



PIA

PURPOSE IMPACT ACTION

Theory of Change

A guide to developing a Theory of Change



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Purpose of the Theory of Change

1.1 Start with your “Why?”

Before counting numbers, ask “What change do we truly want to see?”

- Short-term funding → Tracks activities (“What we did”)
- Long-term impact → Requires clarity on why it matters” and “how change happens.”

1.2 Purpose of the Theory of Change

A Theory of Change maps the journey from activities to outcomes to the change you want to effect.

It is the critical foundation for measuring and evaluating impact, enabling your organization to assess its effectiveness from both an organizational and program level.



Clarify Goals

To help your organization define and articulate the long-term goals and desired outcomes of their work



Engage Stakeholders

To involve key stakeholders in the discussion over desired goals and outcomes of the intervention, fostering collaboration and ensuring that different perspectives are considered.



Build Consensus

To create alignment and buy-in among team members and stakeholders regarding the approach and expected outcomes



Encourage Reflection

To provide a space for reflection on past experiences, challenges, and successes, and to inform future strategies.

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Overview of a Theory of Change

2.1 Overview of Theory of Change

Visual Representation

Illustrates how activities lead to desired socio-economic changes

Simplexity

Distilling complex outcomes into simple terms through team discussions to prioritize outcomes and impacts.

Backward Iteration

Separates interrelated outcomes, identifying cause-effect sequences.

Stage Discussion

Essential for defining causal mechanisms at organizational, individual, or systemic levels.

Focus on Impact

Emphasizes effects from beneficiaries' or stakeholders' perspectives, excluding operational details.

2.2 Six steps for building a good Theory of Change



Source: PIA (2025)

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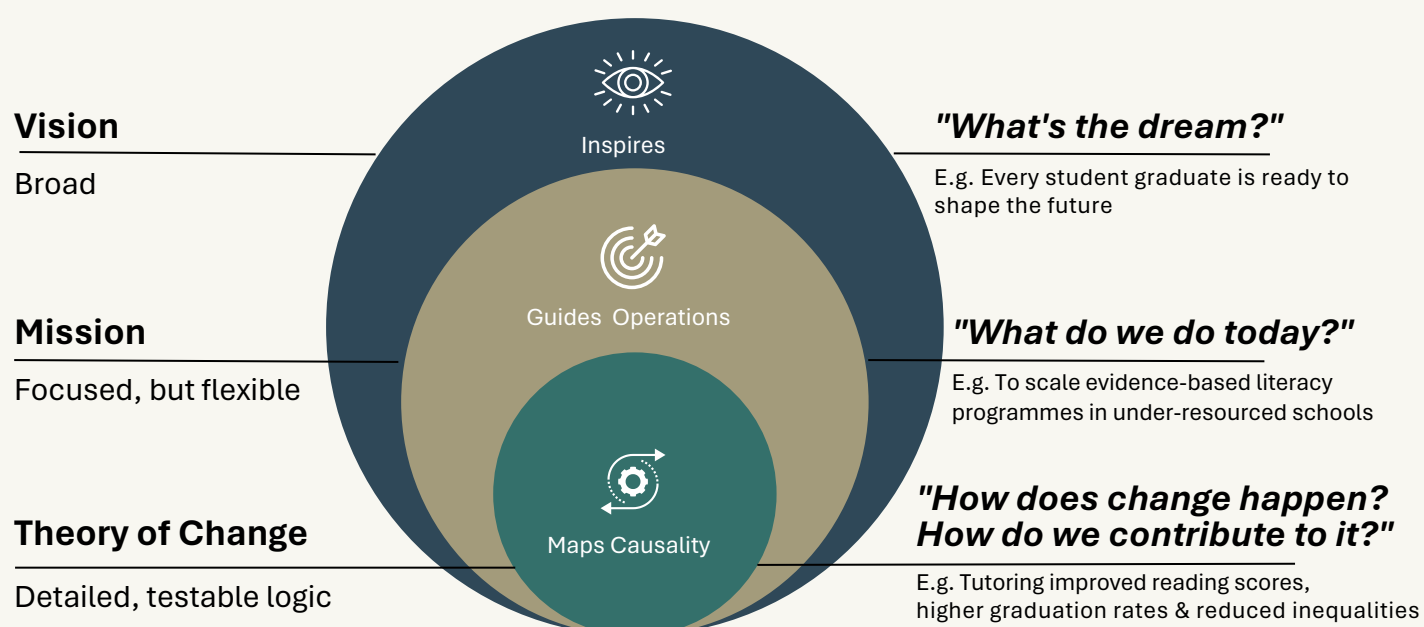
Key Definitions

3.1 Key definitions & examples

Inputs	Things you need to make the organization work (resources) Eg. Funding, staff, volunteers
Activities	The work you are going to undertake / the programs (that help communicate to the world what it is that you're going to do.) Eg. Teacher training, community events
Outputs	Unit counts of the volume of work that you'll actually get done (tangible, immediate and countable measures of work). Eg. No of schools, no. of participants, no. of events.
Outcomes	How the outputs translate into changes in the real world (how the world looks different as a result of the work you're doing). They can be short, medium, or long-term E.g. Increased knowledge of the arts, enhanced confidence, improved language proficiency
Impacts	Why your organization matters, why what you're doing has made an impact on the world. E.g. To increase life skills, through the arts, for diverse groups in Hong Kong by 50%

3.2 Distinctions between Vision, Mission & Theory of Change

Many wonder how these three similar yet distinct concepts differ, so we've broken it down for you:





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About PIA

Driving Impact Culture for Sustainable Prosperity

Purpose Impact Action is a boutique consultancy dedicated to supporting mission-driven organizations, to assess the impact of their interventions. Grounded in both quantitative and qualitative research, we provide evaluations, research tools and impact measurement frameworks.

We also co-create theories of change, run capacity building workshops and advise on communications strategies, all focused on measuring and maximizing an organization's impact.

Get in touch!

We'd love to learn more about your needs and help you on your impact journey.

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