From Measuring Impact to Managing It

A Life-Cycle Framework for Impact Investing Accountability

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Abstract

Impact investing combines an explicit intention to generate social or environmental benefit with the pursuit of financial returns. Yet impact data can serve mainly to demonstrate performance to external audiences, leaving less attention for how evidence changes investment decisions and improves outcomes. This conceptual article develops a life-cycle framework that connects impact measurement to management and accountability across five stages: mandate and strategy, screening and due diligence, investment structuring, active ownership and monitoring, and exit and portfolio learning. The framework synthesizes research on social performance measurement, investor contribution, impact-management standards, and stakeholder accountability. It distinguishes the measurement of enterprise outcomes from the contribution of investor capital and engagement, and proposes that indicators should be selected for decision relevance, proportionality, stakeholder legitimacy, and evidential strength. Six propositions identify conditions under which impact information is more likely to influence investor–investee decisions and support learning. The thesis's discussions of Acumen and the Nigerian crowdfunding platform 234Give are used as illustrative examples, not as new empirical evidence. The article contributes a practical and testable account of how investors can move from reporting impact to managing toward it, while recognizing uncertainty, negative effects, and trade-offs between social objectives and financial performance.

Keywords: impact investing; impact measurement and management; accountability; investor contribution; social impact; investment life cycle

1. Introduction

Impact investing is based on a dual commitment: investments are intentionally directed toward social or environmental outcomes while also seeking a financial return. This position places impact investing between conventional investment and philanthropy, but the combination of purpose and return does not itself establish that positive impact occurred. Investors must state what change they seek, identify how an enterprise's activities could produce that change, and assess whether investment capital or engagement contributes to outcomes beyond what would likely have happened otherwise (Brest & Born, 2013; Global Impact Investing Network [GIIN], 2023).

The distinction matters because measurement can become a reporting exercise. A fund may count beneficiaries reached, loans issued, or services delivered while knowing little about the quality, duration, distribution, or additionality of the resulting outcomes. Conversely, a demanding impact study may be too costly or slow to guide routine portfolio decisions. Research has consequently distinguished measuring to prove impact from measuring to improve it: the former supports legitimacy and communication, whereas the latter uses evidence to adapt strategy, operations, and resource allocation (Roor & Maas, 2024). Both purposes matter, but the management function is central to whether measurement changes practice.

This article asks: how can impact measurement be organized so that it informs decisions throughout an impact investment's life cycle? It develops a conceptual framework that links impact intention, evidence, decision rights, and accountability from investment mandate through exit. The framework builds on the thesis's examination of impact investors, social enterprises, metrics, accountability, and illustrative organizational cases (Chia Shee Tong Tom, 2025), while extending the analysis toward an operational model for using information over time.

The article makes three contributions. First, it joins impact measurement with investment governance across five sequential but iterative stages. Second, it clarifies the difference between enterprise-level outcomes and investor contribution, a distinction needed to make claims about an investment credible. Third, it develops propositions for future empirical testing about decision-use, stakeholder participation,

measurement proportionality, and learning. The article is conceptual: it does not report new primary data or claim that the framework has been validated.

2. Conceptual foundations

2.1 Impact investing and intentionality

Impact investing is commonly distinguished from responsible investment that primarily screens out harmful activities or manages financial exposure to environmental, social, and governance risks. Impact investing instead requires an explicit intention to contribute to positive outcomes and a commitment to measure and manage those outcomes (GIIN, 2023). The distinction is one of purpose and practice, not of legal form or asset class. An investment may generate positive social effects without having been designed to do so; such effects should not automatically be presented as evidence of intentional impact (Brest & Born, 2013).

Intentionality also does not settle the question of contribution. An investee may produce beneficial outcomes, but the investor must consider whether its capital, terms, expertise, networks, or governance influence affected the scale or quality of those outcomes. Brest and Born (2013) distinguish the impact of the enterprise from the impact attributable to the investment and from non-monetary contributions. This distinction cautions against assigning all enterprise-level results to a particular investor or transaction.

2.2 Measurement, management, and accountability

Impact measurement is the systematic collection and interpretation of information about social and environmental effects. Impact management is the use of that information to set objectives, assess progress, make decisions, and improve performance. The two functions depend on one another: management determines what information is relevant, while measurement supplies evidence for management (Boiardi, 2020). Standards and indicator libraries can make information more consistent, but a metric is useful only when it corresponds to an outcome the investment seeks to influence and when the data can be interpreted in context.

A single impact score can obscure differences among outcome importance, the people affected, the depth and duration of change, enterprise contribution, and the risk that results differ from expectations. The five dimensions of impact—what changes, who experiences the change, how much change occurs, contribution, and impact risk—provide a structured way to examine those distinctions (Impact Frontiers, n.d.). Investors also need to consider their own contribution separately from enterprise contribution. Ebrahim and Rangan (2014) similarly argue that the level and scope of performance measures should fit an organization's mission and operational role; long-term systemic effects are not equally measurable or appropriately attributed to every organization.

Accountability is broader than disclosure to capital providers. Investors and investees may owe explanations to affected communities, employees, public authorities, co-investors, and future beneficiaries. Reporting can improve transparency, but it can also reward easily counted indicators and upward reporting at the expense of outcomes that matter to participants. Nicholls (2009) describes the tension between the complex, blended value created by social enterprises and accounting practices that seek standardized representations. A credible system therefore needs both comparable indicators and room for qualitative evidence, uncertainty, and stakeholder interpretation. Reviews of social impact measurement also show that concepts and methods vary widely, making clarity about the intended use of evidence essential (Rawhouser et al., 2019).

2.3 A gap between proving and improving

The literature documents a growing infrastructure of principles, frameworks, standards, ratings, and metrics. OECD's mapping of the field shows that these tools perform different functions and operate at different levels of specificity; they are not interchangeable (Boiardi, 2020). IRIS+ offers common outcome categories and indicators, while the IFC Operating Principles for Impact Management emphasize integration of impact considerations into investment processes, portfolio management, and disclosure (GIIN, 2019; International Finance Corporation [IFC], 2019). Frameworks can support discipline and comparability, but they do not by themselves establish causal attribution or guarantee that decision-makers act on the resulting data.

Recent research identifies the operational gap. Roor and Maas (2024) find that impact measurement is frequently discussed as a means of proving performance, while guidance on how investors can use it to improve impact across investment stages remains more limited. Islam and Habib (2024) show that impact investing firms use multiple reference frameworks throughout the investment life cycle, illustrating both the value of structured tools and the complexity of their use. The framework proposed here responds by specifying what information should inform decisions at each stage, who should participate, and how learning should feed into subsequent action.

3. Conceptual development approach

The article uses a conceptual synthesis rather than a systematic review or empirical design. It brings together four bodies of work: (a) impact investing's intentionality and investor contribution; (b) social performance measurement and accountability; (c) impact-management principles and standards; and (d) research on measurement as a tool for learning and decision-making. The thesis provides the focal problem and organizational illustrations: impact investors balance social aims with financial expectations, while investees and intermediaries need workable measures and credible accountability (Chia Shee Tong Tom, 2025).

The synthesis follows a design logic. First, impact objectives are linked to an articulated theory of change. Second, the theory is translated into evidence requirements that are feasible for the investee and useful to affected stakeholders. Third, impact information is tied to decision rights at each investment stage. Fourth, accountability mechanisms specify how disagreements, unintended effects, and changes in assumptions are handled. The resulting framework is intended as a conceptual guide for research and practice, not as a validated measurement instrument.

4. A life-cycle framework for impact measurement and management

4.1 Stage one: mandate and impact strategy

At the mandate stage, an investor states the social or environmental problem, intended beneficiaries, desired outcomes, geographic or sectoral boundaries, financial return expectations, and the time horizon over which change is expected. An impact thesis should describe a plausible pathway from capital and investor actions to enterprise activity and stakeholder outcomes. It should also identify material negative effects and trade-offs. Without this baseline, managers may later select indicators because they are available rather than because they test the investment rationale.

The theory of change should be developed with investees and, where practical, people affected by the investment. This helps define what counts as meaningful change and surfaces assumptions that may be invisible to investors. The mandate should distinguish outcomes the enterprise can reasonably influence from system-level outcomes requiring collective action. This follows Ebrahim and Rangan's (2014) argument that measurement expectations should match mission, scale, and scope.

4.2 Stage two: screening and due diligence

During screening and due diligence, the investor assesses whether the enterprise's business model is aligned with the impact thesis and whether it has the capability and willingness to measure performance. Due diligence should examine baseline conditions, target-group characteristics, evidence supporting the intervention, governance, data quality, and risks of harm or exclusion. It should ask how impact changes across stakeholder groups rather than relying only on average results. The five dimensions of impact can guide these questions, while established indicators can support common definitions where appropriate (Impact Frontiers, n.d.; GIIN, 2019).

Due diligence also tests the investor's own additionality or contribution. The relevant question is not simply whether the enterprise has positive outcomes, but what the investment is expected to change: for example, whether financing enables service expansion, lowers cost, improves quality, reaches underserved

groups, or strengthens enterprise capacity. Where causal attribution cannot be established, investors should state the evidence and assumptions supporting a contribution claim rather than imply certainty (Brest & Born, 2013; Höchstädter & Scheck, 2015).

4.3 Stage three: investment structuring and accountability

Once an investment is approved, the parties translate impact objectives into governance arrangements. These may include agreed targets, reporting schedules, data responsibilities, stakeholder feedback channels, technical assistance, and procedures for revising the plan. The purpose is not to turn every impact objective into a financial covenant. It is to make responsibilities clear and ensure that impact information has a route into investment committee and board decisions.

Proportionality is important. A small early-stage social enterprise may have limited data capacity, while a large fund may be able to finance more robust evaluation. Measurement costs should therefore be agreed rather than shifted invisibly to investees. Investors should also avoid incentives that encourage target gaming—for instance, rewarding beneficiary volume when quality or durability of outcomes matters more. The IFC principles call for impact to be considered in origination, structuring, portfolio management, and exit, and for systems to support monitoring and learning (IFC, 2019).

4.4 Stage four: active ownership and monitoring

Monitoring compares observed performance with the expected pathway and targets. It should combine quantitative indicators with qualitative evidence that helps explain why performance is changing. A dashboard can identify trends, but periodic discussion with investees and affected stakeholders can reveal implementation constraints, distributional differences, and unintended effects. The monitoring question is therefore not only ‘Did the indicator move?’ but also ‘What explains the change, who experienced it, and what should the parties do next?’

Active ownership makes the management function concrete. Depending on the investment, an investor may revise its technical assistance, adjust the pace of deployment, convene partners, improve governance, or change its own engagement. When results fall short, the response should diagnose whether the problem is

weak execution, an incorrect theory of change, contextual shocks, inadequate measurement, or a mismatch between the investment terms and impact objectives. A measurement system is decision-useful when it can prompt such responses and record why decisions were made (GIIN, 2023; Roor & Maas, 2024).

Monitoring should include positive and negative effects. Enterprises may generate benefits for one group while imposing costs on another, and these effects can change over time. Reporting only intended benefits creates an incomplete account. Where evidence is uncertain, the uncertainty itself should be documented and used to determine whether more data, stakeholder engagement, or risk mitigation is warranted.

4.5 Stage five: exit, evaluation, and portfolio learning

At exit, investors assess what changed during the investment, how durable the outcomes appear, which groups benefited, what harms or trade-offs emerged, and what contribution the enterprise and investor plausibly made. Exit is not simply a final reporting moment. The investor's departure may affect the investee's resources, governance, or capacity to continue services, so transition planning belongs within impact management. The assessment should describe the strength of evidence and distinguish observed change from attributed impact.

Portfolio-level learning aggregates patterns without erasing context. Investors can compare how different business models or forms of support perform against related objectives, identify where an intervention is more or less effective, and update future screening and allocation decisions. Aggregation should not collapse distinct outcome measures into a single score unless the method and underlying value judgments are transparent. Lessons should flow back into the mandate and investment strategy, creating a learning loop rather than a one-way reporting chain.

Table 1

Connecting impact evidence to investment-stage decisions

Investment stage	Key impact question	Evidence and participation	Decision informed
Mandate and strategy	What change is intended, for whom, and why?	Theory of change; baseline; stakeholder priorities; negative-effect scan	Set objectives, boundaries, horizon, and return expectations
Screening and due diligence	Is the model credible, feasible, and additional?	Outcome evidence; target-group profile; data readiness; investor contribution case	Proceed, decline, or request redesign
Structuring	Who is responsible for which impact commitments?	Targets; reporting plan; data roles; feedback and escalation routes	Set terms, support, and accountability
Ownership and monitoring	What is changing, for whom, and what action follows?	Indicators plus qualitative feedback; risk signals; variance explanations	Adapt support, operations, targets, or capital deployment
Exit and learning	What endured, and what should be learned?	Outcome trajectory; stakeholder views; attribution limits; transition plan	Exit responsibly and revise portfolio strategy

5. Propositions for future research

The framework yields six propositions. They are stated as testable relationships rather than claims established by the thesis or by the present conceptual analysis.

Proposition 1. Investors with explicit, stakeholder-informed impact theses are more likely to select indicators that are relevant to investment decisions than investors whose impact objectives remain broad or implicit.

Proposition 2. The use of impact information in investment decisions is positively associated with the clarity of decision rights and the integration of impact responsibilities into investment governance.

Proposition 3. Investor–investee alignment on outcomes, reporting roles, and measurement costs is positively associated with the likelihood that impact data will be used for operational learning rather than only external reporting.

Proposition 4. The positive relationship between measurement and impact improvement is stronger when affected stakeholders participate in defining outcomes and interpreting results.

Proposition 5. Measurement systems that combine standardized indicators with context-specific qualitative evidence are more likely to identify distributional differences and unintended effects than systems based on aggregate indicators alone.

Proposition 6. The relationship between impact monitoring and portfolio learning is stronger when investors review evidence at both investee and portfolio levels and feed lessons into future capital allocation.

These propositions can be examined using longitudinal case studies, comparative portfolio analyses, or surveys that distinguish measurement capacity, stakeholder participation, decision use, and observed outcomes. Tests should avoid treating the presence of a framework or report as equivalent to effective impact management.

6. Illustrative examples from the thesis

The thesis's Acumen discussion illustrates how impact objectives may be integrated into investment screening and organizational support. The case description emphasizes review of social impact, financial viability, operations, management, accounting, and legal considerations, as well as longer-term relationships with investees (Chia Shee Tong Tom, 2025). Read through the proposed framework, this example highlights a practical design issue: impact assessment belongs alongside financial and organizational diligence, while post-investment support provides a channel through which the investor may contribute beyond supplying capital. The case does not, by itself, establish causal impact or prove the effectiveness of any specific metric.

The thesis's account of 234Give describes a crowdfunding platform that connects donors and causes and uses registration checks, trustee arrangements, and documented fund transfers to support transparency (Chia Shee Tong Tom, 2025). This example demonstrates the importance of accountability infrastructure, but it also clarifies a conceptual boundary. A donation platform is not automatically impact investing because a donor does not receive a financial return; the platform may be relevant as a social-purpose intermediary or investee, while the underlying contribution remains philanthropic. This distinction helps prevent the category of impact investing from expanding to include any activity associated with social benefit.

Together, these cases show why the framework separates purpose, enterprise outcomes, investor contribution, and accountability mechanisms. They are used here as illustrations of concepts present in the thesis, not as current profiles or independently evaluated case evidence.

7. Implications for practice

For investors, the framework suggests beginning with a concise impact thesis that specifies outcomes, affected groups, assumptions, negative effects, and the investor's anticipated contribution. A small set of core indicators can then be supplemented with qualitative evidence where context or stakeholder experience matters. IRIS+ and related standards can aid consistent definitions, but selection should remain tied to the investment strategy and data capacity (GIIN, 2019; Boiardi, 2020).

For investees, measurement requirements should be designed to support learning rather than duplicate reporting across funders. Investors can reduce burden by agreeing on shared indicators, clarifying who pays for data collection, and avoiding requests for evidence that will not be used. The thesis's discussion of Acumen's combination of quantitative measures and qualitative learning underscores the practical value of more than one evidence form (Chia Shee Tong Tom, 2025).

For boards and investment committees, impact information should be placed in the same decision cycle as financial and operational information. Decision records can state how evidence affected approval, support, follow-on financing, remediation, or exit. This makes accountability more substantive and can help distinguish a genuine management process from the production of reports alone (IFC, 2019; GIIN, 2023).

The six evidence principles summarized in Table 2 provide a concise implementation check: decision relevance, proportionality, stakeholder legitimacy, contribution discipline, balanced evidence, and learning-linked accountability. They are intended to discipline practice without imposing one universal score.

For researchers and standard setters, the article points to the need to examine data use and impact improvement, not only framework adoption. The field faces continuing questions about comparability, stakeholder voice, cost, and the appropriate level of attribution. Newer GIIN research likewise highlights

persistent practical questions about what to standardize, how to structure and share data, how to capture longer-term outcomes, and who should bear measurement costs (Hand et al., 2025).

8. Limitations and future research

This article is a conceptual synthesis. The proposed framework and propositions have not been tested, and the examples derive from the thesis rather than fresh fieldwork. The framework may also require adaptation across asset classes, geographies, investment horizons, and levels of enterprise maturity. Long-term social change can be affected by public policy, macroeconomic conditions, and other actors beyond an individual investor's control; attribution should therefore be treated with care.

Future research can test whether life-cycle integration changes investor decisions and whether those decisions improve outcomes for intended stakeholders. Comparative studies could examine how investors with different return expectations use impact evidence, how investees experience data and accountability demands, and how stakeholder participation affects the interpretation of results. Longitudinal research is especially useful for examining durability, unintended consequences, and the effects of exit. Research can also compare the cost and decision value of standardized data, tailored indicators, qualitative methods, and mixed evidence systems.

9. Conclusion

Impact measurement creates value when evidence helps investors and investees understand performance and decide what to do next. This article has proposed a life-cycle framework that connects impact objectives, due diligence, investment structuring, active ownership, and exit with accountability and learning. Its central distinction is between recording enterprise outcomes and assessing the contribution of investors and investment processes. Its practical message is to make measurement proportionate, stakeholder-informed, transparent about uncertainty, and connected to decisions. The framework offers a basis for future empirical testing and a structured way for practitioners to move from measuring impact to managing toward it.

Table 2

Evidence principles for credible and useful impact management

Principle	Application
Decision relevance	Collect information that tests the impact thesis or can change an investment or operating decision.
Proportionality	Match evidence demands to the expected impact, investment scale, time horizon, and data capacity.
Stakeholder legitimacy	Include affected people in defining meaningful outcomes and interpreting results.
Contribution discipline	Separate enterprise-level outcomes from the investor's plausible contribution; disclose assumptions.
Balanced evidence	Combine comparable indicators with qualitative evidence on context, distribution, and unintended effects.
Learning and accountability	Record how evidence informed action, explain shortfalls, and share results with relevant stakeholders.

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