Social impact assessment for economic decision making: Exploring a psychology framework to bridge the divide

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Social Impact Assessment (SIA) has received limited attention in the decision-making process in public policy and planning in Australia and elsewhere. In this paper, the potential for SIA to play a greater role in decision-making through the development of methodologies compatible with cost-benefit analysis (CBA) is explored. A psychology framework is identified as a way to capture data that may used to value and estimate social impacts for integration into CBA. Specifically, ‘Agency’ and ‘Communion’ represent a framework which will be applicable across multiple SIA contexts.

Social Impact Assessment: a method for estimating likely social outcomes of change?

While prediction and estimation was clearly the primary goal of early SIA (eg Finsterbusch, 1981), more recent literature has suggested that this is the “old traditional view” (Vanclay & Esteves, 2011, p. 3). Vanclay and Esteves went on to suggest that there has been a change in focus and that contemporary SIA is, and should be, about “managing the social issues associated with planned interventions” (2011, p. 3).

By the early 1980s, there was little in the way of a comprehensive methodology for SIA (Watkins, 1981), though a number of techniques were being developed. Extensive lists of possible social impact variables were also identified. However, there was a lack of systematic SIA methods used across institutions and there was wide variation in information produced (Branch, Hooper, Thompson, & Creighton, 1984; Dietz, 1987).

The Interorganizational Committee on Guidelines and Principles for Social Impact Assessment (ICGP) defined SIA as “efforts to assess or estimate, in advance, the social consequences that are likely to follow from specific policy actions …” (1995, p. 12). The document strongly recommended using comparative methodologies – that is, informing estimation of likely outcomes in a given SIA context by referring to actual outcomes experienced in similar contexts. However, given the wide variation mentioned above, information produced would not be comparable between studies, even if the SIA contexts were similar.

From the late 1990s SIA applications in developing regions were particularly focused on the impacts on marginalised people groups. A methodological shift is evident from estimating possible outcomes in advance – that is, SIA for decision-making – to an emphasis on SIA as a group of tools for change management. In particular, managing social impacts as they occur, and including local populations in that process. Lockie’s (2001, p. 279) review notably refers to the “competing definitions” of SIA at that time. Since then, SIA literature has increasingly emphasised the management of change – democratic, participatory methods of gathering information so change can be understood, the development of mitigation strategies for dealing with negative impacts, particularly on people groups that are identified as vulnerable (Fenton, 2005; Vanclay & Esteves, 2011; Ziller & Phibbs, 2003) and moved away from primary evaluation of decision options. This changing focus has resulted in a move of the SIA community generally away from developing methodologies suitable for estimating likely impacts and towards developing methodologies for engaging people in SIA so that data can be gathered. These latter methodologies
Generally produce large quantities of rich, qualitative data, and sometimes quantitative data. Yet, there is very little development of techniques to quantify impacts in advance of a change being implemented. Vanclay offers a possible reason for this gap:

*Because guidelines are specific recommendations for action, they need to be developed in the context in which they are to be applied and they need to be addressed to a specific audience.*

*Therefore, they need to be developed in conjunction with the relevant parties* (2003, p. 8)

While the move towards managing change and participatory processes is a positive development in SIA, comprehensive analyses of social costs and benefits are not being made accessible for decision-makers. By progressing this area of SIA research and practice, the field will further establish SIA as vital in decision-making which affects people and communities, and enable better linking with critical economic decision-making tool such as cost-benefit analysis.

**Cost-Benefit Analysis**

CBA is a systematic method for identifying and comparing the benefits and costs to a community of alternatives when there is a planned intervention or change. CBA is a well-accepted, often mandated tool for evaluating alternatives (Commonwealth of Australia, 2006). The aim is to pick a decision alternative which optimises the use of scarce resources. CBA is therefore focused on comparing costs and benefits to the community in a particular decision context.

A CBA should take into account all of society’s goals – economic welfare, social equity and the quality of the environment (Sinden and Thampapillai 1995). There are many established methods for including environmental quality in analysis. However, as discussed in the previous section, there is no method for including substantial social impact information in CBA. If a comprehensive analysis of potential gains and losses of social goods cannot be included, then the objective in carrying out a CBA cannot be fully met. The consequence is decisions are made, and actions are taken, based on incomplete information.

The reality is that potential social impacts are currently considered separately to a CBA in many areas of public policy due to difficulty in integrating largely qualitative information into analyses, or are left out of the analysis altogether (Hajkowicz et al. 2000). An interesting example of this in recent years is that of the Murray-Darling Basin Plan. The report of the primary social impact study, for example, provided extensive detail on the various communities investigated, but the findings were limited to lengthy descriptions of economic impacts, changes in population, and passing acknowledgement of possible changes to service availability {Marsden Jacob Associates, 2010 #153}. The result is a complex array of information used for a rudimentary comparison of options. Thus, when CBA procedures are applied, this wealth of information is unlikely to be included. There is therefore a need to express social impact estimations in a comprehensive and compatible way.

**Proposing a Psychology Framework: Agency and Communion**

A psychology framework is proposed to bridge the divide between SIA and CBA. Many of the factors which are included in the concept of social impacts, according to the broadly accepted definition from the ICGP, are concepts regularly studied in the field of psychology:

*... consequences to human populations of any public or private actions – that alter the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally cope as members of society. The term also includes cultural impacts involving changes to the norms, values, and beliefs that guide and rationalize their cognition of themselves and their society.* (ICGP, 1995, p. 11)
One of the concerns with trying to integrate social impacts into CBA is with the idea of putting monetary values against the kinds of things listed in the definition above. However, in psychology, it is routine to express internal and external social phenomena such as these in numerical terms. In psychology, it is also observed that all people are engaged in implicitly valuing their social world. Within a psychology framework, those implicit values can be drawn out and made explicit for the benefit of economic decision-makers.

The specific framework proposed for capturing social impact data is that of ‘Agency’ and ‘Communion’. These terms were designated by Bakan (1966) as the basis for understanding all human functioning. That is, humans as self-referencing individuals as well as participants in social relationships. His main thesis was that all human beings express both agency and communion to varying degrees, regardless of the exact nature of their social contexts.

There is no part of human functioning that is not either agentic, communal, or both. This framework also accounts for dysfunctional behaviour and mental processes by observing that people can get out of balance, displaying unmitigated agency or unmitigated communion (Bakan, 1966; Buss, 1990). Thus, it is proposed as an ideal framework for capturing what is important to the functioning of individuals, groups and entire communities, as well as what can go wrong. The table below represents some areas of social goods which might be investigated under this framework.

Table 1: Social Goods as Possible Components of Agency and Communion

<table>
<thead>
<tr>
<th>Agency</th>
<th>Communion</th>
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<tbody>
<tr>
<td>• Individual functioning (well-being, self-protection, perception of control)</td>
<td>• Individual functioning in community (e.g. contact, openness, co-operation)</td>
</tr>
<tr>
<td>• Family</td>
<td>• Functioning of the community as a whole</td>
</tr>
<tr>
<td>• Health</td>
<td>• Social groups – cultural, interest-based etc</td>
</tr>
<tr>
<td>• Opportunity for desired social contact</td>
<td>• Social norms</td>
</tr>
<tr>
<td>• Economic opportunities (e.g. employment, work-life balance)</td>
<td>• Bonding capital</td>
</tr>
<tr>
<td>• Educational opportunities (e.g. further education, professional development, re-skilling)</td>
<td>• Sense of place (place identity, place attachment)</td>
</tr>
<tr>
<td>• Leisure (available time, resources, infrastructure)</td>
<td>• Leadership</td>
</tr>
<tr>
<td>• Security (crime, vulnerability, high-risk individuals/groups)</td>
<td>• Participation in community (inclusion, belonging)</td>
</tr>
<tr>
<td></td>
<td>• Population (retention, in-migration/out-migration)</td>
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<td></td>
<td>• Resilience</td>
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As a single framework, agency and communion match the broad range of concepts expressed in the definition of social impacts. As such, it is an ideal framework for capturing social impact information, which can be expressed quantitatively, and weighted according relative importance to individuals and groups. The challenge is to identify quantitatively how social impacts influence the elements of agency and communion. This might be achieved by, firstly, determining aspects of agency and communion which are important to social life and functioning of people and communities across multiple SIA contexts; then developing and validating a scale which can be used to estimate likely social impacts, including a method to apply relative weights, and convert scale scores to a CBA-compatible format.

Conclusion

SIA researchers and practitioners have developed a wide range of methods for capturing social impact information. Yet, SIA is largely neglected in public economic decision-making, specifically CBA, due to a lack of compatible methodologies. In the Australian context, this means that the opportunity to inform
decisions which have far-reaching consequences is being missed. An approach has been identified which can be used to capture social impact information applicable across multiple contexts: ‘Agency and Communion’ is a framework for specifying aspects of individual and community functioning which match the criteria identified by the established definition of social impacts. Research is currently being conducted to examine this framework in SIA contexts in NSW.

References


