A NOVEL METHODOLOGY FOR ASSESSING THE IMPACT OF SOCIAL ACTIONS UNDER THE PARADIGM OF "LIVING WELL"

Natalia Doukh
FLACSO Ecuador

natalia.doukh@gmail.com

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OBJECT OF STUDY

The aim of the work is to identify the impact on obtaining socially relevant product by cooperative enterprises. I am going to compare cooperatives to their capitalist counterparts, and as a result I will discuss the differential impact in the society between cooperative and capitalist enterprises.

- Empirical Model
- Methodology that allows to define socially relevant product

EMPIRICAL MODEL

Distance function orientated to outputs:

$$\boldsymbol{d = f(y_1, y_2, y_3, x_1, x_2, D, v, u),}$$

where

x_1, x_2 are the capital and labour inputs, respectively; *v* is the stochastic error term; *u* is the term that estimates technical inefficiency. D is introduced to the model to capture the spread between cooperatives and commercial banks.

$$D_i = \begin{cases} 1\ , if\ the\ unit\ of\ analysis\ is\ a\ commercial\ bank \\ 0\ \ , if\ the\ unit\ of\ analysis\ is\ a\ cooperative \end{cases}$$

y_1, y_2, y_3 represent the socially relevant product.

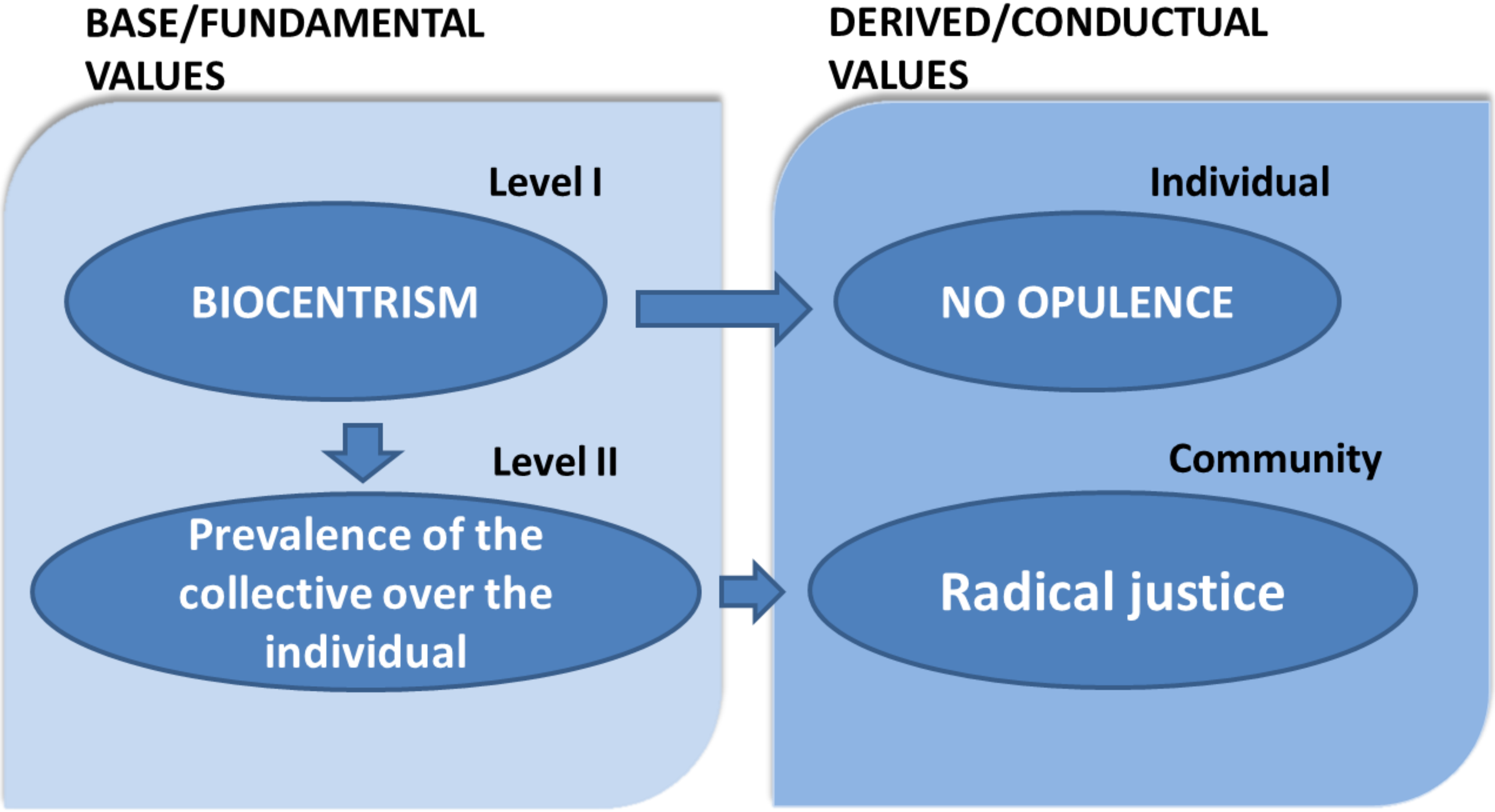
METHODOLOGY FOR IDENTIFYING SOCIALLY RELEVANT PRODUCT

- a) determining a value system, selected under the principle of relevance;

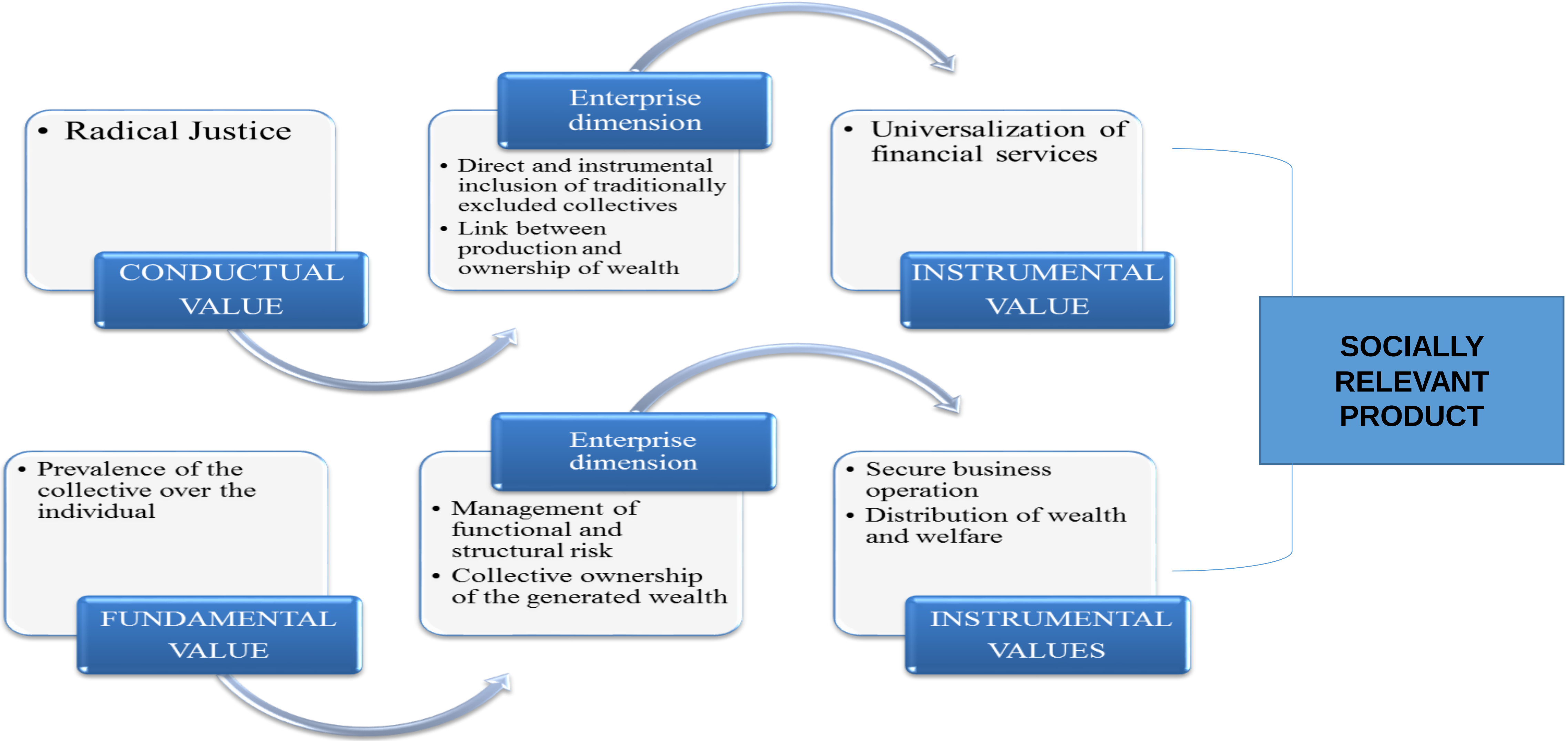
- b) making instrumental valuations, which give rise to the socially relevant product, as its conceptualization is based on values recognized by society;

- c) finally, the instrumental values are described by a set of variables, observed in reality.

RELEVANT VALUE SYSTEM: LIVING WELL



INSTRUMENTAL VALUES: SOCIALLY RELEVANT PRODUCT



Secure Business Operation

Dimension	Scope	Motivation	Variables
Functional risk management	Protection	Assess institutional capacity to cope with the expected losses	Adequacy of provisions for loans with arrears exceeding 12 months
			Adequacy of provisions for loans with arrears not exceeding 12 months
	Financial Structure	Evaluate the ability to adapt to the evolution of the market structure	Proportion of total assets allocated to loans
			Share of total assets from deposits
			Share of total assets from external credits
			Proportion of total assets corresponding to the net institutional capital
	Asset quality	Measure the management ability to generate revenue for the entity	Proportion of non-performing loans
			Proportion of non-performing assets
	Yields and costs	Measure the ability to generate a situation of expansion for the entity	Cost associated with asset management
			Return on assets
	Liquidity	Assess the institutional capacity to respond to sudden withdrawals of deposits	Coverage of short-term deposits with the available funds
	Expansive signals	Measure the effective growth of the entity	Growth of total assets
Structural risk management		Appreciate the negative macroeconomic impact of government debt	Level of public debt

Universalization of financial services

Dimension	Motivation	Variables
Geographical inclusion	Measure the contribution of financial institutions in bringing small towns closer to the financial system	Proportion of units that serve the public outside the provincial capitals
Sectoral inclusion	Estimate the contribution to accessing credit for sectors traditionally excluded from the conventional financial system	Proportion of transactions carried out with the agricultural sector
Personal inclusion	Evaluate the inclusion of low-income clients	Average balance of deposits

Distribution of wealth and welfare

Refers to the accumulation of the collective wealth resulting from the action of financial intermediation. The approach to this measurement is made from the opposite value, which takes the form of private sharing of wealth. This concept is approximated by the variable "return on equity", calculated as the ratio of profit from financial intermediation, and the value of assets, in the case of commercial banks, and as a ratio of profits and surpluses from financial intermediation, and the value of assets, in the case of cooperatives.

CONCLUSIONS

Value-conditioned cognitive process:

1. Announcement of explicitly relevant system values for the Ecuadorian society, which under the project-country context takes its body from the Living Well value system.
2. Contrasting the system of Living Well with the performance of a Credit Union, leading to establish a system of instrumental values.
3. Finally, the socially relevant product is described by the measurable variables, so that it has the necessary inputs to quantify the impact of cooperatives in the Ecuadorian society.

Such an approach has the virtue of including the aspirations of the public affected by social action, which changes the centre of gravity of the analysis from the action itself to the involved societal conjunction.