

DEVELOP
TARGETS &
INDICATORS



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](https://twitter.com/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](https://valuingrespect.org)

STEPS



ARTICULATE STRATEGY

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.

4

Map contextual factors - risks, dependencies, and assumptions.

5

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

6

Establish outcome targets to build momentum and accountability.

7

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



ACCOUNT FOR CONTEXT



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

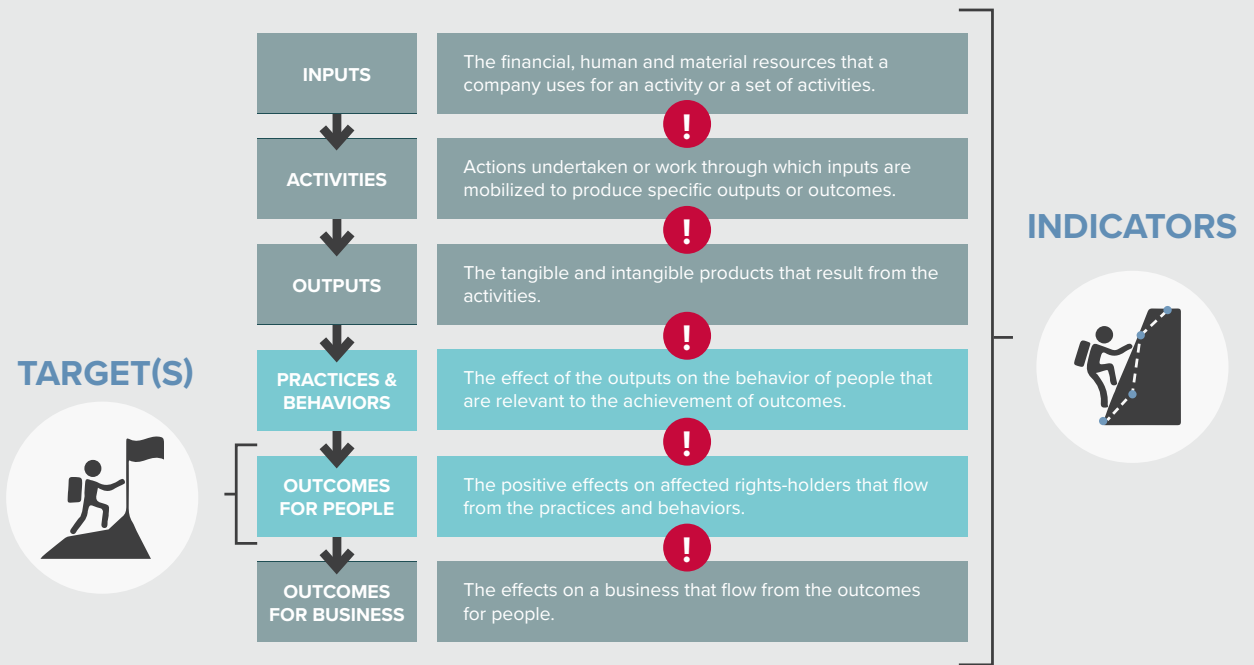


Articulate targets for what you want to achieve, for whom and by when with regards to **Outcomes for People**.

2. DEVELOP INDICATORS



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



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.

When developing targets, you should keep in mind that:

▶ **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	<p>An explanation of what you are counting or measuring, and related definitions. By way of illustration:</p> <ul style="list-style-type: none"> • 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.

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

When completing Step Seven you should keep in mind that:

▶ 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 managers 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 organizations to be more effective in addressing poverty and inequality.