

Assessing the social value of “New Permanent Housing” (*Rumah Kekal Baharu*) RKB projects in Kg. Kemubu and Kg. Peria, Kuala Krai, Kelantan: An application of Social Return on Investment (SROI)

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ABSTRACT: Among all the short term- and long-term recovery efforts, housing reconstruction in the aftermath of a flood is definitely the most urgent aid provided by the Malaysian government. One of the provisions of post-disaster housing reconstruction schemes, namely the “New Permanent Houses” (*Rumah Kekal Baharu*) RKB, which aimed to rebuild new houses for the victims of December 2014 flood, has been established by the government as the lead role. As we know, the RKB project is perceived to improve the lives of communities and generate social value. However, there is insufficient evidence to support the case and there is no consensus on what that value is. In this context, the paper aims to look into the Social Return on Investment (SROI) framework for assessing the value related to two different RKB projects in Kuala Krai, Kelantan, including social, economic, and environmental values. This analysis assesses the value generated by combining the use of qualitative and quantitative data gathered and analyzing it. The results yielded an SROI of more than 1.0 in social value for every RM 1 spent in RKB. This revealed that investment in the RKB projects generates significant social, economic, and environmental returns and provides a range of opportunities to support the sustainable development of communities.

Keywords: *Social Return on Investment (SROI); Social value; New Permanent Housing (RKB) projects*

1 INTRODUCTION

In December 2014, Malaysia was seriously hit by a massive flood known as “*Bah Kuning*”, prompting the Malaysian government to establish a long-term flood recovery project named “New Permanent Housing” (*Rumah Kekal Baharu*) RKB [2,4]. RKB is a post-flood redevelopment project funded by the Malaysian Federal Government, aimed at providing housing security to flood victims, as well as providing a range of opportunities to create a sustainable future. However, no calculations of benefits have been made to prove that such project perceived to improve well-being of communities and generate social value. Besides, there is limited research on the monetary value of social outcomes generated from RKB for community [4].

Social Return on Investment (SROI) is an internationally recognized framework used for assessing

the outcomes values generated by social investment [1]. It calculates a benefit-to-cost ratio by describing social, economic and environmental benefits with monetary values [3]. As mentioned earlier, RKB is associated with a range of benefits, including social, economic and environmental impacts. In this regard, this research aims to prove that the two different RKB projects in Kuala Krai, Kelantan is perceived to create a sustainable future, by assessing the social value, using an SROI.

2 METHODOLOGY

SROI methodology was selected for this study as a credible evaluation method applied to the RKB projects in Kg. Kemubu and Kg. Peria, Kuala Krai, Kelantan. Five stages of the SROI evaluation will be outlined as follows:

Table 1 SROI Stages

SROI Stages	Details
Establishing the scope and identifying key stakeholder	<ul style="list-style-type: none"> • <i>Establish Scope</i> RKB in Kg. Kemubu and Kg. Peria, Kuala Krai, Kelantan • <i>Identify Stakeholders</i> Evidence gathered from literature and project / KIIs
Mapping outcomes	Impact map is developed based on outcomes data collected via Survey Questionnaire (SQ), Key Informant Interview (KII), library search and evidences gathering from literatures or projects
Evidencing outcomes and giving them a value	<ul style="list-style-type: none"> • <i>Evidence outcomes</i> The outcomes will be verified by the Malaysian Federal government and flood victims through the KII and SQ. • <i>Give them a value</i> Desk research and KII will be conducted to identify financial
Establishing impact	Desk based analysis of user survey data to calculate deadweight
Calculating SROI	Calculation of the SROI ratio: $\text{SROI ratio} = \frac{\text{Present value of outcome}}{\text{Value of input}}$

3 RESULTS AND DISCUSSION

In total, 55 household units and 3 representatives of the Malaysian Federal government participated in this analysis. The results shows that the SROI analysis yielded similar results, the two different RKB projects in Kuala Krai, Kelantan positively affected social, economic, and environmental outcomes and guaranteed value-for-money with an social value of more than 1.0. Table 2 shows the summary of SROI analysis for two different case studies of RKB projects in Kuala Krai, Kelantan, including RKB Kg. Kemubu and RKB Kg. Peria.

Table 2 Summary of SROI Analysis

Location	Kg. Kemubu	Kg. Peria
Number of Units	31	24
Total Inputs (RM)	3,813,448.99	3,279,978.96
Total Outcome (RM)	5,363,647.72	3,603,128.88
Deadweight	8% ~ 42%	5% ~ 42%
Attribution	0%	0%
Displacement	0%	0%
Drop-off	0%	0%
Total Present Value of Outcome (RM)	4,177,930.10	3,364,150.67
SROI Ratio	1: 1.10	1: 1.03
Social Value per RM 1 invested	For every RM 1, nearly RM 1.10 in social, economic, and environmental value is generated	For every RM 1, nearly RM 1.03 in social, economic, and environmental value is generated
Value Added from Social Outcomes	96.87% (RM 4,047,080.40)	94.80% (RM 3,199,380.90)
Value Added from Economic Outcomes	3.05% (RM 127,595.00)	5.12% (RM 172,210.00)
Value Added from Environmental Outcomes	0.08% (RM 3,254.70)	0.08% (RM 2,519.77)

Table 2 shows that the social value calculated through the SROI analysis produces a considerably greater impact at RM 4,177,930.10 for RKB Kg. Kemubu, compared with RM 3,364,150.67 for RKB Kg. Peria. However, the analysis yielded similar results, showing that the projects positively affected social, economic, and environmental outcomes and guaranteed value-for-money with an SROI of more than 1.0. Furthermore, it has revealed that all scenarios proved to be value-for-money, with an SROI ratio ranging from 1:1.03 to 1:1.10 respectively. Clearly, it is proof of the future development of flood management that the RKB project is successful and is generating significant social, economic, and environmental returns.

4 CONCLUSIONS

Apparently, the RKB projects provide a range of values such as social, economic, and environmental impacts. It was also found that SROI is applicable to government flood recovery projects in Malaysia for demonstrating evidence-based social value to society. Therefore, this study is the start of a journey that will provide a platform for improving evidence on the social values of flood management projects while also encouraging the Malaysian government to conduct SROI analysis, which will help to capture the hidden sustainable value of change in social investment.

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