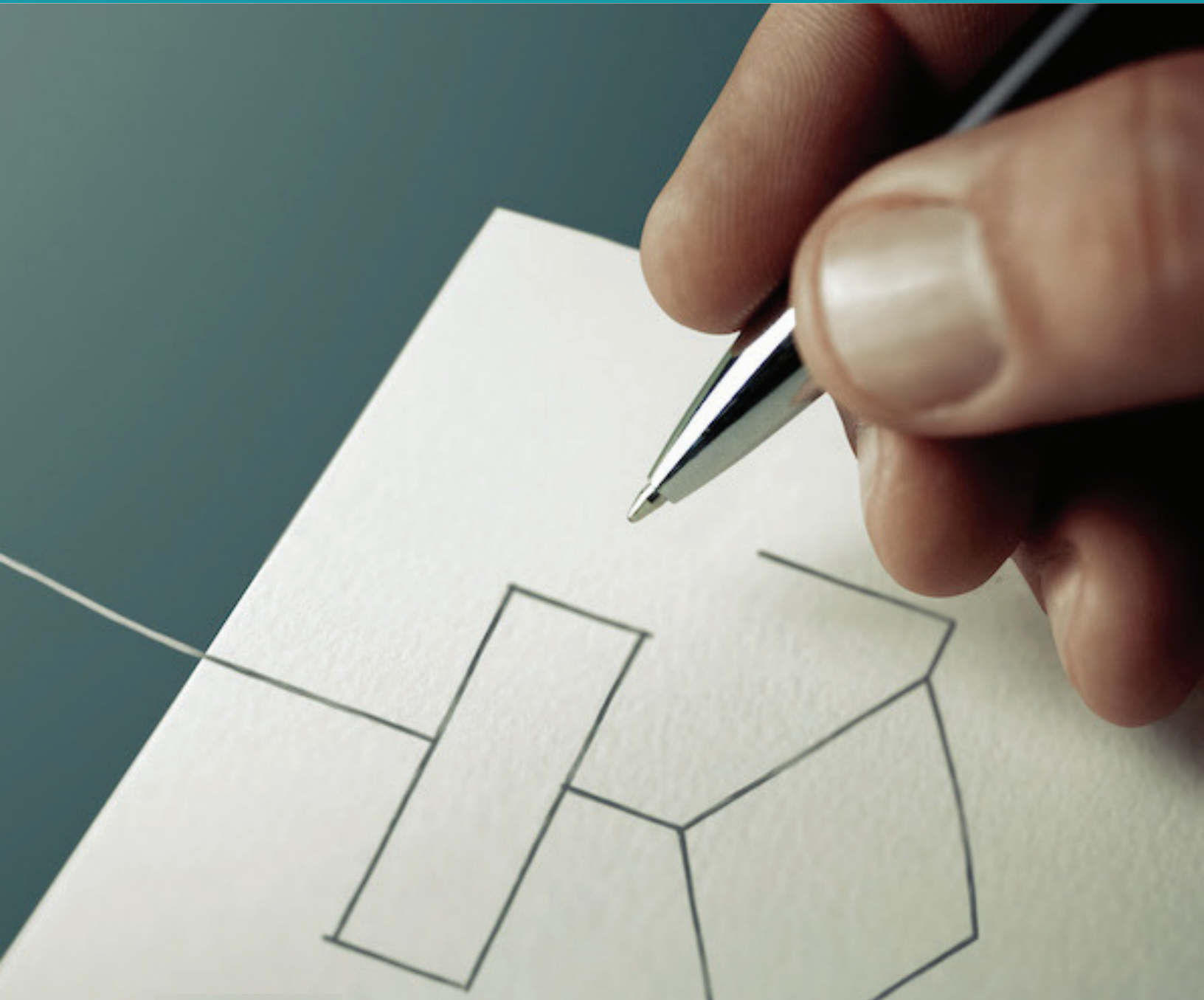# INDICATOR DESIGN TOOL

A PEOPLE-CENTERED APPROACH TO MEASURING THE PROGRESS
AND EFFECTIVENESS OF HUMAN RIGHTS INITIATIVES AND PROGRAMS

Shift

ABOUT **SHIFT**

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift's global team of experts works across all continents and sectors to challenge assumptions, push boundaries and redefine corporate practice in order to build a world where business gets done with respect for people's dignity. We are a nonprofit, mission-driven organization headquartered in New York City.

🌐 shiftproject.org

🐦 @shiftproject

ABOUT **VALUING RESPECT PROJECT**

Valuing Respect Project is a global collaborative platform, led by Shift, to research and co-create better ways of evaluating business respect for human rights. Our aim is to develop tools and insights that can help both companies and their stakeholders focus their resources on actions that effectively improve outcomes for people. Valuing Respect is generously funded by the Ministry of Foreign Affairs Finland, the Norwegian Ministry of Foreign Affairs and Norges Bank Investment Management.

🌐 valuingrespect

INDICATOR DESIGN TOOL

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ARTICULATE STRATEGY

Shift

STEPS

1 Articulate the intended human rights **outcomes for people.**

2 Articulate whose **behaviors** you are targeting and what you want them to do.

3 Articulate **related activities, outputs, inputs and outcomes for business.**

ARTICULATE STRATEGY

4 Map contextual factors - **risks, dependencies, and assumptions.**

5 Set out how you do, or will, **address these contextual factors.**

ACCOUNT FOR CONTEXT

6 Establish outcome **targets** to build momentum and accountability.

7 Design a holistic **set of indicators** to measure progress and impact.

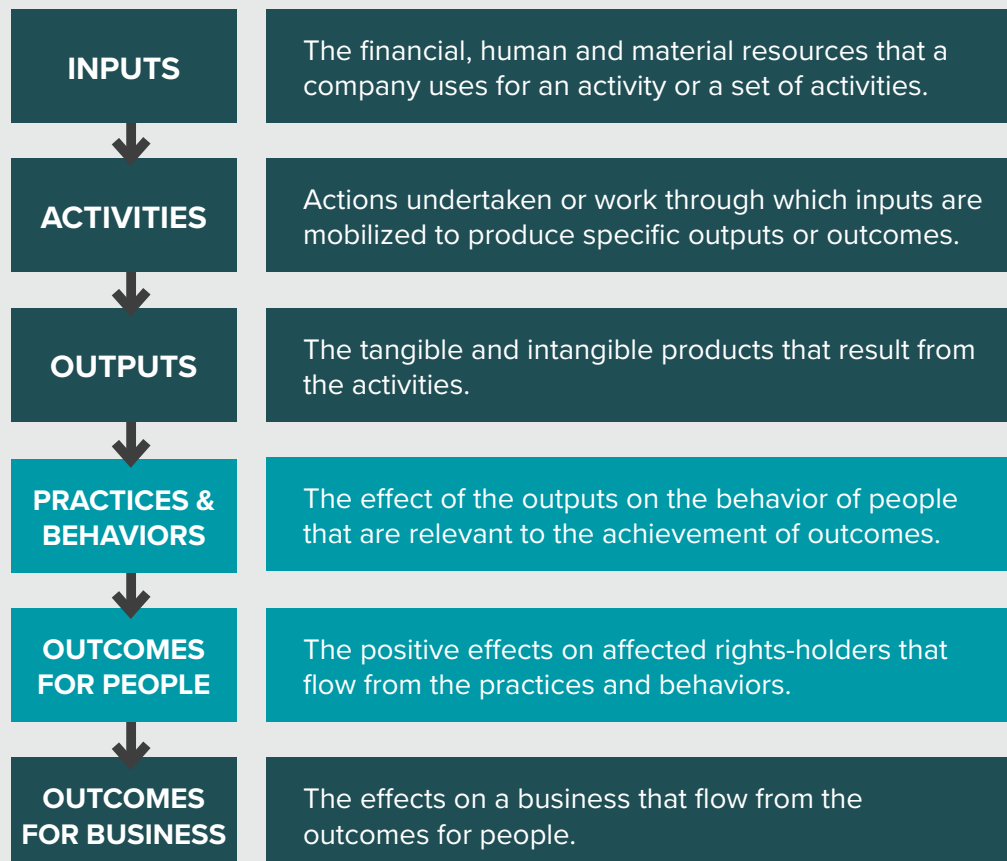**DEVELOP** TARGETS & INDICATORS

ARTICULATE STRATEGY

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ARTICULATE STRATEGY

OVERVIEW

In this part of the process, you articulate what outcomes for people you are trying to achieve and what you are doing, or plan to do, to achieve them. You do this by filling out each layer of the theory of change logic shown below. You will be guided to be *specific and detailed* about your goals and what is needed to reach them. This may take time and require you to develop a few iterations of your thinking. But the reward will be the ability to design a set of indicators that will offer genuine insights about progress and challenges.

The sequencing of the steps will help you to adopt a logical approach and to get the best results from using the tool. However, users will inevitably find the need to circle back and refine thinking done at earlier steps. As such, the step-by-step logic is a starting point and should not restrict holistic thinking.

ARTICULATING YOUR THEORY OF CHANGE

INPUTS	The financial, human and material resources that a company uses for an activity or a set of activities.
ACTIVITIES	Actions undertaken or work through which inputs are mobilized to produce specific outputs or outcomes.
OUTPUTS	The tangible and intangible products that result from the activities.
PRACTICES & BEHAVIORS	The effect of the outputs on the behavior of people that are relevant to the achievement of outcomes.
OUTCOMES FOR PEOPLE	The positive effects on affected rights-holders that flow from the practices and behaviors.
OUTCOMES FOR BUSINESS	The effects on a business that flow from the outcomes for people.

When articulating your theory of change, you should be guided by robust engagement: with internal issue owners and subject-matter experts; wherever possible, with input from the affected stakeholders and/or their legitimate representatives; and where appropriate, with companies (such as peers, suppliers, partners or customers) that are an integral part of achieving the outcomes you have articulated.

Engagement with stakeholders is critical because it will:

▶ **Enable** you to truly understand what needs to change for the better from the perspective of affected groups, and how they think that change might be achieved.

▶ **Ensure** that your ideas about how to address the human rights issue are building on the company's own experience, leading practices of other companies and the insights of people who understand the local contexts in which you are seeking to drive change.

▶ **Increase** the likelihood that internal and external stakeholders will understand the rationale for the indicators you design, and so support data collection, analysis and learning.

STEP ONE

ARTICULATE THE INTENDED HUMAN RIGHTS OUTCOMES FOR PEOPLE

In this step, you are listing the outcomes for people (workers, communities, consumers or others) that you are trying to achieve. It will obviously be important to base this on any human rights risk assessment that the company has completed. The following tips will help you to do this in a way that makes later steps in articulating a theory of change more straight-forward.

▶▶ ARTICULATE OUTCOMES IN **POSITIVE TERMS.**

For each of the human rights risks you are trying to address, find a way to describe the status or experience of affected people if the rights in question were fully respected, **or if the barriers to enjoyment of the rights were removed**. For example, instead of, "Female workers are not discriminated against in access to professional training and development opportunities" you might say, "Female workers are gaining all the skills and competencies they need to pursue their professional goals." The latter sentence is phrased to capture the ultimate positive outcome that training, and development efforts are intended to achieve.

▶▶ THINK IN TERMS OF **NEW STATES OF BEING OR ABILITIES.**

Reflect on what the human experience is of a right being realized, versus simply saying that a human right is realized. For example, instead of, "Communities right to water is realized" you might say, "Community members can access the clean water **that they need for their own drinking and hygiene, enabling reduced dysentery and water-borne diseases.**"

Sentence structures that can aid with this include:

- "The group or set of individuals *can*..."
- "The group or set of individuals *feel*..."
- "The group or set of individuals *are*..."

▶▶ BE AS SPECIFIC AS YOU CAN BE...

- **About outcomes:** Try to avoid overly general formulations of outcomes as this will make it harder to develop strategies and activities that are targeted. If you do have general formulations, you may want to list out more specific outcomes. For example, instead of, "Workers are satisfied at work," one might state, "Workers are satisfied with their job responsibilities, their wages and their relationship with supervisors."

- **About the affected or beneficiary stakeholders:** If you are targeting your action to address the rights of specific groups within a more general label (e.g. "employees" or "communities" or "consumers") you should specify this in your articulation of outcomes. For example, female workers, indigenous communities, young consumers.

▶▶ AVOID THE COMMON PITFALL
of conflating access to a process, or policy commitment, with an outcome for people.

The existence of a process intended to enable the fair treatment of workers, communities or consumers is not **itself** an outcome for people. Such processes might include, wage management systems, fair hiring processes, consumer hotlines, community consultation protocols, or grievance processes. Individuals making use of such processes and being satisfied with the experience are outcomes for people.

By way of illustration:

- "Workers are satisfied with the process to address the issues, concerns and complaints they raise through grievance mechanisms," is an outcome for people.

- "Workers are entitled to overtime payment" not an articulation of an outcome for people, it is really an articulation of a company's policy commitment. On the other hand, "Workers that work overtime are being paid extra as per the company's policy commitment," is an outcome for people.

STEP TWO

ARTICULATE WHOSE BEHAVIORS YOU ARE TARGETING AND WHAT YOU WANT THEM TO DO

THERE ARE **TWO PARTS** TO THIS STEP:

1 **IDENTIFYING CLEARLY** the actor or actors whose practices or behaviors will be the primary focus of your efforts. Where there are multiple actors with distinct activities, you should start a complementary theory of change logic and template.

2 **ARTICULATING** what you think those actors need to do in order to achieve the outcomes for people that have been identified in Step One.

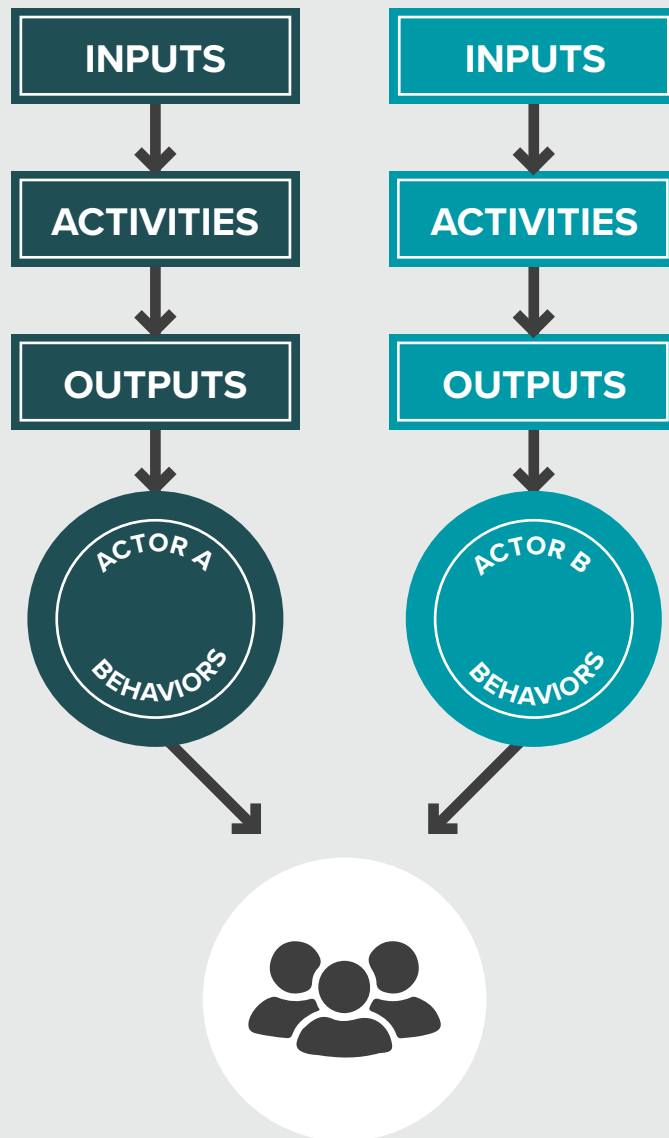### 1. **IDENTIFYING** THE TARGET ACTOR OR ACTORS

At this stage, you should identify the actor(s) whose day-to-day practices and behaviors have a direct impact on the affected people you hope to benefit, and who are therefore the focus of your current or planned activities.

If there is one target actor, proceed to the second part, this step below where you are guided through articulating the things you want those people to start doing, keep doing or stop doing. **If there is more than one target actor, you should articulate a theory of change in a new template for each additional actor, following all steps in the tool.** This will support you in making your logic clear and will be especially valuable as you layer in more information, and eventually indicators.

The diagram below illustrates this concept.

For the purposes of these tools, target actors are not organizations or individuals who may have a role to play in delivering activities (for example, expert trainers or certain internal teams or industry peers working in collaboration with you). They are also not actors that you imagine might influence the context in which you are trying to achieve change (for example, investors). There will be space to think about these actors in the system, *Part Two: Account for Context*.

MULTIPLE TARGET ACTORS

INPUTS → ACTIVITIES → OUTPUTS → **ACTOR A BEHAVIORS**

INPUTS → ACTIVITIES → OUTPUTS → **ACTOR B BEHAVIORS**

OUTCOMES FOR PEOPLE

FOR EXAMPLE

A company might work in parallel to address the practices and behavior of more than one key actor within a particular context. For example:

- Managers at supplier sites and trade unions.

- Construction sites that employ migrant workers; Recruitment agents and their sub-agents and Labor Inspectors.

- Small holder farms, Workers with children, and local schools.

- Mine management, Private security contractors and public security forces.

- Sales/distribution partners, and Consumers

Diagram is illustrative. There is no limit to two target actions.

2. ARTICULATE THE THINGS YOU WANT PEOPLE TO START DOING, KEEP DOING OR STOP DOING

The following tips will help you to do this in a way that will make the work that follows (in Parts 2 and 3) more straightforward to complete.

▶ **Think about what people do and say, versus what they think or feel**: A behavior is generally understood to refer to something that we can observe others do. Behaviors are not the same as opinions, preferences, expectations or interests though these can clearly influence behavior. The table below provides some illustrations of what are, and are not, articulations of behaviors.

NOT BEHAVIORS (MAY BE "OUTPUTS")	BEHAVIORS
Supervisors believe that it is important to listen to worker concerns and address them.	Supervisors seek out and listen to worker concern and take action to address these concerns.
Managers are required to ensure that women have the same job opportunities as men.	Managers check periodically that all job opportunities are communicated to all female workers, and that job advertising is debiased.
The General manager of the mine has plans in place to have annual meetings with community members to hear concerns.	The General manager of the mine routienly seeks out criticism and concerns from community members.
The company has industry-leading PPE process requirements in place for those working with hazardous chemicals.	Managers and supervisors reinforce the importance of following PPE requirements in their interactions with employees and model this in their own work.
The plantation has processes in place to guide its engagement with stakeholders in the local community.	Site managers routinely engage with local community representatives to understand their experience and perspectives.

▶ **Be specific**: The more detailed you are in your articulation of practices and behaviors, the easier it will be to explain your theory of change to internal and external stakeholders, and to stress-test the degree to which existing or new activities and related outputs will lead to these behaviors. Moreover, greater detail will make the task in Part Three of the tool - identifying what to measure and how to measure it - more manageable. By way of illustration:

- **DON'T JUST SAY**: "*Managers are **reinforcing** the importance of the company's non-discrimination and anti-harassment policies.*"

  Include an explanation of how they will do this, for example by:

  » *Talking about the company's commitment at internal company-wide meetings.*

  » *Praising positive behaviors and calling out negative ones.*

- **DON'T JUST SAY**: "Managers are ensuring that workers grievances concerning discrimination and harassment are being addressed in a timely manner."

  Include an explanation of how they will do this, for example by:

  » *Maintaining a case log of grievances filed.*

  » *Regularly reviewing the log of "cases" to spot any that are moving slower than expected.*

  » *Speaking to relevant leaders to "understand and agree actions on slower cases."*

▶ **Where it is important, include reference to the qualities and regularity of behaviors**: Achieving desired outcomes for people will often require that business leaders, managers, supervisors and others not only do or say certain things but do things authentically, effectively and consistently. As such, it can help to specify this in your articulation of behaviors.

By way of illustration from the table on the previous page:

- "The General manager of the mine seeks out criticism and concerns from community members" **is different from** "The General manager of the mine *routinely* seeks out criticism and concerns from community members."

- "Supervisors listen to worker concerns and take action to address what they have heard" **is different from** "Supervisors listen to worker concerns and *always* take action to address what they have heard."

STEP THREE

ARTICULATE RELATED ACTIVITIES, OUTPUTS, INPUTS AND OUTCOMES FOR BUSINESS

In this step, you are listing out interventions or programs to embed the behaviors you have mapped out in Step Two, as well as the outcomes for business that you think should flow from achieving the outcomes for people that you listed in Step One.

In essence, at this step you are asking four questions:

ACTIVITIES: What activity or activities do we have in place or want to put in place to address the actor's behaviors?

OUTPUTS: What are the immediate, near-term results that these activities seek to achieve that will help embed the desired behaviors?

INPUTS: What financial, human and material resources are needed to implement the activity or activities?

OUTCOMES FOR BUSINESS: What financial, reputational, operational, legal or other outcomes for business will occur once the outcomes for people are achieved?

The following tips will help you to complete this step.

In relation to outputs:

▶▶ OUTPUTS CAN BE MANY DIFFERENT TYPES OF THINGS

Enabling and influencing individuals to behave in a certain way is a complex undertaking. In any given situation it may involve providing some combination of new knowledge, guidance, standardized processes, action plans, inspiration, mindset changes, and incentives. Don't hesitate to think about outputs in as broad terms as necessary. A helpful prompt is to consider and document both:

- **Tangible** products: (that your eventual activities will need to deliver) – these might include operating requirements, documented processes, improved management systems, formal or informal committees, guidance materials, action plans etc.

- **Intangible** products: these might include knowledge, skills, awareness, mindset shifts, new relationships, motivation etc.

▶▶ DON'T CONFUSE EVIDENCE THAT AN ACTIVITY HAS HAPPENED WITH AN OUTPUT

Examples of this misconception include when an output from a training activity is defined as "X number of individuals trained," or when an output from an assessment is defined as "X numbers of assessments conducted." In the former, the output will hopefully be some form for new awareness or skills for the individuals trained. In the latter, the outputs may be new knowledge or insights and some form of action plan.

▶▶ YOU CAN REFER BACK TO THE "NOT BEHAVIORS" EXAMPLES IN THE PREVIOUS STEP

These are in fact all good examples of outputs and how to articulate them in ways that make it clear who is associated with them.

- Supervisors believe that it is important to listen to worker concerns and address them.

- Managers are required under a new Standard Operating Procedure to ensure that women have the same job opportunities as men.

- The General Manager of the mine has plans in place to have annual meetings with community members to hear their concerns.

- Warehouse managers recognize that motivating employees is good for employee morale and the business productivity.

- Site-managers have in-depth knowledge of industry health and safety codes.

- Factory owners appreciate the important role that foreign migrant workers play in ensuring the commercial success of the company.

In relation to inputs:

▶▶ INPUTS CAN BE IN MANY DIFFERENT FORMS

They are usually a mixture of:

- **Financial resources** i.e. adequate budget to cover the costs of delivering the activities including funds that are needed to pay for any third-party experts or other direct costs.

- **Human resources** i.e. adequate time from appropriately qualified individuals from inside your company or from partner organizations that you have contracted with to support delivery of the activities.

- **Other resources** might include internal policies, materials or guidance (such as for training) or contact information for, and access to, organizations and individuals you would like to participate in the activities.

In relation to financial, reputational, operational, legal or Outcomes for Business:

▶▶ ASSESSING OUTCOMES FOR BUSINESS:

Achieving positive outcomes for affected people by ensuring that their human rights are respected will generally result in positive outcomes for business, for example in the form of operational resilience, reputational benefits and reduced financial or legal risk. However,

aspects of outcomes for business can be negative, more typically in the short-term, before benefits are realized. By way of illustration:

- Paying a living wage may increase short-term costs for the business if they are not compensated by other efficiencies, before better pay has the chance to translate into other gains, such as higher productivity or the ability to attract and retain talent.

- Not proceeding with a planned site expansion in order to avoid relocating local community members may have result in a company foregoing increased production capacity, and will be evident in ways that the avoidance of potential future conflict with communities and reputational harm cannot.

Therefore, as you complete this layer of the logic, you should include potential negative as well as positive effects, keeping in mind different time horizons. This is likely to be appreciated by internal stakeholders seeking honesty about the mix of business costs and benefits.

▶▶ IT CAN BE APPROPRIATE TO **LIST BUSINESS OUTCOMES FOR MORE THAN ONE BUSINESS ENTITY** where other entities play a role in the strategy and related activities concerned

It is common for a company's strategy and related activities to address a human rights risk to concern the practices of another business entity or set of companies. For example:

- A **corporate-wide plan to roll-out diversity policies and training globally** might ultimately lead to business benefits at the group-level (for example, reduced reputational or legal risk) as well as for individual business units (such as attracting or retaining talented employees from minority groups).

- A **lender's efforts to drive respect for land rights** by its extractive industry clients might, if successful, lead to benefits for the bank as well as those clients.

- A **brand's initiative to tackle forced labor** in its manufacturing supply chain may perhaps lead to reduced legal, financial and reputation risk for the brand. But it can equally lead to similar benefits for suppliers also.

ACCOUNT FOR CONTEXT

Shift

STEPS

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ARTICULATE STRATEGY

ACCOUNT FOR CONTEXT

DEVELOP TARGETS & INDICATORS
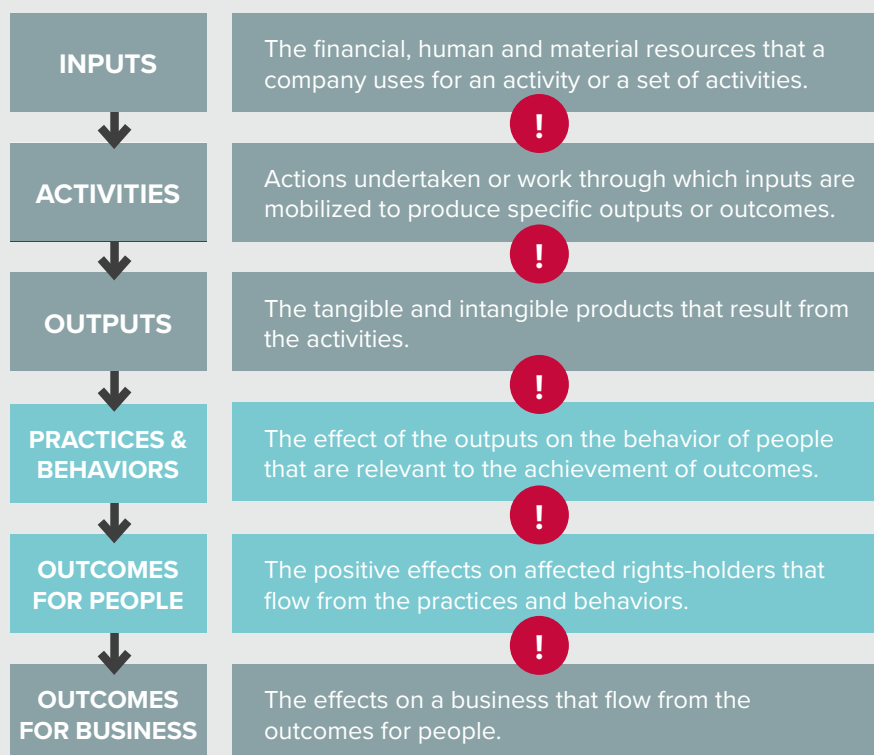
ACCOUNT FOR CONTEXT

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ACCOUNT FOR
CONTEXT

In this part of the process you will identify, and establish how to address, the contextual factors that could influence whether, or how quickly, your programs or activities will affect the changes that they are designed to achieve. In practice, this involves identifying the *risks that can get in the way of progress between different steps in the theory of change pathway*; *dependencies* *on other factors that need to be in place to progress between the steps*; and false assumptions that certain causal or other relationships necessarily exist between the steps. Identifying contextual factors – such as organizational culture, commercial incentives or local laws – helps to:

▶ Critique and strengthen your theory of change logic from Part One.

▶ Design indicators to monitor if contextual factors are in fact enabling or hindering progress (see Part Three).

ACCOUNTING FOR CONTEXTUAL FACTORS

INPUTS	The financial, human and material resources that a company uses for an activity or a set of activities.

!

ACTIVITIES	Actions undertaken or work through which inputs are mobilized to produce specific outputs or outcomes.

!

OUTPUTS	The tangible and intangible products that result from the activities.

!

PRACTICES & BEHAVIORS	The effect of the outputs on the behavior of people that are relevant to the achievement of outcomes.

!

OUTCOMES FOR PEOPLE	The positive effects on affected rights-holders that flow from the practices and behaviors.

!

OUTCOMES FOR BUSINESS	The effects on a business that flow from the outcomes for people.

POSSIBLE DEPENDENCIES

- **!** **Company Cultures**
- **!** **Industry Norms**
- **!** **Skills**
- **!** **Leverage**
- **!** **Politics**
- **!** **Local Law**

When articulating your theory of change, you should be guided by robust engagement with stakeholders: With internal issue owners and subject-matter experts; Wherever possible, with input from the affected stakeholders and/or their legitimate representatives; and Where appropriate, with companies (such as peers, suppliers, partners or customers) that are an integral part of achieving the outcomes you have articulated.

Engagement with internal and external stakeholders is critical because it will help you build a **full and complete understanding of the contextual factors** that will impact the effectiveness of interventions by:

▶ **Uncovering blind spots in your own thinking**, perhaps simply by being asked tough questions about your logic.

▶ **Addressing gaps in your own expertise and knowledge**, for example about industry practices or local contexts, in which you are trying to achieve certain outcomes.

STEP FOUR

MAP CONTEXTUAL FACTORS - BOTH RISKS, DEPENDENCIES, AND ASSUMPTIONS

When completing this step, you should **focus on the most significant risks or dependencies** that might impact the success of your activities, program or initiative. Contextual factors may be dynamics external to your organization such as the practices of peers or local cultural norms. But your efforts to achieve change might also be impacted by dynamics closer to home, for example: the ability of partners to execute activities to the quality that is required, your own company culture, buy-in and support from colleagues in other departments, or the incentives your company creates for business partners. So you should think broadly about the different risks and dependencies that may exist.

At the same time, use your professional judgment to focus on contextual factors that you think are significant. If you list every imaginable risk, you will end up with an overwhelming number of contextual factors in your model. This will be unmanageable. In short, trust your judgment and that of the stakeholders you engage.

To kick-start your thinking, the table on the following page offers a **non-exhaustive, illustrative list** of questions that can help in surfacing contextual factors.

BETWEEN INPUTS AND ACTIVITIES	• Is everyone inside our organization that is needed for the activity to happen committed to play their part? • Do delivery partners have the necessary skills and expertise to implement our activities to a high standard? Can they deliver at a high quality in all markets in which we need them to?
BETWEEN ACTIVITIES AND OUTPUTS	• If an activity is aimed at increasing knowledge or changing mindsets, what gives us confidence that these will be the result? • Are there aspects of organizational culture that will support, or undermine, the new attitudes and mindsets we are seeking to instill?
BETWEEN OUTPUTS AND PRACTICES & BEHAVIORS	• What are we assuming about people's interest to adopt the change we are aiming for? • Are there commercial or other pressures that disincentivize the actions or behaviors we are seeking to instill?
BETWEEN PRACTICES AND BEHAVIORS & OUTCOMES FOR PEOPLE	• When it comes to effecting change in people's lives, what are we taking for granted about their ability to take advantage of improved business practices? • What local political or organizational dynamics will affect the desired outcomes we want?
BETWEEN OUTCOMES FOR PEOPLE AND OUTCOMES FOR BUSINESS	• Do reputational or other business gains we have identified rely on suppliers or business partners communicating with stakeholders about progress? • Will other events (such as economic downturns undermine cancel out or mask the business outcomes we have listed? • If the outcomes for business rely on increased trust from affected groups, might other events – such as incidents of severe human rights abuse in another one of our operational sites or involving an industry peer - undermine this?

STEP FIVE

SET OUT HOW YOU DO, OR WILL, ADDRESS THESE CONTEXTUAL FACTORS

THERE ARE **TWO PARTS** TO THIS STEP:

1 **STRENGTHENING INPUTS AND ACTIVITIES.** Identify if any of the factors you have identified can be addressed through adapting the inputs and activities in your theory of change logic. This will achieve two things. First, it will help you strengthen the robustness of your thinking to this point. Second, it can narrow down your list of contextual factors to those that represent significant risks to your theory of change, which will aid with steps to follow.

2 **IDENTIFYING COMPLEMENTARY ACTIONS.** Identify additional actions, programs or initiatives that the company needs to have in place in order to shore up your theory of change by removing some contextual factors that otherwise place it at risk.

1. **STRENGTHEN** INPUTS AND ACTIVITIES

Use the following tips to help you in completing this step to lay a good foundation for what follows:

▶ **Stay focused on contextual factors that can feasibly be addressed by altering inputs and activities:** In general, these will be the upper levels of the theory of change and will not be major systemic risks.

By way of illustration:

- An assumption between an input and activity that "external trainers are appropriately qualified" could be addressed by simply making it clear that a key input is, "*Appropriately qualified external trainers.*"

- An assumption between an activity and an output that "language barriers do not obstruct supplier understanding of policies and guidance" could be addressed by making is clear at the input level that "policies and guidance are available, *including in local languages spoken in the company's sourcing markets.*"

- An assumption between an activity and an output that "the business partner's workplace practices self-assessment is based on ILO standards" could be dealt with by making clear at the activity level that "Business partners are given support to complete a workplace rights self-assessment t*hat has been reflects ILO standards."*

▶ **Only rewrite inputs and activities** if the company is realistically going to ensure that they are implemented in their new formulation: It is not helpful to adjust inputs and activities that have no chance of being changed in reality. If you are unsure if the company is going to be willing and able to make the change, simply retain the risk, dependency or assumption that you listed.

▶ Where you are **satisfied that you have adapted inputs and activities as necessary, you can delete the relevant contextual factor:** If the contextual factor identified has been addressed in a new formulation, then it no longer needs to be listed.

2. **IDENTIFYING** COMPLEMENTARY ACTIONS

The nature and detail of complementary actions will vary depending on the issue you are seeking to address. Some will require substantial investment and attention from your company. The table below provides an illustrative, fictional list to inform your thinking.

EXAMPLE CONTEXTUAL FACTOR	EXAMPLE CORRESPONDING COMPLEMENTARY ACTION
Between Outputs and Practices/Behaviors: *Business practices of customers do not undermine supplier ability to pay workers a living wage.*	Industry initiative to tackle purchasing practices that put pressures on factories such that it makes it challenging for them to respect workplace rights.
Between Practices/Behaviors and Outcomes for People: *Other industrial plants in the region do not pollute sources of drinking water.*	Engagement with local government agencies (environment, health, industry) to enforce existing environmental regulations that would eradicate pollution of potable water sources.
Between Practices/Behaviors and Outcomes for People: *Women have the skills and confidence to apply for jobs that are now advertised openly to all employees.*	Engaging women's professional networks and associations that can work with senior leadership to identify and address corporate cultural barriers that may deter women from applying for promotions.

▶ You do not need to have additional actions for every assumption. You should not manufacture actions that you do not see as necessary or feasible to pursue. The main reasons for not creating complementary activities for every assumption are that:

- There may be issues that you believe are already being managed with a high degree of success, and where you anticipate that will remain the case. For example, you may have identified a contextual factor that there are "good quality living conditions including sanitation services" for workers on a certain construction site, which, if untrue, would impact your overall goal of improving workers' physical and mental health. But if your contractors in that region have a track record of providing safe and clean accommodation to workers there is no need for an additional program of work to address that assumption.

- There may be issues that are not being managed and ideally need to be, but which the company does not currently have the bandwidth or resources to invest in addressing. In such cases, it will be important to monitor this to see how it affects the success of the programs. **At the same time, if an assumption represents a serious risk to your theory of change, yet you see no pathway to addressing it within a reasonable timeframe, this should spark a serious examination of the viability of your strategy as a whole.**

- A company may judge – ideally in consultation with relevant stakeholders - that it is not realistic to address certain contextual issues in the foreseeable future. Examples here might be the presence of a long-standing local conflict, a pattern of workers not returning to work after public holidays, or the risk of sudden changes in political leadership and ideology. These may simply become conditions within which you have to seek to achieve better human rights outcomes, and your focus may be on monitoring them to understand if they are reaching the point of making your theory of change untenable.

DEVELOP TARGETS & INDICATORS

Shift

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7 Design a holistic **set of indicators** to measure progress and impact.

DEVELOP TARGETS & INDICATORS

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DEVELOP TARGETS

& INDICATORS

In this final part of the process, you will make decisions about what you want to achieve by when, and about what to measure and how to measure it for all stages of your theory of change and for the contextual factors you identified in Part Two.

▶ Step Six provides guidance on **articulating targets for what you want to achieve, for whom and by when with regard to Outcomes for People.** Creating thoughtful targets with buy-in from relevant internal and external stakeholders can galvanize enthusiasm, forward momentum and investment for positive change.

▶ Step Seven focuses on how to create a set of interconnected indicators and real-world data **that will help you to see the actual relationships of cause and effect across the theory of change.** This provides an evidence base to identify the degree to which your activities are leading to the change you are trying to deliver. It will help you make sense of progress and shortfalls and allocate resources accordingly.

Both steps, and the associated templates, provide a structure and tips to help you articulate targets and indicators. **Reaching clarity for all the ingredients of well-defined targets and indicators will likely be an iterative process.** In the first instance, complete Steps Six and Seven in draft form: think creatively, include questions to be addressed at a later date, and don't worry about leaving gaps.

The final part of the guidance offers some tips to follow and pitfalls to avoid when developing both targets and indicators. You should keep these in mind when completing Steps Six and Seven.

When developing targets and indicators, you should be guided by robust engagement with stakeholders:
With internal issue owners and subject-matter experts; wherever possible, with input from the affected stakeholders and/or their legitimate representatives; and where appropriate, with companies or others (such as peers, suppliers, partners, customers or government departments) that are an integral part of achieving the outcomes you have articulated.
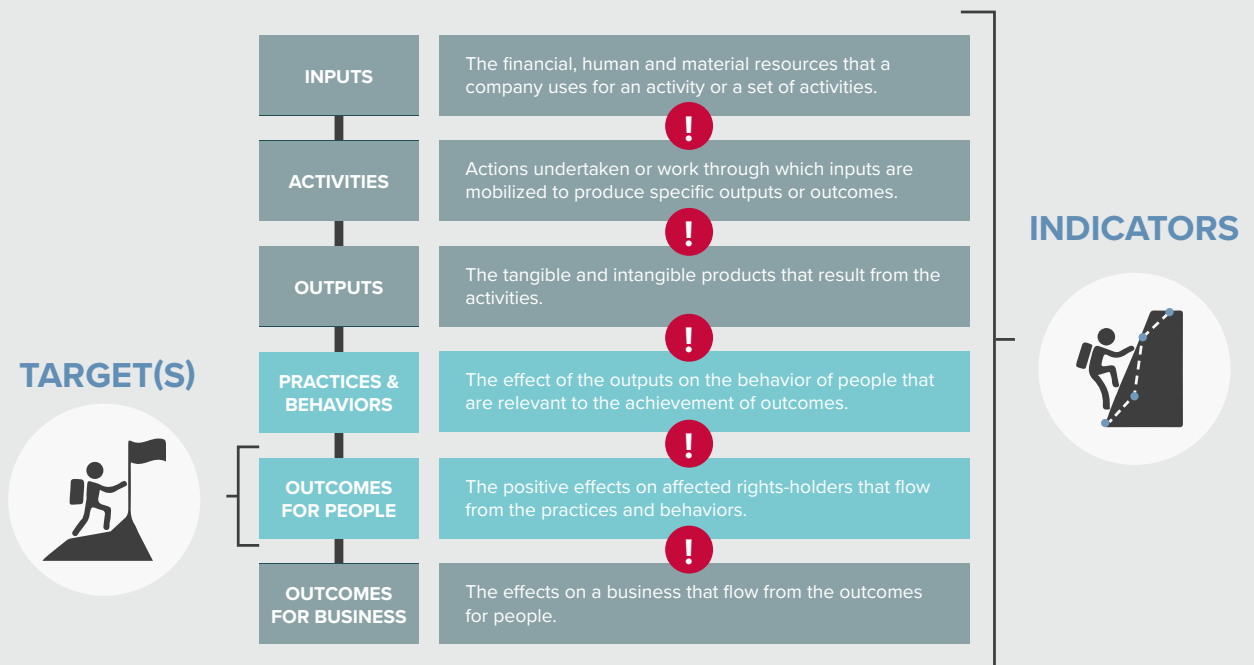
1. SET TARGETS

Articulate targets for what you want to achieve, for whom and by when with regards to **Outcomes for People**.

2. DEVELOP INDICATORS

Create **a set of interconnected indicators and data collection plans** across your theory of change and assumptions.

INDICATORS

TARGET(S)

INPUTS	The financial, human and material resources that a company uses for an activity or a set of activities.
ACTIVITIES	Actions undertaken or work through which inputs are mobilized to produce specific outputs or outcomes.
OUTPUTS	The tangible and intangible products that result from the activities.
PRACTICES & BEHAVIORS	The effect of the outputs on the behavior of people that are relevant to the achievement of outcomes.
OUTCOMES FOR PEOPLE	The positive effects on affected rights-holders that flow from the practices and behaviors.
OUTCOMES FOR BUSINESS	The effects on a business that flow from the outcomes for people.

Engagement with stakeholders is especially important because it will:

▶ Maximize the chance that targets will generate sustained organizational commitment to, and investment in, driving change as well as enabling robust evidence and evaluation of progress.

▶ Maximize the chance that your indicators will offer actionable insights by building on the experience and expertise of others who have tried to measure similar programs and outcomes.

▶ Increase stakeholders' interest and motivation to support data collection and learning, which will aid in making the evaluation of your efforts to respect human rights more efficient and robust.

▶ Contribute to building a community of stakeholders that is more likely to view your company's disclosure of data about progress and impact as credible.

STEP SIX

DEVELOP TARGETS RELATED TO OUTCOMES FOR PEOPLE

In this step, you will articulate targets for what you want to achieve, for whom and by when with regard to Outcomes for People. **If your company is not ready to set targets, you should move straight to Step Seven to design indicators.** There can be a number of reasons to take this approach. For example, you may want to undertake some monitoring and evaluation to understand and measure the current reality of people's experience and how it compares to the outcomes you are seeking to achieve before setting targets; or you may want to socialize and build buy-in to your theory of change and ways to measure its implementation in order to build support for a process of target setting.

THE VALUE OF **SETTING TARGETS**

You should consider the benefits of setting targets and when it might be most appropriate to do so. Working with targets is common practice across many facets of business, and there are good reasons to apply the same rigor to addressing human rights risks, including because:

▶ When targets are well designed and articulated, they can raise the profile of the issues concerned as well as internal commitment to, and investment in, achieving the goals they represent.

▶ Having targets and a way to evaluate progress against them can trigger regular dialogue about the reasons for progress and shortfalls, so building deeper understanding of what is needed to address the human rights risk you are focused on.

▶ Targets can be used to build shared ownership and accountability for delivering results.

There may also be an opportunity to connect your targets to the Sustainable Development Goals. In Step One, you were guided to articulate outcomes for people in positive terms to reflect the improvement in people's lives that your activities and programs (and respect for human rights in general) are ultimately about. In many cases, it will be possible to draw the connection between those positive outcomes and one or more of the Sustainable Development

Goals (SDGs). If your company sets targets connected to the SDGs in other areas – for example in relation to its environmental commitments and initiatives – it can be valuable to do the same with regard to your human rights initiatives. This can help to demonstrate across the company that this work goes beyond risk management or 'doing no harm' and is directly relevant to how the company contributes to society, including by helping to reduce inequalities. It can also help senior leaders to see the relevance of these initiatives to corporate strategy with regard to sustainable development, and gain more high-level attention and investment of resources for these efforts. For more information and inspiration about these connections, see The Human Rights Opportunity, a resource developed jointly by Shift and the World Business Council for Sustainable Development.

KEY DIMENSIONS OF A TARGET

The following table – which mirrors the template for this step – outlines dimensions of a well articulated target and integrates the idea that you may want to connect your targets to the SDGS.

DIMENSION	DESCRIPTION
1. TIMING	The **time** by which your company wants to see the target achieved.
2. REACH	The **numbers of people**, or the proportion of a target population, that should experience the positive change. The target population may be global (for example, all employees of the company, all female workers in a company's supply chain, or community members local to all a company's operational sites); or more specific (for example, employees in a certain geography; workers at production sites in a specific geographic region; community members in conflict-affected locations; or affected stakeholders in locations where your change program is being implemented).
3. OUTCOME	The specific improvement in outcomes for people for which you are setting a target.
4. MEASUREMENT	A description of the information you need to measure progress against the target, and how you will collect that information. You may want to include notes on opportunities and challenges that you foresee in collecting this information.
5. SDG CONTRIBUTION (OPTIONAL)	A list of the Sustainable Development Goal targets or target that your company will be contributing to by meeting the target you have set.

▶▶ THERE IS **NO CORRECT LEVEL OF AMBITION,** though you should consider what tends to build energy in your organization and among key stakeholders

Some organizations will set conservative targets that they believe they can realistically achieve. This has the benefit of making the task ahead less daunting and building a sense of achievement as a company gets closer to the stated goal. Other organizations will set so-called "stretch targets" that they know from the start are unlikely to be achieved. The benefits of this approach include that boldness and ambition can inspire urgency and a sense of leadership, and those involved in the change may achieve leaps in progress that they would not have attempted if the target was more easily within reach. There is no correct way to approach targets. You should consider what fits with your company's culture and seek feedback from external stakeholders who are invested in the outcomes you are trying to achieve.

▶▶ **YOUR COMPANY SHOULD BE PRO-ACTIVE** IN MANAGING ANY POTENTIAL UNINTENDED CONSEQUENCES OF TARGETS

It has been extensively documented that when an indicator becomes a target against which a person's or organization's performance is judged, it can have the unfortunate effect of distorting the very thing they wish to measure. For example, in the context of addressing grievances, it is valuable for management purposes to know whether and why numbers of grievances are increasing or decreasing. But if a reduction in grievances becomes a target for a factory or mine site, people typically start to perform to the target rather than focusing on the original purpose of the grievance mechanism. So, some grievances may be reclassified as something different – such as general "questions" or "issues raised," or a culture may develop of discouraging people from raising grievances in order to meet the target. This undermines the purpose of the mechanism, which is to enable issues to be raised and addressed early on. As such, when designing targets, it is important to look carefully at how they will be applied, what consequences will be attached to meeting them or falling short, and whether that affects their likely value.

▶▶ IT IS GENERALLY **NOT ADVISABLE TO LINK TARGETS TO EARLIER LAYERS OF YOUR THEORY OF CHANGE**

It may feel safer to do so since these steps are easier for the company control. However, setting targets at these upper layers – such as the scale and reach of activities delivered, and their near-term results (outputs) – risks generating investment and accountability around items that in no way guarantee the delivery of outcomes. It can create a false sense of security that a risk is being managed or that change is being delivered, and potentially lead to wasted resources. Setting targets for practices and behaviors is typically more credible because there is less "distance" between this layer in the theory of change and outcomes for people: they tend to be a much stronger leading indicator of those outcomes. Even here, it is important to focus on those practices and behaviors for which there is greatest evidence that they typically lead to the outcomes you are trying to achieve. Such evidence might come, for example, from data collection and analysis over an extended period of time. You may want to monitor data based on indicators first, in order to build confidence that the selected practices and behaviors are indeed strongly correlated with the desired outcomes and therefore provide a good basis for setting targets.

STEP SEVEN

DESIGN INDICATORS

In this step you will develop indicators that when monitored together, allow your company to track progress in implementation of your intervention or actions, understand whether impacts are happening as you intend, and interrogate the reasons for the change or lack of change.

THERE ARE **TWO PARTS** TO THIS STEP:

1 **DEVELOPING INDICATORS ACROSS YOUR THEORY OF CHANGE.** The indicators you develop should be able to answer simple questions such as:

> ▶ Are the activities being delivered?
> ▶ What is the status and quality of the outputs?
> ▶ Are the desired practices and behaviors in place?
> ▶ Are people experiencing the outcomes we are seeking to achieve?

2 **DEVELOPING INDICATORS TO ASSESS CONTEXTUAL FACTORS.** Layering data about these factors into your set of indicators will set your company up to monitor whether contextual factors appear to be positive, negative or neutral in terms of their effect on progress. This will aid with managing risks to your work and making sense (to internal and external stakeholders) of progress and shortfalls.

KEY DIMENSIONS OF AN INDICATOR

The following table – which mirrors the template for this step –
outlines four dimensions of a well articulated indicator.[1]

DIMENSION	DESCRIPTION
1. DESCRIPTION	A clear and concise description of the indicator, and a short indicator title or abbreviation to enable short-hand references in monitoring and evaluation documentation and discussions.
2. RATIONALE	An explanation of the reason for having this indicator i.e. what it is for and why the indicator is needed and useful. This should draw directly on your theory of change and related contextual factors that you developed in Parts I and II. This is especially useful when discussing indicators with individuals who will not read the detail of your work.
3. METHOD OF MEASUREMENT	An explanation of what you are counting or measuring, and related definitions. By way of illustration: • If your indicator concerns a "total number of X," you should define X and how you will count X. • If your indicator concerns the measurement of a relative increase in something, you should determine whether you will measure that in absolutely numbers (e.g. the increased number of people with access to clean water), as a percentage increase over the baseline number (e.g. 25% more people [than the original 1,500] report good treatment by their factory supervisor) or as a percentage of a target population (e.g. 75% of smallholders from whom we source are earning a living income). • If your indicator refers to a certain threshold, you should also explain the threshold in as much detail as possible. For example, if you refer to a "living wage" you should explain how you are calculating this; and if you refer to "access to basic healthcare" you should explain how you are defining "basic."
4. DATA COLLECTION METHOD(S)	A sentence or two about the general approaches (such as surveys, company records, review of audit findings, desk research) that you will use to collect data. Where applicable, you should list specific data collection tools or partners you can, or are, using. You may also want to indicate which data you already collect or have access to, and which you do not.

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[1] This list was informed by the following guidance: UNAIDS Monitoring and Evaluation Fundamentals; https://www.unaids.org/sites/default/files/sub_landing/files/8_2-Intro-to-IndicatorsFMEF.pdf

▶▶THERE IS **NO CORRECT NUMBER OF INDICATORS**. But you should consider the following:

- You should have at least **one indicator for every layer of your theory of change.** This will not only allow your company to monitor what is happening, but it will help you spot and make sense of correlations. For example, if there is evidence that an activity (such as management training) has been successfully delivered to the target audience, but a desired behavior (such as managers not intimidating staff) is not being achieved, one could then interrogate whether outputs (such as new knowledge about company policies, or recognition of the value of acting with respect for subordinates) were delivered.

- **You do not need to have an indicator for every element or bullet point within each layer of your theory of change.** This will become unmanageable and at the level of inputs and activities offer limited insight about how to achieve or accelerate impact.

▶▶**CONSIDER WHICH CONTEXTUAL FACTORS REQUIRE INDICATORS** SO YOU CAN TRACK THEM

You should establish how you will monitor the degree to which risks or dependencies you identified as significant to your theory of change, are impeding or will impede progress and outcomes. It will be up to your and your colleagues' professional judgment to assess which assumptions to create indicators for and monitor. By way of guidance:

- It usually makes sense to **have indicators for those assumptions you are addressing, or plan to address, through specific activities or programs.** If you are taking action on them, it means you have judged them to be significant, and so merit monitoring.

- It is perfectly reasonable to **start by monitoring one set of assumptions and then, over time, change which ones you focus on**. For example, monitoring assumptions between activities and outputs during program pilots or at the early phase of program implementation may offer insight that allows you to adapt your activities; or you may decide to monitor an assumption because stakeholders have warned that if the risk materializes it will likely to be a major risk to the success of your intervention.

CROSS CUTTING
GUIDANCE

This part of the guidance offers some tips to follow and pitfalls to avoid, when developing both targets and indicators. You should keep these in mind when completing Steps Six and Seven.

▶▶ BE PREPARED TO **USE QUANTITATIVE AND QUALITATIVE MEASURES IN COMBINATION**

A **quantitative measure** is expressed directly as numbers, such as the number of staff on contract or the percentage of women in the workforce. **Qualitative measures** are based on judgments, perceptions and other subjective information. They may be translated into a numeric form, such as a percentage increase in perceptions of safety in the workplace, or staff satisfaction with canteen food on a scale of 1 to 5. Quantitative targets and indicators often feel intuitively more precise and therefore "true." Yet they can be misleading — or at least misinterpreted — if they are not supported by qualitative measures or otherwise placed in context. For example, an increase in the number of grievances received may suggest an increase in problems. Or it may be the result of improving a grievance mechanism so that people now trust in using it to raise concerns, enabling them to be addressed earlier. A qualitative indicator of trust in the mechanism would help ensure a correct interpretation of the quantitative indicator. It is often a combination of the two types of indicators that provides the more robust evaluation.

▶▶**COMPOSITE MEASURES MAY BE PARTICULARLY ATTRACTIVE** when trying to assess and convey progress at a high level, **but they can easily be misleading, conceal problems and provide false comfort**

A composite target or indicator combines different data types that relate to distinct phenomena but are seen as useful when grouped

together. Examples you might be familiar with include a balanced scorecard or the ESG ranking of a company. In the context of a theory of change logic, composite measures related to outcomes for people could include a Community Satisfaction Score or a Worker Well-being Score each aggregating data from surveys, company grievance records and physical and mental health data. It may also be feasible to construct composite measures for the upper levels of a theory of change. For example, composites indicators at the level of outputs might be a Supplier Knowledge Score or an overall social audit score. Scores of this kind can have value when a company is trying to reduce the complexity of data that internal or external audiences need to engage with to understand progress. However, in order to mitigate the risks of seemingly simple measures that are in fact complex in nature.

It is important to:

- **Engage credible experts to help you in the design of composite measures.** This will increase the likelihood that the underlying indicators you select – as well as their respective weighting and how they are aggregated – offer a coherent and credible reflection of what you are trying to measure.

- **Ensure that composite targets and indicators can readily be disaggregated by internal and external stakeholders** to enable broken logics or irregularities in data to be spotted, contested and addressed, and allow for deeper insight about dynamics and nuances than a single score can communicate.

▶▶ YOU SHOULD LEVERAGE WHAT YOU ALREADY MEASURE WHERE IT MAKES SENSE TO DO SO. But don't let what you currently measure unduly determine targets and the design of indicators

It is possible that your company will already be measuring, and even disclosing information that is relevant to your theory of change. For example, you or your business partners may already monitor indicators about the completion of an activity (such as training or audits); outputs delivered (such as new policies or systems put in place by business partners); practices and behaviors (such as mangers hearing from affected stakeholders or suppliers addressing worker grievances); outcomes for people (such as about non-discrimination in hiring and promotion, or job satisfaction among the workforce); and outcomes for business (such as about employee retention and absenteeism, health and safety incidents or a company's social license to operate). Where these indicators and related data sources add insight to the things you are seeking to measure, it will make sense to make the most of them.

However, if they reflect something rather different from the things you need to know to evaluate if your theory of change is working, they should not dictate your approach. And if they are not serving some other useful purpose, there may be an opportunity to save resources and replace them with better indicators and data.

When it comes to **indicators for contextual factors, you should also aim to be efficient by exploring if there are existing, credible sources of data you can use.** This might include referring to external expert sources, such as publications, indices or risk maps developed by international organizations, academics, worker organizations or civil society.

For example:

- **Government enforcement of labor laws** can often be evaluated by looking at existing data and analysis such as that conducted by the ILO, academics or worker organizations.

- **Conflict over, or contestation of, land ownership and use** could be evaluated with reference to an increasing number of publicly available land tenure-related risk maps.

- **The likelihood of local cultural norms and customs undermining efforts to deliver outcomes for minority groups** could be assessed by reviewing the reports of human rights organizations and other NGOs.

▶▶ ENGAGING AFFECTED STAKEHOLDERS AND BUSINESS PARTNERS IN EVALUATION CAN UNLOCK HIGHLY VALUABLE INSIGHTS THAT YOUR COMPANY CANNOT GET FROM EXISTING DATA COLLECTION METHODS

It is highly likely that your theory of change and indeed the contextual factors you identified, will include a considerable focus on people's knowledge, attitudes, motivations and experiences. These could be people whose lives your theory of change is seeking to positively affect (such as workers, community members or human rights defenders). But they might also be business leaders and managers within or outside of your own company whose attitudes, and behaviors matter to the change you are seeking to achieve.

Keep in mind that:

- **Including people in target and indicator design, data interpretation, learning and improvement planning can increase the quality of your measurement.** In general, where people are engaged as contributors or partners to your full process of measurement, versus simply being asked to respond to questionnaires or requests for data, they will be more motivated to help you collect data. This motivation will be stronger if stakeholders can use the data and learning themselves. This applies to people who are affected stakeholders as well as business owners and managers in the value chain.

- **People can offer valuable insight into other people's behaviors.** Stakeholder perspectives and experiences are not only valuable to measure outcomes. Stakeholders can also tell you a lot about whether the desired practices and behaviors are in place.

  For example:

  » A supplier can reveal whether a company's buying teams are doing business in ways that are likely to enable that supplier to respect human rights.

  » Community members can provide insight into how construction or security contractors are interacting with them on a day-to-day basis.

  » Employees and workers can offer feedback about whether managers and supervisors are seeking out, or suppressing, grievances.

- **You can also gather data about contextual factors by inquiring about them from relevant stakeholders.**

  For example:

  » The extent to which commercial incentives or buying practices undermine rights-respecting business practices could be evaluated via data gathered through short supplier surveys; and

  » The extent to which workers or community members feel empowered and equipped to raise complaints could be evaluated via one or two additional questions in stakeholder engagement surveys or focus groups.

For more information, including good practice principles for engaging affected groups in evaluation see:

Stakeholder Voice: Learning from Affected Stakeholders to Better Evaluate Program Effectiveness and Outcomes

DATA COLLECTION AND AFFECTED STAKEHOLDERS

SHORT GUIDANCE MATERIALS FROM INTRAC'S MONITORING AND EVALUATION UNIVERSE

There is considerable expertise among civil society and development practitioners about how to undertake data collection to learn about the views and experiences of "program beneficiaries." In the context of your company's efforts to respect human rights, these might be employees, workers, community members or consumers.

If you are not familiar with good practice in this area or the wide range of tools available to companies to engage people about their experiences, you should quickly review the following short guidance documents. Understanding some of the basic concepts and principles now can helpfully inform your design of targets and indicators.

▶ Principle of Data Collection: This note outlines the importance of "keeping things as simple as possible; planning the entire process of data selection, collection, analysis and use from the start; and ensuring that any data collected is valid, reliable and credible... [and] that ethical issues are considered."

▶ Basic Tools for Data Collection: This note is an introduction to different methodologies for data collection and analysis including, "interviews, focus group discussions, observation, photography, video, surveys, questionnaires and case studies" as well as "... reviewing secondary data, and informal project / programme management processes."

▶ Sampling: This note describes different methods of sampling which is a, "process that enables information to be collected from a small number of individuals or organisations within a project or programme, and then used to draw conclusions about a wider population."

For similar guidance about other aspects of data collection or monitoring and evaluation visit INTRAC. INTRAC is a not-for-profit organization that builds the skills and knowledge of civil society organiszations to be more effective in addressing poverty and inequality.