into consideration during the evaluation stage, the lack of a systematic and clear process means that what is currently practiced is not as effective or consistent as it should be. Next in the interview was the question regarding the monitoring process. ROS stated that in order to fulfil this responsibility, the agency's personnel were sent to do the field visit with the program selected to undergo this monitoring process selected at random. During the field visit, two aspects were primarily investigated, viz. the scope and achievements of the program conducted, as well as the expenditure breakdown and record-keeping. Both items were inspected to ensure that they were in compliance with the approved proposals, though there were cases where deviations were allowed due to unavoidable circumstances such as changes in costs or limitations in

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available timeframes. Aside from what is evidently an incomprehensive scope of monitoring, the interviewees also shared that available manpower for this particular work is severely limited, leading to an unmistakable conclusion that relative to the high number of programs being awarded with the grant, only a few had their implementation properly monitored. For all other programs, the agency relies on the program reports that the grant recipients were required to submit after the completion of their programs. These findings underscore inadequacy in their monitoring framework, in addition to clear evidence that effective oversight by ROS is alarmingly impeded.

For the third question, where the interviewees were invited to share issues or challenges faced in managing the grant, the main issue that was emphasised by the interviewees was the absence of a dedicated unit or division within the agency to manage the grant. As the agency and its presently limited manpower are already facing the challenge of administering and monitoring nearly 200,000 registered social organisations in the country, the added load to manage the grant proved to be quite overwhelming. This lack of specialised human resources can only hamper the agency's efficiency in managing the grant, as well as the quality of support that they can provide to the grant's recipients.

4.2. Proposal for the implementation of SROI

The gaps found from the interview findings present an opportunity to introduce the social return on investment (SROI) method, and to integrate it in their current grant management framework. Theoretically, the SROI offers a structured methodology that can capture meaningful impacts in both qualitative and quantitative manners, thus allowing funders to gain a comprehensive understanding of the effectiveness of their grant-funded programs. For ROS, given that the funding quantum and number of recipients for their grant is relatively huge, establishing such a robust mechanism as part of their grant management framework will provide a clearer narrative on how MOHA's resources are utilised to create quantifiable social returns. For social organisations, the pragmatic adaptability of SROI to communicate broader dimensions of impacts to the funder or any other policymakers will be valuable in legitimising the organisations' roles in driving positive and significant impacts to communities (Edwards and Lawrence, 2021).

The utilisation of SROI can also enhance monitoring efforts by the agency despite their limitations in manpower, though this latter aspect still requires attention, regardless. The agency can establish benchmarks for impacts or program output that they would deem as 'success', complete with their equivalent financial values and acceptable community metrics. By establishing these standards at the agency level, they would also be able to facilitate assessment throughout the grant's lifecycle rather than after all the programs have concluded. Given the establishment of the standards and development of the tool, the agency would also be able to conduct comprehensive assessment of social values created without the need for extensive, in-person research. Software applications

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that can perform basic analytics can be utilised to manage data, as well as to streamline outcome tracking and social value calculation processes.

From the perspective of legitimacy, evidence of social impacts provided by a relatively objective tool like SROI can be beneficial for social organisations as well. The business and economic languages used in SROI analysis to quantify the social impacts into monetary terms can help build a compelling case for public investments in the proposed or implemented project, further enhancing the legitimacy of such projects or social interventions and opening more opportunities for previously overlooked constituencies or social issues (Cooney, 2016). Legitimisation provided by the analysis will also be beneficial in supporting future funding applications by increasing funders' confidence in the implementing organisation's capability to deliver substantial and meaningful outcomes that meet the needs of the community.

However, despite these advantages, incorporating SROI in the grant management framework is expected to come with its own set of challenges, particularly given current limitations at ROS or any public agency with similar capacities. The first of these challenges would be in determining the best valuation method to be applied and their valuation proxies, such as market value, comparison cost, willingness-to-pay, average household expenditure, and hedonic pricing (Nielsen et al. 2020). While a variety of valuation methods is advantageous in cases where baseline data or reference values are not available, determining the best proxies can remain a challenge, especially in ensuring the appropriateness and subjectivity of the selected proxy. While a sensitivity analysis can be done to address this challenge and address relevant reliability issues (Ruiz-Lozano et al. 2020), it does add another step to an already strenuous process from the point of view of the implementing organisation. Thirdly, there is the challenge regarding resources to be allocated for the implementation of SROI itself, particularly given that SROI is an emergent method that is still seen as a rhetorical tool, as well as absent in public discourse locally (Teo et al. 2021).

5. Conclusion

This study was aimed at understanding current practices by a major government agency in managing community empowerment grants in Malaysia. Based on the findings, the social return on investment (SROI) method is proposed to improve grant evaluation and community program monitoring processes. Interviews conducted with representatives from the Registrar of Society (ROS) revealed several key challenges in the present system, particularly on the subjectivity of evaluation criteria, limitations in monitoring mechanisms, and constraints on the agency's capacity to effectively manage the grant. These findings thus highlighted the need for a more systematic approach to ensure transparency, accountability, and sustainability in the use of public funds for community development.

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While the recommendation to integrate SROI in the grant management framework is theoretically sound, this study acknowledges the need for a pilot implementation of SROI, preferably for multiple community development grant programs. The use of technology to improve grant evaluation and monitoring activities can also be investigated, particularly in the context of resource-constrained agencies like the ROS. The findings from this investigation may lead to innovations that can further benefit all stakeholders involved.

Additionally, a longitudinal study to assess, evaluate, and validate social impacts from past community programs is also recommended. This study can provide substantially valuable data that can be used to improve SROI applications while also assessing the sustainability of community programs implemented by social organisations locally.

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