



# Understanding Social Return on Investment (SROI): A Simplified Approach for Non-CSR Professionals

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## Introduction

Social Return on Investment (SROI) is an important concept used to measure the social impact created through investments. As highlighted in the post, SROI helps in understanding how much social value is generated for every rupee invested. This simplified explanation makes it easier for non-CSR professionals to grasp the concept and its relevance.

## Understanding the Investment Scenario

As illustrated in the example, a company invests ₹4 lakhs in a vocational training programme for 20 individuals over a period of three months. This translates to an investment of ₹20,000 per individual. Out of the 20 individuals, 18 secure jobs with a monthly income of ₹15,000.

## Calculating Social Value Created

The individuals who secured employment earn an annual income of ₹1.8 lakhs each. This results in a total annual income of ₹32.4 lakhs for all 18 individuals. This income represents the social value created through the investment.

## SROI Calculation

The SROI is calculated by dividing the total benefits by the total investment. In this case, ₹32.4 lakhs divided by ₹4 lakhs results in an SROI of 8. This means that for every ₹1 invested, ₹8 of social value is generated.

## Significance of SROI in CSR

SROI provides a clear and measurable way to evaluate the effectiveness of CSR initiatives. It helps organisations understand the impact of their investments and make informed decisions. By quantifying social value, SROI strengthens transparency and accountability in CSR programmes.

## Conclusion

As noted in the post, SROI calculations can be complex, but simplified models help in building initial understanding. Measuring social impact through SROI is a crucial step toward creating effective and outcome-driven CSR initiatives, contributing to long-term sustainable development.

LinkedIn Link:

[https://www.linkedin.com/posts/fulcrum-capitalising-csr\\_sroi-calculation-activity-7259056119422074880-mhjG?utm\\_source=share&utm\\_medium=member\\_desktop&rcm=ACoAAEd2VL8BLg9LOoKlKffH15C5TwcSQLH6HF4](https://www.linkedin.com/posts/fulcrum-capitalising-csr_sroi-calculation-activity-7259056119422074880-mhjG?utm_source=share&utm_medium=member_desktop&rcm=ACoAAEd2VL8BLg9LOoKlKffH15C5TwcSQLH6HF4)