AN INVESTIGATION INTO SOCIAL IMPACT PRACTICE IN SOCIAL ENTERPRISES IN THE UK

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Declaration

I declare that the work in this thesis is my work. It was carried out under Liverpool John Moores University research regulations. I confirm that citations and the referencing section have acknowledged materials consulted for this thesis. This thesis has not been presented to any other University for a comparable academic award.

Signed:

Date: 6th June 2018

Abstract

This study aims to investigate social impact practice in social enterprises in the UK. It explores the drivers and implementation of social impact, how social impact is assessed, the barriers to social impact assessment. This study adopts a qualitative case study approach. Specifically, multiple case studies of social enterprises. The approach to data collection was semi-structured interviews and document analysis. Semi-structured interviews were conducted with individuals with expert knowledge of social impact. This study found that internal mechanisms and external institutions drive social impact. The organisations reviewed their culture and structure to understand the norms and identify capabilities. Stakeholder engagement was paramount to social impact captured. Social impact is captured for accountability, social investment readiness, and to build trust with stakeholders. However, they face barriers such as resource constraints and capturing indirect social impact. The study uncovered that the council for voluntary service legal structure impedes access to social investment. This study contributes to normative isomorphism and the micro-context of institutional theory by presenting an in-depth understanding of internal mechanisms agenda for social impact. It also contributes to the intra-organisational development of social enterprises through the review of organisational culture and structure. This investigation provides an in-depth understanding of the rationale and process to social impact assessment. It provides six stages to social impact assessment based on social enterprises operating in the financial support and service sector. Also, it presents practical implications for senior management, board of directors, funders, and policy-makers due to their influence on social impact. Providing the extensive experiences of the boards in the social sector, they should capitalise on their networks by encouraging cross-sector collaborations. Funders need to take into consideration the organisational size and needs of the region in the funding criteria. Policy-makers could remove barriers on the council for voluntary service and community interest company legal structures to encourage cross-sectoral engagement.

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List of Abbreviations

AA1000 AS	AA1000 Assurance Standard
AESI	Alliance for Effective Social Investing
BOD	Board of Directors
CESPIs	Co-operative Environmental and Social Performance Indicators
CIC	Community Interest Company
CIO	Charitable Incorporated Organisations
CLG	Company Limited by Guarantee
CLS	Company Limited by Shares
CORA	Community Opportunity, Responsibility and Accountability
COP3	Court of Protection 3
CS	Case study
CSR	Corporate Social Responsibility
CSFI	Centre for the Study of Financial Innovation
DTA	Development Trusts Association
DTI	Department for Trade and Investment
EFQM	European Foundation for Quality Management
EMAS	Eco-Management Audit Scheme
EU	European Union
FT	Fairtrade
GRI	Global Reporting Initiative
HACT	Housing Association Charitable Trust
IFS	Institute for Fiscal Studies
IMF	International Monetary Fund
IT	Institutional Theory
ISO	International Organisation for Standardization
IiPS	Investors in People Standard
IPS	Industrial Provident Society
KCVS	Knowsley Council for Voluntary Service

LLP	Limited Liability Partnership
LM3	Local Multiplier 3
NEF	New Economics Foundation
NGO	Non-Governmental Organisation
PM	Performance Measurement
PQASSO	Practical Quality Assurance System for Small Organisations
QF	Quality First
RIO	Responsibility Inclusion and Opportunity
SAA	Social Accounting and Audit
SE	Social Enterprise
SEBC	Social Enterprise Balanced Scorecard
SEM	Social Enterprise Mark
SEP	Social Entrepreneurship
SEUK	Social Enterprise UK
SI	Social Impact
SIA	Social Impact Assessment
SIEV	Social Improvement Entrepreneurial Venture
SIMPLE	Social Impact Measurement for Local Economies
SME	Small to Medium-sized Enterprise
SRB	Socially Responsible Business
SROI	Social Return On Investment
ST	Stakeholder Theory
STEV	Social Transformation Entrepreneurial Venture
SV	Social Value
SVA	Social Value Act
SVUK	Social Value UK
TMCF	The Money Carer Foundation
TSPD	Third Sector Performance Dashboard
UK	United Kingdom
UN SDG	United Nations Sustainable Development Goal

| VCO | Voluntary and Community Organisations |
| VIAT | Volunteering Impact Assessment Toolkit |

Chapter One

Introduction

1.1 Background to the study

This thesis investigates social impact (SI) practice in social enterprises (SEs). This practice has consequences for social change in society and the social sector. SEs emerged due to a combination of unemployment, poverty and the failing welfare state (Fotheringham and Saunders, 2014). More explicitly, some sources argued that SE is a direct response to growing poverty (Ngan, 2011; Seelos et al., 2011; Xiang and Luk, 2011). Kerlin (2009) outlined unemployment and the disillusion of inequality (Frezzo, 2015). These issues have existed for decades; however, failure of the welfare state has increased social problems, particularly in the United Kingdom (UK) (Hall, 2016). A recent report on poverty in the UK revealed that 10.4 million people were in a relative low-income bracket; this is 16 percent of the population (House of Commons, 2018). People with a relative low income are those living with an income below 60 percent of the median (Department for Work and Pensions, 2018). Absolute poverty was recorded at 14.3 million, which is 22 percent of the total UK population in 2016–2017. This includes 2.7 million children in low-income families and 4.1 million in absolute poverty (House of Commons, 2018).

The Institute for Fiscal Studies (IFS) looked at household income trends in the UK. The study found that income across the country has increased dramatically in real terms since the 1960s. However, the income for those further up the income distribution increased faster compared to those below (IFS, 2018). The trend was noticeable in the 1980s when wages increased for different occupations, thus driving the wage gap (House of Commons, 2018). The forecast is that the total population of relatively low-income earners will increase by 2021–2022 (Department for Work and Pension, 2018).

The Great Recession (2008–2014) challenged members of the European Union (EU) economies (Zwick and Syed, 2017). The UK Conservative–Liberal coalition government introduced a policy reform (austerity) to reshape government spending and minimise the economic challenges (Wiggan, 2017). Prior to the austerity measures (2009–2010), food aid was used by 41,000 in need, but this increased to 1.2 million in 2016 (Trussell Trust, 2017). The rise of food aid is caused by crises that induce reductions in household income; this includes loss of employment (Lambie-Mumford and Dowler, 2014). As mentioned

above, inequality in income distribution has affected more people in relatively lower income levels. The evidence from the IFS (2018) showed an increase in income inequality, which is an underlying reason for the rise in food aid use. The Centre for the Study of Financial Innovation (CSFI) reported that "at its peak in 2012, an estimated two million people took out short-term, small value payday loans; and more than 400,000 households use the expensive "rent-to-own" sector to purchase essential household goods (CSFI, 2016, p. 3). The report also found that individuals in the most deprived localities used small value loans due to poor credit. A report by Big Society Capital (2017) concluded that financial exclusion is on the rise, and that social welfare cuts intensify financial inequality (Krumer-Nevo et al., 2017). Chew and Lyon (2012) claimed that financial inequality could be addressed in the short, medium and long term.

Shah (2009) argued that SEs could play an essential role in responding to the recession, in minimising its effect and in developing a more resilient economy. The majority of well-known SEs were developed in response to economic failure and created innovative solutions using diverse SE models (Shah, 2009). A Social Enterprise UK (SEUK) report showed an increase in these organisations. In 2016, 58 percent of SEs developed compared to 28 percent of commercial enterprises (SEUK, 2016). SEs offer a systematic and integrated approach that previous poverty reduction strategies have been challenged to provide (Fotheringham and Saunders, 2014). Interestingly, an estimated £78 billion of UK government public spending is linked to solving poverty. However, the International Monetary Fund (IMF) report for government expenditure showed that the UK government is at the bottom of public spending among the major capitalist economies (IMF, 2016). The government faces criticism for the unusual economic strategies applied to solve these issues. On the one hand, the scale of austerity measures has exacerbated social problems (Taylor-Gooby, 2011). On the other, they have established plans to fund alternative approaches to support public services (Taylor-Gooby, 2017).

Shah (2009) claimed that the government is funding support for SEs represents a national voice for these organisations; for example, the previous government launched the £1 billion Future Jobs Fund (Shah, 2009). A minimum of £100 million was dedicated to SEs to create 150,000 jobs (Shah, 2009). The current government continues to show support for the social sector with its policies. In 2016, the Strategy for Social Investment was published outlining the government's commitment to social investment for SI, for example, the Buy Social Campaign in partnership with SEUK.

The Joseph Rowntree Foundation, an independent social organisation, provides recommendations to policy-makers on how to solve poverty in the UK. In a report, they suggested that the government should invest in an SE programme to establish business models that are justified to deliver quality and flexible

interventions to solve social issues (Joseph Rowntree Foundation, 2017). Nicholls (2010) argued that SEs are used as an attempt to develop innovative approaches to manage the welfare system. Di Domenico et al. (2009) said that due to the community-centred approach of SEs they can meet the needs of local people, thus building social cohesion. This is also a strategy for community renewal (Teasdale, 2010). Figure 1 illustrates the factors influencing the establishment of SEs, as discussed above.

Figure 1: Factors influencing the establishment of social enterprise
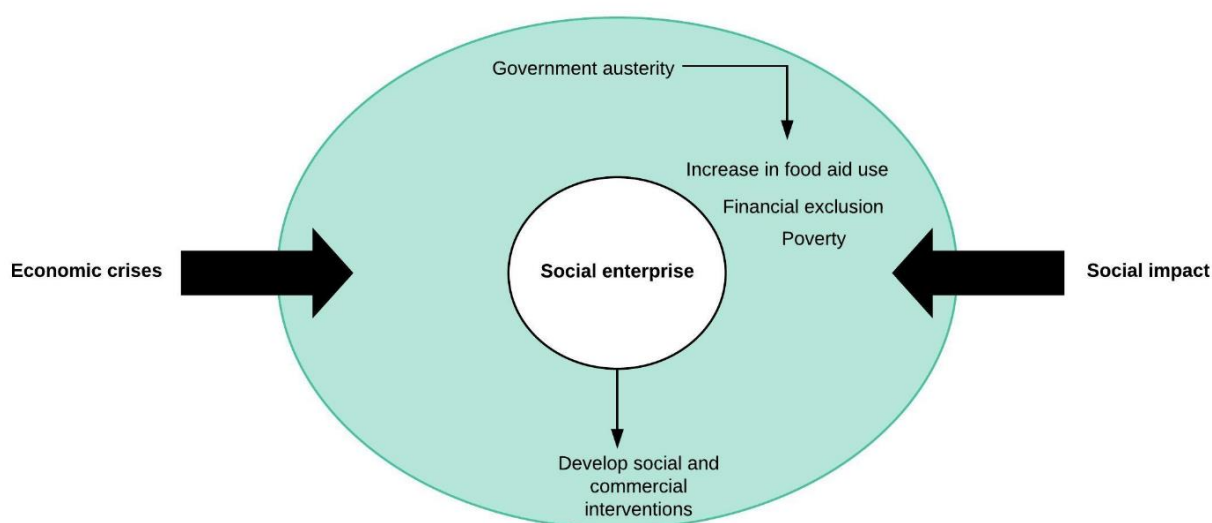
(Source: developed by the author)

Since the fundamental tenet of SEs is to solve social issues, they aim to create SI or social change (Dacin et al., 2010). The concept of SE is akin to social entrepreneurship (SEP) because classical entrepreneurship scholars like Joseph Schumpeter and Emile Durkheim acknowledged the social nature of entrepreneurship. This acknowledgement affirms the distinction between classical entrepreneurship and SEP. SEP is defined as an innovative and creative entrepreneurial model of dealing with social and environmental issues to stimulate sustainable development (Light, 2009). In contrast, SEs are organisations with a social mission focused on maximising the social benefits to communities (Mason, 2012).

SI is the sensible results created by SEs (Martin and Osberg, 2007). These results are also known as social change (Austin et al., 2006; El Ebrashi, 2013). The majority of these organisations work in resource-

constrained environments (Di Domenico et al., 2010). Therefore, they are constantly seeking essential resources to preserve their interventions (Nguyen et al., 2015). Resource providers such as funders and policy-makers drive the need to demonstrate the social change created (Lyon and Arvidson, 2011). If SEs are to maintain their social mission and to continue to grow, they need to demonstrate the benefit of their interventions through SI (McLoughlin et al., 2009).

SE contributes to economic growth and societal well-being. They have improved in scope, profile, and dynamism. The growth has increased pressure to demonstrate SI because it influences organisations' ability to access resources, reinforce their mission and be accountable to stakeholders (Arvidson and Lyon, 2014; Pathak and Dattani, 2014). Nicholls (2008) claimed that researchers' awareness of SI as a socially constructed idea led to increased interest in investigation. Despite the pressure and benefits of SI, research on how and why SEs capture SI is limited (Nicholls, 2009; Short et al., 2009; Haski-Leventhal and Mehra, 2016).

1.2 Overview of current literature

One of the critical factors for improving SEs and deciding on their legitimacy is to assess the SI (Korosec and Berman, 2006; Pärenson, 2011). Therefore, limited research on SI limits evidence-based managerial practice (Short et al., 2009). According to Nicholls (2009), there are three critical questions to study concerning the SI in SEs. First, "there is the question of what is to be measured and reported. There is the question of how to measure what is to be reported. Third, there is the issue of what is the purpose of measurement and reporting" (Nicholls, 2009, p. 758). Haski-Leventhal and Mehra (2016) re-enforced the above questions to understand how SEs capture SI.

Despite limited scholarly studies, there are many approaches in the social sector to capture SI. New Economics Foundation Consulting ([NEF Consulting], 2009) listed over twenty tools and frameworks for SEs to capture SI. However, none of the tools sought to solve the question of finding the most appropriate assessment or set of assessments (Costa and Pesci, 2016). Ebrahim and Rangan (2010) argued that the growing number of approaches has created a myriad of ways to evaluate the differences social organisations create. Regardless of the methods or approaches adopted to capture the SI, it is evident that the process is subjective and situational. Some researchers (Nicholls, 2009; Ebrahim and Rangan, 2010) proposed formal approaches such as Social Accounting and Audit (SAA) and Social Return on Investment (SROI) to assess SI. Others (Kroeger and Weber, 2014) argued that the primary goal of assessing SI is to

understand how the interventions satisfy the needs of those supported. Luke et al.'s (2013) study found a high priority for quality outcomes and impact, primarily in a qualitative form.

SI indicators are embedded in the tools or framework adopted for assessment. McLoughlin et al. (2009) found that SEs embed SI with the process of the Logic Model for four bottom lines: social, economic, financial and environmental. The nature of SEs means that indicators are embedded in different areas of the organisation. Herman and Renz (2008) argued that indicators should be spread in different dimensions. A multidimensional approach to indicators provides accurate information to funders (Polonsky and Grau, 2008). However, a balance between indicators and mission must be maintained to avoid excessive indicators, leading to unnecessary information (Glassman and Spahn, 2012). Mouchamps (2014) suggested linking the social mission and indicators to avoid excessive and irrelevant indicators.

The type of indicators for implementation and the level of analysis is a dilemma for SEs (Mouchamps, 2014). Bagnoli and Megali's (2011) study recommends the use of social effectiveness for the implementation of social and financial indicators in SEs. To do this, a management control system must be implemented (Bagnoli and Megali, 2011). Mouchamps (2014) claimed that the analysis of indicators could be undertaken at the assessment level, the assessment focus level and the process level. Pärenson (2011) argued that criteria for evaluating SI are necessary to assess the SI of the organisation beyond financial allocation and outcomes.

Capturing SI information assists the organisation with learning and efficiency (Dees, 2007). It also helps funders assess the SI of their investment (Ebrahim and Rangan, 2010). SI reporting builds trust and creates organisational legitimacy (Nicholls, 2009; Luke et al., 2013). More importantly, SI information is used for decision-making and prioritising social investment (Esteves et al., 2012). Due to the nature of SEs, broader accountability structures are required (Ebrahim and Rangan, 2010). The nature of the organisation is based on primary and secondary objectives (Dart et al., 2010). The primary objective is based on the social goals, while the secondary objective is the creation of economic wealth (Dart et al., 2010). Edwards and Hulme (1996), and later Christensen and Ebrahim (2006), identified three levels of accountability: upward, lateral and downward. Upward accountability is formal accountability to funders and other resource providers. Lateral and downward accountability is to beneficiaries and supporters based on felt responsibility (Christensen and Ebrahim, 2006). Interestingly, the competitive market environment requires evidence of SI (Grieco et al., 2015).

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There are challenges to achieving a dual mission due to the complexities of the social activities (Doherty et al., 2014). The multidimensional nature also places difficulty on the implementation of a single indicator in assessing the contribution made (Weerawardena and Mort 2006). Similarly, the assessment lacks identification of the spatial, temporal and stakeholder distribution of the SI (Esteves et al., 2012). Lack of resources is identified as a challenge because standardised frameworks are costly to implement (Thompson, 2011; Desa and Basu, 2013). Furthermore, SEs face a dilemma of what (Ebrahim and Rangan, 2014), how and when to assess (Hadad and Gauca, 2014). After careful review of the current studies, there is evidence of limited research in this area. Current studies have failed to provide critical insight into the extent of social impact assessment (SIA) in SEs (Nicholls, 2009; Short et al., 2009). Also, there are no systematic approaches for capturing and analysing SI information (Epstein and Yuthas, 2014). Therefore, this study seeks to investigate SI practice in SEs. Although much of the empirical research focuses on developed economies (Nguyen et al., 2015), little attention is given to the current discourse of SI in one of the growing contexts of SE – the UK. As Teasdale (2012) said, England provides a compelling case by which to understand the environment that supports the construction of SEs.

1.3 Research context: Social enterprises in the UK

The context for this study is the UK. It can be argued that the UK is an advanced case of the SE sector for two reasons: a) government interventions and b) innovative environment. The UK government has intervened in the structural development of SEs through policies such as the Social Value Act 2012. Relative to this study, the UK government identified the need for improved SIA. They said, "we do believe there are real economic and social gains for organisations that use appropriate mechanisms to evaluate their impact and improve their performance" (DTI, 2002, p. 76). In this context, SE covers a range of ventures, each of them uniformed by common characteristics. "They have a clear social purpose; they generate a significant proportion of their income from trading. They also reinvest the majority of their profits in their social mission" (British Council, 2016, p. 3). The nature of how SEs develop allows for innovative ideas and solutions. They develop unique ideas to fix market failure (Teasdale, 2012), and have the potential to offer alternative models (Chew and Lyon, 2012). Innovation can ensue drastically and on an incremental scale (Bessant and Tidd, 2007). For SEs, however, it appears that the scale of innovation is intricate and diverse.

SEs operate in the third sector. The third sector is defined as occupying a sector separate from the private and public sector (Chew and Lyon, 2012), although what is included is still contestable (Alcock and

Kendall, 2011). Recent publications highlight the significance of the sector, estimating that there are 471,000 SEs in the UK (Department for Business, Energy and Industrial Strategy, 2017). This is made up of 99,000 SEs with employees and 371,000 SEs with no employees. They support around 1.44 million people; the majority are employees, and others are owners and partners (Department for Business, Energy and Industrial Strategy, 2017). Statistics indicate that SEs contributed at least £24 billion to the UK economy (SEUK, 2017). SEUK is the national body for SEs. Other institutions support the development of these organisations such as the Third Sector Office, the UK Department for Trade and Industry and the Cabinet Office. Although SEs can adopt any legal form, the British Parliament approved the Community Interest Company (CIC) as the legal form for SEs (Defourny and Nyssens, 2008).

The role of SEs extends beyond funding mechanisms for social interventions because they tackle diverse issues across the sector. Therefore, there is a need for these organisations to be recognised as innovative actors (Dart, 2004). Ruvio and Shoham (2011) said that SEs are by-products of SEP, often influenced by entrepreneurial approaches. In the UK, they are considered a hybrid between the individual, the hero-entrepreneur, and collective action (Teasdale, 2010). The concept of SE is associated with *the third way*. The third way is a concept connected to the balance of socialism and liberalism, which was linked to the Labour Party in 1997 (Haugh and Kitson, 2007; Teasdale, 2010).

As Figure 1 illustrates, the economic crisis led to austerity plans by the UK government that escalated social issues. These issues led to an increase in SEs, as noted in the SEUK (2017) and government reports mentioned earlier. These organisations are expected to deliver public services and have an SI (Kay et al., 2016). As previously discussed, SI is one way of demonstrating the legitimacy of SEs. However, they face challenges with the practice of SI due to resource constraint (Kay et al., 2016). Given the diversity of these organisations, they consider different ways to capture SI (Arvidson et al., 2010). However, there is a need for these organisations to demonstrate value and achievement (Nicholls et al., 2012). Nevertheless, identifying and where appropriate capturing SI processes should take precedence over simply valuing assessment (Kay et al., 2016).

1.4 Research aims, objectives and questions of the study

This study aims to investigate SI practice in SEs. Following a review of the existing literature, a theoretical plan is presented to guide the research. This study aims to contribute towards a critical understanding of SI practice, the implementation strategies and the barriers to SIA. Empirically, this study employs SEs as the unit of investigation. More specifically, these comprise of those operating in the financial support and service sector

in the North West of England. This study adopts the UK Department for Trade and Investment's (DTI) definition and draws on many studies on SI in SEs in the UK. It will develop a robust investigation into SI in SEs.

The objectives are:

1. To explore the drivers and implementation of SI
2. To investigate how SI is captured and assessed
3. To examine the barriers to SI implementation

The research questions are:

1. To what extent is SI captured and implemented?
2. How is SI captured and assessed?
3. What are the challenges faced when capturing SI?

1.5 Research methodology

This study adopts a qualitative case study approach to provide in-depth insights into the practice of SI in SEs.

1.6 Structure of the thesis

This thesis consists of seven chapters. They are organised in the following manner.

Chapter Two examines SEP, its development and attempts to delineate the construct SE. The chapter explores the theoretical underpinning of two theories: institutional theory (IT) and stakeholder theory (ST). It also examines the literature on SI, the assessment tools available to SEs and reviews studies on SI with a direct focus on the UK.

Chapter Three examines the UK SE sector. It presents the historical development, scale and scope of the sector. It provides insight into the social, economic and environmental contributions of the sector. Furthermore, it examines the national impact report and explores impact-reporting standards.

Chapter Four explains the research philosophy, research paradigms and methodology adopted in this study. It also explains the practical stages of obtaining data. The process of data analysis is addressed to meet research quality criteria.

Chapter Five presents the findings from semi-structured interviews and document analysis. The chapter reveals critical findings relating to the research objectives. The aim is to explain in detail SI practice in each case.

Chapter Six enfolds important themes from the findings for discussion. It argues for the significance of the study findings by interpreting their meaning and implications for academia and practice. It draws on existing literature to confirm, disconfirm or extend existing studies.

Chapter Seven presents the conclusions and recommendations of the study. It explains the contributions to academia and implications to practice. It offers some recommendations based on the investigation of the cases. Finally, it presents the limitations of the current study and provides an agenda for future research.

1.6 Chapter summary

This chapter has presented the background to the study, an overview of the current literature, the study context, the aims, objectives and research questions. It also presented the research methodology and methods of the study. SI is identified as a central focus for SEs in existing studies. Funders and policy-makers put pressure on SEs to demonstrate their SI. The role of SEs is vital to solving market and state failure. The organisations rely on SI information to demonstrate the need for their social interventions. This need is the motivation for this investigation. The next chapter will present the literature review, discussing the theories and current research in the field of SI.

Chapter Two

Literature Review

2.0 Introduction

Chapter one has provided an introduction and justification to the study. This chapter will provide an outline of the theoretical framework considered for this research. The first section explores SEP, its development and attempts to delineate the SE construct. The second section explores the theoretical foundation focusing specifically on two theories: IT and ST. The final part examines the literature on SI, the assessment tools available to SEs and reviews studies on SI with a direct focus on the UK. The chapter concludes with a summary of existing studies from the literature along with gaps in the research.

2.1 Understanding social entrepreneurship

The current study of SEP is portrayed as an innovative field that represents the development of socioeconomic structures, institutions and measures that lead to universally accepted social benefits (Choi and Majumdar, 2014). Light (2009) defined SEP as an innovative and creative entrepreneurial model of dealing with social and environmental issues to stimulate sustainable development. Yunus (2009) said this concept could help free the world from poverty and hunger, and that poverty will only be seen in the museum of poverty. As such, the need to understand the resulting impact and social value (SV) creation of these organisations is increasing (Bacq and Jansen, 2011). Percin (2011, p. 10) recommended three functions of SEP to achieve sustainable change: people (equality and equal opportunities for all), planet (environment protection) and profit (financial sustainability and reinvestment of profit). However, there are questions about the legitimacy of this field in developing innovative solutions under a mostly fragmented area of knowledge (Gawell, 2013). Studies of this concept are open to some opportunities for contribution to knowledge, which can be considered a challenge for those investigating the field.

The current stage of SEP discourse is concerned with definitional ambiguity (Bacq and Janssen, 2011) and the challenges associated with demonstrating an inclusive nature of social organisations with some element of SI (Shaw and Carter, 2007). Dacin et al. (2011) argued that the consequence of definitional issues is that researchers continue to struggle to delineate the boundaries of the field and to arrive at a set of relevant and meaningful research questions. Dey (2006) expressed concern that the rhetoric of SEP is associated

with a contemporary trend that has occupied social scientific discussion and questions the inference of a positive phenomenon. Chandra (2016) said that to create SI, SEs must make sense of the status quo and use rhetoric to inform stakeholders of their new ideas.

According to Nicholls (2010), the field is in a pre-paradigmatic stage with less sophisticated frameworks only using narratives, that is, success stories of social entrepreneurs (Lepoutre et al., 2013). A positive development is noted in Dacin et al. (2011) and Short et al. (2009), where the scholars advocated for established theoretical lenses from fields such as entrepreneurship and management to advance SEP and SE research. However, such a perspective must be contextualised to capture the complexity and uniqueness of SE (Dey and Steyaert, 2010).

Given the above discussion, SEP is an innovative approach to solving societal problems with the consideration of commercial logic. It is similar to entrepreneurship in that opportunities are at the centre of the initiation stage. However, some have argued that opportunities under the construct of SEP and entrepreneurship are distinct due to their structures (Defourny and Nyssens, 2008) and should, therefore, be examined in their own right (Dacin et al., 2010).

2.2 Evolution of social entrepreneurship

SEP is a growing phenomenon with a history that can be traced back to the twentieth century. SEP literature is credited to the 1960s and 1970s through the acceleration of political consciousness (Ellis, 2010). Bill Drayton, the founder of Ashoka, coined the term *SEP* in the 1980s (Welsh and Krueger, 2012), while Michael Young, Charles Leadbeater and others from the 1980s to the 1990s promoted it (Hossain et al., 2016). It gained recognition in academia in 2000 (Conway Dato-on and Kalakay, 2016). Banks (1972) coined the term *social entrepreneur* in the literature under the sociology of social movement, while Drucker (1979) coined the term *SE* (Trivedi, 2010). Dees (2001) is a notable contributor to the concept. He argued for an integrated model, that is, the passion of a social mission with an image of entrepreneurial-like discipline, innovation, and the commitment associated with high-tech pioneers. Other publications (Nicholls, 2006; Peredo and McLean, 2006) supported a conceptualised initiative that reflects two key areas: a social movement and entrepreneurial creativity.

Scholars have argued over the evolution of SEP (El Ebrashi, 2013). Hossain et al. (2016) revealed that the concept emerged in the 1970s, but became an act to create social wealth by non-profit organisations in 1990. From 2010, academic research has sought to develop the conceptual boundaries (Hossain et al.,

2016). Classical entrepreneurship scholars like Joseph Schumpeter and Emile Durkheim have been cited in the literature for their inclusion of *social* in entrepreneurship, (cited in Swedberg, 2006; Ziegler, 2010; Palmås, 2012). The evolution can be seen in the illustration below.

Figure 2: The evolution of social entrepreneurship
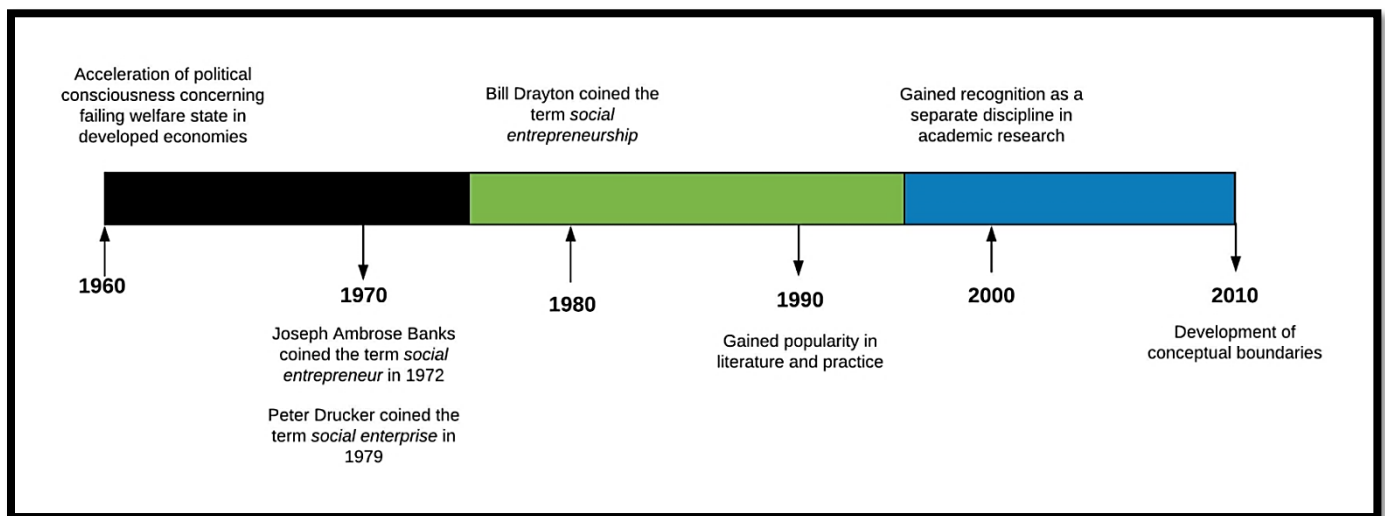
(Source: developed by the author)

The researcher clarifies that entrepreneurship and SEP are distinct constructs. This view is echoed in the work of Swedberg (2006) who recommended that today's scholars within SEP revisit the writings of Schumpeter because:

> *...in contrast to many of those who discuss social entrepreneurship today, he had worked through what a general theory of entrepreneurship should look like before he approached the phenomenon of social entrepreneurship....In brief, it helps to have a general theory of some phenomenon before you begin to analyse a sub-phenomenon.*

(Swedberg, 2006, p. 33)

This study considers the exploration of a sub-phenomenon as suggested by Swedberg (2006) to better understand the current state of SEs.

Frezzo (2015) identified two primary drivers of SEP: 1) disillusion of inequality faced by society, particularly in the 1980s, in many parts of the developed economies; and 2) the quest for social innovation.

The former is explicated in the contributions of Charles Young – a politician who established the Institute of Community Studies and The School for Social Entrepreneurs in the UK, following poor relations between communities and politicians. Also, the pursuit of social change by the sociological school of thought such as Marxism through peace and justice influenced policy-making for social entrepreneurial activity (Frezzo, 2015). A recent study (Lange and Dodds, 2017) demonstrates that SEP is driven by moral actors with the mission to increase and safeguard social equality.

The second driver, social innovation, also referred to as the first school of SEP in Austin et al. (2006) and Zahra et al. (2009), is considered an essential aspect of SEP (Alegre and Berbegal-Mirabent, 2016). Social innovation is described as new solutions used to tackle challenges that societies are facing (Ionescu, 2015), linked to risk-taking and trust (Phills et al., 2008). It focuses on human-centred community development; human well-being in communities; non-technological aspects of innovation, social systems, and innovations in a technological world setting; social work provision and work organisation (Ruede and Lurtz, 2012). Spiess-Knafl et al. (2015) identified six types of social business models: smart distribution, ecosystem engineering, opportunity creation, competitive sourcing, inclusive production and smart pricing. Similarly, Ionescu (2015) avowed that social innovation is a significant way to deal with social issues such as climate change, an ageing population, and social justice. Individuals who try to create a better world have adopted SE as a medium for their purpose-driven mission (Wei-Skillern et al., 2007; Phills et al., 2008).

Reformers of the nineteenth century like Robert Owen, founder of the co-operative movement, championed innovation in the field of SEP, and pioneers in the field of sociology like Emile Durkheim, Max Weber and Karl Marx focused on social change (Ionescu, 2015). However, some (Mulgan, 2007; Munshi, 2010) argued that social innovation is not essential for SEP.

In their seminal work, Swanson and Zhang (2010) placed organisations with a social mission under two categories: the social improvement region of the SE zone connected to social improvement entrepreneurial ventures (SIEVs) and positive social change as a result. These organisations act beyond the principles of socially responsible business by including social change as part of their mission (Swanson and Zhang, 2010). The other category is social transformation entrepreneurial ventures (STEVs), which unlike SIEVs reside in the social transformation region and take direct action that positively transforms society. SIEVs organise their change mission in indirect measures like championing philanthropy. In contrast, social

purpose is identified as the second school of SE in Ridley-Duff and Bull (2016), linked to the organisation's value propositions (Nicholls, 2006).

Some argued that mixing social and economic missions can be significant and distinctive (Tracey and Jarvis, 2007). Others (Battilana and Dorado, 2010) claimed that mixing supports the formulation of identity in organisations. However, Stevens et al.'s (2014) conceptualisation of the social and economic mission revealed SEs as complex constructs that are challenging to manage (Peattie and Morley, 2008). However, the SEP literature acknowledges that a single construct cannot seize the principle of these constructs; for instance, Dacin et al. (2011) defended the dissimulation of the SE mission in that it mirrors the organisation's values. Moss et al. (2011) found connections between utilitarian and normative organisational identities in SEs' mission statements. Mission statements are relevant to organisations because they direct the overall strategy (Stevens et al., 2014). Nevertheless, the mission is complicated to communicate, as there is a range of meaning attached to it (Sidhu, 2003).

In consideration of the above drivers, SEP applies to some ascending factors: inequalities, innovation, social and economic mission. SEP is suggested as a significant and promising field to address the ongoing decline of government failure to improve funding for public services or private sector deficiency in meeting societal needs. Perhaps the notable successes of addressing social problems in new ways, such as the UK's Co-operative Bank or Grameen Bank in Bangladesh (Sarasvathy, 2008), have raised awareness of the potential impact SEP can create. These approaches have contributed to different discourse within the field.

2.2.1 Towards a social enterprise research agenda

The terms SEP and SE are often used interchangeably (Luke and Chu, 2013). However, there are distinct characteristics of the concepts because not every enterprise (social or otherwise) is entrepreneurial (Luke and Chu, 2013). The table below presents some definitions and characteristics of the two concepts.

Table 1: Definitions and characteristics of social entrepreneurship and social enterprise

Authors	Definition of SEP	*Characteristics of SEP*
Peredo and Chrisman (2006)	An emerging form of entrepreneurship, rooted in community culture	Socially aware Innovative
Zahra et al. (2008)	Encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organisations in an innovative manner	Innovative Opportunity identification
Hill et al. (2010)	A disciplined, innovative, risk-tolerant entrepreneurial process of opportunity recognition	Opportunity identification Risk-taking
Corner and Ho (2010)	Seizing the opportunity for the market-changing innovation of a social objective	Opportunity recognition
	Definition of SE	*Characteristics of SE*
Dart (2004)	Adopts business as an instrument for social development	Social change
Barraket et al. (2017)	An organisation that exists for a social mission and engages in trading to meet its mission, using commercial techniques to achieve social ends	Commercial techniques Social mission
Santos (2012)	An organisation that trades; it is not-for-private benefit, which creates positive social and environmental impact	SI Commercial techniques
Doherty et al. (2014)	Hybrid organisations that use the dual mission of financial sustainability and social mission	Financial sustainability Social mission

(Source: developed by the author)

SEP and SE share many commonalities: both blur the boundaries between for-profit and not-for-profit activities with a social purpose. However, significant distinctions exist and require acknowledgement to avoid misguided recommendations. The term SEP is associated with innovative processes to improve social wealth. SE, on the other hand, is a business that adopts economic strategies to create positive social good. The characteristics of the terms are similar in that social innovation and the social mission drive the concepts. Hieu (2017) found that SEs have communication that is more open, less rigorously management controlled and are market-oriented organisations. This is contrary to Selloni and Corubolo's (2017)

observations, who argued that many SEs are too centralised with a high level of bureaucratisation (top-down approach).

Pearce (2003) suggested further research into the classification of SE as broader use for the social economy, although in developed economies the social economy is an umbrella term used to describe organisations in the third sector. Haugh (2005) presented eight categories for SEP's future research agenda: defining the scope of SEP; the environmental context; innovation; resource acquisition; opportunity recognition; modes of organisation; opportunity, exploitation and performance measurement; and training, education and learning about SEP. Opportunity recognition is considered the first step to establishing a traditional venture (Shane and Venkataraman, 2000, cited in Lumpkin et al., 2013).

Some scholars (Chell, 2007; Haugh, 2007) called for an explicit definition of the phenomenon. Others, such as Sengupta and Sahay (2017), argued that lack of an uniformed, context-free definition is a hindrance to the development of SEP. However, a succinct definition of SEP was developed in Santos (2012). The scholar described SEP as a distinctive domain that addresses neglected problems with positive externalities in a manner whereby such externalities are internalised for the creation of positive social change. Although his definition foregoes traditional linkage between economic and SV, it prepares the context for theory development. In summary, SEP:

> *is an innovation process in the economy that can happen in different institutional contexts, is based on value creation, and operates by its own rules and logic. It is an approach that seems well suited to address some of the most pressing problems in modern society and improve capitalism.*

(Santos, 2012, p. 350)

Lehner and Kansikas (2013) recommended an examination into the potential of previous entrepreneurship research to become prototypes of SEP research. Muñoz (2009) argued that a more definite distinction is required between established and emerging SEs about trading revenue. Unsurprisingly, Bielefeld (2009) said non-profit social organisations that earn income is not a new phenomenon. In fact, some scholars (Bornstein, 2004; Tranquada and Pepin, 2004; Boschee, 2006) contended for earned-income strategies in SEs.

Even though the above categories have drawn attention in the literature, SI has attracted more attention in research and practice. Numerous scholars have contributed to the literature of SI (see the works of McLoughlin et al., 2009; Meadow and Pike, 2009; Lyon and Arvidson, 2011; Harlock, 2013; Arvidson and Lyon, 2014; Pathak and Dattani, 2014). The emphasis on SI and the generation of social wealth is also

within social schools (Peredo and McLean, 2006). Competition and an SI-driven environment continuously challenge the sector (Bull, 2007). According to Porter and Kramer (2011), SEs are under pressure to assess their SI because they deliver both social and financial benefits known as blended value. Kickul et al. (2012) defined blended value as the unique opportunity for the creation of social and economic value. The logic of blended value suggests that an organisation creates both financial and SV (Bacq et al., 2016).

The advantage of SI is crucial for the investor and the organisation. Evaluating SI is beneficial for accountability and transparency (Clark and Brennan, 2012). In this regard, Mason (2012) proposed that researchers investigate the role of effective governance, the impact of value and stakeholder engagement governance.

Notwithstanding the array of literature within the SE spectrum, scholars have yet to examine the significance of SI in SEs (Nicholls, 2009; Dacin et al., 2010). Although many of the empirical studies focus on developed economies (Arvidson and Lyon, 2013), little attention is given to the current discourse of SI in one of the growing contexts of SE: the UK. As Teasdale (2012) asserted, England provides a compelling case by which to understand the environment that supports the construction of SEs. Therefore, this study will investigate how SI is captured from a UK context. Some publications (Ebrahim and Weisband, 2007; Hadad and Gauca 2014; Costa and Pesci, 2016) revealed that funders and policy-makers, in particular, are drivers of SI. These institutions are stakeholders of SEs because they have an interest in the social change these organisations create. Before a critical examination of SI and its antecedents, the next few sections will examine IT and ST as the most appropriate theories to support this study.

2.3 Theories of social enterprise research

As established in Table 1, SEs are organisations created for social change. However, external forces, specifically funders and policy-makers, demand that these organisations report the SI they create. Pache and Santos (2010) said that SEs face conflicting institutional demands arising from the dual logics integrated into the different social, regulatory and cultural environments in which they operate. They identified two types of conflict, specifically where stakeholders reach agreement on social objectives but disagree on the means of achieving them. The other conflict is associated with stakeholders' disagreement over the goals themselves (Pache and Santos, 2010). Dealing with conflict requires innovative approaches (Zahra et al., 2009). Strategic, innovative approaches to SEs have been attributed to managing the demand of multiple stakeholders (Bridgstock et al., 2010). According to Smith and Woods (2014), stakeholder

engagement in SEs varies depending on their interest and the social mission of the organisation. Based on the characteristics of SEs, they are likely to engage different social actors – that is, to involve their beneficiaries, funders, partners and the community to achieve their social mission (Huybrechts, 2010; Wilson and Post, 2011). This approach is known as normative stakeholder utilitarianism in Hadad and Găucă (2014). The principle assumes that SI can be evaluated by taking into account the greater good (interventions of the social issue) for the higher number of stakeholders (Hadad and Găucă, 2014). Therefore, the study draws on IT and ST to investigate how SI is captured. The next few sections will examine the two theories regarding their academic significance and intersection to SE study.

2.3.1 Institutional theory

In a research agenda for SEs, Haugh (2005) refers to funders as institutions. Funders provide resources (Desa and Basu, 2013), while policy-makers formulate guidelines for the sector (Somers, 2013). Both forces are institutions that seek evidence of change created by these organisations. The government is a source of social investment for SEs; they expect SI reporting (Polonsky et al., 2016). Therefore, IT is presented as a theory to investigate SI in SEs. As Glover et al. (2014) said, IT presents a theoretical lens through which researchers can establish and analyse influences that benefit the legitimacy and survival of organisational process, including factors such as the social environment and economic incentives (Baumol et al., 2009).

Agrawal and Hockerts (2013) described IT as the dynamics between individuals, organisations and/or institutions (government, religion, market, culture). Bruton et al.'s (2013) perspective adds to the previous description. The scholars claimed that IT is associated with the regulatory, social and cultural advantage that promotes the credibility and continuity of an organisation rather than focusing solely on efficiency behaviour. With these, a set of dynamism is a fundamental logic that supports the theory. Su et al. (2017) defined institutional logics as the patterns, assumptions and rules that constitute what is meaningful and legitimate in a given field. Some scholars (Greenwood et al., 2010; Thornton et al., 2012) claimed that institutional logics are values and beliefs that guide individual behaviour. In reality, they form subsystems of institutions of the environment. Greenwood et al. (2010) argued that IT enables individuals to create meaning, and represents a symbolic component (Thornton and Ocasio, 2008). Based on the works of Thornton et al. (2012), seven types of institutional logics are identified: state, market, family, corporation, profession, religion and community. These logics correlate to strong enduring social and historical components (Su et al., 2017).

2.3.2 Institution and its environment

The term *institution* widely refers to the strict rule sets, agreements, or informal interaction sequences that individuals abide by (Bruton et al., 2010). Ostrom (2005, cited in Witesman, 2016, p. 100) defined the institution as:

> *the prescriptions that humans use to organise all forms of repetitive and structured interactions including those within families, neighbourhood, markets, firms, sports leagues, churches, private association and government at all scales.*

To observe SEs, therefore, the researcher is interested in the type of interactions repetitively employed by these organisations, and when these interactions are set as a guide. This observation would involve exploring the forms of institutions and their communication approaches. Helmke and Levitsky (2004) confirmed two types of institutions: formal and informal institutions. Formal institutions are an organisational framework, constitutional and legal for individual actions. On the contrary, informal institutions are norms, values and codes of conduct including uncodified attitudes embedded in society (Welter and Smallbone, 2011).

Institutions guide behaviours by enforcing rules and monitoring the game. Scott (2007) developed three categories of institutional forces. The first is the regulative pillar that serves as a rational actor of behaviour based on sanctions and conformity. The component emerged from regulatory legislation and industrial agreements and standards (Hockerts, 2010). The primary purpose of this rule is to provide a set of protocols for new entrepreneurial organisations, and leads to organisations abiding by laws and individual compliance with regulations (Scott, 2008; Agrawal and Hockerts, 2013). The regulative environment is formal with the responsibility for setting rules and creating rewards (Valdez and Richardson, 2013). Seelos et al. (2011) found regulative regulations to exert power over social entrepreneurial processes. Estrin et al. (2013) revealed that social entrepreneurial organisations were thriving in an institutional context where there is a compelling rule of law. However, the institutional environment changes rapidly, reflecting a change in the economic or political climate. Khanna and Palepu (2010) argued that rapid changes in the environment are more prominent in emerging markets.

The second is the normative pillar that reflects models of individual and organisational practice based on mandatory measurements of social, professional and organisational interaction (Scott, 2007). Institutions guide behaviour by defining what is appropriate in various social and commercial situations. In this regard, normative systems are taken into consideration as they compose of values (what is preferred) and norms

(how things should be done) (Hockerts, 2010). The final pillar is cognitive, with Scott (2007) describing this force as a model based on subjectively constructed rules of individual behaviour that limit appropriate beliefs and actions. This model is believed to operate more at the particular stage concerning culture (Agrawal and Hockerts, 2013). Furthermore, the pillar is crucial to SE research regarding how societies accept change makers (Sud et al., 2009).

Other forces are identified in Glover et al. (2014), based on DiMaggio and Powell's (1983) early contributions. The scholars described coercive, normative and mimetic as forces that create isomorphism in organisational structures, strategies and processes. Coercive force ensues from powerful influences crucial to enforce environmental management, and thus sustainability (Kilbourne et al., 2002). On the contrary, normative forces enable enterprises to be more environmentally aware because of conformity to legitimate actions (Ball and Craig, 2010; Sarkis et al., 2011). Therefore, normative forces develop because of the social obligations expected and the ability to drive legitimate changes. In sharp contrast, mimetic isomorphism occurs when enterprises replicate the behaviours and actions of successful competitors in the industry, with the intention to replicate the pathway to success and ultimately, legitimacy (Sarkis et al., 2011). Despite the differing forces of IT, there are benefits and drawbacks of this theory.

2.3.3 Evaluation of institutional theory

The fundamental tenet of IT is an advantage itself as it instructs organisations to adopt structured processes and strategies for legitimacy (DiMaggio and Powell, 1983). As Berrone et al. (2007) claimed, institutional actors that endorse organisations gain social support as legitimacy. Institutional actors (also external forces) working to make organisations collective is known as organisational isomorphism (DiMaggio and Powell, 1983). As previously mentioned, organisational isomorphism creates similarities and competition amongst players in the same industry, thus creating changes that influence the organisation. Khavul et al. (2013, p. 32) said:

> *Institutional change is a dynamic and an interactive process that occurs over time with actors both being shaped by and shaping the institutional environment.*

Based on the above definition, change is a continuum, influenced by individuals and the broader environment. The statement reflects characteristics of SEs; for instance, it is believed that social issues are ongoing because the external environment is challenging and unpredictable. SEs are institutions that create social changes through the mobilisation of resources to transform communities that support their interests

(Pacheco et al., 2010). Hardy and Maguire (2008) support this view; they affirmed that new organisational logics are translated into changes. Existing institutions do not only shape the creators, but they develop new industries (Philips et al., 2004). However, DiMaggio (1988) argued that institutionalism lacks an understanding of individuals.

Pacheco et al. (2010) affirmed that IT enables individuals and organisations to understand complex and diverse phenomena in SE. However, Suddaby (2010, p. 15) contested this, asserting that IT presents organisations as "hypermuscular supermen, single-handed in their efforts to resist institutional pressures, transform organisational fields and alter institutional logic". In support of the former view, Maguire (2007) claimed that IT encourages SEs to innovate the institutional environment.

Further critique by Suddaby et al. (2010) is noted, where the scholars criticised research on IT and institutional change as studies that focus on the outcomes and not the process of change. Furthermore, they challenged the narrative of IT that portrays institutional social entrepreneurs as heroic and cultural dopes (Lawrence et al., 2009). Others (Khavul et al., 2013) claimed that researchers might have gaps in their understanding of what happens when an institutional change process conflicts with the formal logics due to the small observation premise adopted by many studies. It can be argued that close observation does not constitute a danger in the influence of institutional change. Nonetheless, it could affect influencers and researchers' understanding of the role of SEs as the change process unfolds.

IT plays a crucial role in enabling entrepreneurship and to some extent SEP. As highlighted in Welter and Smallbone (2011), the institutional context affects the institutional agent's behaviour as well as the nature and pace of development of entrepreneurship, particularly in turbulent and complex markets. If a turbulent environment (i.e. economic uncertainty) occurs, then it is fair to suggest that new entrepreneurial behaviour such as social entrepreneurs are developed. Therefore, it is essential to examine the institutional conditions of SE behaviour as this study links to IT.

2.3.4 Application of institutional theory to social enterprise

One of the earlier works on SEP and IT was undertaken by Dart (2004), who used Suchmann's (1995) typology of legitimacy to identify which form of legitimisation is most applicable for SEs. It is worth noting that the scholar intentionally named SEs rather than SEP, by which he excluded some non-profit forms of SEP. Zeyen and Beckmann (2011) contended the scholar's conceptual work as being of no critical use when identifying the non-profit/for-profit mix of organisations.

Many researchers continue to look beyond the economic component of businesses and focus on areas such as the social element through innovation and structural changes (Abu-Saifan, 2012). It is, therefore, essential to examine the impact of the institutional environment in SEs. Due to shortcomings and complexities in existing markets (the institutional environment), SEs are driven to tackle these challenges.

Bacq and Janssen (2011) claimed that little attention is given to the influence of the external environment on process, organisation and individuals in the SE literature. Interestingly, Haugh (2012) and Urban (2015) argued that social relevance and ideological embeddedness are crucial for the legitimacy of SE research. Manolova et al. (2008) demonstrated that much of the research on institutions had been case-based or had widely examined the formal environment. Regardless, there is the relevance of this investigation to the socioeconomic background that offers a promising insight to marginalised populations (Rwigema et al., 2010).

In another inquiry, Urban and Kujinga (2017) examined SE contextual factors as an influence of the institutional environment. The study found that a regulatory (formal) environment had a significant and positive impact on desirability and feasibility. Furthermore, both desirability and feasibility positively affect intentions (Urban and Kujinga, 2017), while institutional voids emerge as an essential part of organisations. Mair and Marti (2009) focused on the institutional voids; these are areas in which organisations can operate without facing rules of operation from existing institutions. Institutional voids are common in new or emerging markets where formal structures are almost non-existent (Mair and Marti, 2006). Townsend and Hart (2008) conducted a comparative study on institutional ambiguity. As with institutional void, this focuses on the complexities deriving from the lack of well-established markets or governance systems to tackle socioeconomic needs (Zeyen and Beckmann, 2011).

Considering the extent of the discussion on IT concerning SE, it is clear that contextual factors in the environment (i.e. funding institutions) affect organisational structures and processes. Scholars are continuously challenging old institutionalism and neo-institutionalism narratives that present IT as a hypermuscular and cultural dope to organisations through a multitude of research connecting SE research to both formal and informal institutional environments. There is limited research on SE and IT. However, the current discourse in SE research has allowed for new fields of investigation, that is, IT and ST, to provide insights into the institutional embeddedness of SE.

2.3.5 Stakeholder theory

As established above, institutions are drivers of SI for evidence of social change. The institutional expectations are based on stakeholder attributes such as legitimacy and organisation (Perrault, 2017). Thus, SE is often investigated through the lens of ST (Burga and Rezania, 2016). The institutions are also stakeholders with different needs and expectations. How organisations perceive themselves, and how others perceive them, influence how they undertake activities and gain access to resources (Seanor and Meaton, 2008). Ramus and Vaccaro's (2014) study found that stakeholders are the central mechanism enabling SEs to solve mission drift.

Freeman (1984) was the first scholar to encourage ST as a suggestion for the strategic management of organisations in the late twentieth century (Mairnardes et al., 2011). Over the years, this theory secured influence with studies by Clarkson (1995), Donaldson and Preston (1995), Mitchell et al. (1997), and Frooman (1999), allowing for intellectual depth and development. Although the suggestion by Freeman (1984) was for strategic management organisations, it had evolved in other areas such as market-orientation strategies (Mairnardes et al., 2011).

Crane and Matten (2010, p. 62) defined ST as an entity "which either: is harmed by, or benefits from the corporation: or whose rights can be violated, or have to be respected by the corporation". The relationship between stakeholders and the organisation can be analysed from the perception of the stakeholder, management or both (Sachs and Maurer, 2009). According to Freeman (2010), a stakeholder is a person or entity that affects or is affected by an organisation. Based on this view, developing a socially sustainable organisation requires the involvement of different stakeholder groups in strategic processes (Ehnert and Harry, 2012).

Schlange (2009) proposed that stakeholders are not limited to groups or individuals but that they may also be the environment. They can be internal, external and environmental constituents who can place demands upon an organisation (Freeman et al., 2007). Internal stakeholders are those with a direct effect on the organisation's decisions. On the other hand, external stakeholders are those with indirect, yet essential powers of the organisation. Clarkson (1995, cited in Mainardes et al., 2012) identified these groups as primary and secondary, respectively.

Primary stakeholders are those with formal or contractual relationships with an organisation, for example, employees, shareholders, and suppliers. The secondary stakeholder group is extrinsic to the organisation such as governments and the broader community. Failure to understand stakeholders' requirements could

lead to public issues and a performance gap for the organisation (Ebrahim and Rangan, 2014). Despite the importance of stakeholder–organisation relationships and numerous calls to address the conceptual contestability of ST (Friedman and Miles 2006; Greenwood and De Cieri 2006), Crane and Ruebottom (2011) argued that the concept has remained superficial and vague, limiting the applicability of the theory.

Gilbert and Rasche (2008) claimed that ST has multiple interpretations because it is not a single theory. It is an amalgamation of narratives from different disciplines. These multiple narratives can become problematic (Miles, 2017). As highlighted in Crane and Ruebottom (2011), the theory is perfunctory and ambiguous, which limits the application. In a similar view, Fassin (2009, p. 116) expressed an opposing view, stating that ST is "suffering from vagueness in scope and ambiguity due to the possible interpretations of the basic stakeholder concept".

Surprisingly, the wealth of the ST concept is perceived as a weakness itself due to the confusion in narratives (Miles, 2017). Orts and Strudler (2009) found substantive inadequacies relating to definition, overbreadth and identification. However, Miles (2015) argued for this confusion not to be essential contestability. Essential contestability has two grounds according to Jacobs (2006). The first level is prominent in the work of Swanton (1985) as the standard core or the essence of the concept. It is agreed upon as the typical, where even people holding widely different views agree on what the subject is when using a specific term, as no other words express the same set of core ideas (Miles, 2012). The second level is about the meaning concerning the comprehensive specification or analysis of how the concept should be interpreted in practice. Therefore, contestability exists because of weightings assigned to different components of a theory.

In summary, ST has endured complex debate over the years (Mitchell, 2012). However, some scholars have proposed a classification system to aid scientific thought, analysis and practical application (Miles, 2017). Freeman et al. (2010) argued for the optimal development of the theory that will enable a deeper understanding of organisations in stakeholder terms. Optimal development can be achieved through further clarification allowing the demarcation of genres of definitions' boundaries, stemming from the diverse narratives involved (Freeman et al., 2010). Both classification system and optimal development recognise the stakeholder concept as an important contested idea with significant implications for the type of classification system adopted and subsequently developed, and such effects are considered next regarding the theory of classification systems (Miles, 2017).

2.3.6 Stakeholder–organisation relationships

Despite debates of the theory, the model is essential to organisations and stakeholders alike. Parmar et al. (2010) explained that ST is relevant to organisations because of the ethical and moral focus, which supports the type of organisations selected for this study. Others argue that ST guides managerial actions (Agarwal and Helfat, 2009; Chatterji et al., 2009). A theoretical review of ST by Phillips et al. (2010) affirmed that the importance of ST is in its core assumptions. The assumption is that organisations engage with multiple stakeholder groups that either affect or are influenced by Freeman's (1984) phrasing. They focus on all relationships concerning systems and outcomes for the organisation and its stakeholders. Further, it upholds the interests of all legitimate stakeholders as of inherent value. Moreover, it focuses on managerial decision-making while the organisation develops a better understanding of all stakeholders. These assumptions highlight the significance of stakeholder power in strategic managerial decisions.

The continuous pressure in the external environment meant that organisations had to look inward at improving their processes. This viewpoint is parallel with the conceptual progress of ST (Emerson, 2003). Some studies have examined stakeholder–organisation relationships (Harrison et al., 2010; Garcia-Castro and Aguilera, 2015). Harrison et al. (2010) found that organisations that manage for stakeholders allocate more resources to satisfy the demands of legitimate stakeholders instead of merely retaining their participation in the organisation. This approach adds to the value creation process (Harrison et al., 2010). Similarly, Di Domenico et al. (2010) and Garcia-Castro and Aguilera (2015) revealed a secure connection between ST and the dynamics of value creation.

Some studies (Asher et al., 2005; Mainardes and Raposo, 2012) investigated strategies of stakeholder relationships. Asher et al. (2005) found that organisations who view shareholders as sole residual claimants are likely to increase tenuous relationships amongst other stakeholder groups. Gry et al. (2011) showed that stakeholders have the power to influence the legitimacy and urgency of organisations. Stakeholders' expectations are interdependent, involve sub-processes and are hierarchically organised (Gry et al., 2011). Other studies (Lo et al., 2008; Szczesny et al., 2008; Harrison et al., 2010) have supported the use of ST in contemporary organisational contexts. Myllykangas et al.'s (2010) study revealed six characteristics of stakeholder relationships: (1) history of the relationship, (2) objectives of the stakeholders, (3) interaction in the relationship, (4) information sharing in the relationship, (5) trust between stakeholders, and (6) the potential of a stakeholder to learn.

The studies mentioned above highlight the importance of stakeholder–organisation relationships for value creation. However, they fail to provide information on the stakeholders' engagement in the process of capturing SI or value creation, and engage with the current SE discourse.

2.3.7 Stakeholder theory within social enterprise

ST has a moral and ethical focus, which is parallel to the tenet of SEP and SEs. It is, therefore, vital to understanding the connection between the theory and the concept. Before reviewing studies on ST and SE, it is worth noting that some cases use the term *SV* to describe SI (see Di Domineco et al., 2010; Pache and Santos, 2010). Kusyk and Lozano (2007) argued that ST accounts for the people who are impacted by the organisation or who are socially impacted by social drivers and barriers. The scholars employed grounded theory to identify internal and external stakeholders based on their drivers and obstacles to social responsibility processes, and assessed these drivers and barriers to assign them to a division (Kusyk and Lozano, 2007). The identification of stakeholder categories is noted in Burga and Rezania's (2016) descriptive case study in SE. The scholars used the stakeholder salience model to demonstrate the importance of SEP research. The study presents a stakeholder salience and valence approach to mapping the perception and interest of stakeholders, while maintaining their social mission. The salience model and salience values are essential to SEP research (Kusyk and Lozano, 2007).

The perception of different stakeholders is examined in Costa and Pesci's (2016) study on the conceptualisation of SI evaluation studies in academia and practice. It was found that multiple stakeholders set performance standards based on the perceptions regarding the purpose of evaluation. This shows the closeness of the relationship between stakeholders and the organisations. Gray et al. (2006) argued that all relationships involve a degree of closeness. However, failure in the closeness leads to formal accountability structures. Costa and Pesci (2016) claimed that the relationship between SEs and their stakeholders is more complex and dynamic than traditional enterprises because it is not based on economic drivers alone. Therefore, it is impossible to gauge the accountability systems of SEs solely by evaluating the presence or absence of formalised accounting systems.

This complexity links to the challenge identified in Mason et al. (2007), whereby the critical problem is developing appropriate governance structures that meet the needs of primary stakeholders with a governance process that allows management to remain transparent and accountable. Cornforth and Spear (2010) claimed that leaders in SEs influence the choice of structures and processes to monitor and control

strategic, operational activity and ensure accountability to different stakeholder groups. Nonetheless, each stakeholder group develops their perspective of the SE impact based on interactions with the organisation (Chan et al., 2015). Therefore, it is crucial for SEs to consider their stakeholders and stakeholder needs throughout the SI evaluation process (Costa and Pesci, 2016).

Some scholars examined SI with ST (Marom, 2006; Brickson, 2007; Ebrahim and Rangan, 2010; Lyon and Arvidson, 2011; Millar and Hall, 2014). Brickson (2007) argued that SV is created in different ways, based on the organisation's relationships with internal and external stakeholders. She explains that value can be created for employees and consumers by meeting human needs such as belongingness, love and self-esteem, and through fostering human virtues such as caring and justice. Engaging both internal and external stakeholders was found to be vital to the process of SI evaluation in Wilson and Bull (2013). Barman (2007), Arvidson (2009) and Hall (2012) argued that the evaluation of SI is a socially constructed process that should not be examined merely as a technical and scientific exercise.

As one of the most widely cited tools in the study of SI in SEs, SROI has been found to be successful in engaging stakeholders (Millar and Hall, 2012). Ebrahim and Rangan (2010) claimed that standardised assessment techniques and those tailored to specific stakeholder needs might result in evaluation dilemmas, as the phenomenon of SI is not easily quantifiable. Lyon and Arvidson (2011) advised social organisations to engage in SI evaluation. They note some opportunities for discretion in an evaluation process. Firstly, the preference of who undertakes the assessment. Secondly, the selection and identification of indicators; third is the collection and analysis of data by deciding which stakeholders to consult and involve, what data are collected and by which methods; and finally, there is the reporting of results (Lyon and Arvidson, 2011).

SI as a concept fits the theoretical landscape of ST as discussed in the above studies. One criticism of the above studies is that they fail to express how different stakeholder groups engage in the process of SI evaluation. One question that needs to be asked, however, is whether engaging all stakeholders influences how SIA is conducted.

2.3.8 Conceptualisation of the theories

This study draws on IT and ST for two reasons: a) institutional forces in the macro context drive SI, and b) stakeholders are vital to SI evaluation. In the macro context, external stakeholders (funders and policy-makers) influence the internal environment to capture and report SI, as depicted in the figure below.

Figure 3: Conceptualisation of two theories for social impact research
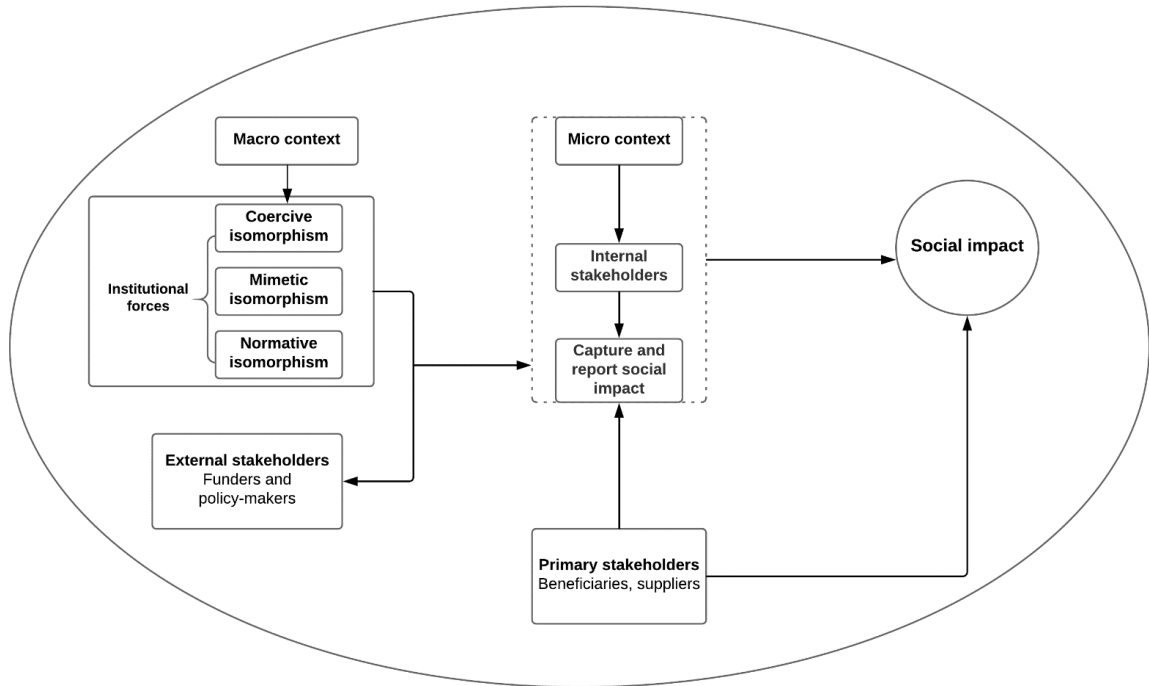
 (Source: developed by the author)

Carmel and Harlock (2008) argued that targets and goals for social organisations often reflect the agendas of government and funders. Urban and Kujinga (2017) found that the formal environment, that is, the macro environment, had a significant influence on organisations. However, little attention is given to the influence of the macro environment in SE literature (Bacq and Janssen, 2011).

The pressure of the macro environment influenced organisations' decisions to improve internal processes (Emerson, 2010). As revealed in Costa and Pesci (2016), different stakeholder groups set standards for SI evaluation. Primary stakeholders are vital to the evaluation process because the social purpose is driven by their interest (Mason et al., 2007). Overall, institutions and stakeholders influence SI in SEs in the UK. This influence has led to increasing calls for a clearer understanding of the concept and an examination of the methodological approaches available for SIA. The next few sections will critically examine SI, and the tools and frameworks available for SIA.

2.4 Social impact

As mentioned earlier, the term SI has been conceptualised in the literature using terms such as *SV* and *impact*. However, it is difficult to conceptualise the definition of SV (Narangajavana et al., 2016). The concept of SV can be traced to the work of Joseph Schumpeter, who discussed the idea of social in entrepreneurship, as mentioned earlier. The scholar described SV as:

> *The founders of what is usually called the "modern" system of theory, as distinguished from the "classical never spoke of social, but only of individual value".*

(Schumpeter, 1909, p. 213)

Hadad and Găucă (2014) defined SI as the changes in the status of people affected by a social problem. They claimed that SI can be "positive or negative, direct, intentional or unintentional, immediate and or it can manifest later over time and reach out to different persons, persons who were not even included in the target, but who indirectly benefit from the impact" (Hadad and Gauca, 2014, p. 125). SV, on the other hand, is defined as the value generated for the common good (Murphy and Coombes, 2009).

Figure 4: The relationship between social impact and social value
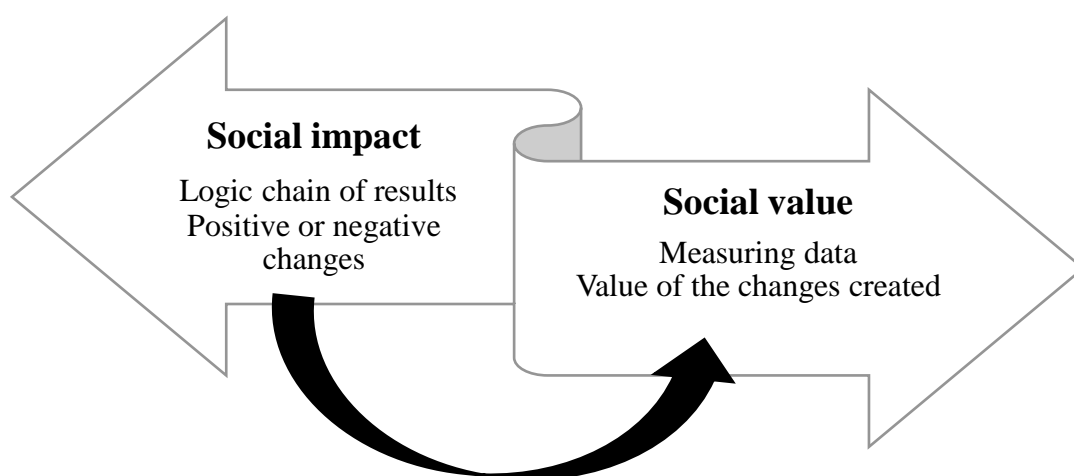
(Source: developed by the author)

The above figure illustrates the relationship between SI and SV. SI involves a logical chain of results, where organisational inputs and activities lead to a series of outputs, outcomes and many societal impacts (Ebrahim and Rangan, 2010). SV involves measuring data (Lepak et al., 2007), content and understanding the process of measurement (Hadad et al., 2014). Dzisi and Otsyina (2014) claimed that SV is the central purpose and force for SEP. From a UK perspective, SI is characterised by the external benefits to society, the economy, and the environment because of SE activities (Arvidson et al., 2010). SI and SV have similar characteristics; however, SV is associated with quantifiable measures while SI is linked to non-quantifiable SI (Narangajavana et al., 2017). In Hadad et al. (2014), SV was discussed in the context of SEP and SI from an SE perspective. From these characteristics, it can be argued that SV is the financial worth of the common good created by an SE, while SI is the non-quantifiable benefit created.

SEs operate in traditional not-for-profits and for-profits, and their establishment is ingrained in their social mission (Galera and Borzaga, 2009; Katre and Salipante, 2012). According to Mair and Noboa (2006), outcomes are tangible and sensible. Tangible results are produced from social entrepreneurial behaviour to create sustainable social benefits. On the other hand, practical outcomes are SI and social change created by SEs, which in turn sustain social benefits (Mair and Noboa, 2006; Martin and Osberg, 2007).

Austin et al. (2006) argued that SI is inevitable for SEs because the social mission is the driving force of these organisations. SI includes the social and cultural effect on people of any private or public actions that alter how people live, work, play, relate to one another, organise to meet their needs, and generally cope as members of society (El Ebrashi, 2011). These definitions distinguish SI because of SE interventions. However, they are practical outcomes with positive or negative results. It can be argued that the fundamental tenet of SI is to create change; specifically, the way in which individuals, groups, or communities are affected due to an organisation's activities.

Generally, all organisations create SI; however, this concept is associated with the value that SEs, social ventures, non-governmental organisations (NGOs) and social programmes create (Cost and Pesci, 2016). Commercial enterprises may produce SV in the process of creating private gains, and SEs may produce private gains in the process of creating SV (Narangajavana et al., 2017). Lumley (2013) made the case that all businesses deliver products and services to customers and the customers pay them for what they receive. The customer's willingness is used to evaluate the value that the customer perceives for that particular product and service, without any need for evaluating anything else. SEs, on the other hand, create transactions with the intent of achieving SI.

The contest surrounding SI for SEs is gaining increasing momentum due to funders' need to know whether their funds are making a difference in solving social issues, and managers' desire to gain awareness of the outcomes and SI their activities produce (Costa and Pesci, 2016). New demands by government and resource investors have also increased the pressure (Nicholls, 2009). A report by Groupe d'Experts de la Commission sur l'Entrepreneuriat Social (GECES) on SI (2014) revealed that the demand to demonstrate impact is increasing due to a reduction in private and public response and increasing competition for funding. Many studies (Ellis and Gregory, 2008; Heady and Rowley, 2008; Heady and Keen, 2010; Dacombe, 2011) argued that government funding requires comprehensive monitoring and evaluation, and that it is more costly than other funding types.

Some scholars (Arvidson and Lyon, 2014; Pathak and Dattani, 2014) argued that the pressure SEs face to justify their SI is not only monitoring performance but also to reinforce the mission, resource acquisition and stakeholder accountability. McLoughlin et al. (2009) asserted that if existing SEs are to develop and have a sustainable impact, and if emergent SEs are to grow to tackle social issues, they need to demonstrate their usefulness through SI. In their study, stakeholders were critical for evaluating SI. One major criticism of McLoughlin et al.'s (2009) work is that it did not take into account the implementation processes of the Social Impact Measurement for Local Economies (SIMPLE) model and other tools to identify best practice.

In Luke et al.'s (2013) comprehensive study on the use of the SROI tool, evaluating SI was found to be vital for establishing organisational legitimacy. This study is similar to those reported in Lyon and Arvidson (2011), where the scholars found that evaluating SI provides increased transparency, accountability and affects the process of decision-making, as well as legitimacy and organisational visibility. However, both Luke at al. (2013) and Lyon and Arvidson (2011) place emphasis on quantifiable measures, which limits qualitative insight. The studies would be more persuasive if both financial and non-financial information were presented.

Despite the plethora of evidence on the importance of capturing SI, SEs face challenges in terms of what and how to assess (Short et al., 2009; Hall, 2014). Therefore, providing SEs with tools and knowledge for SIA could enable them to improve the approaches and expedite the learning process (Connolly and Kelly, 2011; Lyon and Fernandez, 2012). Arvidson (2009, p. 15) referred to a range of "methodological challenges" which must be managed by staff in an impact assessment process, including the selection of appropriate tools, selecting and interpreting data, and dealing with the limitations of impact data itself and what it can capture.

According to Polonsky and Grau (2008), there is no one way of capturing all aspects of SI. Multiple approaches are needed (Polonsky and Grau, 2008; Thomson, 2008; Bartual Sanfeliu et al., 2013). Multiple approaches meet reporting needs for different stakeholder groups (Lyon, 2010; Ogain et al., 2012). While SI is considered a performance-based dependent variable related to SEP (Rawhouser et al., 2017), understanding of SI is yet to reach consensus due to the proliferation of terminology and diversity of contexts; for example, SI has been conceptualised in the literature using terms such as *SV* and *impact* (Moss et al., 2011; Santos, 2012).

SEs are socially driven organisations with responsibility to all stakeholders. These organisations need, more than ever, to demonstrate their social mission as the funding and commissioning landscape evolves and become more competitive. However, this is not the only reason for assessing SI. SEs should capture SI if they wish to innovative, be efficient and grow (Ebrahim and Ranga, 2014). The challenge, however, is adopting the right tool or framework for assessment.

2.4.1 Social impact assessment

Esteves et al. (2012) described the SIA as the processes of managing the social issues associated with planned interventions. Pressure to capture SI has propelled an increase in approaches to SIA (Florman et al., 2016). NEF Consulting, a UK organisation helping to build a new economy with a social purpose, has twenty SIA tools for social organisations. They include frameworks and tools such as SROI, SAA, the Social Enterprise Balance Scorecard (SEBC) and SIMPLE; the Third Sector Performance Dashboard (TSPD), Quality First, Prove It, Local Multiplier 3 (LM3); the Practical Quality Assurance System for Small Organisations (PQASSO); and the ISO 9001: 2008 standard and the Investors in People Standard (IiPS). Also, there is the Volunteering Impact Assessment Toolkit, the Big Picture and AA1000 Assurance Standard (AA1000 AS); the Eco-mapping and Development Trusts Association's (DTA) Fit for Purpose; the EU Eco-Management and Audit Scheme (EMAS) and the Global Reporting Initiative (GRI) guidelines; the European Foundation for Quality Management's (EFQM) Excellence Model and the Co-operative Environmental and Social Performance Indicators (CESPIs). Other tools such as the Theory of Change and Logic Model are taken from Social Impact Scotland.

Sadownik (2013) claimed that of all the SIA methods, SROI had received the most attention in academia and practice. Arvidson et al. (2013) described SROI as a cost–benefit analysis created to reflect the value

of social benefits. In the UK, the value placed on social activities is usually one-pound sterling (Arvidson and Lyon, 2014). A general formula developed to calculate SROI is as follows:

SROI = (SI value – initial investment amount) / initial investment amount *100%

The above formula appears simple, but this process requires access to a large amount of data (Costa and Pesci, 2016). Lautermann (2013) argued that placing a financial value on social activities is debatable. However, it is considered the most favourable methodology for SI in the social sector by the Cabinet Office (a reference to the Cabinet's Guide to SROI). The Office referred to SROI as the tool accounting for a broader concept of value. SROI includes some approaches similar to a social accounting framework.

According to Wilson and Bull (2013), there are five processes or stages of SROI. The first stage is engaging with stakeholders to understand what value means to them. The second stage follows with how value is created through a range of activities. Then, there is finding appropriate indicators for identifying changes that have occurred because of stages one and two. The fourth stage is to place financial proxies on those indicators. The final stage is to compare the financial value of the social change created with the financial cost of producing these changes. SROI is considered a valuable tool that contributes to the decision-making process. However, the tool lacks any kind of authority and is without rigour (Wilson and Bull, 2013). Mulgan (2010) claimed that the tool attempts to meet too many strategic objectives at once. Similarly Nicholls et al. (2009, p. 77) argued that "comparison[s] of social return ratios [between organisations] are unlikely to be helpful".

Pathak and Dattani (2014) argued that inadequate data and lack of experience in SEs affect the effectiveness of the evaluation process. The authors identified two technical challenges of SROI: discount value and ethical issues. Discount value fails to consider inflationary rates, which results in exaggerated SROI claims. Equally, ethical issues are linked to calculations that neglect to incorporate overheads into cost allocations. Although this could be an oversight, the tool should have a criterion that prevents such omission. Pathak and Dattani (2014) affirmed their experiences in the use of SROI and claimed that this omission is a common occurrence. A consistent approach could minimise such omission and present a standard reporting format.

As with SROI, SAA is an accounting tool defined as a:

> *…framework, which allows an organisation to build on existing documentation and reporting and develop a process whereby it, can account for its social performance, report on that performance and draw up an action plan to improve on that performance,*

and through which it can understand its impact on the community and be accountable to its key stakeholders.

(Pearce, 2001, p. 9)

SAA is often perceived to be the whole process of measurement, but it is a specific part of the process (Gibbon and Affleck, 2008). The stages of evaluation are internal data collection and analysis, independent audit of the results (social auditing) and a method of disseminating the outcomes (Pay, 2001). Based on the outcomes, it gives the organisation indicators that support their objectives, thus allowing the organisation to know if the goals are met. There are many benefits to this tool such as accountability and increased transparency, with an emphasis on organisational learning (Gond and Herrbach, 2006). It embeds organisational information systems and the systematic improvement of stakeholder relationships (Thomson and Bebbington, 2005). A study by Gibbon and Affleck (2008) on SEs resisting SAA revealed that lack of awareness of elected members and recognition by local authorities are external issues linked to SAA. Equally, time and cost are external issues hindering SEs from adopting SAA (Gibbon and Affleck, 2008) Unlike SROI, SAA evaluates internal resource and capabilities before engaging stakeholders.

Nonetheless, both tools strategically engage stakeholders to collect data, understand the value and improve organisation interventions. SEBC takes the approach of Kaplan and Norton's (1992, 1996) balance scorecard. This model was developed by Social Enterprise London to assist SEs to clarify and articulate their strategic objectives (NEF Consulting, 2009). Bull's (2007) study on the balance of SE performance revealed that SEBC has similar organisational issues to the original model. In contrast, Meadows and Pike (2010) said that the model is beneficial because it creates a strategy map that allows an organisation to plan and measure strategic objectives, thus managing change within an organisation. However, it does not have any external verification and is limited in scope to the essentials (NEF Consulting, 2009).

McLoughlin et al.'s (2009) examination of the strategic approach to SI in SEs presented SIMPLE as a coherent and robust methodology for SI. SIMPLE brings a strategic perspective to analysis based on five stages identified in Table 2. *Scope it* is the first step, allowing managers to understand impact problems and their drivers. Once the social issues and drivers are identified, the next phase is to *map it* by mapping out the relationships between daily operational activities (NEF Consulting, 2009). After this, key impact indicators are assigned to outcomes to allow the organisation to generate ongoing quantitative data that represent their SI. The *track it* stage has four components: inputs, activities, outputs and outcomes (McLoughlin et al., 2009). Once the data are collected, organisations then need to *tell it* by highlighting

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appropriate indicators to share with stakeholders. The final stage is to *embed it* within the organisation with rigour (NEF Consulting, 2009). Due to the multiple processes involved, SIMPLE can be time-intensive, especially in terms of setting it up (NEF Consulting, 2009).

Social Firms UK developed TSPD for social firms and emerging social firms' internal performance management (PM). Velcu-laitinen and Yigitbasioglu (2012) said that the tool is useful because it incorporates visual and functional features, which when combined improve interpretation and cognition. Furthermore, it communicates both the performance and values of the organisation to stakeholders (Pauwels et al., 2009). Clark et al. (2006) highlighted the same benefit of this tool as studies that are more recent. Nonetheless, limitations exist. NEF Consulting (2009) said that the simplicity of the model is also its limitations because the tool is a template that does not analyse the long-term outcomes or impacts of achieving the organisation objectives. Unlike the other tools with many different facets, quality first is a simple tool to use based on the quality areas listed. It is designed for small SEs without any paid staff (NEF Consulting, 2009).

GRI is a globally recognised reporting guideline for demonstrating social, environmental and economic impact (Levy et al., 2010). It has seventy-nine indicators, which allows organisations to choose how many they wish to adopt (Mouchamps, 2014). While these indicators are used to assess the impact (Mouchamps, 2014), Meutia (2013) contended that they are not necessarily linked to the mission.

Bassioni et al. (2005) contested the use of EFQM due to its cost limitation, especially for smaller organisations. Yang et al.'s (2010) review of assessment metrics suggests that EFQM is a model widely used among small to medium-sized enterprises (SMEs) in construction. However, NEF Consulting (2009) stressed the relevance to social organisations such as the Liverpool Personal Services Society. The framework helps organisations improve overall quality with a focus on innovation and learning (Yang et al., 2010). Nonetheless, there is limited use of this tool in the SE sector (NEF Consulting, 2009).

LM3 is a tool for local economies. The number 3 reflects the three times customers spend in the locality (Silovska and Kolarikova, 2016). It helps organisations evaluate local economic impact through five stages. The first stage is to determine what a local area is, and then sources of income are identified at the second stage. The third stage is a critical assessment of how income is utilised in the local area. Once this is complete, beneficiaries of the organisation are surveyed for feedback. The fifth and final stage is to collect all data and to calculate the LM3 score (NEF Consulting, 2009). McLoughlin et al. (2009) said that

LM3 is not suitable for small-to-medium SEs because it is more appropriate for larger size organisations. However, twenty local authorities and thirty private and not-for-profit UK organisations use it (SIS, 2017).

EMAS enables the organisation to identify environmental problems and implement a systematic environmental management system (Ecomapping, 2006). It reduces the risks of prosecution under EU regulation 1836/93 (European Commission, 2006). Nevertheless, managing environmental issues is problematic for SMEs (Koroljova and Voronova, 2007).

Similar to EMAS, eco-mapping is a tool that allows the organisation to prioritise environmental problems (NEF Consulting, 2009). Around 80 percent of environmental information is location based (Koroljova and Voronova, 2007). However, it does not determine risks and future challenges and trends (NEF Consulting, 2009). The tool is tailored to small organisations (Ecomapping, 2011), and proven to be useful in small UK enterprises (Koroljova and Voronova, 2007).

ISO 9001:2015 is a universal quality management system that helps the organisation achieve quality by focusing on how things are done (Sampaio et al., 2011). It is the only standard of the ISO 9000 family that can be certified (ISO, 2017). The tool is divided into three dimensions – customer, organisation, and supplier – and seven main processes (NEF Consulting, 2009). Over one million organisations in over 170 countries are certified to ISO 9001 (ISO, 2017). Sampaio et al.'s (2009) study of ISO 9001 found that there is an increase in certification in western European countries.

The Logic Model is also known as the Theory of Change or Programme Matrix (see works by the Innovation Network, Key Fund, and Triodos Bank). However, a minor difference in approaches exists. A Logic Model is a visual model that links intended outcomes with activities to enable an organisation to clearly articulate their achievements (Social Impact Scotland, 2017). It displays the relationship between an organisation's inputs, activities, outputs, outcomes and intended impact (Kaplan and Garett, 2005) explicitly. In contrast, the Theory of Change assists organisations to plan and evaluate activities, projects, services or communities of service to deliver long-term outcomes or changes. This approach utilises backward mapping instead of the stakeholder mapping and SROI mapping technique used in the Logic Model. Despite the popularity of both models, some challenge their application; for example, the Logic Model is criticised for its oversimplification (Knowlton and Phillips, 2013).

Table 2: Social impact assessment tools and frameworks

Methods	Area of focus	Developed by	Examples of SEs using the method
SROI	Social, environmental and economic	Roberts Enterprise Development Fund	SVUK Bulky Bob's
SAA	Social, environmental and economic	NEF Consulting, John Pearce & Simon Zadek	Furniture Resource Centre Traidcraft
SEBC	Social, environmental and economic	Robert Kaplan & David Norton	Café Direct Liberty Credit Union
SIMPLE	Social impact	Social Enterprise London University of Brighton	Skillsgateway CIC
TSPD	Organisational performance	Social Firms UK	Pack-IT
Quality First	Organisational performance	Tony Farley & Birmingham Voluntary Service Council	Youth n Youth Birmingham Community Venture
Prove It	Regeneration	NEF Consulting Groundwork UK Barclays PLC	The Wildlife Trusts Groundwork UK
LM3	Local economy	NEF Consulting	Knowsley CVS Bulky Bob's
PQASSO	Quality assurance	Charities Evaluation Services	Princess Royal Trust for Carers 2AMASE
ISO 9001	Quality management	International Organisation Standard	Triodos Bank Age Concern
IiPS	Organisation performance	UK National Training Task Force	Suma Wholefoods Co-op Step by Step
VIAT	Organisational change	Institute for Volunteering Research	Chelsea and Westminster Hospital NHS Foundation Trust
The Big Picture	Organisation performance	Scottish Council for Voluntary Organisations	North Ayshire Women's Aid Dunoon Care
AA1000 AS	Social, economic and environmental	Social Accounting and Audit	The Co-operative Bank FRC Group
Eco-Mapping	Environmental	Heinz-Werner Engel	Over 20,000 copies downloaded since 1998
DTA	Development	Development Trusts Association	Amble Trust Riverside Family Learning Centre
EMAS	Environmental	EMAS & The International Network for Environmental Management	The Beacon Press Bristol City Council

GRI	Economic, environmental and social	GRI	Oxfam GB Co-operative Bank
EFQM	Quality, performance and development	The European Foundation for Quality Management	Thames Reach Liverpool Personal Services Society
CESPIs	Environmental and social performance	Co-operatives UK	The Social Enterprise People (Cambridge CDA)
Theory of Change	Social and economic	Aspen Institute	Key Fund Triodos
Logic Model	Policy development or programme strategy	Carol Weiss, Joseph Wholey & others	Key Fund Triodos

(Source: developed by the author)

2.4.2 Gaps in the use of social impact tools and frameworks

The previous section shows different methods available to evaluate SI. However, some of these methods are emerging (i.e. SEBC). Others like SROI, SAA, ISO 9001, and AA1000 AS have a market and industry-wide usage. Antadze and Westley (2012) said the latter are grounded in accounting systems and focus only on short-term outcomes instead of long-term SI. While financial outcomes present value to both funders and SEs, non-financial data present insights into the SI created. Even though SROI and SAA include some qualitative data in the form of a Logic Model, it is worth only twenty percent of the data (Cooney and Lynch-Cerullo, 2014). There are some straightforward tools (PQASSO, Prove It, Logic Model, the Theory of Change and Quality First) for small to medium-sized SEs who may have human resource issues for implementing SI standards. The tools and frameworks are social mission specific, as shown in Table 2, which can serve as a standard method to capture overall interventions by the organisations.

The challenge for SEs is to evaluate data in a manner that supports their mission, demonstrate SI to different stakeholder groups and meet funding requirements. Failure to prove could lead to difficulty in creating organisational legitimacy (Luke et al., 2013). In Ormiston and Seymour (2011), SEs failed to evaluate SI due to misconceptions and lack of skills and knowledge. Wilkes and Mullins's (2012) study found a lack of analytical skills amongst staff using impact frameworks. However, a prior study by Young (2006) found that SEs that assess SI rely on particular methods and approaches as they become descriptions of, rather than proxies for, the assessed SI. Arvidson and Lyon (2014) found varied approaches to SIA in the social

sector. Further review of studies on SI in SEs will be useful for a comprehensive view of the approaches and perceived barriers.

2.4.3 Social impact assessment in social enterprises

The plethora of methodologies highlighted in the previous section sums up the interest in SI in the sector. The need to understand the SI of SEs is not new because they operate on dual objectives: social and commercial (Lall, 2017). However, the challenge is to balance both social and financial data. Due to the withdrawal of funds by the government and other resource providers, SEs have become more enterprising and financial sustainable (Di Domenico et al., 2010). Trivedi and Stokols (2011) revealed that SEs use entrepreneurial talent to create positive social change.

These organisations face challenges due to continuous pressure by external forces to demonstrate the significance of their interventions. Arvidson and Lyon's (2014) study found that SEs in the UK struggle to assess SI because of discomfort and resistance. Some scholars found that data collection can be time-consuming and costly for SEs (Gair, 2009; Cnaan and Kang, 2010; Kail and Lumley, 2012). An extension of challenges in SEs is noted in Cordery and Sinclair (2013), where the scholars found that many lack the necessary expertise to undertake this practice and are therefore left with no alternative than to employ a consultant (Cordery and Sinclair, 2013).

Ebrahim and Ranga (2010) found that the complexity of SEs itself is a challenge because the responsibility of the organisation cannot be identified, hence making it challenging to capture interventions. Lack of financial resources was a challenge for all SEs in Bornstein (2004), Nicholls (2009) and Esteves et al. (2012). Nicholls (2009) considered pressure from the government and funding organisations as forces contributing to the call for SI.

The type of data assessed appears to be vital. Taticchi et al.'s (2010) study found that financial and non-financial SI data are driven by the market environment to understand the overall organisation performance. It would be reasonable to contend that the standardised approach to the frameworks influences the interest for financial data. It is important to note that Taticchi et al. (2010) also found a changing perspective from their study, whereby non-financial metrics preceded financial metrics.

A recent study by Lall (2017) found that academic understanding of factors related to assessing SI is ambiguous and needs further investigation. Regardless of these challenges, assessing SI is crucial as McLoughlin et al. (2009) claimed that if SEs are to address social needs, they need to demonstrate their

usefulness through SI. On a positive outcome, Imperatori and Ruta's (2006) study found a correlation between an SE's ability to recruit and retain skilled staff and the success of the business.

As previously mentioned, methods of assessing financial impact are straightforward because they are standardised, but the assessment of SI is less clear (Bagnoli and Megali, 2011; Ormiston and Seymour, 2011; Ebrahim and Rangan, 2014). There is substantial attention by academics (Bagnoli and Megali, 2011; Arvidson and Lyon, 2014; Arena et al. 2015) and practitioners (Edens and Lall, 2014; Hehenberger et al., 2014; Schiff et al., 2016) to the SI approaches of SEs. While funders are drivers of SI, SEs face an imperative to assess for legitimacy (Ebrahim et al. 2014; Arena et al. 2015). Previous studies have not examined the concept of SI from a sector-specific perspective and how SI is practised in different organisational sizes in a single sector.

The purpose of evaluating SI is to demonstrate accountability and legitimacy to funders and other stakeholders (Nicholls, 2009; Ormiston and Seymour, 2011). Others found that managers of SE seek SIA for internal purposes as a growing need for professionalisation (Hwang and Powell, 2009; Thomson, 2011; Ebrahim et al., 2014). Lall (2017, p. 2637) distinguished this perspective as "measuring to prove and measuring to improve". The former is used to demonstrate legitimacy to leading stakeholders, while the latter, on the other hand, is the rationalisation of internally driven norms.

Huang and Hooper's (2011) study of philanthropic funders revealed that financial information was limited when deciding which accountability to discharge or social organisation to fund. Both Taticchi et al. (2010) and Huang and Hooper (2011) found that funders' reported non-financial information is more vital (notably when social organisations detail how they delivered on their mission and the benefits provided to the community). In Huang and Hooper (2011), funders were interested to understand what organisations learned from undertaking a particular project. From this study, funders preferred non-financial reporting. The same finding was noted in Krlev et al. (2014). This preference enables organisational learning through the implementation process. Although the study considered different types of non-profit organisations (including SEs), it lacked a specific focus on SEs and their approaches to SIA. The research would have been more relevant if a broader range of SEs was explored.

Given these challenges, SEs tend to use those methods which are simple to compile rather than the most appropriate approaches, thus limiting the meaningfulness of SI reporting (Lee and Fisher, 2007; Agyemang et al., 2009). The Alliance for Effective Social Investing ([AESI], 2010) recognised that SI information

should be both positive and negative. A similar view is noted in Pärenson (2011). However, SEs are often afraid to report bad news in case it affects future funding (AESI, 2010).

2.4.4 Empirical studies on social impact in social enterprises

Scholars have examined the full range of issues related to the design and implementation of SI (Ittner et al., 2003; Henri, 2006; Hall, 2008). Flockhart (2005) assessed the SE adoption of investment-ready tools and SROI concerning SE credibility to adopt an entrepreneurial approach to enterprise. The scholar employed a qualitative approach using interviews conducted with prominent advisers from the social investment industry in England and Scotland to gain insight into their understanding of SROI. The study revealed that SEs preferred SROI to assess SI only if they could overcome the resource implications of implementing the tool (Flockhart, 2005). Similarly, Rotheroe and Richards (2007) applied the SROI concept to an SE in Liverpool, with the findings indicating that SROI is pivotal to innovative business process, and demonstrates many areas of sustainability. Nevertheless, this lacked clarity on design and implementation. However, the main weakness of Flockhart (2005) is the failure to demonstrate the process of application. The application process is visible in Rotheroe and Richards (2007), although no attempt was made to display non-financial SI.

Bull's (2007) analysis of assessment tools for SEs emphasised the challenge of demonstrating SI and lack of success amongst his sample in utilising assessment tools to do so. Some studies (Haugh, 2005; Austin et al., 2006) proposed SI, resource acquisition, training and education, and learning about SEP as areas for future research. In their detailed study, Austin et al. (2006) distinguished people and resources in SEs and commercial organisations.

Bull and Crompton (2006) investigated the development of business forms in the SE sector. The scholars adopted a qualitative grounded research methodology to investigate fifteen SEs in the North West of England. The results inferred that SEs take shifting business forms, they face enormous challenges and are working on accountability concerning their SV and SI. The study revealed that managers are committed to promoting SI. However, they showed little evidence of SIA. Much of their SIA was providing data sought by funders (Bull and Crompton, 2006). The challenge is to develop relevant SI indicators.

Muñoz (2009) argued that much of the literature that examines the SI of SE activity places a high emphasis on the assessment of the organisation itself. The scholar suggested SEs should consider the varied "impacts in social and economic terms at various scales from the neighbourhood to the region, as well as self-esteem

and social inclusion at the individual level, to provide the evidence base that is currently lacking" (Munoz, 2009, p. 306).

SI in SEs is strategic to improve performance (Nicholls, 2009). However, there are issues in implementing SI in these organisations. Studies conducted in the UK identified various challenges faced by SEs. These consist of the intricacy of operationalising impact, data collection and analysis (Barraket and Yousefpour, 2013), while the environment for SI is unconducive for evaluation and is unlikely to meet financial indicators (Arvidson et al., 2010). Lane and Casile (2011) recognised that assessing SI is difficult for SEs due to their heredity.

Greiling (2010) undertook an explorative study among non-profit organisations (including SEs) concerning implementing the balanced scorecard. The author applied a quantitative approach but the findings were interpreted in a descriptive approach. The investigation revealed that participating organisations did not sufficiently adapt the balanced scorecard to their non-profit operations. A longitudinal study and qualitative interviews could have provided additional insight into the findings (Greiling, 2010).

Ebrahim and Rangan (2014) suggested that some organisations are best capturing short-term individual outcomes or outputs rather than long-term SI. Impact investors and funders are better evaluating systematic impacts (Ebrahim and Rangan, 2014). The Logic Model is most appropriate for capturing systematic SI because it takes into consideration the inputs, activities, outputs and outcomes of an organisation. Some scholars (Ellis and Gregory, 2008; Lumley et al., 2011; Ogain et al., 2012) found that the levels of SIA depend on the activities, capabilities and expertise of the organisations.

Turner et al. (2014) investigated the construct of evaluation in SEP. The study applied content analysis to assess the construct for the assessment in practice. The content analysis supports the assessment type, number and factors associated with research of SEP. It also demonstrates a comparison with the construct in practice. For future research, Turner et al. (2014) proposed stronger indicators of basic constructs such as mission consistency, SI and value, and performance because much of the previous research in this area had applied quantitative analysis. This proposal contributes to the choice of research methodology adopted for this study.

Bagnoli and Megnoli's (2011) inquiry linked the subject of management control and tried to create an evaluation system for SEs. The study revealed that "a series of variables can be elaborated as a measurement scheme for concrete implementation" (Bagnoli and Megnoli, 2011, p.12). In another study

by Barreket and Yousefpour (2013), it was found that SEs and grant funders must first understand the primary purpose of SIA and how crucial it is to their organisations. Critically, they must consider how and what to assess. It is worth knowing that the study investigated five SEs in Australia.

Taylor and Taylor (2013) emphasised the need for greater insight into the theory and practice of SIA in social organisations. It revealed that there are no existing models or frameworks that appear to align in full with the unique characteristics of social organisations; however, one that adopts a stakeholder approach could be most appropriate. Esteves et al. (2012) found that good SIA is participatory, supports affected people, and increases understanding of change and capacity to respond to change.

In light of these studies, SEs who choose to demonstrate their interventions are either responding to external forces (i.e. funders and policy-makers) or are driven by managers who seek to understand the SI of their responses. However, it is unclear what type of SE responds to the pressure and which of the forces have more influence on the decision to assess SI.

Empirical evidence in this area is limited. Much of the studies on SEs adopt a qualitative approach. However, they fail to investigate SI practice in the organisations. As suggested above, the qualitative approach will provide an insightful picture of SI approaches in the selected cases (see Chapter 4 for cases).

2.4.5 Review of social impact studies in the UK

This section reviews SI studies in the UK, which is the context of this study. The table below presents examples of empirical evidence on SI in UK SEs. Due to limited research in this field (Short et al., 2009) some studies, as listed in Table 3, draw from other areas such as performance measurement to investigate SI. As previously mentioned, SI is interchangeably used as SV and impact in some studies (see Nicholls, 2006; Young, 2006; Auerswald, 2009; Miller et al., 2012; Santos, 2012; Kuratko et al. 2017).

Table 3: Examples of studies on social impact in UK social enterprises

Authors	The focus of the study	Approach	Key findings	Terminology
Flockhart (2005)	Examined the use of SROI and investment ready tools to bridge the financial credibility gap	In-depth interviews	Four stages of engagement help prepare SEs for investment. They are: diagnostic review, response, business development from consultant and exit strategy	SV
Kneiding and Tracey (2009)	Developed a framework that measures the performance of financial institutions in the community through an analysis of their stakeholder relationships	Semi-structured interviews	Identified three dimensions of performance: organisational structure, types of lending and focus on client or the funder market. Organisations with entrepreneurial strategy had higher social performance indicators than those with community development strategies	SPIs
McLoughlin et al. (2009)	Developed a robust methodology for SI measurement of SEs that would provide the conceptual and practical basis for training and embedding	Empirical qualitative	The SIMPLE tool can be used by all organisational sizes and enterprise sectors. The tool is appropriate for business planning and strategic decision. However, training and costs for developing the tool is a hindrance	SI
Dawson (2010)	Explored a current measurement system within social organisations and recommended a new set of ongoing changes to be implemented	Semi-structured interviews	All staff undergo outcomes training with the organisations PM guide. The PMS guide is used for business planning and strategic business planning. Secondary satisfaction measures for stakeholders and inconsistencies in team evaluation are weaknesses identified	PM
Cordery and Sinclair (2013)	Synthesise literature on performance measurement to examine what constitutes performance measurement, and why it is important	Review	Financial performance and economic efficiencies have driven for quantitative methodology. However, this approach does not provide deep understanding of performance in SE sector.	SI
Millar and Hall (2013)	Analysed how SROI is used and understood in health and social care settings	Qualitative	SEs use SROI for a different purpose to what it was originally intended. SROI is a burden to SEs; these organisations would rather use internal and customized measurement tools. Overall, the nature, extent and effectiveness of measuring social value is shape by internal organisational factors.	SV
Arvidson and Lyon (2013)	Examined the experience and behaviour of non-profit organisations (including SEs) in the UK in relation to a demand for social impact evaluations	Qualitative	Pressure for measuring performance is widely driven by external stakeholders. At first, organisations resist measuring performance but, after some time, they begin to see the value of this information to their organisation	PM & SI
Wilson and Bull (2013)	The purpose of this case study is to highlight the complexities involved in conducting a social return on investment (SROI) forecast in a small social enterprise, The Wooden Canal Boat Society	Qualitative	The approaches of scoping; gathering and analysing information; engaging with stakeholders and assigning evidence against proxies (London centric) is challenging and exhausting, yet it provides a rich learning experience for all those involved	SI
Arvidson et al. (2014)	Investigated the social and economic impact of services delivered by a small charity to families affected by post-natal depression	Mixed	Pressure for measuring performance is widely driven by external stakeholders. At first, organisations resist measuring performance but, after some time, they begin to see the value of this information to their organisation	SV

Authors	The focus of the study	Approach	Key findings	Terminology
Sarpong and Davies (2014)	Explored how SEs as an emerging organisational form in market economies acquire legitimacy to attract the support of their constituents and stakeholders	Qualitative	Cross sector partnerships, community engagement and capability building and, compassionate enterprise narratives as quintessentially embedded managerial initiatives and practices, which give form to the legitimating activities of social enterprises	I
Ebrahim and Rangan (2014)	Builds on several cases to develop a performance assessment framework premised on an organisation's operational mission, scale and scope	Qualitative	PM is open to different interpretations. However, not all organisations should measure their long-term impact. Some organisations are better measuring short-term impact. There is an urgent need for scale and scope in the social sector	PM
Lehner and Nicholls (2014)	The paper discusses the necessary actions, benefits and implications for the involved actors from the public, private and third sector	Qualitative	Crowdfunding is a legitimate new source of funding for SEs. The legitimacy of this source is a positive signal for further investors. However, it identifies idiosyncratic hurdles to why a social finance market is yet to be created	SI
Loosemore (2015)	Investigated challenges in SEs operating in the construction sector	Qualitative	Identifies challenges faced by SEs in construction. These include measuring SI, securing finance, achieving scale, building trust and managing hybridity. These challenges are similar to those in other sectors	SI
Costa and Pesci (2016)	Analysed the notion of social impact of SI measurement in SEs by supporting the multiple-constituency theory as a contribution to this under-theorised issue.	Review	Identifies number of motivations for SI measurement. Supports the multiple-constituencies approach to social impact measurement for SEs. Challenges the golden standard approach	SI
Beer and Micheli (2017)	Examined the influences of PM on NFP organisations stakeholders by studying how PM practices interact with understandings of legitimate performance goals	Qualitative	Stakeholders and PM practices have dominant institutional logics that portray certain goals as legitimate. PM practices can reinforce, reconcile, or inhibit stakeholders understandings and propensity to act toward goals, depending on the extent to which practices share the dominant logic of the stakeholders they interact with	PM

Source: developed by the author

Research on how and why SEs capture their SI is limited, and this limits evidence-based managerial practice (Short et al., 2009). Rawhouser et al. (2017) reviewed conceptual and empirical studies on SI in SE. They identified 71 relevant papers from leading FT50 business journals. Similar reviews were undertaken by Slotte-Kock and Coviello (2010), Perry et al. (2012) and Bae et al. (2014), who found 18, 26 and 73 papers, respectively. The above reviews conclusively show SI investigation in environmentally driven organisations and organisations driven to assess financial impact. Nonetheless, some of these studies revealed stakeholder engagement when capturing SI.

The examples listed in Table 3 are some attempt by scholars to understand the role of SEs, their goals and SI. The main limitation is that these studies draw only on financial evaluation principles (i.e. SPIs and PM) for the investigations; for example, Kneiding and Tracey (2009), Cordery and Sinclair (2013), Millar and Hall (2013) and Ebrahim and Rangan (2014) relied on PM to discuss SI and the assessment of SI. Although this approach is uncommon, it demonstrates the high volume of interest in financial data, instead of both financial and non-financial data, which Huang and Hooper (2011) found to be an advantage from the funder's perspective.

Despite the contextual similarity of the studies listed in Table 3, they are distinctive in purpose, methodological approaches and findings. Flockhart (2005) addressed the credibility gap of SEs who access funding from the EU, such as the European Social Fund and European Regional Development Fund. The study found that SROI and other investment-ready tools are useful to SEs for internal improvement and more attractive to prospective funders. However, the findings are limited to the specific framework (SROI). As reviewed in section 2.4.1, the various frameworks and tools for SIA differ in usage, which means that findings from SROI may not apply to other approaches.

Kneiding and Tracey (2009) examined assessment frameworks in community financial institutions. The authors relied on ST to support the contested argument of financial institutions in the social sector. They questioned the performance approaches of these organisations based on two key features: financial and SROI. The authors argued that there is limited attention to the assessment of performance in the social sector because financial institutions focus on financial metrics (i.e. revenue from interest payments and growth of the funding programme). Instead, financial institutions should measure performance by their ability to attract external funding from foundations, government and other sources (Kneiding and Tracey, 2009).

Some scholars (Moxham, 2010; Nicholls, 2010) found resource acquisition to be the primary driver of SIA. Since funders provide resources, SEs are accountable to resource providers (Nguyen et al., 2015). Thus, SEs are not internally developing tools as they capture what the funder expects (Dhanani and Connolly, 2012). This supports previous study by Kaplan and Grossman (2010). The investigation revealed that funders or donors require social organisations to report against accurate indicators and achieve projected outcomes. Similarly, SEs may respond to the promise of social investing by seeking to be high performing social organisations that meet financial standards (Alliance for Effective Social Investing, 2010, cited in Cordery and Sinclair, 2013).

Cordery and Sinclair (2013) argued that quantitative indicators in the social sector are driven by financial performance and economic efficiencies, mainly for accountability purposes. In spite of the range of economic or financial assessment tools, engaging multiple stakeholders and communicating long-term impact strategies is paramount for accountability (Arvidson et al., 2010; Cordery and Sinclair, 2013). It can be argued that Cordery and Sinclair's (2013) study accelerated the debate for the adoption of qualitative methodologies in SIA research within the social sector and studies investigating the social sector and their external stakeholders (e.g. beneficiaries, the community, volunteers, grant-makers, and donors).

Mathur et al. (2008) confirmed that stakeholder engagement encourages innovation and reduces conflict. Nonetheless, limited attention is given to what SEs capture and how it is captured. One of the barriers to innovation and positive development outcomes is the limited understanding and skills of those who delegate SIA (Howitt, 2011). It is essential to understand how these concepts influence the way social relationships are created, change and respond to change, and hence how such ideas should frame analysis in an SIA (Ross and McGee 2006; Howitt 2011). Doherty et al. (2009) argued that the legal structure of SEs could affect the types of financial resources they attract. Similarly, Mswaka and Aluko (2014) found that Company Limited by Guarantee (CLG) structures can access grant funding and other types of donations, but they need to demonstrate financial viability to attract loan finance due to their inability to attract equity investment, as previously mentioned.

Arvidson and Lyon (2013) and Costa and Pesci (2016) examined the rationale for SIA concerning the demand from external organisations. Unlike Kneiding and Tracey (2009), Arvidson and Lyon (2013) relied on agency theory for the investigation. It was revealed that social policies by the government and funding organisations are drivers for assessing SI. However, SEs were resistant to external evaluation logic and norms, although they accepted the logic when managers understood the benefits to the organisation and staff (Arvidson and Lyon, 2013).

Costa and Pesci (2016), on the other hand, developed and supported a multiple-constituency approach, which views organisations as a network of stakeholders. The authors argued that SEs should implement assessment metrics that respond to their primary stakeholder's needs. As highlighted in Arvidson and Lyon (2013), stakeholder engagement is paramount to legitimate assessment information. Costa and Pesci (2016) proposed five steps to stakeholder engagement. The first step is identifying the stakeholders by determining who affects or is affected by the organisation. Once identified, stakeholders must be categorised because the urgency, power and legitimacy of all stakeholders are not equal. The third phase is to understand the nature of their interests such as their needs and claims; for instance, managers might identify impact as their ability to meet their social objectives and to be sufficient, while beneficiaries may prefer outcome measurement because they can evaluate that in terms of the services or products provided.

Following a good understanding of stakeholders needs, it is time to assess the relevant metrics. This phase is set to undertake an assessment of the key stakeholders and their previously identified interests and needs. Finally, stakeholders provide feedback regarding both the metrics enforced and the entire process of evaluation. A similar approach is noted in McLoughlin et al. (2009), where the scholars developed a robust assessment tool in their study of SEs evaluation techniques. They used the SIMPLE model: a five-stage tool for business planning and strategic decision-making to capture how SEs evaluate their performance. These steps are: scope it, map it, track it; tell it and embed it. The first stage of this model correlates with the findings in Arvidson and Lyon (2013) and Costa and Pesci (2016). It can be suggested that the model is an appropriate tool to solve the challenges identified in Cordery and Sinclair (2013) and Loosemore (2015). The main weakness of the studies is that they are limited to one case.

Interestingly, Loosemore's (2015) investigation into the challenges faced by SEs did not highlight stakeholder engagement, as per previous studies. Instead, balancing social and economic goals, achieving scale, corporate social responsibility (CSR) compliance, mutual trust and understanding, breaking into existing supply chains, the importance of partnership, diversified revenue base and measure, report and communicate SI are revealed as the key challenges for SEs. Barman and MacIndoe (2012) found that funders broadly do not contribute sufficient resources for assessment. However, committed employees will capture these, even without the funding to do so. Previous study (Lee and Fisher, 2007) supports this view, where scholars claimed that outcome evaluations are a continuous challenge, and precisely when expected the SI on recipients is determined by the external environment beyond the control of SEs. The annual regularity of financial reporting presents further difficulties, as noted by Aimers and Walker (2008), as

SEs find it difficult to demonstrate an immediate SI from their services since the intended effects may not be apparent for several years.

SROI is the most cited and encouraged tool to capture SI in the SE sector (Ryan and Lynne, 2008). The practical challenge with SROI is time- and resource-consuming (Lingane and Olsen, 2004). On this basis, SEs prefer internal and customised tools for robust and appropriate information specific to the organisation (Millar and Hall, 2013). Therefore, funding organisations and SEs should reach a consensus on the type of assessment tool for SI evaluation and the type of information that should be captured.

Resource constraints are a challenge for SEs (Loosemore, 2015). Lack of sufficient resources could affect SIA, whereby stakeholders acknowledge objectives but dispute the approach of achieving those (Doherty et al., 2014). Therefore, allocating resources to the right project is crucial. Dawson's (2010) case study revealed a specific guide to capturing SE interventions. The guide is based on three stages: planning, monitoring and reporting. Each team trained to identify and record the processes of SI (outcomes, outputs and indicators). This participatory approach demonstrates the determination of those organisations to report for funding and organisational efficiency. However, some inconsistencies occurred when collecting data by the team (Dawson, 2010).

As Ebrahim and Rangan (2014) said, capturing SI is open to different interpretations. More importantly, deciding what and when to capture becomes a challenge for organisations. Since SEs concentrate on different but relevant sources of finance to support their project (Lehner and Nicholls, 2014), it is essential for them to understand what funders are assessing. Ebrahim and Ranga's (2014) examination of three funding organisations revealed funders' evaluating criteria: outputs, long-term outcomes, individual outcomes and broader impact on society. This finding is analogous to Agyemang et al. (2009), where the scholars found that donors' short-term reporting requirements did not consider the slow local decision-making processes of some communities, and this made it even more challenging to meet strict reporting deadlines. However, Sadownik (2013) found different reporting standards across the sector.

In summary, funders and policy-makers are the drivers of SI in SEs in the UK. This growing push has drawn scholars to investigate the SI of these organisations. However, existing studies are yet to understand the extent of what SEs assess and how the process is undertaken. If SEs are to sustain themselves using funding circles or to gain credibility, it is essential that they defend their existence using SI reports (McLoughlin et al., 2009).

Some studies have examined SI in sectors such as environmental services, health and education, but little attention is given to the financial support and service sector, which is the external institution driving SIA. Therefore, this study aims to investigate the practice of SI in SEs by examining the extent to which SI is captured, how and why it is captured in SEs operating in the financial support and service sector.

2.5 Literature summary and gaps

Current studies revealed that funders and policy-makers are frequent drivers of SI in the UK (Arvidson and Lyon, 2013; Arena et al., 2015). These drivers are resource providers who demand evidence of their investment. However, SEs appear to evaluate for other reasons such as credibility, legitimacy and the overall achievement of their social mission. SIA enables internal development and aids decision-making. To capture this information, SEs adopt different methods. The most championed in the UK SE sector is SROI – a largely financial method with some qualitative contents. However, some argue that financial metrics such as outputs and outcomes limit the accountability of SEs (Huang and Hooper, 2011; Clifford et al., 2013). The consensus on this matter is that non-financial metrics are more important to support the argument for SI created by SE because the experience gained by the beneficiaries can only be qualified not quantified.

Despite the benefits of SIA, barriers exist. The review identified various barriers to SIA, with resource constraint appearing to be a frequent barrier. Pressure to assess SI is a challenge for SEs because many are driven by the intent to deliver social good first. SEs face some problems of what to evaluate, what tools or framework to use for assessment, how to assess, financial constraint, balancing social and economic goals, expertise and capabilities. These barriers pose a major threat to the development of SEs because resources are crucial to tackling the needs of those affected by the socio-economic problems. The table below presents a summary of the literature. This summary forms the theoretical guide for this study.

Table 4: Theoretical guide for social impact research

Authors	Theory	Drivers of SI	Preferred SI tools and frameworks	The rationale for capturing SI	Barriers to SIA
Aimers and Walker (2008)	N/A	External environment	Financial metrics	N/A	Demonstrate immediate SI

Nicholls (2009)	Institutional logics Blended value accounting	Government Foundations High net worth individuals	Quantitative and qualitative	Accountability and legitimacy to stakeholders Enhance performance	Preference shaping by institutional logics
Bagnoli and Megali (2011)	Institutional	External environment	Logic model	Economic and financial performance Institutional legitimacy Social effectiveness	N/A
Ormiston and Seymour (2011)	Creative destruction	Social entrepreneurs Innovative environment	Financial and non-financial	Accountability and legitimacy to stakeholders	Capturing beyond SV
Thompson (2011)	N/A	External environment	Quantitative metrics	Internal development	Resource constraint
Desa and Basu (2013)	Resource dependency	Funders and policy makers	Financial metrics	External institutions Internal development	Resource constraint
Hadad et al. (2014)	N/A	Funders and policy makers	Quantitative measures	Improve performance Investment decisions	Homogenous methods
Ebrahim and Rangan (2014)	Theory of change	Funders	Logic model	Accountability	What to measure
Ebrahim et al. (2014)	Mission drift	Funders and policy makers	Financial metrics	Legitimacy Internal development	Accountability for dual performance objectives Accountability to multiple principal stakeholders
Polonsky et al. (2016)	N/A	Government	Quantitative and qualitative	Sourcing funding Improve performance	Lack of funding Lack of expertise Unavailability of data and not having a common framework or set of measures
Arvidson and Lyon (2014)	Decoupling	Funders	Cost–benefit analysis SROI	External institutions Legitimacy Status Competitive advantage	Internal discomfort and resistance

Arena et al. (2015)	Stakeholder theory	Funders	SEBC	Legitimacy Accountability Transparency Decision-making	Identifying dimensions Resources Time constraint
Nguyen et al. (2015)	Resource dependency Agency	Funders	SROI Qualitative approaches	Interdependence with resource providers Transparency Accountability Legitimacy	Limited resources
Cordery and Sinclair (2013)	Programme	Funders Policy-makers	Financial metrics	Accountability	Lack of expertise Cost Attributing outcome
Millar and Hall (2013)	N/A	Sector	SROI	Improve work practice Attract funding	Practical constraints (time and cost resources) External challenges of SROI (does not secure new contract)
Arvidson and Lyon (2013)	Agency	External resource providers	Financial metrics	Organisational legitimacy Understand social purpose Learning Promotional purposes	Internal organisational culture Selecting suitable indicators
Wilson and Bull (2013)	N/A	Local authority	SROI	Secure funding Commissioners	Limited resources
Costa and Pesci (2016)	Multiple constituency	Civil society Funders	Quantitative and qualitative	Multi-directional accountabilities for SEs Formal and informal accountability and closeness between SEs and stakeholders	Identifying stakeholders
Short et al. (2009)	N/A	Civil society	Quantitative and qualitative	Accountability	How to measure and what to measure

(Please note: N/A stands for 'not applicable')

(Source: developed by the author)

Previous studies are limited to an examination of an SIA framework in an SE. However, these studies failed to investigate the practice itself. Nicholls (2009) proposed three questions to study concerning SI:

> *First, there is the question of what is to be measured and reported. There is the question of how to measure what is to be reported. Third, there is the issue of what is the purpose of measurement and reporting.*
>
> (Nicholls, 2009, p. 758)

Although the above proposal is almost a decade old, the current state of SE research has failed to shift this proposal to empirical studies that could determine future developments of the field both in academia and in practice. Haski-Leventhal and Mehra's (2016) investigation was justified using Nicholls's (2009) study. However, the context of their study differs from the present research.

Most of the studies in the field rely on the PM literature to examine SI. This approach does not fully capture the SI achieved from a social change perspective, which is the fundamental tenet of SEs. Nicholls (2009) recommended qualitative data from SEs to allow a more sophisticated analysis of the role and values of SI reporting in the context. Similarly, Polonsky et al. (2016) proposed a holistic view of societal value that allows SEs to use narratives to demonstrate their success. The scholars referred to success as achieving the outlined social, economic or environmental mission. Understanding the SI of SEs will provide an opportunity to capitalise on long-term value creation within the sector (Polonsky et al., 2016).

After a critical review of the literature, it is concluded that there is no research that has sought to explore the SI of SEs operating in the financial support and service sector, which is the sector driving the discourse for SI. SEs in the proposed industry provide financial and business support services to individuals and businesses in their communities (see further details in Chapter 3). The aim is to address the challenging socio-economic issues faced by people in their communities, especially in the UK following continuous cuts to the public sector. Therefore, this study aims to investigate SI practice in SEs operating in the financial support and service sector in the UK. It will examine the extent of SIA, how it is captured, and the barriers to SIA. The findings will provide critical insights into the interventions of these organisations and the significance of the SI they create. This investigation will make a theoretical and practical contribution to the understanding of SI practice in SEs in the UK.

2.6 Chapter summary

SEP is a sub-phenomenon of entrepreneurship. It emerged due to a rise in political consciousness, market failure and organisations' need for innovation. SEP involves combinations of innovative solutions and entrepreneurial-like behaviour to achieve social change. The organisations developed under this spectrum are known as SEs. They operate as for-profit or not-for-profit organisations with the intent to tackle social, economic or environmental problems. Recently, however, these organisations have been pressured by funders and policy-makers to demonstrate the SI of their interventions. These drivers are external institutions who provide resources to SEs. The review of the existing literature found that stakeholder engagement is vital to evaluating and reporting SI because they are beneficiaries of the social problems. This was prevalent in SI studies in the UK. Since the drivers and rationale for evaluating SI are external institutions and stakeholders respectively, IT and ST are conceptualised to guide the study.

Chapter Three

UK Social Enterprise Sector

3.0 Introduction

This chapter will examine the UK SE sector. The first section presents the historical development, geographical positions and characteristics of SEs. The second section provides a critical review of the activities, typologies and legal structures adopted by these organisations. The third section provides insight into the social, economic and environmental contributions. The chapter concludes with a summary of the sector.

3.1 Historical development of social enterprise

The UK SE sector can be traced back to the Rochdale co-operative movement of 1844 (see, for example, Drayton, 2002; Haugh, 2006; Ridley-Duff and Bull; 2011), where the exploitative working conditions of factory workers led to the social movement that marked the emergence of SEs (The Institute for Social Entrepreneurs, 2008). The global economic crisis of the 1930s also serves as an indicator of the social and economic crises (Albers and Uebele, 2015) that contributed to the development of social organisations. This development is noticeable post-Second World War in Europe (Nyssens, 2009). Many countries in Europe, including the UK, experienced social and economic deprivation (Doeringer, 2010). In fact, it was revealed that 40 percent of people in Europe were classed as long-term unemployed (Doeringer, 2010). At the time, SEs adopted non-profit logic to tackle poverty and housing problems in the UK (Nyssens, 2009). Many of these organisations are influenced by a tradition of Christian charity, while others are inspired by the simple principle of mutual aid (Defourny and Nyssens, 2010).

The Freer Spreckley publication in 1981 is related to the development of SEs in the UK (Ridley-Duff and Bull, 2011). The training manual was devised for SEs. However, it describes a process for co-operatives to prove their impact on social, economic and environmental criteria (Bull, 2015). It seems that Spreckley associated co-operatives with SEs in the setting of employee ownership and democracy.

By the 1990s, there was a surge in the sector with more organisations – for-profit and not-for-profit SEs – working together for social change (SEUK, 2014a). During this period, SEs gained policy recognition under the Labour government in 1997 (Teasdale, 2012; Bull, 2015). The government proposed interventions and emphasised the need for greater accountability to the public. Giddens (1998) referred to this strategy as the *third way*. According to Powell (2000), the main dimensions to the third way include the investor approach and inclusion in the outcome of welfare reform. Citizens rights and responsibilities, and a mixed economy of welfare for private, public and civil society are also part of the dimensions. Others include the co-operation or partnership market mode, that the market and central state should be accountable, and that states should be pragmatic in their social expenditure. In contrast, Lister (2004) offered responsibility, inclusion and opportunity (RIO) as underlying values of the third way. Similarly, Le Grand (2007) suggested community, opportunity, responsibility and accountability (CORA) as underpinning values of the third way. However, critics challenged the credibility of the movement as a social democratic force (Hale et al., 2004).

It is common knowledge that the Labour Party was founded on the principle of the greater good for the many. The third way fits the philosophical stance of the institution. However, Ridley-Duff and Bull (2016) claimed that the third way is not synonymous with the third sector because the ideology focuses on the public sector's commitment to the public. Jupe (2009) argued that the third way is ambiguous and that it is challenging to analyse the ambiguity.

In 1998, Michael Young established the School for Social Entrepreneurs to inspire individuals to start up organisations for social and environmental change (School for Social Entrepreneurs, 2018). The institution supports new social entrepreneurs across the UK with the support of Lloyds Bank and the Bank of Scotland.

In 2002, SEUK was established to act as a national voice for SEs in the UK. The coalition body for SEs in the UK is a strategic partner to six government departments and leads on public policy on SE (SEUK, 2017). In the same year, the UK's Department for Trade and Investment (DTI) published a definition of SE (DTI, 2002). This definition is widely cited in the UK literature on SE (see Ridley-Duff, 2009; Buckingham et al., 2010; Doherty et al., 2014). In common with other definitions of SEs (see the next section), the definitions of SE are a contested concept whose meaning is historically, culturally, politically and geographically variable (Kerlin, 2009; Teasdale, 2012). The government's definition fails to infer democratic control to the scope of the solutions (Ridley-Duff and Bull, 2016).

The government continued to increase support for the third sector through its engagement with the national body for the sector. For this reason, the UK is considered the most developed institutional support structure for SE in the world (Nicholls, 2010a). Significant growth was noticed in SEs since 2003, suggesting that the government policy and strategic engagement with the sector was successful (Nicholls, 2010a). In 2005, the CIC legal structure was established under the Company Act 2004 for SEs who wish to reinvest their profits into the business. However, the structure is criticised for the paucity of private profit (Third Sector, 2015).

The government continues to push the agenda for socially driven programmes. In 2009, the British Council launched the SE Programme to create opportunities between the UK and China. It supports aspiring social entrepreneurs with skills' training, mentoring and access to experts in the UK SE sector. Over 3,000 social entrepreneurs have been trained and the initiative received £3.7 million in pledges for 117 SEs (British Council, 2015). This programme is a strategy by the government to strengthen its role in developing the sector through knowledge exchange and capacity building. However, the government should consider the geographical and cultural landscape of SEs in both countries for effective mentorship.

For recognition and credibility, an accreditation standard arrived in 2010 under the Social Enterprise Mark (SEM) for SEs. The arrival took place amidst conceptual and practical challenges (Ridley-Duff and Southcombe, 2012). The purpose of the SEM is to defend the *brand* identity from government-funded institutions (Finlay, 2011). The SEM prevents private corporations from claiming they are SEs (Ridley-Duff and Southcombe, 2012). The UK's definition of an SE (see next section) states that the primary objective of the SE is to achieve social objectives. However, the criteria for SEM membership states that an organisation must be an SE whose key driver is trading and that they operate in a wider social, economic and environmental objective. These conflicting definitions and expectations could affect how organisations are assessed for membership. As Ridley-Duff and Bull (2011) said, some forms of SEs such as co-operatives, wealth sharing, employee-owned businesses based on limited liability partnership, public limited company or company limited b shares, will find it harder to obtain accreditation.

The Social Value Act (SVA) 2012 was launched to create SV. It requires people who authorise public services to consider how they can secure social, economic and environmental benefits. This Act fits with the government's definition of SEs. Therefore, the agenda for SEs is developing to meet the primary objectives set out by the government and strategic collaborators such as SEUK. The figure below illustrates the historical developments discussed.

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Figure 5: Development of UK social enterprise sector
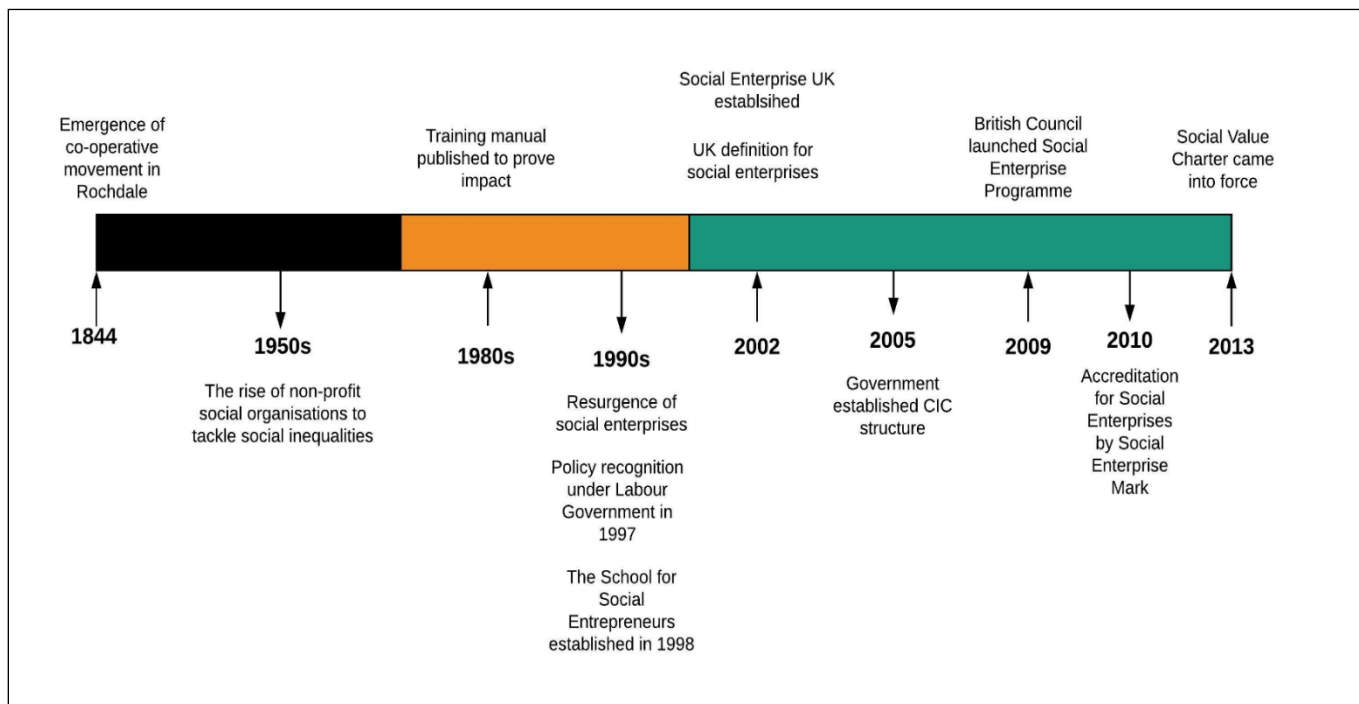
(Source: developed by the author)

3.2 Defining social enterprise

The definition of SE has also seen its own development. In 1981, SE was framed in the context of a co-operative where "labour hires capital" (Spreckely, 1981, p. 8). This is an enterprise that is owned by the employees or people who reside in the locality. It is governed by registered social as well as commercial aims and objectives, and co-operatives may be labelled an SE (Ridley-Duff and Bull, 2016). This definition considers social organisations with paid and unpaid labour, and community association. However, it fails to recognise SEs that are registered charities. In 1996, a study by the EMES European Research Network exhibited a series of social and economic dimensions (see table below) used to select organisations for a pan-European study of SE. The study found that organisations met some of the characteristics, but not all.

Table 5: EMES dimensions for a social enterprise

Social dimensions	Economic dimensions
An explicit aim to benefit the community	A continuous activity producing goods and/or selling services
An initiative launched by a group of citizens	A high degree of autonomy
Decision-making power not based on capital ownership	A significant level of economic risk
A participatory nature, which involves the persons affected by the activity	A minimum amount of paid work (i.e. at least some labour is compensated)
Limited profit distribution	

(Source: developed by the author based on information from Defourny, 2001, pp. 16–18)

Similar to Spreckely's definition, EMES emphasises community ownership under the social dimension. However, the economic dimensions draw on entrepreneurialism, which is not emphasised in Spreckely's definition. Furthermore, EMES's continental interest means that it takes into consideration state and private institutions, therefore giving significant interest to multi-stakeholder groups, which is not found in Spreckely's definition.

In 2002, the UK DTI presented a definition for SEs. This definition is widely used in the sector (see SEUK, SEM, and Big Society Capital). DTI defined SEs as:

> *A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than driven by the need to maximise profit for shareholders and owners.*

> (DTI, 2002)

The above definition does not recognise community ownership, as per the EMES's. However, it emphasises the social and economic characteristics of an enterprise. The social objectives are the primary focus of the organisations. Nonetheless, this definition provides scope for inclusive organisations in the social sector. Similar to the DTI's definition, Alter (2007, p. 18) defined SE as "any business venture created for a social purpose – mitigating/reducing a social problem or a market failure – and to generate social value while operating with the financial discipline, innovation and determination of a private sector business". Alter's definition focuses on two areas: social problems and SV. Both tenets have been emphasised in the literature review chapter. Interestingly, Yunus (2007) sets out two types of social

business that have the same mission. Individuals, partners or a group of people who are entitled to recoup their investment comprise the first type. The second type maximises profit, but a disadvantaged group of people own it. Yunus used the Rochdale pioneers has an example when discussing the second type of social business. This definition presents a balance between social need, profit maximisation and ownership.

The above definitions demonstrate the complexity of social organisations. They also prove that the fundamental tenets of the organisations are different from commercial enterprises in that social issues are central to their development (see Spreckley, 1981; DT1, 2002; Alter, 2007; Yunus, 2007). They solve these issues using entrepreneurialism, as noted in the above definitions. Interestingly, community ownership and control are vital to the structure and management of the organisations. There are other characteristics that distinguish SEs from for-profit businesses. SE activities are distinct in the sense that they create opportunities to tackle social and environmental issues through the creation of social purpose organisations (Haugh, 2005). Similarly, they address social issues innovatively (Nicholls, 2006).

3.2.1 Characteristics of a social enterprise

An established above, an SE is not based on the organisation's raison d'etre, authority or capital equity. Instead, they are based on the recognition of social issues and the ability to develop commercial means to address these issues. In this respect, stakeholders are an important part of the value created and no profits are distributed to shareholders (Noya and LeCamp, 1999, cited in Miles et al., 2017).

Ridley-Duff and Bull (2016) identified the distinguishing characteristics of socially responsible business (SRB) (SE is also SRB). These characteristics are drawn from five main theories with the aim of refining the purpose of SEs and their characteristics. They characterised SEs into three categories: a) democratic ownership and governance, b) ethical and sustainable trading practices, and c) social purpose and impact. Democratic ownership infers that the organisation is not owned or controlled by a public authority or private company. On the other hand, ethical and sustainable trading practices endorse the transparency of these organisations in a review of their ethical values and principles. Finally, they provide evidence that suggests their intervention makes a positive SI on the community.

Defourny (2001, pp. 16–18) suggested nine characteristics of SEs – a continuous activity producing goods and selling services with limited profit distribution. In addition, they possess significant levels of economic risk, a high degree of autonomy and a minimum amount of paid work. They are initiatives launched by a group of citizens, a decision-making power not based on capital ownership. They have an explicit aim to

benefit the community and a participatory nature, which involves the person affected by the activity. Based on these characteristics, it appears that SEs reflect three main dimensions: social, economic and entrepreneurial. The social dimension posits a focus on community-centred programmes to benefit the community. In contrast, economic and entrepreneurial dimensions interconnect because individuals or the community adopt commercial logic to support their social mission. These characteristics prove the diversity of organisations operating in the sector.

3.2.2 Classification of social enterprises

There are different types of SEs in this context. They include fair trade organisations, community enterprises, social firms, credit unions, co-operatives, development trusts, public sector spinouts and trading arms of charities (SEUK, 2017). These organisations are located in the third sector, also known as the social economy (Pearce, 2003). The economy is divided into three systems: private (market economy), public (planned economy) and the third sector. The social economy covers a broad range of self-help, mutual and social purpose organisations. Although the organisations are established to tackle social or economic issues, they differ in structure and legal format.

Fair trade organisations are trading partnerships based on transparency and dialogue with the intention of widening international trade (Huybrechts and Defourny, 2008). These organisations operate with a certified FT symbol provided by Fairtrade Mark. The UK is considered one of the leading Fairtrade markets with over 4,500 Fairtrade certified products and a market growth of 7 percent (Fairtrade Foundation, 2018). Despite the growth of these organisations, they face challenges concerning mainstream supermarket rules that pose a financial threat (Doherty and Tranchell, 2007). Examples of Fairtrade products are Divine chocolate, Clippers teas and Green and Black's chocolates.

Community enterprises, on the other hand, serve a specific geographical area and have representatives from that community who serve on their board of directors (Teerakul et al., 2012). Paxton et al. (2005) said that community enterprises offer invaluable information to the government about local needs and access to local community enterprises. However, there is concern about the lack of capacity to manage these organisations due to inadequate resources (Coatham and Martinali, 2010). The Communiversity (Alt Valley Community Trust) is an example of a community enterprise based in Liverpool.

In contrast to the above, *social firms* support individuals who might be disadvantaged in the mainstream job market, for example, people with learning disabilities. Before 1997, there were six social firms in the

UK; this number had grown to 49 by 2006 (Warner and Mandiberg, 2006). In a report by SEUK (2015), 14 percent of SEs identified as a social firm. Employment of people with mental health issues is linked to improved quality of life and well-being (Marwaha et al., 2008). The present author argues that the Labour government's ideology for public and private sector marketisation led to new waves of organisations under the social sector, hence the rise of social firms after 1997. Although some of these organisations are set out for the social good of people with mental health issues, they undergo little evaluation, which could bring into dispute the quality of the services offered. In addition, one could question the extent of their influence on mental health policy, if at all.

Credit unions are traditionally not-for-profit financial institutions based in communities to provide loan facilities to individuals who may otherwise not be able to access finance from mainstream banks (SEUK, 2017). In 2002, the UK's financial watchdog took over the prudential regulation and control of credit unions. The argument for this takeover was to regulate the unions by placing restrictions on lending rates (Baker, 2008). While this is a positive move, the perception of the unions as a bank for the poor is the reason for their underachievement (Baker, 2008). McDonald (2005) argued that the money spent on regulating credit unions could be better spent on a direct approach towards getting financial institutions to provide affordable credit. A direct approach could help the financially privileged in the short term; however, it does not prove to be a solution for those financially disadvantaged in the short or medium term.

Co-operatives are owned, controlled by the members and for the benefits of those members (Bull, 2015). There are two forms of co-operatives: non-equity and equity (Ridley-Duff, 2009). The equity SE co-operative is a type of common ownership where the equity does not rise or fall in line with the market value. Profit distribution is limited, and the reserves and asset belong to the organisation. On the other hand, the non-equity SE co-operative has common ownership, limited profit distribution and reserves and the assets belong to the organisation, not the members (Ridley-Duff, 2009). A recent report by Co-operative Coop UK (2017) revealed the growth and size of the sector. There are 6,815 co-operatives with an annual turnover of £35.7 billon, employing 226,000 people (Cooperative Coop UK, 2017). Despite this growth, the organisations are bureaucratic in nature due to extensive decision-making processes (Cegarra-Navarro and Arcas-Lario, 2011).

Development trusts specialise in developing communities through the management of properties. Public sector spinouts are independent organisations created to deliver services previously controlled by the public sector (SEUK, 2017). Associations in their respective regions in the UK represent the trust. The associations are Development Trust Scotland, Development Trust Wales and Development Trust

Association UK. Although they develop prominent roles in the social sector, there are issues in terms of how they are held accountable to their communities (Di Domenico et al., 2009). Mull and Ilona Community Trust in Scotland is an example of a development trust.

Finally, there are the *trading arms of charities* established to raise money for a parent company through trading activity, such as Oxfam charity shops (GOV.UK, 2006). Like co-operatives, there are two types of trading: primary purpose trading and non-primary purpose trading (Institute of Fundraising, 2009). Primary purpose trading is a type of trading that devotes to one or more of the charity's objects. However, there are no restrictions on primary trading under the law, and they are exempted from tax. On the contrary, non-primary purpose trading is undertaken solely to raise money for the organisation. There is restriction on the activity undertaken, especially when it involves high risks to the charity's assets. Aside from specific tax exemption, they are expected to pay taxes under the law.

Ridley-Duff and Bull (2016) identified four typologies of SEs. The scholars' typologies are models of SE based on the management of SE. The Type A SE is a non-profit model that seeks redistribution and co-operation based on political and voluntary action. Similarly, Type B is a CSR model that emphasises redistribution in the overrun between the public and private sector. This model seldom dismisses the voluntary sector method to achieve economic development. However, this model focalises on new market logics. In an opposite view, Type C is a more-than-profit model with a focus on market exchanges that promote mutuality. Understandably, they are sceptical about government interventions that prevent market exchange and co-operation. Finally, Type D is marked as the ideal type according to Ridley-Duff and Bull (2016).

The typologies of SE insists on the hybridisation of redistribution, co-operation and market to maximise the well-being of people and the environment. This model exemplifies the purpose of SE as it challenges competitive private, public and third-sector models with multi-stakeholders, mutuality and co-operatives. Evidently, there are distinct differences in all types of SE; however, they emphasise co-operation, redistribution, non-governmental interventions and democratic governance. The present author presents a representation of Ridley-Duff and Bull's (2016) types of SEs in the figure below.

Figure 6: Typologies of social enterprise

<table>
<tr><td>Type A

Non-profit model</td><td>Type B

Corporate social responsibility</td></tr>
<tr><td>Type C

More than profit model</td><td>Type D

Social and solidarity economy (ideal type)</td></tr>
</table>
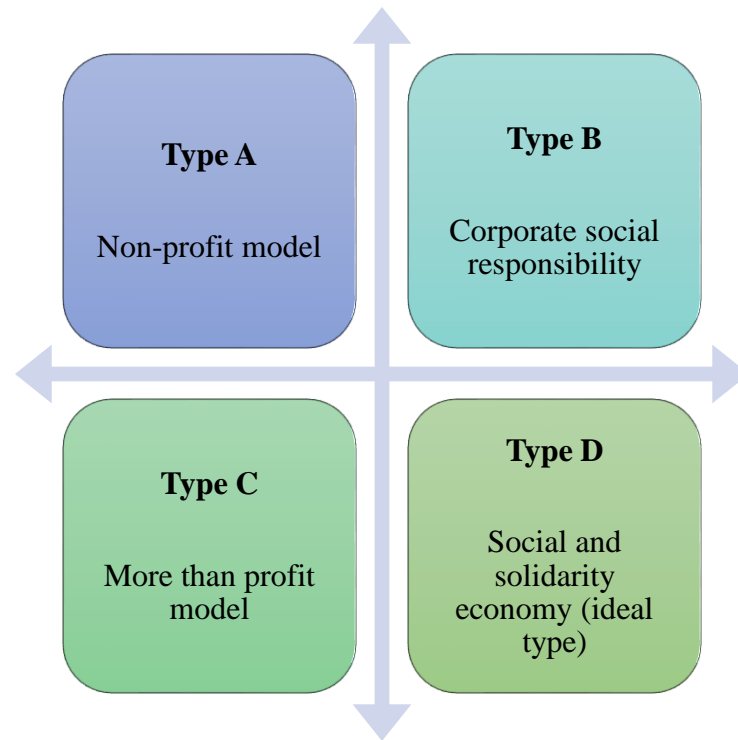
(Source: developed by the author)

In summary, there are different types of SEs operating in the UK. Community enterprises, social firms, credit unions, and development trusts are specifically set up to help disadvantaged groups in their regions. The benefits of these enterprises are intended to influence and shape local and regional initiatives for access to resources and investment. The challenges are minimising bureaucratic processes, acquiring resources and developing short-, medium- and long-term solutions. Interestingly, Fairtrade and co-operatives appear to be growing in sales and market interest; for example, recent data showed that 93 percent of people in the UK are aware of Fairtrade, while 83 percent of people trust the FT Mark (Fairtrade Foundation, 2017). These data are a significant increase from 2005, when only 50 percent of the population was aware of the Fairtrade idea. Irrespective of their operating sizes and mode of establishment, these organisations focus on a social mission and contribute to the economy.

3.3 Scale and scope of social enterprises

This section examines the activities and the social, economic and environmental contributions of SEs to the economy. It also presents their legal structures, geographical location and the SI report of the sector.

3.3.1 The scale of social enterprises

The growth of the sector is visible in the scale of activities and contributions to the economy. SEs are a significant part of the economy (Mason, 2010). They operate in many industries and sectors. A report by SEUK showed a diverse sector ranging from education to health and social care. The chart below demonstrates the concentration level of the organisations by sector. Education appears to be the largest sector in the social economy at 18 percent (SEUK, 2015). The most recent survey was compared to the 2015 report. There are significant changes in some sectors, as seen below. Education saw a sharp decline in 2017, while retail increased to 16 percent in the same year. The decline in education could be a result of funding structures from the UK following the Brexit vote in 2016. On the other hand, the social sector experienced a boost in trading campaigns; in particular, the Buy Social Corporate Challenge was launched by SEUK with seven founding partners. The aim of the campaign is to boost trade with an overall sum of £1 billion to spend with SEs by the end of 2020 (SEUK, 2017). The impact report 2017 revealed £19.8 million was spent with SEs, 23 media articles for publicity and 35 procurement professionals (SEUK, 2017). However, this report does not provide the impact of the campaign on the cases featured in the report. The campaign was launched in April 2016, while the impact report was published in 2017. It appears that the money spent in SEs was used based on the current economic activities of the sector rather than the money spent in the sector following the campaign. Nonetheless, this campaign backed by the government may have had a direct influence on the growth of the retail sector.

The 2017 Current State of Social Enterprises study does not provide specific information about the range of activities undertaken in the education sector or any of the other sectors. However, the sample frame consists of members related to SE networks and organisations, and SEUK members. The networks included in this study are co-operatives, social firms in the UK, the National Housing Federation and UnLtd.

SEs appear to grow faster than mainstream SMEs, by 50 percent compared to 40 percent, respectively (SEUK, 2015). The scale of operation in this sector is proven by their financial performance due to innovative products and services. The report found that 6 percent of SE have a turnover of £5 million, 10

percent have a turnover up to £5 million and 20 percent have a turnover up to £1 million per year. Furthermore, there is evidence of business optimism, with 68 percent of SEs expecting an increase in turnover over the next two to three years in comparison to 57 percent in the SEUK (2012) report. In addition, 56 percent created a new product or service in 2012 compared with 43 percent of SMEs. As well as new product or service development, SEs are growing at three times the start-up proportion of commercial SMEs (SEUK, 2014b). Contrary to assumptions that SEs only operate on a small scale and nationally, there is strong evidence of exporting activities: 23 percent of London SEs export their products to the EU (74 percent), Asia-Pacific (36 percent) and North America (34 percent). There is no significant different between the median turnover of SEs in London and the North of England (£180,000 and £182,000, respectively).

Table 6: Principal trading activities in social enterprises

Trading activities	2015	2017
Education	18%	11%
Business support/consultancy	17%	13%
Employment and skills	14%	8%
Retail	12%	16%
Social care	10%	8%
Culture and leisure	9%	7%
Health care	9%	8%
Environmental - recycling, reuse, awareness, etc.	8%	7%
Creative industries - web, design, print	8%	9%
Housing	7%	6%
Hospitality	7%	7%
Financial support and services	5%	7%
Childcare	4%	2%
Workspace	3%	3%
Transport	2%	2%
Manufacturing	2%	1%
Farming/agriculture	2%	2%
Other	3%	6%

(Source: developed by the author based on data from SEUK Reports 2015-2017)

The diverse activities in the sector have led to important contributions to the economy. According to a government report on the state of SE in 2017, there are 471,000 SEs, 99,000 of which are employers and 371,000 have no employees. In total, they employ 1.4 million people (Department for Business, Energy and Industrial Strategy, 2017). Equally, SEUK (2017) found a compelling contribution of SEs. The study found around 70,000 SEs in the UK contributing £24 billion and employing almost a million people. There

are over 13,000 SEs with a CIC structure (Department for Business, Energy and Industrial Strategy, 2017). These figures show the size and development of the sector. In spite of the economic uncertainty and political climate pre-2017, it is interesting to see that SEs have made significant contributions. The development means that SEs perform well when there are social issues, but to obtain economic gain means that they have to make the most of the resources available in the sector.

The SEUK statistics also show the proportion of start-ups in the sector. They revealed that 25 percent of SEs are under three years old, which is three times the proportion of traditional SMEs at 8 percent (SEUK, 2017). The start-up data shows that there are more SEs with over three years in the sector. This is a good outlook for the sustainability of organisations in the sector. The shortfall in this study is that it does not identify the region with the highest proportion of SEs with over three years' experience.

Interestingly, 74 percent of SEs earn more than 75 percent of their income from trading. They sell to the public, with 27 percent having income as their main source of earning. The public sector is a main source for 20 percent of all SEs, but it is the main source for 59 percent of SEs with over £5 million turnover (SEUK, 2017). The sector is believed to be more innovative than the private sector with 50 percent of SEs introducing a new product or service. While product and service development is a positive outlook, it also demonstrates a shortfall in the sector because only 20 percent of these organisations earn income from trading. It can be argued that the focus on social investment has influenced the behaviour of social organisations. The social investment market was valued at £1.5 million (Robinson, 2016).

Overall, this section has presented the economic activities of SEs and their contributions to the economy. The diverse activities in the sector reflect the definitions examined above. These organisations adopt social and commercial logics to achieve their social mission. Some sectors are experiencing growth while others have seen a decline in services. The reports obtained for this discussion have failed to explore the potential for the rise and decline. However, this sector has attempted to rationalise the differences by reflecting on other activities in the sector such as the Buy Social Corporate Challenge. Since they operate similarly to commercial organisations, they adopt legal structures that reflect their social goals.

3.3.2 Legal structures of social enterprises

Similar to traditional enterprises, SEs can operate under any legal structure (DLA Piper, 2014). Legal structures or constitutions enable SEs to operate in a framework relating to their objectives and the rules that govern them (Snaith, 2007). Globalisation and the liberation of trade persuaded SEs to re-examine

their legal structures (Peattie and Morley, 2008). Mswaka and Aluko (2014) studied the influence of legal structures on the outcome of SEs. The scholars divided legal structures into three classes: Class A (CLG and Industrial Provident Society [IPS]), Class B (CIC) and Class C (Company Limited by Shares [CLS]). However, this study did not examine all legal structures adopted by SEs. The wide range of legal structures used by SEs can be found in DLA Piper (2014) and UnLtd's (2017) legal structures for SEs. These organisations can take any legal structure such as sole proprietorship and partnership. However, they take specific structures in relation to their goals. The CIC is specifically designed for SEs. There are over 13,000 CICs, with an average of 1,000 established each year since it was introduced in 2005 (SEUK. 2017). The present author now presents a table of legal structures adopted by SEs based on information taken from DLA Piper (2014) and UnLtd (2017).

Table 7: Legal structures of social enterprises

Legal structures	Basic description	Governance structure	Primary legislation
Limited Liability Partnership (LLP)	LLP adopts the traditional partnership agreement but as a hybrid of the company. They carry a separate corporate structure.	A one-tier structure with potential for hierarchy depending on members' agreement. Members can create their own arrangements for the management and control of the legal structure.	Limited Liability Partnerships Act 2000
Unincorporated association (Voluntary / Community Organisations [VCO])	VCO and sole traders use this structure. It carries no separate corporate identity. Individual(s) who run this business are liable for the business.	The creator creates the rules and acts in his/her own right. A highly flexible structure with no specific legal requirements.	None for sole trader Companies Act 2006 for an Unincorporated Association Charities Act 2011 for other types of Unincorporated Association
Charitable Incorporated Organisations (CIO)	This is a relatively new structure not for a company but designed for charities. Trustees have a duty to protect the charity's assets under charity law.	This structure has two tiers: charity trustees and members. Trustees manage the day-to-day objectives of the charity.	Charities Act 2011
Industrial Provident Society (IPS)	This structure originated from the social movement. Companies created to	Governance structure is highly flexible. However, a two-tier system applies	Industrial and Provident Societies Act 1965 (further reform of this Act is due to be conducted by The Co-

	serve a community or a co-operative use it.	to members and committee/officers.	operative and Community Benefit Societies and Credit Unions Act 2010)
Company Limited by Guarantee (CLG)	This is a company structure that does not involve shares. Members act as guarantors. Liability is set at £1.	There is a two-tier structure: members and directors. Directors manage the day-to-day operations of the company, and they have duties imposed upon them by law.	Companies Act 2006
Company Limited by Shares (CLS)	This is a company structure with shares. Members are shareholders who hold shares in the company.	There is a two-tier structure: shareholders and directors. Directors manage the day-to-day operations of the company on behalf of shareholders. They have duties imposed upon them by law.	Companies Act 2006
Community Interest Company (CIC)	Designed specifically for SEs with a limited liability structure. SE can chose to be CIC by shares or guarantee. CIC have to satisfy a 'Community Interest Test'.	Same governance structure as CLS or CLG. The Articles of Association govern members and the Company relationship.	Companies Act 2006 Companies (Audit, Investigations and Community Enterprise) Act 2004 Community Interest Company Regulations 2005

(Source: developed by the author)

As with any legal or organisational structure, there are advantages and disadvantages of the structure. Based on the above table, CIC (by shares or guarantee) have unique features to support SEs in their mission. First, the incorporation process is fast because the regulatory body specialises in incorporating SEs. Secondly, it is suitable for any size of organisation (i.e. micro, small or large SEs). However, the disadvantages of CLG are the inability to raise capital through shares, and thus are less likely to be used in for-profit SE. On the other hand, CLS are uncommon with not-for-profit organisations but they can raise capital through shares. Despite the advantages of CLS, the number of organisations adopting this structure is very low (Mswaka and Aluko, 2014). Whilst the reason for this is still unclear, it could be assumed that an organisation with CLS might encounter stringent rules when applying for grants compare to a CLG.

Contrastingly, CIO and unincorporated association are less bureaucratic under regulatory forms. Although, CIO is a new structure and has yet to be tested, personal safeguarding on financial liabilities exists for

members and trustees. However, unincorporated association lacks safeguarding for its members. In addition, changes to any rule require unanimous agreement, which can be unattainable. Both CIO and unincorporated associations have simple registration procedures and less filing requirements in comparison to CLG and CLS. Furthermore, CIO trustees have management responsibility and are liable for breaches of wrongful doing or trust. Unincorporated association is generally more suited to small SEs.

The IPS (community benefit or co-operative) is different from the aforementioned structures. This establishment links to their social objectives. Therefore, the selection criteria are rigorous. IPS structures have no restrictions on buying back shares. However, there is restriction on assets for IPS community benefit, known as *asset lock*. This means that the organisation can only use all or some of its assets for the benefit of the community that it serves. In sharp contrast, IPS co-operative has surplus distribution permission but based on profits to those who have traded with the society.

Overall, SEs can adopt any legal structure; however, the selection is based on their social mission. The CIC structure has gained attention because of its specific regulations such as asset lock that supports SEs. There are advantages and disadvantages of different legal structures, as discussed above. However, the common thread in all legal forms is the regulatory process involved in acquiring the legal structure. Unfortunately, there are limited studies on legal structure in SEs in this context. The above overview demonstrates the availability of the structures and the need to understand how SEs across the UK can adopt the appropriate legal status.

3.3.3 The scope of social enterprises

SEs can be located in different parts of the UK. In a study of SMEs and SEs by the government, it was found that most of the SEs are located in England (86 percent). The regional distribution is Scotland (8.3 percent), Wales (2.8 percent) and Northern Ireland (2.8 percent) (Department for Business, Energy and Industrial Strategy, 2017). In contrast, the SEUK report showed that 84 percent were based in England, of which 25 percent are in London and 22 percent in the Midlands (both East and West). In addition, 20 percent were located in the South West and South East, and 17 percent in the North. Only 7 percent were found in Scotland, 3 percent in Northern Ireland, and 5 percent in Wales. Since the 2017 report does not provide a breakdown of the area of operation, the current author presents findings from 2015 in the figure below. Similar to the above study, England accounts for the majority of SEs in the UK. The largest location is London with 44 percent.

Both SEUK and the government report provide a useful collection of the regional distribution of SEs. However, the government report was conducted with the 3.65 million SMEs in the UK. A criterion was included to the list for those that identified as an SE, with 1.21 million identifying as SEs. While this gives a comparative view between SMEs and SEs, it raises the issue that there is no evaluation of those that identify as SE; for instance, the sample frame for SEUK is based on members and SRBs. This means that the organisations surveyed have undergone the evaluation of SE criteria (i.e. SEUK membership criteria). This was not the case for the government report.

SEs are highly concentrated in areas with the greatest deprivation. The SEUK (2017) study found that 28 percent of SEs work in the most deprived communities in the UK. Similarly, the government report showed that SE employers are significantly more likely to be located in 20 percent of the most-deprived areas. In fact, one-third of SEs are located in these areas compared to 13 percent of SME employers (Department for Business, Energy and Industrial Strategy, 2017). These findings reflect the definitions of SEs discussed earlier. The primary purpose of an SE is to solve social, economic and environmental issues. That means they are centred in communities who need their interventions the most.

Figure 7: Regional distribution of social enterprises
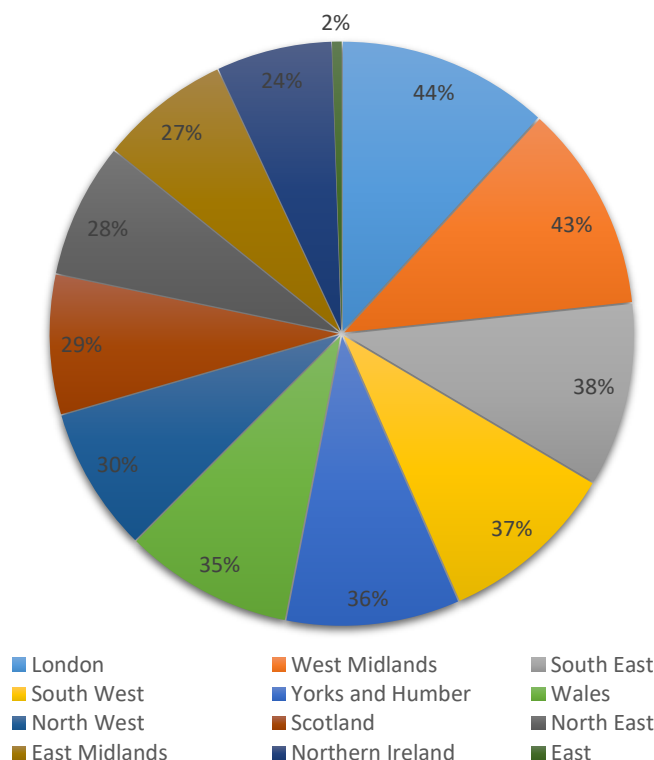
(Source: developed by the author)

Social and environmental issues are continuously treated as drivers of social change, the beneficiaries of the solution or the institutional environment constraining entrepreneurial action (York and Venkataraman, 2010). Redman et al. (2004) suggested that contexts are semi-independent but reinforce and interact with each other. Environmental contribution is the impact of SEs' activities on the environment. Changes in the social and economic structures created by SEs' activities impact on the environment. Austerity in the public sector has disenfranchised many communities, leaving them without appropriate social services. The serious economic upheaval is a hindrance for society but an opportunity for SEs to capitalise. Shah (2014) claimed that what SEs do for the environment and people has not changed, nor has their diversity in business model and area of operation.

Drawing from the SEUK (2015) study, SEs traded in all sectors of the economy reflecting a wider impact on people and society. More importantly, 8 percent operate in the environmental sector through recycling and reusable materials. However, the sector was down 1 percent in 2017. The Furniture Resource Centre in Liverpool is an example of an SE creating environmental change through its upcycling and recycling mission. The organisation employs marginalised people to make and sell the furniture (Leadbeater, 2007). They are contributing socially, economically and environmentally to the UK economy. However, funding remains a key barrier for all SEs (SEUK, 2015). Nonetheless, there are many other social organisations operating across the country creating social good.

Based on the scale and scope of activities in the sector, the present author categorises the contributions of the sector into three domains: social, economic and environmental. These categories are reflected in the definitions of SEs. Social contributions are the rational outcomes created by SEs (El Ebrashi, 2013). Economic contributions are the monetary value created because of social activities (Peattie and Morley, 2008). The table below demonstrates the social, economic and environmental contributions of SEs based on the SEUK (2017) State of Social Enterprises report.

Figure 8: Social, economic and environment impact of social enterprises

Social   contributions

- •89 percent of social enterprise leadership teams have a female director.
- •More than two-thirds are supporting individuals from disadvantaged groups.
- •34 percent have Black Asian Minority Ethnicity (BAME) employees.
- •36 percent have a director with a disability.
- •70 percent actively involve their beneficiaries in decision-making.
- •54 percent involve the wider community in decision-making.

Economic **contributions**

- •70,000 social enterprises.
- •Contribute £24 billion and employ almost 1 million people.
- •68 percent provide services and 31 percent provide goods.
- •79 percent recruit over half of their staff locally; for 58 percent this is their entire workforce.
- •59 percent of social enterprises turnover £5 million.
- •£19.8 million spent with social enterprises.
- •78 percent report paying the living wage.

Environmental **contributions**

- •17 percent protect the environment and Fairtrade.
- •85 percent actively aim to minimise environmental impact.

(Source: developed by the author)

SEs contribute to the economy in three ways, as highlighted above. There is evidence to suggest that they operate in all sectors of the economy. Some offer goods and services, while others operate as not-for-profits. Their contributions are significant to the wider economy; however, limitations exist, specifically with data collection.

3.4 Chapter summary

Overall, the UK SE sector has a long history dating back to the Rochdale movement of 1844. The rise of the sector was driven by social exclusion and economic inequality. SEs are classified organisations in the social economy, operating in all sectors of the economy. There are three characteristics of the

organisations: first, democratic ownership and governance; second, ethical and sustainable trading; and third, social purpose and impact. The majority of these organisations operate in the most deprived localities in the UK. There are organisations set up to support the activities and accredit SRBs. SEUK is the national body for SEs and SEM is a recognised accreditation for SEs. The scale and scope of the sector is significant, considering the limited evidence-based information. They contribute to social, economic and environmental development in their respective communities. Due to their recognised status in the economy, they adopt any legal structure; however, the most commonly used structures are as discussed above. The review of this context has assessed the contribution of SEs. It suggests that further development is required to assess the contributions of these organisations beyond the remit of SEUK. Understandably, the sector is at a growing stage with potential to address the ever-complex societal problems, particularly in deprived localities. The DTI, among other important government bodies, needs to revisit the Compact agreement for a local social change model, particularly with the devolution of power in the North of England.

Chapter Four

Research methodology and methods

4.0 Introduction

The purpose of this study is to investigate SI in the UK SE sector. The objectives are to explore the drivers and implementation of SI, how SI is assessed and the barriers to SIA. This chapter will discuss the various research philosophies, research paradigms, methodologies, research theories and methods in business and management research, and justify those adopted in this study.

There are three practical sections to this research. The first section is the research approach; this demonstrates the choice of methodology and sampling criteria adopted. The second stage discusses the types of data (i.e. interviews, documents and field notes) collected. The third and final stage indicates the data analysis techniques, while also considering the research quality criterion employed during data collection and data analysis.

4.1 Research philosophy

Lapanachokdee et al. (2016) defined research as a systematic and logical search for new and relevant information on a specific topic. Therefore, research is an examination of finding solutions to issues through objectives and systematic analysis. It is conducted through observation, experimentation, analysis, comparison, and reasoning (Rajasekar et al., 2013). Research is relevant because it informs action that changes the way we live while remaining informed and understood.

There are various meanings, classifications, and descriptions of research philosophies. This varied understanding has resulted in difficulties. According to Mkansi and Acheampong (2012, p. 132), it has caused "tautological confusion of what is rooted where, according to whom; but raises a critical question of wheyjer these opposing views are enriching knowledge". It also informs future studies and its impact on those that are subject to its implications, especially research students (Mkansi and Acheampong, 2012).

The term *philosophy* is an ancient Greece word.

> *Virtually all forms of serious intellectual inquiry and its modern separation from 'science' would make little sense.*

(Carr, 2006, p. 425)

This definition shows the broad range of usage and the long history of academia. Punch (2006) argued that modern separation from science may develop questions such as what is the meaning of research and the philosophical position adopted. A different definition is noted in Burke (2007), where the scholar defined philosophy as the questioning of basic concepts due to the usage of current connections. These definitions provide a different orientation of how research is conducted, and the significance of this to the findings of the research.

As Huff (2009) expressed, philosophy in research is essential for three reasons: first, the direction of the research goals and outcomes – this reason suggests that how the researcher systematically plans the research questions to study is shaped by their assumptions and, in turn, influences how to seek information to address the questions; second, the scope of training and research experiences – assumptions are ingrained through the researcher's scholarly, community and academic training; and finally, the basis of evaluative criteria for research-related decisions – the view of a reviewer can be a focal point for the researcher's approach in terms of how to critique what is studied. Research philosophy is characterised by ontology, epistemology, axiology, and methodology (Creswell and Poth, 2017).

4.1.1 Ontology, epistemology, axiology and methodology

Ontology refers to the nature and structure of the world (Anti and Hamza, 2015). Flowers (2009) presented a different view: ontology is the view of researchers as reality. Creswell (2013) argued that different researchers embrace different realities, as do the subjects of study and the readers. Ontological assumptions can be objectivist or subjectivist (Wilson, 2014). The former focuses on the existence of reality as being external and independent of social actors, including their interpretations, while the latter adopts a subjectivist stance of viewing reality as being reliant on social actors, with the assumption that individuals can contribute to social phenomena. Gray (2014) supported the view above when he articulated what constitutes the nature of reality, stating that reality can be single (existing out there) or multiple (existing in different ways).

Epistemology is the study of the nature of knowledge and justification (Schwandt, 2007). Wong et al. (2011) described epistemology as a philosophical stance that explores and adds to knowledge by considering the nature and definition of knowledge as being the truth with certain limitations. It is the form of representation such as diagrams and the source of information (Mingers, 2003). The justification of epistemology will influence the selection of methodology, as some epistemologies are distant to specific

methodologies (Carter and Little, 2007). Therefore, epistemology encapsulates researchers' knowledge about the method, quality, and nature of reporting.

These theories of knowledge justify the knowledge-building process adopted actively by the researcher (Pascale, 2010). These assumptions lead to the researcher's decisions about a phenomenon, research questions, theories, methods, analyses and recommendations (Carter and Little, 2007; Pascale, 2010). Investigating the way an individual social location shapes their process of knowing can assist the individual to understand why specific questions are asked and answered, and how values frame observation (Takacs, 2003). About values, Anastas (2004) argued that the researcher's epistemology impacts on the type of research undertaken, as well as how he/she values scholarship and relates to the work.

Similarly, epistemological integrity is experienced when the researcher accounts for logical and compelling connections between questions, the overall strategy of inquiry, the questions, design, and method (Marshall and Rossman, 2006). Based on the significance of epistemology to research, researchers are expected to make clear their process of inquiry if they are to contribute to knowledge in their respective discipline (Gringeri et al., 2013). Gringeri et al. (2013) argued that researchers are accountable to readers regarding the underlying assumptions and logic of their work.

Blumberg et al. (2011) affirmed that research is based on two components: reasoning (theory) and observation (data or information). The debate of how reasoning and observation are linked is current in this area. It is believed that some researchers research without much consideration for underlying philosophies. Creswell (2009, p. 5) rejected this view, with the author arguing:

> *Researchers need to think through the philosophical worldview assumptions that they bring to the study, the strategy of inquiry that is related to this worldview, and the specific methods or procedures of research that translate the approach into practice.*

A researcher is likely to conduct research based on his or her experiences or a need. Therefore, the researcher's views are based on those experiences that can influence the research conducted and need to be identified. Easterby-Smith et al. (2012) argued that understanding the underlying assumptions of research philosophy can enable researchers to reach designs beyond their experience.

While ontology is concerned with what reality is, and epistemology with the nature of knowledge, *axiology* is concerned with the role of the researcher's value in the research-conducted judgment, ethics, and aesthetics (Wilson, 2014). Li (2016) claimed that this branch of research philosophy is concerned with the

researcher's nature of value at all stages of the research process. It aims to understand if the researcher can predict or explain the world (Lee and Lings, 2008). It is the nature of ethics that is acknowledged as a crucial part of the selection and formation of research questions, driving the interest in particular issues over others (Biddle and Schafft, 2015). As Creswell (2013, p. 21) put it, the "researcher acknowledges that research is value-laden and that biases are present".

Mertens et al. (2010) argued that some researchers engage explicitly with axiological issues only to the extent required by their institutional research boards. Biddle and Schafft (2015) contested this view; they argued that most researchers, regardless of their choice of inquiry, would acknowledge axiology as a crucial role in the selection and formation of research questions, and interest in specific issues. Therefore, the researcher's value-laden skill is acknowledged to make judgments about the research content and its conduct. The researcher acknowledges value in data collection and data analysis.

Methodology is the systematic inquiry of techniques to apply to a study (Howell, 2013). It assumes the philosophical basis for selecting appropriate methods of systematic inquiry. The nature of the researcher's reality and what is perceived as knowledge influence the choice of methodology (Creswell, 2013). This, in turn, will influence the theoretical perspective adopted by the researcher, whether they are aware of it or not (Gray, 2014).

In summary, there are four assumptions of research philosophy: ontology, epistemology, axiology, and methodology. Philosophy in research is essential because it demonstrates to the readers the researcher's nature of reality, what he/she counts as knowledge, their values and how the research is conducted. These categories ensure the quality and credibility of the research. Since the researcher's philosophy informs the underlying view of the researcher, the next section will examine the research paradigms.

4.1.2 Research paradigms

The work of Kuhn (1962) popularised the term *paradigm* among social scientists (Easterby-Smith et al., 2012). Kuhn (1962) described paradigm as a model and pattern. His quest to detect characteristics of scientific applications led to the term. The modern view of paradigm has developed from the era of Kuhn. Neuman (2011) defined paradigm as a whole system of thinking. It includes a body of research methodologies, and a model or framework for observation and understanding (Bryman, 2006; Mertens, 2007).

Positivism and interpretivism are two of the different research paradigms in the business and management discipline (Blumberg et al., 2011). However, research is not limited to these paradigms. Others have examined post-positivism (Robson, 2011; Gray, 2014; Mukhopadhyay and Gupta, 2014), social constructionism (Bryman, 2008), critical inquiry, postmodernism, feminism, and pragmatism (Gray, 2014). The next few sections explore the paradigms in more detail.

4.1.2.1 Positivism and post-positivism

Positivism believes that there is a single reality. Comte (1853) said:

> *All good intellects have repeated, since Bacon's time, that there can be no real knowledge but that which is based on facts.*

<div align="right">

(Comte, 1853, cited in Blumberg et al., 2011, p. 17)

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This definition emphasises the factual or logic of assumptions. Facts are realities based on observation. There are different terminologies for positivism: scientific, rationalistic and empiricism (Henderson, 2011). According to Baert and Rubio (2009), positivism developed in three phases. The first phase refers to the nineteenth century work of Comte. His view was based on key features such as reality consisting of what is available to sense; philosophy, while a specific discipline, being abject on the discovery of science; and the natural human sciences sharing universal logical and methodological principles. Also, there is a fundamental contrast between fact and value: science engages with the fact, and the value belongs to an entirely different order of discourse, which is beyond the remit of science (Hasan, 2016). Mill and Durkheim have also been credited for the contribution to the positivism paradigm (Tacq, 2011).

The second phase of positivism is akin to the Vienna Circle, known as logical positivism in the early twentieth century. They believed they had identified the real duty of philosophy, which is to examine knowledge statements with the aim of making them clear and explicit. Logical positivists asserted that only essential statements were to be given scientific consideration and accorded the status of knowledge (Hasan, 2016). Stewart et al. (2011) argued that logical positivism emphasises the difference between theories and observable facts. The distinction supports the claim that theories are independent of the phenomena they seek or intend to explain, and vice versa.

The third phase is based on the mid-twentieth century deductive–nomological model of Ernest Nagel and Carl Hempel. Prominent philosopher Charles Taylor describes the model as explaining some phenomenon,

which amounts to how the statement describing it could be deduced from some general law, together with some statement of initial conditions. More recently, Colombo (2011) explained that explanations are logical debates establishing how what is being explained follows deductively from some general laws and experimental conditions.

Taylor (1980) argued that the deductive–nomological model explains an official account of explanation. He featured in significant challenges of the model. He claimed that the central facet wrong with the model is its imprisonment within traditional empiricist epistemology. According to this, what is primarily observed are qualities and events, of which the latter can be understood as the occurrence of qualities. However, this model faced criticisms for its restrictive propositions (Cartwright, 2004).

Positivism is based on the objective doctrine, and universal laws external to the researcher's judgment (Pallagola, 2014) direct the reality. Therefore, outcomes of research investigations are universal and can undergo strict scientific and value-free study, thereby employing a realistic perspective or realistic doctrine. The researcher's independent and objective view of the truth can be noted in some reviews (Scheffler, 2007; Strauss and Corbin, 2007; Venkatesh, 2007; Urquhart, 2008). According to Aliyu et al. (2014), a positivist researcher believes that the world is fixed to unchanging rules and laws of motives and phenomena; that there exists a complexity that could be overcome by reductionism; and with the intention of asserting importance and emphasis on impartiality and measurement. The emphasis on logic and the outcome of the investigation puts this paradigm towards natural scientists. For this researcher, the reality is seen, collected and generalised. However, there are criticisms of this perspective.

The rise of the social scientists' movement under phenomenology, hermeneutics, and structuralism in the 1970s led to the opposition of positivism (Alvesson and Skoldberg, 2009). Social scientists argued that following a scientific method to research leads to dismissal of the complexities of the social world (Alvesson and Skoldberg, 2009). Antonesa et al. (2006) supported this view; positivism espouses quantitative approaches, which are insufficient to understand how people experience the world, how they live, how they aspire to change it and how they adjust to it. However, it is argued that the researcher's detachment from the participants of the research is an essential step in remaining emotionally neutral to make clear distinctions between reason and feeling, as well as between science and personal experience. Whetsell and Shields (2015) claimed that the debate between positivism and postmodernism revolves around some differences such as fact/value, theory/practice, objective/subjective and

politics/administration. These differences lead to a new doctrine that Hirschheim (1984) referred to as post-positivism.

Post-positivism assumes that absolute reality can never be identified (Nawrin and Mongkolsirikiet, 2012). As Phillips (2002) acknowledged:

> *The post-positivist approach to research is based on seeking appropriate and adequate warrants for conclusions, of hewing to standards of truth and falsity that subject hypotheses (of whatever type) to test and thus potential disconfirmation, and on being open-minded about criticism.*

(cited in Floden, 2009, p. 488).

Notable post-positivists are Bhaskar, Feverabend, Kuhn, Lakatos, and Toulmin (Howell, 2013). Post-positivism assumes that reality exists, but researchers are only able to arrive at an approximation of that reality; there are natural limits to what we can know, due to those inherently flawed human intellectual mechanisms and the fundamentally intractable nature of phenomena (Guba and Lincoln, 1994, cited in Brand, 2009). Howell (2013) argued that the social world does not exist entirely independently of human theory and discourse thus does not explicitly illustrate an intransitive dimension of knowledge. However, this knowledge is likely to be historic rather than that posed by present-day researchers. Ryan (2006) described the characteristics of post-positivism as broad, bringing together theory and practice, allowing acknowledgement and encouragement for the researcher's motivations and commitment to the topic, and recognising that many correct techniques can be applied to collecting and analysing data.

Nawrin and Mongkolsirikiet's (2012) component of post-positivism is categorised into six areas: realistic, the goal of science, theory-laden, ways of discovering, reality of truth and vision of truth. The post-positivist perceives reality as subjective, as all observations are faulty and all theory is revisable. They believe that the goals of science are to hold decisively to the goal of getting it right about reality, even though the goal can never be achieved. Regarding theory-laden, post-positivists reject the idea that any researcher can see the world entirely as it is because individuals are biased and all observations are affected. Post-positivism regards truth as changeable, a socio-historical artefact that is socially manufactured (Nawrin and Mongkolsirikiet, 2012).

Onwuegbuzie et al. (2009) confirmed that today's quantitative researchers would regard themselves as post-positivists, holding that there is an independent reality to be studied. However, it legitimises the use

of mixed methods and qualitative data because most researchers do not have the opportunity to go into a project with an open agenda (Henderson, 2011).

The objection of positivism, and to some extent post-positivism, by social scientists leads to the discourse of interpretivism and social constructionism. The next section explores these paradigms in detail.

4.1.2.2 Interpretivism and social constructionism

Interpretivism seeks to understand a particular context (Willis, 2007). Some have described it as anti-positivist (Hatch and Cunliffe, 2006; Gray, 2014). The core belief of this paradigm is that natural reality and social reality are different and therefore require different approaches (Gray, 2014). Flowers (2009) claimed that individuals and groups in the social world make sense of situations based on their memories, experience, and expectations. This view asserts that meaning is constructed and continuously re-constructed over time through experience, resulting in many differing interpretations.

Three fundamental principles drive interpretivism: the researcher is part of what is observed, interests drive research, and the social world is constructed and is given meaning subjectively by people (Blumberg et al., 2011). In practice, the researcher is involved in what is observed through active collaboration. The researcher is subjective in the interpretations of what was observed and subsequently provides a broad view of the phenomena beyond current knowledge (Blumberg et al., 2011). The Verstehen sociology of Max Weber (1978, cited in Goldkuhl, 2012) postulated the understanding of subjective meanings of individuals in a study through an interpretive paradigm.

Interpretivism allows the researcher to capture realities in multiple forms. To capture these realities, they make sense of, draw meaning from and create their realities to understand their points of view and to interpret these experiences from an academic experience (Hatch and Cunliffe, 2006). Therefore, what people are saying, feeling, and how they discuss their realities is essential (Easterby-Smith et al., 2008).

An interpretivist researcher advocates that there is no standard and universal truth. According to Aliyu et al. (2014), these researchers have a relativist and subjective conception of their view of the world. Thanh and Thanh (2015) contested this view, believing that interpretivists do not seek the answers for their studies in rigid ways. Instead, they approach the reality from subjects (i.e. people who own their experiences and are of a particular group or culture). Based on this view, some scholars believe that the interpretivist paradigm predominantly uses qualitative methods (Willis, 2007; Nind and Todd, 2011; Silverman, 2011).

The methodologies adopted by these researchers consist of exploratory analysis, field experiments, idiographic experiments, induction and qualitative methods (Tugendhat, 2006). Willis (2007) claimed that interpretivist researchers prefer case studies and ethnography.

There are some approaches to interpretivism: symbolic interactionism, phenomenology, realism, hermeneutics and naturalistic inquiry (Gray, 2014). George Herbert Mead and John Dewey amassed *symbolic interactionism* in the 1930s. The fundamental principle of this theory explains individuals in society and their interactions with others, and through that, social order and change are created (Gray, 2014). *Phenomenology*, on the other hand, is the investigation of human experiences that reflects on the pre-reflective or lived experience (Manen, 2007). This view holds the notion that humans must lay aside any comprehensive understanding of phenomena and revisit the immediate experience of them so that new meanings may develop (Gray, 2014). This approach is credited to Heidegger, Husserl, Scheler, Stein, and Patočka (Manen, 2007). However, ontological phenomenologist Heidegger warned that this approach makes things more difficult, never easier (Manen, 2007).

In contrast to the above, *realism* holds the view that the description that science affixes to the world is right and authentic (Gray, 2014). Schwandt (1997, cited in Maxwell, 2012) said that realism refers to whatever it is in the universe, that is, the structures and forces that cause the phenomena humans perceive with their senses. Despite affirmation of the scientific perspective, this view was ignored during much of the twentieth century by positivists and constructivists (Maxwell, 2012). However, realism has surfaced as a severe area of the discourse (Maxwell and Mittapalli, 2010). Miller (2009) contended that realism has been prominent in other areas of philosophy.

According to Madill et al. (2000, cited in Gray, 2014), there are three realist epistemologies: naïve, scientific and critical. Maxwell (2012) argued that the most prominent manifestation of realism in social sciences is 'critical realism', associated with the work of Roy Bhaskar (1978, 1989, 2011). Naïve realism asserts that the world is mainly knowable and is just as it appears to be – provided that the research methods and instruments are adequately crafted. On the other hand, scientific realism considers that the scientific method can tap accurate representations of the world, although this may sometimes be fallible (Gray, 2014).

In opposition, critical realism supports the view that what is real is not reducible to human knowledge of reality; human knowledge captures only a small part of a broader reality (Fletcher, 2017). This view emerged out of the positivist and anti-positivist paradigm wars of the 1980s (Denzin and Lincoln, 2011).

The search for explanation assists researchers in explaining social events and recommending practical policy to tackle social problems (Fletcher, 2017). Despite the explanatory strengths of critical realism, it received criticism for its lack of methodological development on application (Oliver, 2012). This view is also echoed by Bhaskar (2014, p. 5), who argued that "if CR is to be "serious", it must be applicable". Ackroyd and Karlsson (2014) contended that this paradigm is not appealing and does not provide accessible materials on the informed methodology to set new researchers on a path to accomplish insightful study.

Hermeneutics is the theory of interpretation, which is achieving an understanding of texts and utterances (Forster, 2009). This logic began in Gadamer (1960, 2004) through his investigation with Luther (Forster, 2009). Social reality is convoluted to be expressed through the process of consideration. Therefore, the scientist must interpret to achieve deeper levels of judgment and also self-understanding (Gray, 2014). Denzin and Lincoln (2008a) claimed that hermeneutics is an interpretative perspective in qualitative research, as well as phenomenology, structuralism, and feminism. Nonetheless, there are risks associated with the logic. McCaffrey and Raffin-Bouchal (2012) believed that the risks of hermeneutics are dependent upon how it is conducted. If poorly done, it brings into dispute the rigour and methodological consideration of the study – the issue of validity (McCaffrey and Raffin-Bouchal, 2012). The validity of hermeneutic was outlined in Rashotte and Jensen (2007, cited in McCaffrey and Raffin-Bouchal, 2012). They are the values of acute sensitivity to context, and the integrity of research participants in their account are highly consistent with the logic and communication styles.

Lincoln and Guba (1985) proposed the naturalistic inquiry as an alternative to positivism. Athens (2010) claimed that Herbert Blumer sought to develop naturalistic inquiry to provide sociologists, especially those with symbolic interactionism, with an alternative to positivism. Research characterises this logic in natural settings, qualitative methods, purposive sampling, inductive analysis, grounded theory approach, case study reporting, the provisional application of findings, and criteria of trustworthiness (Lincoln and Guba, 1985, cited in Bowen, 2008). According to Lincoln and Guba (1994, cited in Gray, 2014), multiple constructed realities can only be studied holistically. Investigating these realities leads to more questions than answers. Naturalistic inquiry requires robust data collection techniques and the documentation of research procedures. Details of the methodology, and particularly the data analysis procedures, should be included in the research report (Bowen, 2008).

Social constructionism originated from sociology as a view to come to terms with the nature of reality (Andrews, 2012). It is considered an anti-realist, relativist stance. However, it is considered a significant influence on grounded theory (Andrews, 2012). Social constructionism has been modified and refined by great scholarly movements such as feminism, narrative philosophy, ethnomethodology, social studies of science, post-structuralism, psychology, post-foundational and post-positivism (Galbin, 2014).

It focuses on constructive nature (i.e. sharing and negotiating meanings), while there is an emphasis on the deconstruction of the self and others in the postmodernist view. This paradigm argues that how the world is understood, and the categories and concepts used are historically and culturally specific (Blurr, 2015). Therefore, social constructionism regards humans as integral with cultural, political and historical evolution (Galbin, 2014).

There are two primary forms of this paradigm: micro-structures of language use in interaction, and macro-linguistic and social structures in framing our social and psychological life (Blurr, 2015). The works of Gergen and Shotter influence the micro-structure. This perspective affirms the rational embeddedness of individual thinking and action (Misra and Prakash, 2012). Macro-linguistic, on the other hand, is influenced by the work of Foucault (1972, 1976, 1979). The scholar acknowledged "the constructive power of language but sees this as derived from, or at least bound up with, material or social structures, social relations and institutionalised practices" (Blurr, 2015, p. 25).

Smith's (2010) critical examination of trends in sociology distinguishes between weak and strong forms of social constructionism. The former requires some maintenance, but the latter is merely bankrupt. In contrast, *strong* is ultimately in decline but managed to take hold in late modern thought because "conditions were ripe in the last decades of the twentieth century for many people in particular knowledge class positions to want to believe it" (Smith, 2010, p. 147). The main critique of social constructionism can be summarised by its perceived conceptualisation of realism and relativism (Andrews, 2012). Some have argued that it fails to recognise objective reality, challenges biomedical reality and questions self-evidence and stable realities (Schwandt, 2006; Blurr, 2015).

4.1.2.3 Pragmatism

Pragmatism developed in the early twentieth century in the works of William James (1907, 1979) and John Dewey (1916). It became the paradigm adopted by researchers who do not accept that achieving factual knowledge regarding the truth is possible and rather believe that researchers must be satisfied with credible information adequate to the needs of practice (Ormerod, 2006).

Weiner (1950, p. 191) viewed pragmatism as:

The contingency and precariousness of the mind's interaction with the physical and social environment, so that even in the most successful result of hard gained experimental knowledge, what we attain is fallible [he will call this "probabilism and fallibilism"]. Finally, American pragmatism upholds the democratic freedom of the individual inquirer and appraiser as an indispensable condition for progress in the future evolution of science and society [he names this "secular democratic individualism"].

This statement posits pragmatism as a plausible solution to address the discourse of filling the knowledge gap and solving societal problems. Thiebaut (2015) argued that Weiner's statement connects to two crucial questions: the underlying question of nature and the question of method and enquiry.

Easterby-Smith et al. (2012, p. 32) argued that pragmatism is perceived as a compromise position between realism and relativism: "it does not accept that some pre-determined theories or frameworks shape knowledge and truth; nor can people construct their truths out of nothing". Denzin (2012) argued that classic pragmatism is a doctrine of meaning, a theory of truth. It stems from the debate that the meaning of an event cannot be given in advance of experience. The significance is on the aftereffect and meanings of an action or event in a social situation (Denzin, 2012). In that sense, it allows researchers to be free of mental and practical constraints imposed by the enforced dichotomy between post-positivism and constructionism (Creswell and Plano Clark, 2007). In Dewey's view, the pragmatist view of the world is closely linked to what he called an existential reality. The view has different elements or layers: some objective, some subjective, and some a combination of the two (Dewey, 1925, cited in Feilzer, 2010). This perspective acknowledges the pragmatist value for both traditional paradigmatic stances, subsequently concentrating on beliefs that are more directly connected to actions (Morgan, 2014). This undoubtedly affects their philosophical and methodological position (John and Onwuegbuzie, 2004). Feilzer (2010) claimed that pragmatism supports the application of mixed research methods as well as modes of analysis and a continuous cycle if abductive reasoning is applied.

Pragmatism shifts the investigation of social research to questions such as: "[H]ow do researchers make choices about the way they do research? Why do they make the choices they do? Moreover, what is the impact of making one set of choices rather than another?" (Morgan, 2014, p. 1051). One can argue that these questions are not new to research, but pragmatism enlightens the answers to these questions that could lead to new goals and rules.

Pfeiffer (2003) suggested that researchers should consider the characteristics of where pragmatism should apply; for example, to understand the meaning of language, the researcher is best studying the practical implications of the ideas and statements in question. However, Jackson (1999, cited in Ormedo, 2006) argued that practice should be under the guidance of (controlled by) theory, and therefore opposes any descent into a pragmatism that expects the theory to serve practice.

Cameron's (2011) criticism of pragmatism is based on two grounds: epistemological relativism and short-sighted practicalities. The author argued that researchers face challenges when adopting this stance because there is a lack of awareness of critical arguments and sources in mixed-method literature in their respective discipline. They are faced with the challenge of defending their choice between philosophy and methods.

Despite these criticisms, some scholars have engaged in synthesising discourse that perhaps reflects the conceptual and practicalities of pragmatism. Tashakkori and Teddlie (2010) produced an extensive list of mixed-method research known as the five Ps of mixed-method research: paradigms, pragmatism, praxis, proficiency, and publishing.

4.1.2.4 Critical inquiry and feminism

Klein (2009) described *critical inquiry* as socially critical research that challenges established social conditions and institutions and severe forms of control. The aim is to facilitate a critique of social reality, emancipating people, empowering them to change social reality through liberating solutions (Sarantakos, 2013). Gray (2014) professed the rational discourse of critical inquiry because it gives a different perspective to positivism and interpretivism. According to the scholar, there are four assumptions beneath this paradigm:

> [P]ower relations in society mediate ideas. Certain groups in society are privileged over others and exert an oppressive force on subordinate groups. What is presented as fact cannot be disentangled from ideology and the self-interest of dominant groups. Mainstream research practices are implicated, even if unconsciously, in the reproduction of the systems of class, race and gender oppression.

(Gray, 2014 p. 27)

Cecez-Kecmanovic (2011) claimed that critical researchers create knowledge with transformative and emancipatory intent by revealing a situated understanding of the positions and experiences of people and

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linking broader social structures. This paradigmatic approach has criticised traditional perspectives on some bases. Scherer (2009) argued that positivist social science and scientific methods are deficient as a model for social sciences because they are unable to explain the subjective, socially constructed and normative character of social phenomena. In the same manner, the critical inquiry is criticised. The argument against this paradigm is that every research is critical, and hence to call a research paradigm critical is not helpful (Cecez-Kecmanovic, 2011). "Critical scrutiny of knowledge claims is a trademark of academia" (Alvesson et al., 2009, p. 8).

Like critical inquiry, the *feminism* paradigm believes that what a person knows is primarily determined by their social position (Gray, 2014). This paradigm developed to challenge societal oppression against feminist values and beliefs (Wilkinson and Morton, 2007). Fundamentally, "feminism is done by, for, and about women" (Burns and Walker, cited in Somekh and Lewin, 2005 p. 66). This definition asserts the main attribute of this paradigm; that it is a perspective that studies women or focuses on gender. There are three characteristics of feminism: characterised by objectives to build new knowledge and to achieve social change; based on the values and beliefs within the process of how women give meaning to their world; and it is both interdisciplinary and trans-disciplinary (Wilkinson and Morton, 2007). Some studies in social science, and in particular business management, have adopted a feminism perspective in understanding underserved groups (i.e. women) in organisations: inequality in organisations (Acker, 2006), women and international assignments (Altman and Shortland, 2008), the intersection of race and gender in the organisations (Holvino, 2010), and gendering in multinational corporations (Frenkel, 2017).

Despite the tenets of this paradigm, it faces criticism from postmodern thought because of its unified ideas and concepts (Sahin, 2016). Ahmed (2004) argued that postmodern critiques of feminism undermine the possibility of the feminist subject that is crucial to the politics of resistance and change. This obstructs the feminist idea to connect ideas, experience, and reality (Sahin, 2016). Interestingly, Hesse-Biber and Leavy (2007, p. 85) argued that "just when women are beginning to be included in the research process and have been given voice, this new view on knowledge building threatens to undermine the success feminism have achieved". Notwithstanding the criticism of the paradigm, feminist researchers led the development of the issues rooted in their beliefs. Over time, and as with social science research methods, ethics has become a central concern, such as informed consent for example.

Braidotti (2006) viewed feminism as a conceptualised political stance that fails to embrace the duality move of creating counter-identities, that is, a modern feminist project (a relativism). She portrayed feminists as social researchers when she said that feminists "rather go further and push towards

qualitatively stronger de-territorializations" (Braidotti, 2006, p. 134). The next section explores the development and views of postmodernism.

4.1.2.5 Postmodernism

Postmodernism was first coined in the 1950s (Fischer, 2014), but developed in the late 1960s to challenge positivism and modernism (Boisot and McKelvery, 2010). Critics argued that it emerged in the 1960s due to social turbulence that led to inconsistencies in the assumptions that modern social science relied upon. Different schools of thought – art, philosophy, and cultural studies – influence postmodernism. Therefore, it is difficult to define under a regular school of thought (Peltonen, 2016). Postmodernism is the field of study tied to cultural theory (Fischer, 2014). According to Bauman (1992, cited in Kemp, 2013), postmodernism means many different things to different people, and consequently, it is a state of mind. Postmodernists suggest that nothing can be proven, and that applies to an era and definition for postmodernism (Kemp, 2013).

Boisot and McKelvey (2010) insisted that postmodernists aim for reliable knowledge, but holding a competing view of realities. Researchers who adopt this paradigm are against the domination of an argument that decrees science to be right or right for all occasions, instead proclaiming that modern science is a myth as it falsifies reality (Rosenau, 1992, cited in Kemp, 2013). Szostak (2007, p. 37) reported that "any argument is as good as another, for there are no objective standards by which to judge". Rosenau (1992, cited in Szostak, 2007) challenged this view, claiming that postmodernists may be accused of claiming objectivity for their postmodern attitudes while dismissing the arguments of others as relative.

Postmodernism and poststructuralism are two of the most controversial paradigms of the past few decades (Turnbull and Antalffy, 2009). Hoberek (2011) argued that the shift to postmodernism occured due to the proletarianisation of white-collar work such as authorship. This paradigm is viewed as a radical perspective that seeks to deconstruct discourses and texts supporting an existing social construction, but which can end in material change (Hatch and Cunliffe, 2013). This is evident in Novicevic et al. (2008), who believed that a postmodern indeterministic study deconstructs text for its current and future value, with a focus on what is unsaid and overlooked. N'Elaati (2016) said that this paradigm faces criticism because of the term postmodernism itself, due to the multiplicity of the concepts and its implications from one critic to another. For these reasons, postmodernist researchers' relationship with evidence-based work is characterised by ambiguity and scepticism (Stahl et al., 2011; Duberley et al., 2012).

Despite the development of this perspective, Muller (2006) argued that it lacks transferability and generalisability of the insights that support case studies. One of the most prominent contributors to the discourse presents a constructive critique of postmodernism: "the postmodern critique of development could lead to a more politically astute and practical reconstruction of certain aspects of 'development'. Postmodern critiques should be examined and evaluated regarding the discursive resources they provide to this end" (Blaikie, 2000, pp. 1033–1034).

4.1.2.6 Comparison of the research paradigms

The research paradigms have experienced decades of debate over which view supports a common and universal truth. Positivism is akin to natural scientists because they believe reality is single and external to the researcher. This paradigm asserts that the world can be understood through scientific method (O'Leary, 2009), which renders it modernist (Ryan, 2006). Post-positivists rejects this stance because the world is ambiguous, infinitely complex, variable and open to interpretation (O'Leary, 2011). They argue that reality is external, but there is a limit to what we can know. This doctrine emphasises the falsification process and the distaste for grand theory, which renders it postmodernist (Howell, 2013). Guba and Lincoln's (1994) summary of paradigms concludes that the ontological assumptions of positivist are that reality exists, and thus is apprehendable.

Despite their differing stances, positivism and post-positivism are considered the most extended ancestry in modern research practice (Brand, 2009). Since the earlier days of Comte's sociology, the term positivism has been used extensively to characterise approaches to social science, which have made use of large data sets, quantitative measurements and statistical methods of analysis (Brand, 2009).

In contrast, interpretivism emphasises that the principles of the naturalist cannot understand the social world. It considers that there is no single reality, but that reality is multiple (Denzin and Lincoln, 2003). People act through these multiple realities or interpretations (Flowers, 2009). This view is akin to the naturalist inquirer or qualitative researcher because it predominantly uses qualitative methods. An extension of this paradigm is social constructionism. Although some texts have combined the discourse between interpretivism and social constructionism/constructionism (Crotty, 1998; Neuman, 2007; Aliyu et al., 2014), there appears to be an epistemological difference in the paradigms. For interpretivism, the reality is socially constructed, and the role of the social scientist is to give meaning to that reality. On the other hand, social constructionism believes that the researcher should explore how different stakeholders

in a social setting construct their perspectives (Guba and Lincoln, 1989). There are some approaches to interpretivism, as highlighted in Gray (2014): symbolic interactionism, phenomenology, realism, hermeneutics and naturalistic inquiry. Social constructionism, however, has two primary forms: micro-structures of language use in interaction and macro-linguistics, and social structures in framing the social and psychological life (Blurr, 2015).

Despite their advantages, interpretivism is criticised for its subjective nature and bias because the researcher is emotionally connected to the subject, which could deter him/her from what is happening (Myers, 2008). The interpretivist researcher has a much smaller sample size, which raises issues in terms of the generalisability of the research (Thompson, 2011). Silverman (2010) argued that high focus on meanings and experiences sometimes leads to the omission of contextual sensitivities.

Pragmatism developed in the wake of the paradigm war between scientific and naturalistic researchers. This paradigm posits that reality is continuously negotiated, debated and interpreted in light of its usefulness in new, unpredictable situations. It allows the researcher to adopt a combination of methods, (e.g. surveys and interviews) to solve the research problem. Morgan (2007) argued that the issues with pragmatism are, first, how much shared understanding can be accomplished, and then, what kinds of shared lines of behaviour are possible from those mutual understandings.

Like pragmatism, critical inquiry developed to present a different perspective from the traditional research paradigms. This belief stems from the sociological underpinning that aims to solve social issues through liberating solutions. Similar to interpretivism and social constructionism, the critical inquirer is drawn to qualitative methods (Scherer, 2009). However, alternative forms of critical inquiry (i.e. quantitative) are highlighted in Flick (2016). Some scholars have taken a political claim to the critical inquiry because they believe the paradigm seeks to address social injustice and inequality, which can only be understood through critical qualitative inquiry (Denzin, 2015; Winter, 2016). Similarly, feminism developed to challenge societal injustice, especially the systematic oppression of women. It has been adopted across disciplines, including business and management. The primary focus of this paradigm is gender.

Both critical inquiry and feminism have faced criticism from postmodern thoughts because of their unified ideas (Sahin, 2016). Flick (2016) argued that the challenge with the critical inquiry is to remain reflexive in its ability to do empirical qualitative research addressing social problems. Denzin (2017) outlined common criticisms of naturalistic inquiry as challenges for critical inquiry and feminism: fictional, soft journalism, anything goes methodology, romantic postmodernism, has no truth criteria, do not use

randomised and controlled experiments, and they are an attack on reason and truth. However, Bloom and Sawin (2009) claimed that critical inquiry reveals sites for change, affects social policy through active actions with policymakers, and impacts the researcher's life, thereby serving as a model of change for others.

Postmodernism emerged as an end to modernism. The characteristics of this paradigm include objective reality, morality, truth, human nature, morality and social progress (Hoberek, 2011). However, Samnani (2013) argued that postmodernism does not seek single and objective truth because it is often critical of functionalist approaches to research. Postmodernism, in similarity to interpretivism, social constructionism, critical inquiry, and feminism, draws on qualitative methods to investigate social phenomena. Discourse analysis is a method used for multiple paradigms, particularly critical inquiry and by postmodernist researchers (Phillips et al., 2008). Noam Chomsky is a known critic of postmodernism. He argued that the belief is meaningless and uses relativism that often cripples most judgment of the study. Unlike the other paradigms, criticisms of postmodernism are limited to specific facets of the perspective, that is, a scholar may review postmodernism literature but value postmodernism from a creative view (Nicholson, 2013).

4.1.2.7 The philosophy and paradigm positions for this study

Following the critical discussion of the research philosophy and paradigm, there are three justifications for the philosophical and paradigmatic positions of this study. These justifications are based on the research aim and objectives, and the characteristics of the researcher's ontology and epistemology, axiology and research paradigm.

As highlighted in Chapter 2, SEs are established to tackle social, economic and environmental issues; these issues differ, as so do the interventions to address them. The literature review revealed that funders and policy-makers are drivers of SI in SEs. Funders require these organisations to demonstrate their SI, while policy-makers develop policies that influence how SEs operate. This study, therefore, aims to understand the drivers, benefits, and challenges of capturing and demonstrating SI in SEs in the UK.

The focus of this aim is the reality from the SE perspective. As discussed in section 4.1, reality is understood through social construction (i.e. shared meanings in certain situations). This position focuses on the interpretation of individual participants and their related experiences. It requires the researcher to be part of the interpretive process.

The researcher believes that reality is multiple, as seen through many views. This nature of reality supports a subjective form of evidence where the researcher attempts to lessen the distance from what is studied. Also, the researcher acknowledges the role of values in the research. Due to the subjective nature of its epistemology, it is value-laden, and bias does exist (Creswell, 2013). However, the researcher identifies criteria for judging research quality, thus minimising bias.

Since this study aims to investigate the extent to which SI is captured, how and why it is captured in SEs, an interpretivism paradigm is considered appropriate to deepen the understanding of the subject matter. This paradigm supports both the ontology and epistemology of the researcher because it focuses on the interpretation of the participants.

The researcher sees each case and situation as unique, with its meaning being an outcome of the circumstances as well as the participants involved. The researcher is not part of the case organisations, and therefore refrains from making suppositions. Instead, the researcher focuses on the subject matter through the research questions to guide the study. The researcher adopts the qualities identified in Moustakas (1994, cited in Ensch and Ensch, 2013), with focus given to the wholeness of the experience instead of the parts or objects, placing human experience as the value of the study. Also, the whole experience is captured from each case, as it is an integral part of the relationship between subjects. The table below presents a summary of the philosophy and paradigmatic positions for this study.

Table 8: The philosophy and paradigmatic positions for this study

Philosophical assumptions	Ontological	Epistemological	Axiological
Question	What type of reality exists in this study?	What is the connection of the researcher to that being researched?	What is the role of value?
The position of the study	Reality is subjective and multiple, as seen by the participants.	The researcher interacts with the participants.	Value-laden and biased.

Research paradigm	Interpretivism		
Paradigm position	To understand the nature of reality through the interpretations of the participants' reality.		

(Source: developed by the author)

4.2 Research methodology

The research methodology has the ability to give guidance for the methods in practice. Therefore, the character of the methods is to be grounded in the base for the data collection and analysis. In social science, research methodology has undergone significant changes. These changes are classified under three methodologies: qualitative, quantitative and mixed methods (Lund, 2012).

4.2.1 Quantitative, qualitative and mixed methods

Silverman (2010) expressed the complexities of defining quantitative and qualitative methodologies. The author presupposed that it is much easier to compare rather than define them. Quantitative is an approach for the conceptualisation of the problem and question in the proposal regarding an experimental comparison (Punch, 2006). On the other hand, qualitative research is an approach established on a naturalist approach and starts as a countermovement to the positivist prototype (Creswell, 2009). It involves an interpretative approach to study experiences in natural settings in an attempt to understand a phenomenon (Denzin and Lincoln, 2011). In contrast, a mixed method is a mixture of qualitative and quantitative approaches in a single study or series of studies (Creswell and Plano Clark, 2007).

The quantitative approach aims to obtain abstraction from repeated observation from familiarisation of the current study rather than definitive situations (Neuman, 2011). This approach relies on the examination of variables. Miles and Huberman (2009) argued that the nature of quantitative study itself is unique because it separates researchers from reality. Furthermore, it studies reality from outside, uses the closed method of data collection, adopts a fixed research design, the world is captured in the still image, employs scientific methods and the data are analysed after collection (Miles and Huberman, 2009).

Neill (2005) said that quantitative research features a researcher's clear objectives of what he or she is looking for, the aspects of the study are designed before data collection, recommendations are made at later stages of the research projects, and the process can test hypotheses; therefore, it is more efficient. Researchers who adopt this approach remain objectively separated from the subject matter (Neill, 2005).

Quantitative researchers adopt numerous strategies from correlational studies to experimental designs, while at the same time relying on data collected from experiments and surveys (Creswell, 2003). These data are analysed to verify or test the hypothesis-employing procedures (Creswell, 2003) statistically. McCusker and Gunaydin (2015) claimed that quantitative research is the most preferred methodology by

researchers due to financial and time considerations. Quantifiable data are easy to access, and researchers take into consideration financial implications (Neill, 2005).

In contrast, the qualitative aim is to investigate how people interpret a situation and how their interpretations affect their actions (Jankowicz, 2005). This perspective is dependent on real-life events and analysis is based on diverse and significant themes. The qualitative approach relies on interrelationships between various factors, and the researcher's preconception is silenced for the real interpretation of participants to be captured and used (Jankowicz, 2005). In other words, qualitative is situational dependent.

Darlington and Scott (2002) described the qualitative study as a) the analysis of documentary data, b) the in-depth interviewing of individuals and small groups, and c) the systematic observation of behaviour. Pervez and Grønhaug (2005, p. 202) said:

> *Qualitative research is particularly relevant when prior insights about a phenomenon under scrutiny are modest, implying that qualitative research tends to be exploratory and flexible because of 'unstructured' problems (due to modest insights).*

Indeed, this is a substantial way for qualitative research to be used in business research (Eriksson and Kovalainen, 2008). Another way in which business research uses qualitative study is for a better understanding of issues that have remained unclear in quantitative studies (Silverman, 2016). Gummesson (2000) claimed that qualitative studies provide findings applicable to SEs and those in a similar sector. Furthermore, it creates openness by allowing respondents to expand on the interview questions, thus adding to knowledge.

Malina et al. (2011) advocated for mixed-method research because some aspects of human and social relations are better explored together. There are two reasons for combining approaches in a single study according to Abro et al. (2015). First, it gives a complete understanding of the study and allows for equal, complementary results by using the strengths of one method to develop another. Second, it is synergistic for the researcher because strengths from both approaches increase the significance of the data. Although each approach has its weaknesses, one's weaknesses can be replaced by the other's strengths; for instance, a quantitative research method may be unable to adequately address a research objective that aims to examine the *how* and *why* questions, while the qualitative research method may omit the objective issues, although the latter can capture and address *how* and *why* questions.

The mixed method takes on some philosophical stances in the social sciences. Pragmatism and transformative are two major philosophical traditions (Creswell, 2009; Teddlie and Tashakkori, 2009). Guba and Lincoln (2005) provided concise information on the belief systems that support this approach. Pragmatism is the notion of dealing with an inquiry in a practical way (see the research paradigm section for a discussion on pragmatism). Transformative tradition is a belief system that supports the researchers' approach to increasing social justice by integrating culturally diverse groups (Mertens, 2010).

Cameron and Molina-Azorin (2011) examined the prevalence of mixed-method research across the field of business and management to gauge the level of acceptance of mixed methods. The findings revealed that quantitative research dominates all seven areas with 76 percent of all empirical articles, followed by mixed methods with 14 percent and qualitative methods with 10 percent. Based on this study, it is clear that quantitative methods are the most popular research methodology adopted by researchers in the field of business and management. However, the study has limitations on the breadth of disciplines covered within business and management. In addition, the study only synthesised mixed-methods research from 1993 to 2008. As a result, this limits a generalisation on the popularity of mixed-method research in business and management. Johnson and Onwuegbuzie's (2004) comparison of the quantitative, qualitative and mixed method along with their strengths and weaknesses can be seen in Table 9.

Table 9: Comparison of quantitative, qualitative and mixed-method research

	Quantitative research	**Qualitative research**	**Mixed-method research**
Strengths	- Testing and validating already constructed theories about how (and to a lesser degree, why) a phenomena occurred. - Can generalise research findings when the data are based on random samples of sufficient size. - The researcher may construct a situation that eliminates the confounding influence of many variables, allowing one to asses cause-and-effect relationships more credibly. - Data collection using some quantitative methods is relatively quick (e.g. telephone interviews).	- Can describe, in rich detail, phenomena as they are situated and embedded in local contexts. - Provides individual case information. - The researcher identifies contextual and setting factors as they relate to the phenomenon of interest. - Data are usually collected in	- Can answer a broader and more complete range of research questions because the researcher is not confined to a single method or approach. - Can provide stronger evidence for a conclusion through convergence and corroboration of findings. - A researcher can use the strengths of an additional method to overcome the weaknesses in another method by using both in a research study.

		naturalistic settings in qualitative research.	- Numbers can be used to add precision to words, pictures, and narrative.
Weaknesses	- Knowledge produced may be too abstract and general for direct application to specific local situations, contexts, and individuals. - The researcher may miss out on phenomena occurring because of the focus on theory or hypothesis testing rather than on theory or hypothesis generation (called the confirmation bias). - The researcher's categories that are used may not reflect local constituencies' understandings. - The researcher's theories that are used may not reflect local constituencies' understandings.	- It is more difficult to test hypotheses and theories. - Knowledge produced may not generalise to other people or other settings (i.e. findings may be unique to the relatively few people included in the research study). - It generally takes more time to collect the data when compared to quantitative research. - It may have lower credibility with some administrators and commissioners of programmes.	- Methodological purists contend that one should always work within either a qualitative or a quantitative paradigm. - The researcher has to learn about multiple methods and approaches and understand how to mix them appropriately. - Can be difficult for a single researcher to carry out both qualitative and quantitative research, especially if two or more approaches are expected to be used concurrently; it may require a research team. - Some of the details of mixed research remain to be worked out fully by research methodologists (e.g. how to qualitatively analyse quantitative data).

(Source: adopted from Johnson and Onwuegbuzie: *Mixed Method Research - A Research Paradigm Whose Time Has Come*, 2004, pp. 19–21)

In light of the above discussion, quantitative, qualitative and mixed methods are different in terms of the philosophical stance and approaches to conducting research. The adoption of an approach depends on the research objectives and the researcher's philosophical position. The quantitative approach reflects the positivism and post-positivism research paradigms, while the qualitative approach supports interpretivism and social constructionism. In contrast, a mixed method is akin to pragmatism and post-positivism. The most common approach to quantitative study is the experimentation of variables, while qualitative study observes the interrelationships between various factors. The former is dependent on variables and statistical data, while the latter employs a situational approach with no single reality. In contrast, mixed-method research adopts both quantitative and qualitative approaches.

4.3 Research theories

Research theories are also referred to as research reasoning (Cameron and Price, 2009), research approach (Sminia, 2009) and research logic (Reed, 2008). Research theories are a supposition of ideas that help to explain an idea or in this context, to research systematically. Bryman (2007), Creswell (2009) and Anderson (2013) discussed deductive and inductive research. Blaikie (2009), Meyer and Lunnay (2013) employed retroductive and abductive.

Collis and Hussey (2013, p.13) defined deductive "as a study in which conceptual and theoretical structure is developed…inductive research is a study in which theory is developed from observation of empirical reality". Retroductive is the approach of conceptualising that requires the researcher to establish the circumstances without which the concept cannot exist (Meyer and Lunnay, 2013). In contrast to the above three, abductive supports a true conclusion, but it attempts to investigate if what is true is, in fact, true (Blaikie, 2009).

Bryman (2015) posited the view that a study is deductive when a researcher draws on what is known about a subject and on relevant theoretical ideas to deduce a hypothesis or hypotheses. In contrast, it is inductive if the researcher draws on the findings of the theory to be prompted. Meyer and Lunnay (2013) believed that the combination of retroductive and abductive will necessitate a critical realism paradigm. However, it is important to note that the most critical realism of the positivist stance is a critical inquiry (Reed, 2008).

The deductive theory involves a process of testing propositions, that is, the researcher's suggestion of what should happen (Anderson, 2013). In this case, the research is evidence based on what happens, but this is either confirmed or amended. Deductive theory aligns with the positivism paradigm, which a researcher adopts to confirm and consolidate hypotheses (Ormerod, 2010). The quantitative researcher highlights variables, develops a clear definition of those, and remains independent of the data. In contrast, the inductive theory is a process of gathering information through general propositions about what is happening, and then a theory is developed (Anderson, 2013). An in-depth summary of deductive and inductive theories is presented in Robson (2011). The scholar stipulated that inductive theory takes the background of data into consideration, collects subjective evidence, acknowledges that data are less generalisable but rich, and examines perceptions and meanings. In Rodon and Pastor (2007), the inductive

is exemplified by grounded theory, a method adopted by qualitative researchers. Creswell (2009) asserted that inductive aligns with interpretivism or constructionism.

Cameron and Price (2009) argued that the nature of inductive and deductive are not inclusive to the pragmatists and realists because observations are not theory-free and hypotheses are concepts on probation. This criticism is noted in Peirce (1955), who suggested the classification that results from induction, and the production of a theory, is a process of inference. He called this inference abduction. The usefulness of abduction to pragmatism is that it allows the researcher to engage with the concepts for further knowing (Cameron and Price, 2009). Unlike abductive, retroductive encourages the researcher to bring assumptions to the research that help to explain their method of analysis. There are five procedures to facilitate the use of retroductive: "counterfactual thinking, social and thought experiments, studies of pathological cases, studying of extreme cases and comparative case studies" (Meyer and Lunnay, 2013, p. 3).

In summary, deductive is developed in structured concepts, while inductive is observationally based on realities. Retroductive is built on the notion of understanding the fundamental existence of the phenomenon being studied. Abductive draws on conclusions based on the absence of a priori hypotheses. Like inductive, abductive draws on observation but relies on hypotheses to be tested as the study develops, while inductive is induced through a set of meanings to construct the context. The difference of these approaches can be noted in the research paradigms. Inductive is associated with interpretivism and social constructionism, while abductive is linked to pragmatism. Deductive is linked to positivism and post-positivism. Abductive and retroductive are akin to pragmatism and critical realism, respectively. The researcher's philosophy and paradigmatic positions support an inductive theory because the study is observed and interpreted based on the participant's interpretations.

The next few sections present the practical stages of this research. Stage one presents the research approach (i.e. the choice of qualitative design adopted for this study). Stage two discusses the data collection procedures. Stage three, which is the final stage, demonstrates the data analysis employed.

4.4 Stage one: Research approach

Yin (2014, p. 26) defined the research approach as:

> *The logic that link the data to be collected and the conclusions to be drawn to the initial questions of study.*

This definition supports a plan of action that connects the research questions, literature review, and research paradigm. Creswell (2014) said that approaches involve several decisions, and that they need not be taken in the order in which they make sense to him or her and the order of their presentation. These decisions involve the philosophical and paradigm positions of the researcher, research methods and data collection, analysis, and interpretation (Creswell, 2014). Braun and Clarke (2013) asserted that the research design allows the researcher to establish how the study will proceed. Stratford and Bradshaw (2016) said that effective qualitative research design requires careful design and rigour. The next sections present the plans for this study.

4.4.1 Choice of qualitative research

Based on the research objectives and the philosophical position of the researcher, qualitative research is selected as most appropriate for this study. Braun and Clarke (2013) said that the inimitableness of qualitative research questions lies in generating new knowledge from a completely unexplored area or a context.

There are three main reasons for adopting the qualitative approach. First, in light of the review of the literature in Chapter 2, the researcher concludes that the study of SI in the UK SE context is under-researched, despite on-going interest from practitioners and academics. Myers (2013) emphasised that qualitative research is appropriate when the subject of study is limited, and there are few published studies (see Nicholls, 2009; Ebrahim and Rangan, 2014; Costa and Pesci, 2016). Limitation in the current research prevents clear boundaries from being drawn between the phenomenon and context. Thus, this study will provide a useful understanding of SE interventions concerning SI from a UK context.

Second, the research questions seek to investigate to what extent SI is assessed in UK SEs, how it is assessed and why. Qualitative research generally aims to understand the experiences and attitudes of individuals or organisations. This method aims to answer the "what, how and why" questions of a phenomenon rather than "how many" or "how much" (Patton and Cochran, 2002, p. 4).

Third, qualitative research is appropriate for this study to understand the dynamics of SI in the current state of SEs in the UK. This understanding will contribute to new ideas for SI measurement and explore the challenges these organisations face in the changing social investment landscape. Also, it will present a new way of thinking about SI based on the in-depth investigation. Equally, it will contribute to current knowledge on SI and SEP.

Finally, current empirical studies in UK SEs adopt mixed methods and qualitative research. However, there is little to no evidence of SI study; for instance, some investigated impact assessment using accounting indicators such as SROI and SAA, with this approach eliminating organisations who perhaps do not implement these frameworks. Hence, there is limitation in current studies. Therefore, the researcher adopts qualitative research to provide in-depth insights into SIA in SEs. Short et al.'s (2009) review of the literature concluded that conceptual articles outnumbered empirical studies, while empirical efforts often lacked rigour.

4.4.2 Qualitative research approaches

Eriksson and Kovalainen (2008) identified nine different approaches to qualitative research in business: case study, ethnographic, grounded theory, focus group, action, and narrative, discursive, and feminist research. The next few sections explore these approaches in detail.

4.4.2.1 Case study

Case study is one of many methods of researching social sciences (Yin, 2009). It is the most common qualitative research approach (Swanborn, 2008). The central principle is to explain how and why (Swanborn, 2010; Yin, 2014). It provides unique contributions to the field of entrepreneurship; therefore, contributing considerably to knowledge in entrepreneurship research (Perren and Ram, 2004). Denscombe (2003) listed five rationales for the case study approach: multiple sources and multiple methods, natural setting, in-depth study, focus on relationships and processes, and spotlight on one instance. However, this approach faces criticism. Hyett et al. (2013) argued that the development of the qualitative case study approach is dependent on addressing methodological credibility issues. Case studies published without adequate information for the reader to understand the study design, and without sufficient reasoning for critical methodological decisions, may lead to research being interpreted as lacking in quality or credibility (Morse, 2011; Hallberg, 2013).

Yin (2003) categorised case studies as exploratory, explanatory and descriptive. Stake (2000) identified intrinsic, instrumental and collective as case study types. Zainal (2007) suggested that researchers can adopt single-case or multiple-case design depending on the focus on the research. McDonough and McDonough (1997, cited in Zainal, 2007) classified interpretive and evaluate case studies.

Exploratory is a type of case study used to explore situations that have no clear, single set of outcomes (Yin, 2003). It explores any phenomenon in the data that serves the researcher's point of interest (Zainal, 2007). Explanatory, on the other hand, is used to seek answers to a question that sought to explain the presumed causal links in real-life interventions that are too complex for the experimental approach (Yin, 2003). The descriptive case is used to describe a phenomenon and the real-life situation in which it occurred (Yin, 2003).

Researchers who have a real interest in the case adopt an intrinsic approach. It is undertaken primarily because the researcher intends to understand the case and not some abstract construct (Stake, 1995, cited in Njie and Asimiran, 2014). Instrumental is used to achieve a goal other than understanding a context. It gives insight into an issue to refine a theory (Baxter and Jack, 2008). Stake (2000) argued that the case is not of primary interest; it is a secondary interest that plays a supportive role to facilitate the researcher's understanding of something else. In contrast, the collective case study, also known as multi-site case study, involves more than one case, which may or may not be collected with other cases (Mills et al., 2010). It may be undertaken at one site (e.g. a hospital) by investigating different units at one site. Each unit is studied as part of a collection (Mills et al., 2010). However, some limitations exist. Due to the capacity of the investigation, it is impossible for a researcher to collect all the data required for the study (Mills et al., 2013). Different researchers are required at different units under the supervision of one principal investigator, but all researchers must be trained to ensure validity (Hancock and Algozzine, 2006). According to Yin (2014), they are similar to multiple case studies.

Gerring (2004) described single case study as a single piece of evidence lying at the same level of analysis as the proposition itself. The single-case is meaningful when there is no attempt to be comparative (Stake, 2006). Yin (2003) suggested that if the researcher seeks to explore the case while considering the influence on a larger case within the subunits, then the single case can be embedded. "Subunits can be separated (within case analysis), between the different subunits (between case analysis), across all of the subunits (cross-case analysis)" (Yin, 2003, cited in Baxter and Jack, 2008 p. 550). However, the single case received criticism because of its lack of robustness, and thus the crafting of the design of case studies is paramount (Zainal, 2007). In contrast, a multiple case study is necessary and extensive to develop a better understanding of the issue or to theorise a context (Mills et al., 2010). The multicase needs to be similar in some ways to explore the breadth through methods of data collection, and inclusiveness of the research questions (Stake, 2006).

The benefits of multicase study will be limited if fewer than, say, four cases are chosen, or more than 10. Two or three cases do not show enough of the interactivity between programs and their situations, whereas 15 or 30 cases provide more uniqueness of interactivity than the research team and readers can come to understand.

<div align="right">(Stake, 2006, p. 32)</div>

George and Bennett (2005) developed six types of case study: atheoretical/configurative idiographic – this type of studies do not contribute to theory; while disciplined configurative is based on established theories and how they are used to explain a case. Heuristic cases identify new causal paths. In this case, outliner cases are valuable. Theory testing the case study assesses "the validity and scope of single or competing theories" (Thomas, 2011, p. 515). Plausibility probes constitute preliminary studies to determine the need for further study, and building block case studies are a type of subtype of the phenomenon to identify common patterns or serve a specific heuristic purpose (George and Bennett, 2005).

4.4.2.2 Ethnography

Crang and Cook (2007) defined *ethnography* as participant observation and any other appropriate methods. Any other is identified as interviews, focus groups, statistics, video, photographic work, modelling, archive work, and so on (Forsey, 2010). It is interpretive and connects symbols within a culture (Kelly and Gibbons, 2008). Forsey (2010) argued that ethnography as engaged listening can allow judgment based on the quality of representation of the lived reality rather than how much time is spent living in participants' contexts.

This methodology aims to examine communal compositions of behaviour and beliefs within a group (Petty et al., 2012). It can produce extraordinarily rich results (Kelly and Gibbons, 2008), and provide an in-depth description of a group done through participant-centred observation (Fetterman, 2009). Mauksch et al. (2017) said that studying SEs ethnographically convolutes simple reductions to socio-economic pressures, by enriching the set of differences through which practitioners make sense of their work-world. Eriksson and Kovalainen (2008) claimed that ethnography is time-consuming and may be biased, thus affecting the validity of the data. Watson (2011) argued that the weakness of ethnography is access to research, as well as convincing journal reviewers and editors of its contribution. There are two areas of current criticism according to Hammersley (1992). First, there is the issue of representation. Ethnography was once praised for its ability to capture social phenomena. However, some have questioned the realist conception of validity (Hammersley, 1992, cited in Hillyard, 2010). Second, the relationship between the research and

practice of ethnography has been challenged because it is believed that conventional ethnography and other forms of social research fail to contribute to practice (Hammersley, 1992, cited in Hillyard, 2010).

According to Fetterman (2010), the ethnographer is aware of the importance of understanding the epistemological basis for a selected model. Feminism or poststructuralism, for example, provides a powerful lens through which to capture the world, usually in ways that were previously overlooked. He considers phenomenology to be a typical paradigm for ethnographic research.

4.4.2.3 Grounded theory

Glaser and Strauss invented *grounded theory* in the 1960s to challenge the widely used quantitative and deductive research approaches (Walker and Myrick, 2006; Bryant and Sharmaz, 2007). The objective of grounded theory research is, therefore, to find the primary concerns of participants and generate a theory that explains how they are resolving their main concern (Charmaz, 2015). The Glaser school of thought has frequently been identified as post-positivism due to its linkage in social interactionism and objectivist orientation (Ila and Terrance, 2012). On the other hand, Strauss and Corbin (1990, 1998) have been identified as constructivists, but it holds remnants of post-positivism (Ila and Terrance, 2012).

There are criteria for grounded theory study that a researcher must follow to discover a theory that fits, is workable and relevant (Gurd, 2008). The approach must ensure that categories, properties and integrated theory are developed from the data so that nothing is forced upon the data (Glaser and Strauss, 1967, cited in Gurd, 2008). Grounded theory investigates a process, action or interaction with the aim of developing a theory (Corbin and Strauss, 2008).

Ila and Terrance (2012) argued that the role of the researcher is to develop a theory that accounts for much of the relevant behaviour and not to provide a perfect description. The theory may "be presented as a well-codified set of propositions or in a running theoretical discussion, using conceptual categories and their properties" (Glaser and Strauss, 1967, p. 31).

However, it has received criticism concerning its appropriateness of applying the techniques compared to other qualitative research approaches (Gurd, 2008). Another issue is that research questions of 'why' are less appropriate to the use of grounded theory than 'how' process questions (Gurd, 2008). Jones and Noble (2007) contributed to this discourse by suggesting that grounded theory is at risk of losing its integrity as only a few researchers have adopted parts of the methodology. Ila and Terrance (2012) claimed that

reviewers have to rely on the researcher's accounts of the research process and explanations of how key evaluation criteria were satisfied.

4.4.2.4 Focus group

The *focus group* is derived from the term *focus group discussion* (Eriksson and Kovalainen, 2008). This means that the group is focused on an issue. As Silverman (2016) described, it is a way of collecting qualitative data by engaging a small number of people in an informal group discussion. This research approach is now widely used in business research, and more specifically in marketing (Eriksson and Kovalainen, 2008). The primary objective is to understand how viewpoints are constructed and how they are expressed (Puchta and Potter, 2004). Generally, focus groups are comprised of eight to twelve individuals who represent the population being studied. Calder (1977, cited in Coule, 2013) defined three types of focus groups: exploratory, clinical and phenomenological. Exploratory (also qualitative approach) seeks to generate scientific constructs and validate them against everyday experience. The rationale for the exploratory focus group "is that considering a problem regarding everyday explanation will somehow facilitate a subsequent scientific approach" (Calder, 1977 cited in Coule, 2013, p. 150).

The clinical approach views qualitative research as an alternative to the quantitative approach. In this view, the focus group is influenced by the behaviour of the participants. Focus groups can provide different perspectives at one given time, allowing for observable interactions while helping to build commitment and observable sense-making of the context (Cameron and Price, 2009). However, the economics of interviewing that appears to be an advantage (i.e. obtaining information from ten people in one hour) is considered a disadvantage because that is only one hour's worth of information (Stewart and Shamdasani, 2015). Furthermore, complex social dynamics of the groups will require the researcher to develop complex skills to facilitate the focus group (Cameron and Price, 2009). Merton (1987) suggested that many focus groups should not be referred to as groups, but rather they should be called *groupings* because they are "not…groups in the sociological sense of having a collective identity or a continuity unity, shared norms and goals" (Merton, 1987 cited in Stewart and Shamdasani, 2015, p. 6).

4.4.2.5 Action

Action research has a variety of labels such as participatory action research, action inquiry, critical action research and industry action research. This approach originates from social psychology, anthropology and social anthropology (Kemmis and McTaggart, 2005). The objective of action research is to improve and

find solutions to some problems, and involves the investigator in that activity (Eriksson and Kovalainen, 2008). The characteristics of action research are 1) relative to a situation other than the one being studied, 2) leading to grounded or developing theory, and 3) researchers are aware of the practical and theoretical implications of their studies (Bryman and Bell, 2015). Gummesson (2000) identified four types of action research: management action science, retrospective action science, societal action research and social action research.

There are numerous ways of collecting data in action research. Data can be collected through a diary of subjective impressions, documents relating to the situation, audio recording, observation notes of meetings, questionnaire surveys, interviews and written descriptions of meetings or interviews (Bryman and Bell, 2015). Despite the varied forms of data collection, there are disadvantages to this approach. Oates (2006) reported that action researchers are keen to prove that the inquiry is useful and that their method is valid. She called the attitude 'group-think and self-delusional'. Bryman and Bell (2011) claimed that it lacks rigour, it is lengthy to complete due to rare occurrences and difficulty in distinguishing between action and research to ensure the application of both.

4.4.2.6 Narrative

The *narrative* approach is the capturing of personal and human dimensions of experience over time with consideration of the individual context and cultural context (Clandinin and Connelly, 2000). Mainly, it cites an individual's story across time (Swanborn, 2010). Similar to ethnography, it is linked to the individual. The central design of narratives is the structure, the point, the plot, temporality and causality, the context and subjectivity (Aarikka-Stenroos, 2010).

According to Petty et al. (2012), this approach creates a range of data (interviews, participant diaries, letters and so forth). There are different forms of narrative analysis. Some focus on content analysis (Gehart et al., 2007), structural analysis, oral analysis and personal narrative analysis (Sahni and Sinha, 2016).

Narratives are increasingly used in business and management research (see, for example, Keaveney, 2008; Rossetti and Wall, 2017). Perren and Ram's (2004) study on case study narratives highlights some potential benefits of the approach. They claimed that the approach makes entrepreneurial case studies more manageable as they minimise complexities. There is a causal connection between narrative logic and naturalistic generalisation. It can provide new ways to gather and implement active data to improve validity (Aarikka-Stenroos, 2010). Notwithstanding the benefits, interview conventions, sensitivity and ethics are challenges that emerge when gathering data and reporting the findings (Aarikka-Stenroos, 2010).

4.4.2.7 Discursive/Critical discourse

The *discursive* approach depends on the works of scholars like Michel Foucault (1972) and Norman Fairclough (1995). It focuses on the idea that discourses inform what speakers think it is possible to say, how they view their affiliation with others and their communities (Bom and Mills, 2015). Foucault (1972, p. 117) described discourse as "a group of statements in so far as they belong to the same discursive formation".

Cannella et al. (2015, pp. 245–246) defined *critical discourse* as:

> *any research that seeks in its analyses to plumb the archaeology of taken-for-granted perspectives to understand how unjust and oppressive social conditions came to be reified as historical givens. These taken-for-granted perspectives might include, for example, unequal educational opportunity, racism, the acceptance of social life, from advertising to decisions regarding the candidate for whom we should vote.*

This definition highlights social issues as a critical construct for investigation, thus occupying multiple areas of inquiry. As Jupp (2008) put it, critical discourse is theoretically and methodologically diverse. The purpose is presumably secure in specific disciplines within which, or against which, it works. Mogashoa (2014) claimed that critical discourse analysis often begins from post-structuralism rather than structuralism because it is fundamentally against claims of scientific objectivity and universality.

Wodak and Meyer (2009) argued that critical discourse analysis affirms the importance of interdisciplinary activities to gain an adequate understanding of how language works in constituting knowledge in organising social institutions. Phillips and Hardy (2002) described four main discourse analytical research types: social linguistics analysis, interpretive structuralism, critical linguistic analysis and critical discourse analysis. The analysis is categorised into two levels: text and context (Phillips and Hardy, 2002). Social linguistics and critical linguistics focus on the individual texts or the surrounding texts. Interpretive structuralism and critical discourse emphasise the local context (Jansen, 2008).

Despite the value added to this approach, it lacks a systematic process in constructing the analytical process (Ramirez et al., 2014). Morgan (2010) indicated the following limitations of critical discourse: "the options available through the various tradition can lead to methodological issues, due to the differing epistemological positions, concepts and procedures. Furthermore, "meaning is never fixed and everything is always open to interpretation and negotiation; Similarities and differences between concepts may cause confusion for new researchers as well as the more experienced" (Morgan, 2010, p. 4).

4.4.2.8 Feminist

The *feminist* approach aims to establish collaborative and nonexploitative relationships, to place the investigator within the study to avoid objectification and to conduct research that is transformative (Creswell and Poth, 2018). Olesen (2011) affirmed that feminism draws on different theoretical orientations, international contexts and different dynamic developments. This dynamism indicates that the approach is a globalised approach to research. As highlighted in Brisolara et al. (2014), the current state of feminist research is undergoing a transformative development.

4.4.2.9 Summary of qualitative research approaches

In light of the above perspective of qualitative research approaches, each approach is different in principle, and thus used in unique contexts. Case studies address the *how* and *why* questions which support the objective of this study. On the other hand, ethnography investigates the in-depth meaning of a group through observation. In slight contrast to case study and ethnography, grounded theory seeks to understand participants' meaning of a concept or context. However, there are set guidelines for investigators to follow. Focus groups and case studies aim to gain in-depth understanding from participants. However, the focus group emphasises a simultaneous group discussion. Case study interviews can be conducted with individuals or organisations. In sharp contrast, action research aims to find a solution. One can assume that all research seeks to find answers to questions or problems. However, action research provides a solution to the problem. Although the narrative, discursive, critical and feminist approaches differ, they exemplify humans as the focus of interaction.

4.4.3 Justification of the case study research approach

Following a critical analysis of qualitative research approaches, this study adopts the case study approach using multiple case studies. There are five reasons for adopting case study and multiple case studies.

First, this study investigates how and why SI is assessed in SEs. According to Yin (2014, p. 14), case study is "effective in its real-world context; allowing 'how' and 'why' questions by exploring the nature and complexity of processes". It will allow the researcher to capture the process or practice, the interaction within such a process and the meaning of such interaction for a general understanding of the case under study (Njie and Asimiran, 2014).

Second, the literature review chapter shows that the proposed area of investigation is currently underdeveloped. Yin (2014) suggested that case study be adopted in an area for which there are few, if any, previous studies, while relying on multiple sources of evidence for data triangulation. This is supported in the literature on SEs; for example, Nicholls (2006, 2009) called for research into case study examples that illustrates the range of SEs.

Due to the natural setting of this study, it is exploratory; allowing the researcher to understand the real context of SEs by investigating to what extent SI is assessed. Meyskens et al. (2010) claimed that case studies are a rich source of data when researching within SEs. Through this approach, the researcher will capture data on the process of SI, why it is assessed and the barriers they face when capturing SI.

Third, the investigation is concerned with the process of SI implementation in SEs; it can be argued that the context of the case is imperative. Organisations in the sector are sought for investigation, which will be beneficial in capturing developing and immanent activities in the cases (Noor, 2008). Hartley (2004, cited in Kohlbacher, 2006) said that case study research is a heterogeneous activity covering varied levels of analysis such as organisations, organisational fields, individuals and groups. Investigating organisations (cases) allows the researcher to make use of a variety of evidence. Yin (2003) argued that the unique strength of case study is its ability to deal with a full variety of evidence: documents, interviews, artefacts and observations.

Fourth, the interpretivism paradigm position of the researcher supports the use of the case study approach. Although Thomas (2011) suggested that a case study is not a methodological choice, but rather a choice of what is to be studied, George and Bennett (2005) confirmed that those in business and politics espouse the interpretivism paradigm in case study research. The inductive nature of this study means that it is an exploratory study. Exploratory case studies tend to be more inductive and qualitative (David and Sutton, 2011).

Fifth, SI is a growing phenomenon in practice and academia. A case study will provide insights into what gaps exist in the delivery or why one implementation strategy might be chosen over another. This, in turn, can help develop or refine theory. Multiple case studies are used because this strengthens the results by replicating patterns, thereby increasing the robustness of the findings (Yin, 2011). Also, it offers robustness to the context of the investigation, which supports the interpretivist paradigm position of this study.

4.4.4 Research sample

Bryman (2008) defined sampling as the segment of the population chosen for investigation – a subset of the population. The process of selection is based on a probability or non-probability approach. Probability sampling is a method that gives all the population a known and non-zero probability of being selected; if this process is not achieved, then it is nonprobability (Daniel, 2012). Probability sampling includes random sampling, cluster sampling, stratified sampling and stage sampling (Gray, 2014). Whereas non-probability sampling selects a specific group for the study, which means that the population is not random (Gray, 2014).

Daniel (2012) claimed that the benefits and limitations of both probability and non-probability sampling are based on the research objectives; for instance, probability sampling is appropriate for studies that seek representative sampling and statistical inferences, which is limited in non-probability sampling. In contrast, non-probability sampling is exploratory, required for a quick decision and targets specific elements of the population (Daniel, 2012). Some scholars (Glaser and Strauss, 1967; Merriam, 2009; Ritchie et al., 2014) argued that although probability sampling is held to be the most rigorous approach to sampling for statistical research, it is inappropriate for qualitative research.

Qualitative study requires non-probability logic for selecting the sample for study (Battaglia, 2008). Sekaran and Bougie (2013) argued that non-probability sampling can be divided into purposive sampling and quota sampling.

Stake (2005) claimed that qualitative study builds on purposive sampling, building in variety for intensive study. "The precision and rigour of a qualitative research sample are defined by its ability to represent salient characteristics, and it is these that need priority" (Ritchie et al., 2014, p. 113). Gray (2014) identified salient characteristics as purposive sampling.

Patton (1990, 2002, p. 230) claimed:

> *the logic and power of purposeful sampling lie in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry, thus the term purposeful sampling. Studying information-rich cases yields insights and in-depth understanding rather than provides an in-depth definition of purposive sampling. Studying information-rich cases yields insights and in-depth understanding rather than empirical generalisations.*

Some scholars (Patton, 2002; David and Sutton, 2011; Suri, 2011; Creswell, 2013; Emmel, 2013; Gray, 2014) suggested using purposive sampling in primary research based on any of the sixteen strategies proposed. The table below presents the sampling strategies.

Table 10: Purposive sampling strategies

Sample type	Objective	Considerations
Emphasis on similarity Criterion-e	To identify and select all cases to meet some predetermined criterion of importance	This approach is employed by synthesists to construct Most synthesists employ criterion sampling (Patton, 2002; Suri, 2011)
Typical case	To illustrate or highlight what is typical, normal or average	"Attempt to get broad consensus about which cases are typical – and what criteria are being used to define typicality" (Patton, 2002, p. 236)
Homogeneity	To describe a particular subgroup in depth, to reduce variation, simplify analysis and facilitate group interviewing	Phenomenological approaches prefer homogeneity when selecting participants for focus groups (Gray, 2014)
Snowball	To identify cases of interest from sampling people who know people that generally have similar characteristics who, in turn, know people, also with similar characteristics	Begins by asking key informants or well-situated people who knows a lot about… (Patton, 2002)
Extreme or deviant case	To highlight the unusual and the typical	Cases may be discredited as being too extreme or deviant. However, it helps to identify conditions or features that might explain differences in outcomes (Gray, 2014)
Emphasis on variation Intensity	Same objective as extreme case sampling but with less emphasis on extremes	This requires the researcher to undertake some exploratory work to determine the nature of the shift of the situation under study (Suri, 2011)
Heterogeneity	High quality shared patterns that deviate across cases and develop their significance from a whole population	Can be used to document unique or diverse variations that have emerged in adapting to different conditions (Patton, 2002)
Critical case	To allow logical generalisation with the reasoning that "if it happens there, it will happen anywhere"	Exceptionally important when resources may limit the study of only one site, i.e. community, population (Patton, 2002)
Theory-based	This involves selecting cases that represent critical theoretical constructs about the phenomenon of interest	Sampling on the ground of developing theory through a rigorous method of constant comparison (Glaser and Strauss, 1967, cited in Emmel, 2013)
Confirming and disconfirming case	Confirmatory are additional cases that support emergent patterns. Disconfirming are those that do not fit the pattern	Confirming cases are typically employed in later phases of data collection. Disconfirming are a source of rival interpretation and a means of confirming boundaries around confirmed findings

Stratified purposeful	To capture variations even through a common core. Frequently samples of samples where each is relatively homogeneous	Selects groups that display variation on phenomena, but each of which is homogenous (Patton, 2002; Creswell, 2013)
Purposeful random	To increase the credibility of the outcomes	This is not representative of the population as a probability random sample
Nonspecific emphasis Opportunistic or emergent	To take advantage of circumstances, events and opportunities for extra data collection as they develop	This is usually adopted when it is impossible to identify the population from which the sample should be drawn. Applied at the broadest level (Suri, 2011)
Convenience	To collect information from participants who are readily accessible to the researcher	Available by virtue of availability. A common strategy in organisational studies (Bryman, 2012)
Quota	Selection of cases by opportunity-based selection methods. This strategy offers the potential to reflect the population	Allows the researcher to establish characteristics that provide a sample that will allow for comparisons between different groups within the population (David and Sutton, 2011, p. 232)
Combination or mixed purposeful	To facilitate triangulation and flexibility in meeting the needs of multiple stakeholders	The researcher must reflect on how the strategies complement each other (Suri, 2011)

(Source: Patton, 2002; David and Sutton, 2011; Suri, 2011; Creswell, 2013; Emmel, 2013; Gray, 2014)

The above table demonstrates the varied strategies that could be implemented in qualitative case study. Based on the above discussions, this study adopts non-probability purposive homogenous sampling because of its qualitative nature, sampling criteria based on a review of the literature and the context of the investigation, and case study techniques (i.e. inclusion and exclusion criteria) (see Table 11).

Since the study investigates SI in SEs, purposive sampling is considered suitable for this study because purposive samples are used when particular people, events or settings are chosen as they provide essential information that could not be obtained from other sampling designs (Gray, 2014). SEs will offer an in-depth insight into the processes of capturing SI in their organisations.

A study by SEUK (2013) revealed that SEs are concentrated in the UK's most deprived communities. Thirty-eight percent of all SEs work in the most deprived 20 percent of the communities. According to the Department for Communities and Local Government (2015) study (English Index of Multiple Deprivation), some of the most deprived communities in the UK are in the North West of England. The study shows the local authority districts of the North West include the most deprived localities in England: Liverpool, Blackpool, Salford, and Manchester. Surprisingly, this index indicates the negative or marginal difference in the areas from the Department for Communities and Local Government (2010) study.

Government figures show that the North of England has seen a fall in spending on services since 2012, while every other English region has seen an increase (HM Treasury, 2017).

SEUK (2013, p. 18) revealed that 15 percent of SEs in the most deprived communities operate in the financial support and service sector, "a level that decreases in line with deprivation". A Big Society Capital (2014) report on financial inclusion revealed that individuals in financial exclusion have low income and limited financial capability. The report described a low-income individual as those with household incomes in the lowest 10 percent bracket of the population. Interestingly, geographical areas of high deprivation are likely to have a higher concentration of financially excluded individuals (Big Society Capital, 2014). Therefore, this study also revealed a growing number of SEs in the North West of England, and hence the choice for SEs in the North West operating in the financial support and service sector. This justifies the selection of homogeneous sampling.

A study by the British Council (2016) on the UK SE sector reveals that access to finance is the primary barrier they face, both at start-up and in reaching sustainability. An SEUK (2013) report showed that the financial support and service sector is at the centre of the discourse on SI. Another significant study is Big Society Capital (2015) on the state of SE, where they showed that 44 percent of SEs applied for social investment funding between 2013 and 2014. In addition, 39 percent believed lack of funding availability to be a barrier to sustainability. Therefore, the financial support and service sector is sought for investigation. Purposive homogenous sampling is used concerning the selection of cases.

A clear sampling strategy that utilises an unbiased and robust framework can provide robust and impartial results (Robinson, 2014). In the case of research, the researcher makes the vital decision on which cases to select and may use any number of sampling strategies (Gray, 2014). Below are the inclusion and exclusion criteria based on the above justifications.

Table 11: Inclusion and exclusion criteria of cases

Selection criteria	Inclusion	Exclusion
Research sample & sector	SEs Financial support and services	Not operating as an SE
Intervention	Financial and service intervention in deprived communities	SEs with no financial and service interventions in deprived communities
Geography	North West England	Other regions in England

(Source: developed by the author)

The researcher employed SEUK and SEM CIC directories for SEs in the UK and North West, respectively. As discussed in Chapter 2, SEUK is the national body for SEs in the UK, while SEM is the only accreditation to assess organisations against sector criteria independently. A list of twenty-two organisations in the financial support and service sector in the North West was drawn up and each was contacted. Below are the selected cases for this study. The information is based on interviews, SEUK (2015) and Fame UK.

Table 12: Selected cases for this study

Case categories	Description	Year of establishment	Legal structure	Funded by:	Size
CS1- The Money Carer Foundation	Money management service to protect vulnerable adults who are unable to manage their finances	2009	Company Limited by Guarantee	-Directors' personal funds -Key Fund	SME indicator
CS2- Social Value UK	Provides training and assurance services to any organisation interested in SV and impact	1997 incorporated in 2007	Company Limited by Guarantee	-Membership fee -Assurance services -Consultancy and training services -Small grant	SME indicator
CS3- The Women's Organisation	Offers business support to women interested in starting up or growing their business in the North West of England	1996	Company Limited by Guarantee with Charitable status	-Public sector contracts -EU projects -Consultancy services -Space hire & rental	SME indicator
CS4- Knowsley CVS	Connects the social sector in Knowsley to other public and private sector organisations to remodel existing resources	1963 incorporated in 1989	Company Limited by Guarantee with Charitable Status	-£165,000 public sector funding -CHEST funding -Consultancy work	SME indicator

CS5- Coethica Limited	Support individuals and small businesses using UN Sustainable Development Goals (SDGs)	2017	Private Limited	Directors personal fund Networking events Space rental and hire	SME indicator
CS6- First Ark Limited	Aim to provide world-class services to customers and life-changing opportunities, which will inspire people in the communities they work	2007	Company Limited by Guarantee	-Knowsley Housing Trust -Viv Ark (facility management) -One Ark (social investment charity) and -First Ark investment	Unconfirmed (presumably large because there are 444 employees)
CS7- Regenerus	Created in South Sefton Development Trust to continue the work of the Government-funded South Sefton Partnership Regeneration Initiative in the area	2004	SE/Charitable organisation	-South Sefton Council -EU grants -Trust funds	SME indicator

(Source: developed by the author)

4.5 Stage two: Data collection

4.5.1 Initial contacts and gaining access

To secure approval to conduct this study, an official email from the researcher approved by the University Research Committee and research supervisors explaining the purpose of this study was sent. For all cases, a project officer or SI manager approved access via email (see Appendix B).

4.5.2 Data collection methods

Semi-structured interviews and document reviews are the main methods of collecting data. Adopting a variety of methods allows the researcher to collect relevant and insightful data. Yin (2009) identified six sources of evidence for case study research.

Table 13: Sources of evidence for case study research

Sources	Strengths	Weaknesses
Documentation	• Stable (can be reviewed repeatedly) • Unobtrusive (not created as a result of the case study) • Exact (contains exact names, references, etc.) • Broad coverage (long span of time, many events, etc.)	• Retrievability (can be difficult to find) • Biased selectivity (if collection is incomplete) • Reporting bias (reflects unknown bias of author) • Access (may be deliberately withheld)
Archival records	(Same as those for documentation) • Price and usually quantitative	(Same as those for documentation) • Accessibility (privacy reasons)
Interviews	• Targeted (focuses directly on case-study topics) • Insightful (provides perceived causal inferences and explanations	• Bias due to poorly articulated questions • Response bias • Inaccuracies (poor recall) • Reflexivity (interviewee gives what interviewer wants to hear)
Direct observation	• Reality (covers event in real time) • Contextual (covers context of case)	• Time-consuming • Selectivity (e.g. broad coverage) • Reflexivity (e.g. think about event differently) • Cost (hours needed)
Participant observation	(Same as those for direct observation) • Insight into interpersonal behaviour and motives	(Same as those for direct observation) • Bias due to participant/observer's manipulation of events
Physical artefacts	• Insight into cultural features • Insight into technical ops	• Selectivity • Availability

(Source: adopted from Yin: *Case Study Research – Design and Methods*, 4th ed., 2009 p. 102)

The above table outlines the strengths and weaknesses of different sources of evidence that could be applied to this study. However, the choice of sources is based on the objectives of this study. According to Yin (2009), the selection of source(s) depends on the research question because no single case source has a complete advantage over another. Atkinson (2005) suggested that employing some sources is beneficial as it enables the researcher to understand each case on an individual basis and assist in analysing data that reflects the social and cultural facets of the research context.

This study mixes interviews and documentation to benefit from each source and gain a comprehensive perspective from each case study. The exploratory approach to this study influences the use of interviews. Gray (2014) recommended the use of interviews if the objective of the study is largely exploratory. The

mix of evidence can be classified into primary and secondary data. Primary data include transcripts of interviews, participant observation and field notes. On the other hand, secondary data are essential materials that describe the subject of investigation. They are collected and published by others (Given, 2008).

For this study, interviews are considered primary data and documentation is secondary data. However, it is important to note that the documents reviewed are published by the cases investigated. The next section examines the use of interviews in detail.

4.5.2.1 Interviews

An interview is a verbal exchange in which the interviewer attempts to acquire information from and gain an understanding of another person, the interviewee (Gray, 2014). The interviewee is invited to discuss their beliefs and attitude as an employee or a citizen (Rowley, 2012). Interviews are one of the most important sources of case study information (Yin, 2009). They allow an investigator to find out what participants do, think or feel (Collis and Hussey, 2013). Interviews can be undertaken by telephone, face to face, or via the internet. Interviews provide much more detailed information than what is available through other sources. The atmosphere in which data are collected is relaxed, making the participants feel comfortable to engage in conversation (Boyce and Neale, 2006). However, there are limitations to this technique. Boyce and Neale (2006) said that interviews are prone to bias, and the data are not generalisable. Further, appropriate training must be given to the interviewer.

Interviews may be structured, semi-structured or unstructured (Robson, 2011). A structured interview is a questionnaire style approach that allows a superficial response. Semi-structured involves pre-determined areas of interest with possible prompts to guide the discussion. In contrast, unstructured interviews involve a broad area to explore, where the investigator mainly follows the direction of the participant (Petty et al., 2012).

Table 14: Benefits and drawbacks of interview

Types of interviews	Benefits	Drawbacks
Structured	Minimise the role of the interviewer during the interviewing process	Requires considerable planning, which can be time-consuming
	Ensures consistency across multiple interviews	Used in telephone interviews, survey research, market research and political polling and

		intercept research in public places such as shopping centres
Unstructured	Less pre-formulation required, allowing the interviewee to speak openly and freely	Free rein by the interviewee may lead out of the research context
	Unstructured interviews are flexible and the researcher can investigate underlying motives	The interviewers may be biased and ask inappropriate questions. In addition, the interviewee may talk about irrelevant and inconsequential issues
Semi-structured	Interviewer can probe deeper into a given situation	Inexperienced interviewers may be unable to ask prompts
	Some pre-formulated questions, but no adherence to these questions	Data may not be representative

(Source: adopted from Myers: *Qualitative Research in Business Management*, 2nd ed., 2013 p. 122)

The three interview techniques have strengths and limitations. However, structured interviews require a considerable amount of planning and there are limitations to quality data. In contrast, unstructured interviews may lead out of the research context because the interviewee is expected to narrate freely. Semi-structured is a combination of the structured and unstructured interview approaches. It allows the interviewer to probe deeper into the context and subject in comparison to the structured and unstructured interview techniques. Furthermore, it gives sufficient flexibility to approach different respondents differently, while still covering the same areas of data collection (Noor, 2008). Roulston (2010) linked the type of interview adopted to the research paradigm of the study. She distinguished between research interviews as neo-positivist, romantic and constructionist. The neo-positivist interviewer asks the right questions and takes on a neutral role to avoid bias. The romantic interviewer establishes a rapport with the interviewee to get him or her to discuss the relevant subject of investigation in their world. In contrast to neo-positivist and romantic, the constructionist co-constructs the data through unstructured and semi-structured interviews. Both the interviewer and the interviewee are involved in the co-construction of the data (Roulston, 2010). Since the paradigmatic position of this study is interpretivism, a semi-structured interview is employed. The researcher acknowledges that constructionism and interpretivism are not the same; however, constructionism is an extension of interpretivism (Denzin and Lincoln, 2011).

4.5.2.2 Semi-structured interviews

The researcher adopts the semi-structured interview for this study to capture a detailed view of how SI is practised. The researcher addresses a set of themes with open questions worded flexibly to encourage

interviewees to express their views freely (Wahyuni, 2012). The thematic guide for the interviews is based on the history of the organisation and its social mission; the role of the interviewee within the organisation; and the drivers of SI in the organisation, how SI is captured and the barriers to SIA (see Appendix D).

The researcher took into consideration dilemmas such as participants refusing to be audio recorded during interviews (Yin, 2014). Therefore, the participants were informed about the process before the interview. Also, the supervision team approved the open-ended questions for conducting the interviews.

The researcher conducted face-to-face, in-depth, semi-structured interviews with seven participants. Following a pilot study that revealed one individual with expert knowledge in each organisation (see the next section for more detail on expert knowledge), seven interviews were conducted with seven case organisations. As shown in the figure below, the same themes were captured in the first four cases. However, the researcher continued with the interviews to ensure that no new themes were overlooked. Three additional interviews were conducted, and it was clear during the seventh interview that there was no new information or theme observed in the data. In their review of eighteen published papers, Francis et al. (2010) found that fifteen papers that claimed to reach data saturation did not provide clear evidence of how saturation was decided. Data saturation in this study was decided when the same themes were uncovered in each new case which is consistent with no new themes or concepts emerging in the data (Bryman et al., 2008; Francis et al., 2010). This study provides evidence of the themes to support how data saturation was reached (see figure below).

The expert knowledge sought for this investigation provided rich data. As Dibley (2011) said, collecting quality and quantity can lead to data saturation. Data were transcribed and coded after each interview; the codes were grouped and themes labelled. The figure below illustrates Porte's (2013) suggestion that researchers could choose a data collection methodology that has been used before that demonstrated data saturation had been reached; moreover, researchers would correctly document the process as evidence (Kerr et al., 2010).

Guest et al. (2006) claimed that data saturation is known after at least two cases. Boddy (2016) argued that data saturation can be used as a justification for the use of a particular sample size in any qualitative research. More importantly, a single research participant can provide reliable indications for the directions in which future research can proceed, while individual cases can provide in-depth, new and nuanced understanding of previously unexplored phenomena (Boddy, 2016).

Figure 9: Evidence of data saturation in semi-structured interviews
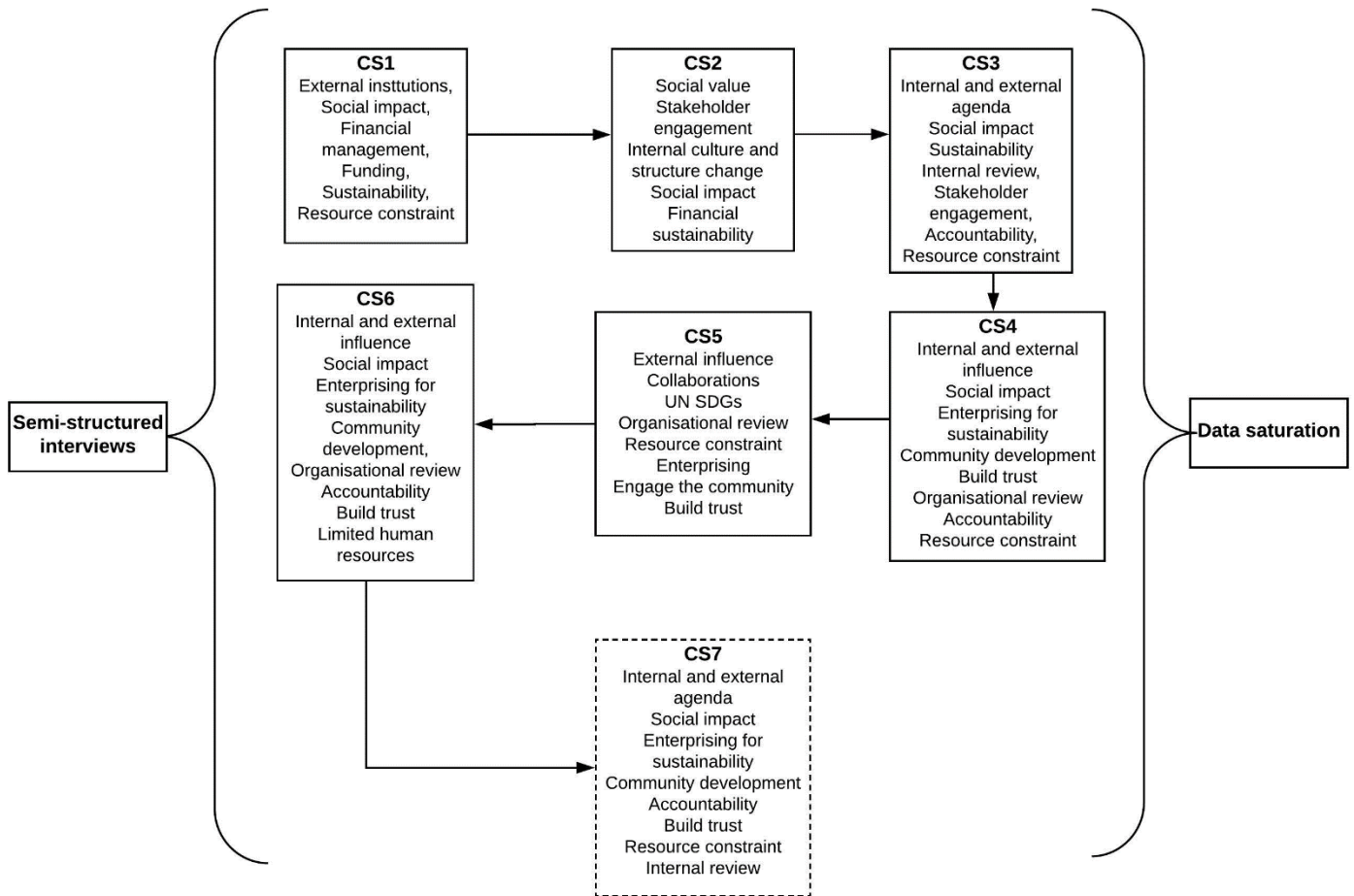
(Source: developed by the author)

The interviews lasted on average one hour. They were conducted in the participants' working environment. An audio recorder was used to collect the data. Also, the researcher made notes during and after the interviews.

At the start of the interviews, the researcher informed the participants about the purpose of the study and the process of the interview; for instance, signing the consent form and tape recording of the interview. A consent form was presented to the participants, as supported by the University's ethical guidelines for research (see Appendix C). The purpose was to highlight the participants' rights, the risks and benefits associated with the research. Furthermore, the form reassured participants of the steps taken by the researcher to protect their information. Since the researcher is not an insider, this process was critical to

building a professional relationship with the participants based on trust, honesty and credibility. Nonetheless, the researcher took into consideration pre-understanding of the context and subject to minimise bias or influence during the interview (Elo et al., 2014). Morse and Richard (2002) suggested that a chain of logic between the decisions made and how the study will be conducted must be considered to ensure credibility.

At the end of the interviews, the researcher wrote memos immediately after the process to recapitulate the interview process. Since the verbal and non-verbal interaction between participants and the researcher shape the data collected, which in turn influences the findings of the study, the researcher took into consideration all interactions to understand the phenomena being studied.

4.5.2.3 The participants

As highlighted in the sampling criteria, the participants for this study were SI managers or project officers. Due to the nature of this study, the participants were strategically selected to provide expert level experience concerning SI and/or funding applications that support some form of SIA. This criteria aimed to enable the participants to join the research context and for the study to meet its objectives through gathering relevant data. This type of participant is referred to as an *expert interviewee* in Littig and Vienna (2013). The authors described experts as those with expert knowledge, which is related to their professions. These individuals have specialised knowledge and experiences because of their responsibilities, actions, obligations and functional status within the institution. Due to the investigative nature of this study, expert interviewees added adept knowledge to the conversation.

4.5.2.4 Document reviews

The qualitative researcher is expected to draw upon multiple (at least two) sources of evidence, that is, to seek corroboration using different data sources and methods (Birkinshaw et al., 2011). This evidence supports the view of Myers (2013) that documentary evidence can be employed to support information obtained through interviews. Bowen (2009) suggested the investigator take into account potential limitations using documents with insufficient detail, bias selection and low retrieval.

Bowen (2009, pp. 27–28) noted that documents include

> *advertisement; agendas, attendance registers, and minutes of meetings; manuals; background papers; books and brochures; diaries and journals; event programs (i.e. printed outlines); letters and memoranda; maps and charts; newspapers; press releases; programme proposals, application*

forms, and summaries; radio and television program scripts; organisational or institutional reports; survey data; and various public records.

The documents employed in this study differ for each case organisation, but include a case study, annual report, aggregate impact report, sustainability development goals, service portfolios, SV framework, surveys and a partnership report (see Table 15). The researcher collected some documents during and after interviews with some participants. Others referred the researcher to their website for the documents. The justification for gathering other sources is to triangulate evidence gathered from the interviews. Equally, it allowed the researcher to obtain contextual information to assist in elaborating how SI is perceived within SEs, and to obtain additional evidence related to the drivers and challenges of SI. Documents from the seven organisations were used to understand each organisation's approach to SI, how they capture and why they capture SI.

The researcher considered Scott's (1990, cited in Mogalakwe, 2006) quality control for handling documentary sources. The scholar formulated four criteria: authenticity, credibility, representativeness and meaning. Authenticity considers whether the evidence is genuine and from a precise source, while credibility specifies whether the evidence is typical of its kind, representativeness refers to whether the documents examined are typical of the totality of the relevant documents, and meaning refers to whether the evidence is concise and understandable (Mogalakwe, 2006). The table below is the quality criteria, quality check and the researcher's confirmation of the process undertaken.

Table 15: Quality criteria for selection of documents

Quality criteria	Quality check	Confirmation
Authenticity	The evidence is genuine and of reliable and dependable origin	- Authenticated authorship - Cross-examined on other published database to ensure consistency in style and content
Credibility	The evidence is free from error and distortion	- All the documents used were prepared independently and before the start of the investigation - The documents were not prepared for the researcher
Representativeness	The evidence is typical of its kind, or if it is not, whether the extent of its untypicality is known	SI-related reports are representative of the organisation's mission
Meaning	The evidence is clear and comprehensible. The ultimate purpose of examining documents is to arrive at an	The literal meaning is connected to the contexts in which the documents are

	understanding of the meaning and significance of what the document contains	investigated to assess the meaning of the text as a whole

(Source: developed by the author)

4.5.2.5 Field notes

Field notes were taken during and after the interviews. The researcher recorded crucial features of the participants' responses, along with the context and feel of the interviews. Qualitative field notes are a vital component of rigorous qualitative research (Philippi and Lauderdale, 2017). The function of field notes in qualitative research serves some benefits.

> *[They] prompt the researcher(s) to closely observe environment and interactions, supplement language-focused data, document sights, smells, sounds of physical environment, and researcher impressions shortly after they occur, encourage researcher reflection and identification of bias, facilitate preliminary coding and iterative study design, increase rigor and trustworthiness and provide essential context to inform data analysis.*

(Philippi and Lauderdale, 2017, p. 2)

4.6 Stage three: Data analysis

4.6.1 Data retrieval

Once the interviews were collected the researcher manually transcribed the data, allowing for an in-depth understanding of the data. Interviews were transcribed and electronically stored in the form of Microsoft Word files. The process of retrieval can be seen in the figure below.

Figure 10: Data retrieval process
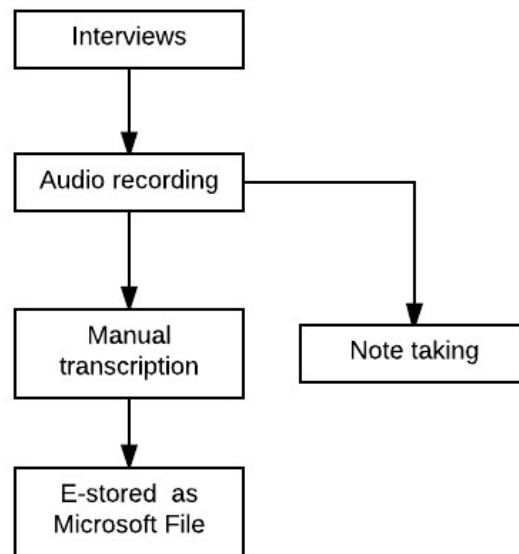
(Source: developed by the author)

4.7 Data analysis

Data analysis is described as the process of organising, structuring and bringing meaning to the broad collected data. Schwandt (2007, p. 6) said that "it is the activity of making sense of, interpreting and theorising data that signifies a search for general statements among categories of data". Data analysis in qualitative research is emergent. Therefore, the researcher needs to analyse data at least informally as the data collection progresses (Vohra, 2014). Creswell (2009) suggested steps to analysing data in qualitative research. Cohen et al. (2007, p. 461) captured the definition of qualitative data analysis in detail, describing it as the "process of making sense from research participants views and opinions of situations, corresponding patterns, themes, categories and regular similarities".

For this study, two forms of data analysis are undertaken: thematic analysis and document analysis. The objectives of the analysis are to a) triangulate the data for validity, and b) explore the in-depth meaning, use and context of SI. Bowen (2009) claimed that the qualitative researcher is expected to draw upon multiple (at least two) sources of evidence to seek triangulation with different sources or methods.

According to Braun and Clarke (2006), thematic analysis has some branding issues; however, it is widely used in qualitative research. The scholars argued that thematic analysis should be a foundational method

for qualitative analysis, as it prepares the researcher with core skills for conducting many other forms of qualitative analysis. Thematic analysis is used in this research because it provides a rich and detailed, yet complex account of the data (Braun and Clarke, 2006), while it presents an examination of the different research participants, highlighting similarities and differences, and generating unanticipated insights (Nowell et al., 2017).

Interview data involves some stages, as depicted in the figure below. The first stage is transcribing the data. Once the data are collected, the researcher manually transcribes each interview into a Microsoft Word document. Each transcript is revisited as a whole, and first impression notes are taken. After that, each transcript is carefully read (line by line) to fully understand the participant's responses. Then, relevant words, sentences and phrases are coded (also referred to as labelling). Coding of data is based on the repetition of words, sentences, new findings, similar findings in existing research, or some participants' explicit confirmation of the significance of a response. The researcher stayed focus on the transcript to maintain quality and unbiased views on the subject matter. An average of fifty-four codes were created for each transcript. The objective, however, is to reduce the number of codes to a more manageable number. In doing so, the researcher adopts a constant comparison approach by revisiting the initial codes to develop new codes through the merging of relevant codes. During this process, some redundant codes are dropped.

Themes are grouped based on similarities of purpose or meaning. This process is vital to meet the objectives of this study. Following this, the themes are labelled based on the meaning of the themes. The connections between the themes and labels are the main findings of this study. It is essential to express the range of themes identified in this study: common themes, unexpected themes, hard-to-classify themes, major, and sub-themes (see appendix F to L for a samples of thematic analysis).

Figure 11: Stages of data analysis


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                          ┌──────────────┐
                          │  Data type   │
                          └──────┬───────┘
                                 │
                                 ▼
┌──────────────────────┐    ╱╲         ┌──────────────────────────┐
│ Stage 1: Transcribing│   ╱    ╲      │ Drivers and              │
│ Stage 2: Revising    │──▶ Semi-   ◀──│ implementation of social │
│ Stage 3: Coding      │   structured │ impact                   │
│ Stage 4: Themes      │   interviews │                          │
│ Stage 5: Labelling   │   ╲    ╱      │ How social impact is     │
│ themes               │    ╲╱         │ captured and assessed    │
└──────────────────────┘    ▲          │                          │
                            │          │ Barriers to social impact│
                            │          │ assessment               │
                     ┌──────┴───────┐  └──────────────────────────┘
                     │Unit of analysis│──────────────▲
                     └────────────────┘
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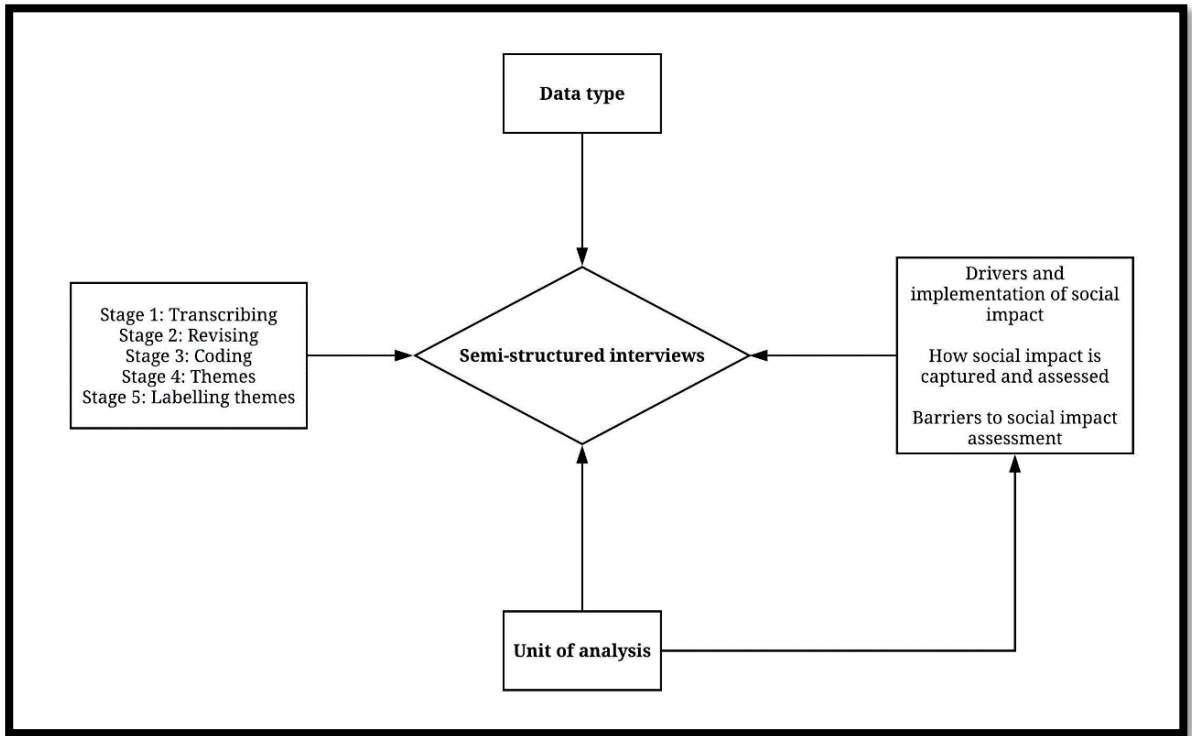
(Source: developed by the author)

After completion of the thematic analysis for the interviews, the researcher analysed the documents obtained from the participants, their websites and Fame UK (see Table 15). Document analysis was undertaken to explore the meaning (what SI means to the organisation), use (how SI is discussed and captured) and the context (the implementation of SI in the organisation) from all documents. Before embarking on a thorough examination of the contents, the researcher explored the meaning of SI from all documents using NVivo software to capture similar and contrasting themes. Text search (for *social impact*), word frequency and dendrogram analysis of all documents demonstrated the meaning, use and context of SI.

The researcher took into consideration the purpose of the documents, the reasons for their publication and the target audience before assessing the contents. Notes were recorded for future reference and to ensure consistency. After that, a superficial examination and reading were undertaken. The codes from the interview transcripts were applied to the contents of the documents (see codes analysed in Table 15). It is important to note that this process engages some element of content analysis because the purpose of the

documents' analysis is related to the objectives of this study. This analysis enables the researcher to capture an in-depth perspective of how and why SI is captured in the organisations.

There are three rationales for this analysis. First, it provides data on the context within which the research participants operate – it provides background information on the reasoning for capturing SI data. This information helps the researcher understand why SI is captured. Second, it provides supplementary research data to semi-structured interviews as an approach to developing case studies (Bowen, 2009). Third, the analysis allows for tracking change and development, especially with the review of annual reports and aggregate impact report to get a clear idea of how the organisations develop with their social mission and the capturing of SI data (Yin, 2009). Fourth, document analysis is used as a means for triangulating evidence from interview data. Since evidence from the documents triangulates those from the interview, there is no reason to investigate further (Bowen, 2009). This supports Lincoln and Guba's (1985) credibility criteria for judging research quality (see Appendix E for a sample of document reviews).

Table 16: Sampling of documents and data analysed

Cases	Type of documents	Codes analysed
CS1- TMCF	Case study	Services for the benefits of service user
	Annual report	Social and financial impact
	Service portfolios	Enterprise activities for social needs
	Corporate governance standard	Organisation protocols on SI
CS2- SVUK	Case study	Change created to service user
	Aggregate impact report	Organisation's activities and impact-related information
	Principles of SV	SV and SI
	Service portfolios	Organisation's activities
CS3- TWO	Case study	SI on the service user
	Projects and partnerships	Collaborations and partnerships for SI
	Service portfolio	Organisation's core activities
	Survey sample	Capturing SI
CS4- KCVS	Knowsley Better Together Report	Knowsley partnerships for SI
	Social Value Framework	Capturing of SI data
	Services	Activities and the service users
	Case study	Change created to service user
CS5- Coethica	Impact2030 Hub	Goals of the impact hub
	Event programme	Partnerships and investment
	Adapted UN SDGs	Community development goals and related data

	Survey sample	Capturing SI
CS6- First Ark	Corporate strategy	Corporate plan 2015–2020
	Case study	Change created to service user
	Social Investment in the North West report	Social investment and impact
	Social accounts 2016–2017	Local and regional impact
CS7- Regenerus	Evaluation report	SI captured and related reviews
	Project Regenerus	Community-centred projects and their impact
	Annual report	Organisational review
	Survey sample	Capturing SI

(Source: developed by the author)

Triangulation brings together different data to promote rigour, develop a deeper meaning of the data, and to gain a more complete picture of the subject under inquiry (O'Cathain et al., 2010). Concerning the practical application of triangulation in this study, Denzin's (1970) four triangulation strategies are distinguished. The first strategy of triangulation is data triangulation, which involves gathering data through different sampling strategies (i.e. at different times and through different people). The second strategy is investigator triangulation, which describes the employment of different interviewers in order to minimise bias leading from the personality of the researcher (Flick, 2008). The third strategy is theoretical triangulation, which involves the use of several theoretical perspectives in the analysis of the same set of data (Denzin, 1978). The fourth strategy is methodological triangulation, with this method widely used through the combination of different methodological techniques or methods.

Since this study adopts a qualitative approach, data source triangulation is applied to bring together the semi-structured interviews and documents to reveal the complementarity or incongruity of the evidence (Creswell et al., 2003; Guion et al., 2011). As Denzin (1978) argued, data source triangulation is the most discussed type of triangulation for validity (credibility) in the examination of a social phenomenon. Data triangulation allows for a multifaceted investigation (Glaser and Strauss, 1967). Although triangulation can take place throughout the research design, this study focuses on triangulation related to the data analysis to ensure the credibility, dependability and confirmability of the findings. Within each case, the documents were used to confirm similar or divergent themes from the interviews. However, the presentation of the findings was based on demonstrating SI practice in each case. This means that documents were also cross-examined through the NVivo software to increase the rigour of the data analysis

and provide a valid interpretation of the data collected (Brannen and Peterson, 2009). NVivo software was used to search for the meaning and use of SI in the documents to support the findings from the interviews in order to present new perspectives of the data. In addition, field notes were used to make initial commentary about what happened prior to, during and after the interviews. Naslund et al. (2010) claimed that field notes are particularly useful in case studies research because they provide a useful narration of events.

4.8 Pilot interviews

In advance of the research interviews, three semi-structured interviews with SEs were conducted. The purpose of these was to test the structure of the interview, the suitability of the research questions and to understand potential hurdles and barriers within different sections. Also, this was a test for the interviewer to reflect on any bias risk afterwards. Therefore, this pilot was conducted under the same guidelines as the main interviews.

4.8.1 Preparing for the pilot study

Interview questions were developed based on the research questions. The questions were discussed with the University's supervisors in January 2015. Minor changes were recommended to the structure of the questions to develop questions that reflect the primary objectives of the study. The 2013 SEUK survey and literature review were used to develop case study criteria.

A formal research ethics application was submitted to LJMU Research and Ethics Committee. This was approved in January 2015. Following the approval, case organisations' selection was through SEUK and the SEM. The Fame database was used to collect relevant information about the organisations: legal structure, year of establishment, mission and objectives. A participatory research email was sent to the case organisations. Interviews were conducted between March and October 2015.

4.8.2 Summary of pilot interviews

Interviews with three case organisations operating in the financial support and service sector provided insights on four specific areas: SI, drivers of SI, stakeholder engagement and the rationale for capturing SI. The participants believed that SI is essential in SEs because they are established to address social issues. Therefore, understanding the impact of their activities is crucial. Other reasons were noted as follows: SI supports funding applications, and the organisation is perceived as *doing good* because they can justify

their interventions. There were significant differences between organisations concerning the drivers of SI. SME SEs claimed that funders drive SI, and that the assessment information provided to the funder is dependent on the specifications provided by the funder. In contrast, board members and trustees drive medium-sized SEs. However, when they seek social investment funding from companies like Key Fund, they can only report on the information required by the funder rather than the information they have captured. This process allows both SME SEs to engage with their stakeholders for relevant SI reporting.

In conclusion, the interviews validated the research objectives and supported some findings in the literature. The researcher made adjustments to the number of participants and interview protocol following the findings.

4.8.3 Research quality

Notwithstanding the advantages of the case study approach, its reliability and validity remain in doubt (Riege, 2003). Poortman and Schildkamp (2011) argued that explication is the main issue in qualitative research. Therefore, the set of criteria for judging the quality of research under the qualitative approach should be respected. The quality of research begins with the researcher's understanding of what it is that the research is trying to answer or achieve. To ensure research quality, the researcher considered five central issues in the planning process: the aim, sample, the unit of analysis, the choice of data collection method and the analysis method and practical implications (Bengtsson, 2016). These issues are continuously considered before starting data collection to foresee fortuitous events.

Other areas of consideration for research quality are an explanation of how the data were obtained and interpreted, and how the conclusion was drawn. Onwuegbuzie and Leech (2007) argued that this explanation is evidence of research quality. Validity is considered to be a critical component in judging research quality in qualitative research (Bryman et al., 2008; Poortman and Schildkamp, 2011). Onwuegbuzie and Leech (2007) claimed that validity has been operationalised in many ways in qualitative research. Riege (2003) argued that there is no single, coherent set of validity and reliability tests for each research phase in case study research. However, a well-known set of criteria for judging quality in qualitative research by Lincoln and Guba (1985) is adopted for this study. The scholars argued that their criteria – credibility, transferability, dependability and confirmability – are appropriate for qualitative

research. Table 16 demonstrates the descriptors and strategies of the quality using the above criteria, and how they have been applied to this study.

Validity (credibility) is the interpretation of observations: whether or not the researcher is calling what is measured by the right name (Silverman, 2010). For this study, the researcher ensures that the theme guide directly reflects the research objectives so that the objectives are addressed. However, the researcher was careful in constructing the interview questions to ensure that the subject matter merges inductively from the interview itself. This approach is supported by Arksey and Knight (1999, cited in Gray, 2014, p. 388) who argued that validity be strengthened by "prompting informants to illustrate and expand on their initial responses and ensuring that [the] interview process is sufficiently long for subjects to be explored in depth".

Documents are reviewed as an additional instrument for internal validity. Diefenbach (2007) claimed that interview data only cannot provide an adequate base for answering the research questions or concluding. However, the scholar suggested asking different people about the same issues, with the hope that a particular pattern will emerge or other data sources can be used. Since the methodological approach is a case study and the context of investigation only permits one interview per case organisation, the researcher reviewed relevant documents for each case in the sense of triangulation (Diefenbach, 2007).

As mentioned above, reliability (dependability) is also considered a critical component in judging research quality. According to Gray (2014), reliability must consistently measure what it is set to measure. For this study, the researcher developed a set of semi-structured interviews, which was used for all cases. Although the probing questions are different, the researcher was the only interviewer for this study. Therefore, a standardised interview guide was maintained, that is, building rapport with the participants, preliminaries at the start of the interview, and conducting the interview (impression management and use of formal language).

Table 17: Criteria for quality in qualitative research

Criteria for quality	Descriptor	Strategies	Applied in this study
Credibility	The degree to which the findings can be trusted or believed by the participants of the study	Prolonged engagement Persistent observation Peer debriefing Negative case analysis Triangulation Referential adequacy materials Member checking Reflexive research journal	√ - - √ √ - √ √ *
Transferability	The extent to which the findings can be applied in other contexts or with other participants	Thick description Purposive sampling Reflexive research journal	√ √ √ *
Dependability	The extent to which the study could be repeated and variations understood	Audit trail of procedures and processes Triangulation Reflexive research journal	√ √ √ *
Confirmability	The extent to which the findings are the product of the inquiry and not the bias of the researcher	Audit trail of procedures and processes Triangulation Member checking Reflexive research journal	√ √ - √ *
Note: the reflexive journal is the researcher's handwritten notes (√*)			

(Source: Lincoln and Guba, 1985; Erlandson et al., 1993; Nelson, 2008, adopted from Petty et al., 2012)

The above table illustrates the set of criteria identified by Lincoln and Guba (1985). The combination of multiple strategies strengthens the process of the study.

4.9 Chapter summary

This chapter illustrated in detail the philosophical and paradigmatic positions of the research. It outlined the research methodology and methods to understand the process undertaken to achieve the research objectives. The study is qualitative. It utilises multiple case study design and non-probability purposive homogenous sampling criteria. Seven semi-structured interviews were conducted, and documents relevant to SI were reviewed. SEs in the financial and service sector based in the North West are the main participants of the study. Before the main study, pilot interviews were conducted to test the viability of the questions and research objectives. The interviews were audio recorded and transcribed using thematic analysis. Documents were reviewed using NVivo software and codes from the interview transcripts. This

additional analysis was a supplementary method applied to all sources of data collection. The objectives of the study form the unit of analysis. Following this chapter, the next chapter presents the findings of the cases.

Chapter Five

Findings of data collection

5.0 Introduction

Chapter four has provided the research methodology and methods to this study. This chapter will provide the findings of the interviews and document analysis. Each case is examined based on the unit of analysis, which is the research objectives. The themes from the interview transcripts and document analysis form the basis of discussion. The chapter concludes with a summary of the findings.

5.1 Interviewees

The figure below illustrates the interview participants, their roles and expert knowledge (e.g. overseeing SIAs and operations).

Figure 12: Interview participants
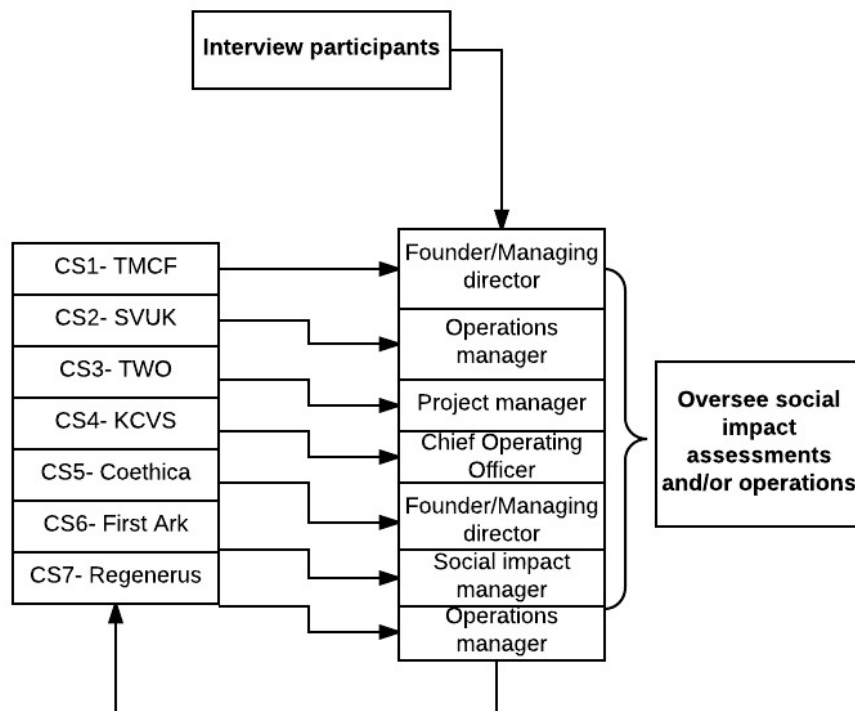
(Source: developed by the author)

5.2 Case study 1 – The Money Carer Foundation

Based in Runcorn, Cheshire, The Money Carer Foundation (TMCF) is an SME established in 2009 as a CLG. They aim to help vulnerable adults manage their finances. They work as a corporate appointee, court of protection deputy and local power of attorney. As a corporate appointee, they work with the Department for Work and Pensions to manage benefits and pensions for vulnerable adults. As the court of protection deputy, they assist clients with their high street banking and property. In addition, TMCF act as local power of attorney with clients who can manage their money practically, but would like to appoint someone to manage it.

Defining the organisation's purpose

The participant was keen to inform the researcher about the organisation's activities. It seemed crucial for the researcher to know that TMCF is making a difference to their service users and their communities. It was made clear that the organisation developed from a commercial organisation into an SE. TMCF established itself as an SE in financial management in 2009 after one of the founders became aware of the increasing financial deception of vulnerable adults in the UK. In particular, there is a case of a lawyer who had scammed senior clients of £750,000. Before this, TMCF was a money saving platform for busy professionals.

At the initial stage, the founder was concerned about venturing into an SE because of its hybrid nature and expectations from various stakeholders. The first step to being established as an SE is to define the purpose of the organisation. The participant claimed that this was an issue because he was not convinced about the way their purpose was articulated, and was unsure how they would be perceived in the sector.

He said that defining the purpose of the organisation was significant because it demonstrates the social issue they have sought to solve, which in this case is fraud targeting vulnerable adults in the UK. He described vulnerable adults as those with limited or no capacity to make decisions on matters such as finance. The organisation conducts capacity assessments for potential clients in accordance with the Mental Capacity Act to determine whether a person has the capacity to make individual decisions. In addition, defining the goal helps the organisation with capturing the changes they have created. Findings from the document analysis are consistent with the above discussion.

Document analysis

The corporate governance document outlines the history and development of TMCF. It also draws on the organisation's practice and procedures. It begins with a *Journey so far* statement, which renews the reason for the establishment – fraud targeting the elderly. The motivation for this is to ensure that the organisation maintains suitable protocols and the operational procedures necessary to meet its social objectives. The case study demonstrates services provided to an elder client with multiple financial needs. An elder is someone who is retired or in old age. The document highlights the service user's need to develop a will; however, following the outcome of a mental capacity assessment, she was deemed unfit to create one, and hence the use of TMCF's services. Findings from the document analysis support the interview concerning defining their goals in terms of highlighting the problems they strive to address.

In addition to defining their purpose, they were keen to understand the principles and practice of the sector. The organisation engages in SE-related events across the UK. One of the first events the interviewee attended was on SI. This event widened his perspective on the full activities in the sector and what SI means. At that point, the organisation developed an interest in the idea of telling the story of what they do, how they do it and the change they create in the lives of their service users. This engagement has led to some opportunities such as working with the Department for Work and Pensions and access to social investment opportunities. As they investigated social investment opportunities in the sector, it became apparent that funders were interested in how their activities impact the lives of service users. The participant acknowledged that the funders' expectations had influenced how they consider their purpose and SI.

5.2.1 Drivers of social impact capture

In 2010, the organisation outlined plans to develop their services regionally and nationally. The plan included a clear outline of their purpose, services and resources required for operations. The plan also outlined the costs involved. This required financial investment in new systems and resources (human and technical). The founders decided to invest their finances in initiating the business. Although the founders had invested their profit from the commercial business in the new enterprise, this was not sufficient to develop new infrastructure. After four years of running the business from their investment, and experiencing increased demand for their services, they decided to seek social investment to grow the business.

In 2015, they applied for funding at Key Fund. Key Fund provides social investment to SEs working across the North of England. This funding was the first social investment application by the organisation. According to the participant, the application process was tedious and required the following information: outline of their current interventions, their projections for the funds, and how SI would be achieved. Since this was their first application and consideration for SI, TMCF was driven by the funder to capture SI. The participant said:

> *The application process covers a lot of basics such as cash-flow projections, business information, and our experience, what we do. But it did also ask about the benefits of our work to society, you know…the social impact. So I was able to explain what we do in the documentation, how it benefits society, that sort of thing. Obviously, we went through the PEST model. We translate our business model into the concept of that framework.*

<div align="right">[Interviewee 1, Founder and Managing Director]</div>

Following the application process, the founders agreed to review the clients' admission process, and to record the impact of their service process. For this reason, they focus on the service delivery process. The next section explores the service delivery process and how SI data are captured.

At the start of their social organisation, TMCF was faced with the problem of defining their goal in a way that resonates with different stakeholder groups. However, it was found that capturing SI was vital if they are to access social investment and be accountable to stakeholders. SI helps to build and maintain a good image in the sector and develop trust among stakeholders. Furthermore, it helps to gain credibility as a leader in money management for vulnerable adults and demonstrates the change created for their service users. TMCF believes that capturing SI will build and enhance trust with stakeholders and report a real change in people's lives. The main stakeholders identified in the interview are local authorities, social workers, doctors, and psychiatrists. It was also revealed that SI is beneficial from a marketing perspective.

5.2.2 Setting standards: How social impact is implemented

The participant described the importance of their services as *life-changing*. He believes that this life-changing initiative should be promoted by publishing the real impact experienced by the service users. As an organisation, they believe it would be a waste of opportunity not to capture the changes they create, and that people should be educated about the impact of fraud targeting the elderly.

To capture this information, they set standards through their integrated service model, organisational structure and their indicators for business growth. The integrated service model is described as the collation of the organisation's operational services: financial, legal and social care. These services are integrated because TMCF acts as the appointee, the local power of attorney and deputyship. These services require TMCF to work with other service members in the community such as social workers for clients who have social care at their own home or a nursing home. According to the participant, integrating the system improves efficiency and reduces complexities in operational processes. Although TMCF has extensive experience in business functionality, it is reliant on collaborators such as social workers, carers and legal practitioners.

Document analysis

Document analysis shows similarities between financial, money and carer. They appear under the theme labelled organisation. Financial illustrates the services offered to individual clients. These services are financial protection, legal advice and social care. Money, on the other hand, is concerned with managing people with social care needs. Carer describes the social worker providing social care needs to vulnerable adults. Further analysis revealed that TMCF assists individuals, their carers and family members with the everyday management of the client's financial affairs. This document proves that finance is the key denominator in the process of social change to the organisation. However, money is central to the carer as they purchase the client's day-to-day needs such as food, gas and electricity through the money management system. This analysis supports the integrated service model, which the participant describes as being vital to achieving their social mission. It demonstrates the role and impact of social workers and finance on service users.

The organisation collects data at the start of a service, but not always at the end of a service. They collect demographic information, assessment of capacity, service needs and previous financial services (if any). It is important to note that in cases where the potential client has not been assessed for capacity, TMCF conducts the assessment using form COP3 under the court of protection. This information enables TMCF to establish the capacity of the potential client to provide the right service and support.

The participant described the SI of their integrated service model:

> *I am the court deputyship for a lady who is 92 who now lives in a care home on the south coast in Dorset. However, when she was referred to us by social services 6 months ago, the deputy took about 4 months in getting places, the referral form [was] typical of what*

we get from social workers: elderly lady, no family. The police had tried to find a family member, but there is none out there. Do you know that TV programme, Who Do You Think You Are? The genealogist behind that is a company called Anglia Research. We work very closely with them. Within 30 minutes of referring this case to them, they found her daughter and cousins. So what we then did is get in touch with the daughter, I had a conversation with her in this instant. This is the impact we make when we work with other organisations.

[Interviewee 1, Founder and Managing Director]

It was revealed that the funding application influenced the organisation structure. Since the funding was for developing new roles within the organisation, the funder required an evaluation of the organisation structure. This meant that TMCF had to review its guidelines and strategies. Following the review, the organisation developed guidelines for staff on how SI can be captured. However, this was a work in progress at the time of data collection. The participant asserted that the nature of their interventions means that sensitivity to clients' data, efficiency, and an integrated service system is paramount.

They set out strategic growth projections for the short, medium and long term. The areas of business growth are to increase stakeholder engagement, cash flow, partnership, collaboration, and SI. The plan outlines strategic questions such as *How many people have we supported in the last six months? What is our social impact?* [Interviewee 1, Founder and Managing Director].

Document analysis in NVivo

All documents were analysed in NVivo to capture the meaning and use of SI and the context in which it is used. The analysis found:

SI is: *The positive change created for the service users.*

Use: *To describe the effect of their interventions on specific cases to stakeholders through the annual report and case study.*

Context: *Three contexts were noted: the service users' environment, the UK government's proposed policy on fraud targeting the elderly and the organisation itself.*

The use and context demonstrate that the organisation considers different stakeholder groups when developing their strategic questions. It also proves that the organisation sought evidence from the sector

action group on fraud targeting the elderly to develop an action-led strategic objective to meet the social mission.

Workers and enterprise are critical to the structure of the organisation. This analysis is consistent with those from the interview concerning the organisation's core services and its goals for sustainability. The participant revealed that workers and in particular, social workers, are central to their service delivery. He emphasised the importance of enterprise activities for financial independence and ultimately sustainability.

At the time of data collection, strategic questions had been set; however, data were yet to be collected through this process. It was acknowledged that while developing a diverse range of service portfolios for growth is crucial, capturing the SI of their model is essential, especially in the finance industry where cases of fraud have destroyed trust between clients and business. TMCF believes that capturing SI is beneficial from a marketing perspective, for example, when promoting the organisation. It also validates the organisation's credibility because they can account for their activities and the positive changes of those activities on service users.

The participant emphasised the importance of understanding stakeholders through engagement in core services. He believes that it all begins with identifying different stakeholder needs and how to address those needs. The following stakeholders were identified: legal advisers, the Department for Work and Pensions, clients, employees, local council, family members, care homes, and carers.

Analysis of the corporate governance document revealed that the organisation uses technology to engage its stakeholders; for example, they use Fintech (a financial technology method) to support their clients. Clients are set up on this technology so they can manage their financial transactions through a mobile device. This analysis supports the discussion of money management software provided to carers. These systems empower the client because they feel in control of their finances, although a third party manages it. It also allows TMCF to operate efficiently as they work with partners such as the Department for Work and Pensions.

Involving both internal and external stakeholders is considered a dialogue- and solution-oriented approach for effective service delivery, business growth, ensuring that TMCF acts lawfully, and enabling the organisation to capture relevant SI data.

5.2.3 Capturing the data: How social impact is captured

The need to capture SI data was emphasised during the interview. It was revealed that the organisation's core services (financial management services) are captured for SI because these are the main sources of revenue, and the social and economic issue (fraud targeting the elderly) identified is specific to these services. Therefore, the organisation's objectives reflect the activities. Capturing these activities will, in turn, meet the social mission of the organisation. There are three financial management services: corporate appointee, court of protection deputy and local power of attorney. As the corporate appointee, the organisation captures quantitative data such as the number of clients receiving benefits and pensions from the Department for Work and Pensions, the number of clients living at home, the number of clients in nursing homes, and the number of incapacitated clients.

In their roles as court of protection deputy and local power of attorney, clients' information is collated at the first stage of consultation and stored in a database. However, this information is not captured for SI purposes. As the participant said:

> *We don't look at the data inwardly; this is why I have now got an intern from the University of Liverpool Law School looking at that for me as a data management task. We are asking ourselves, what constitutes our client database? I know we've got clients from all walks of life, all different stories and all different outcomes. But we don't capture inwardly. We do write stories about some of our clients.*

<div align="right">[Interviewee 1, Founder and Managing Director]</div>

Once the data are collated, case studies are used to report SI. There are case studies for all financial services. The cases include information on the problem the client faced before consulting TMCF and what changed afterwards. Cases focus on *how* the service(s) brought about *positive change*. More specifically, it demonstrates how TMCF carried out the service(s) with a combination of facts: what they did and how the client felt. The client is placed at the centre of the case by the use of their first name, that is, Jean instead of *the client*.

Interestingly, PEST analysis was used to capture SI. The model was used to assess trends in the social environment and the SI of their activities on society. This assessment was conducted during the application to Key Fund. The analysis validated the SI of their interventions. More importantly, it presented information demonstrating the impact of not funding their services on a broader scale. The participant highlighted the impact on the NHS by way of example:

An elderly client springs to mind. He has a history of not paying his bills – He has a mental illness – not because he did not have the money but because he worried about money. He would not pay or turn on his heating. As a result, he was admitted to hospital on several occasions. When we were involved, we had a regular meter installed and set up direct debit, which obviously comes under our control. We were able to instruct the carers to make sure the heating was on so his house is warm. We also gave the carers our shopping card system so that we can give carers who support our clients a MasterCard in their name to protect them and the service users. We also give them a pay-as-you-go mobile phone, which they top up and have access to money to buy food. We also arrange to have outings three times a week. Now he's in a warm house, fed properly and has carers supporting him. These changes are keeping him out of the hospital because he's warm and well fed. This saves the NHS money. I think that is a wider issue of what we do with our intervention.

<div align="right">[Interviewee 1, Founder and Managing Director]</div>

Document analysis in NVivo

Documents were analysed using NVivo to search for connections between the impact of their services on external institutions and TMCF. The case study and service portfolios were used because the codes reflect the aim of the analysis. The codes analysed in the documents are services for the benefits of the service user and enterprise activities for social needs. The theme *carer* frequently appeared in the context of *Jean* (service user). The analysis showed that the carer is at the heart of the interventions at TMCF. Interestingly, the carer is only associated with professional carers in the community and the NHS. The carer is central to the SI achieved. Similar to the above extract, the case study demonstrates how the organisation's care services improved the health of the patient. The connection between external impact and the organisation is the *carer*.

5.2.4 Barriers to capturing social impact data

Since its establishment, TMCF has gained new clients and collaborated with different organisations in the legal and social sector. However, the organisation faces challenges in capturing and reporting impactful data and cases. Lack of knowledge of the SE sector at the early stages of the establishment was a challenge. As the business sought to grow, the challenge shifted to SIA.

The barriers to SIA are selecting the right tool or framework, lack of technical and human resources, and developing indicators for blended value. Blended value is the ability to generate a combination of the

financial and economic benefit. Although the organisation reports SI through case studies, the participant revealed that there is no formal assessment tool or framework in place currently.

> *We don't have an assessment tool, but we need to have one now. Strategically I know what I am trying to achieve and what I want the company to look like going forward. I have that plan, but I don't know how I would go about capturing impact. There are lots of assessment tools out there that have already been designed that we can tweak. I will have a look at that.*

<div align="right">[Interviewee 1, Founder and Managing Director]</div>

5.2.5 Summary

Overall, these findings indicate that a funding institution is the driver for SI capture. They implement SI indicators in three areas of the organisation: the integrated service model, organisational structure and the business growth strategy. Core services are captured using case study narratives. However, they face some barriers such as selecting the right tool or framework, lack of technical and human resources and developing indicators for blended value.

5.3 Case study 2 – Social Value UK

Social Value UK (SVUK), formally known as a SROI Network, is an SME based in Liverpool. The organisation was established in 1997, but incorporated in 2007 as a CLG. They aim to change the way the world accounts for value. In doing so, they help individuals and organisations capture SI and SV through financial and insurance services. SVUK's members range from public sector organisation (i.e. local authorities) to private sector organisations and charities. Their primary objective is to design tools that help any organisation capture impact. SVUK delivers financial and insurance services, social research services, membership organisation services, services furnished by social membership, and accounting and auditing services.

Changing how the world accounts for social impact

At the start of the interview, the participant informed the interviewer that SV training is undertaken at their location or in the client's preferred location. As the operations manager, the participant is responsible for day-to-day activities concerning SV and SI. The vision and mission of the organisation are the driving force behind how SI and SV are implemented. The participant said that all organisations (including non-SE) should capture and report SI because they create change in the communities in which they operate. This belief is noted in their vision statement presented to the researcher during the interview:

> *A world where decision making, ways of working and resource allocation are based on the principles of accounting for value leading to increased equality and well-being and reduced environmental degradation.*

[Extract: Service portfolios]

To achieve this mission, the organisation developed four areas for businesses to account for SV: principles, practice, people and power. It was revealed that their principles lead to the inclusion of social, environmental and economic value in decision-making. A network was developed to support individuals and organisations who want to work with SVUK by putting into practice their principles of SV. For a mutual understanding of the practice, they developed guidance, tools, and support to help put the principles into practice. The participant asserted that supporting individuals and organisations in their learning, growth and influence is the most crucial plan (power) to build a movement to change the way society accounts for value. Despite their ambition, the participant argued that it cannot be achieved without substantial leadership. This means that their vision and mission cannot be achieved without substantial

leadership. The chief executive officer leads the team towards achieving an overarching goal of changing the way individuals and businesses account for SV to increase equality and environmental sustainability. It was revealed that senior management are the drivers of SI and SV in the organisation.

5.3.1 Drivers of social impact capture

The organisation has been delivering SV and SI for 10 years to over 30 organisational members. They have 7,700 supporters and over 300 individual members. SVUK considers itself a leader in capturing SV. The organisation's business model is entrepreneurial, as highlighted in their services. As a result, they have an active SI and SV agenda. The participant revealed that board members necessitate the assessment and reporting of SI data to understand the overall impact of their activities on individuals, organisational members and the organisation itself. Also, board members require this information for strategic decisions. Therefore, the board of directors (BOD) drives SIA at SVUK. As the participant said:

> *We are not reliant on grants. We have always been financially sustainable. We generate income through assurance services, selling training and membership since 2007. But we did apply for some grant funding for a project I was working on called Global Value Exchange. We had to report our social impact. But we had lots of information because our board of directors is really keen about social impact and social impact assessment.*

> [Interviewee 2, Operations Manager]

With a self-reliant approach to generating capital, there is minimal interest in applying for funding. For this organisation, external institutions do not determine the extent of what SI is captured. However, when they seek external funding, the funder has expectations for what is reported. The active board members have helped to facilitate the implementation of SI in the organisation. The BOD is described as highly skilled, socially driven and with over twenty years' experience in the social sector. It was also revealed that a strong management team and their capacity to understand the importance of SI to the organisation is a contributing factor to pushing the agenda, which ultimately meets their vision and mission.

Document analysis

In a document analysis of the organisation's activities and impact-related information, it was revealed that with knowledge and passion for social and environmental impact, the BOD help to create more value to the organisation's overall vision and mission. The organisation recruits members for their boards via their website. They ask for social and impact-related information; for example, *"What sector are you interested*

in? What is your membership status?" [Interviewee, 2, Operations Manager]. This supports findings from the interview when discussing the skills and vision of the BOD.

The BOD and management team develop questions to support the implementation of SI. These questions are: *"Is the organisation on track with the social mission? Does the organisation have external deals in place that will influence the information captured? How will our social impact information be useful to different stakeholders? What is the depth of our social impact?"* [Extract: Aggregate impact report].

The organisation's vision and mission statement are embedded in SI and SV. Therefore, it is logical for their operational activities to reflect these statements. Capturing SI is crucial because it is their principle as an organisation to change how the world accounts for SV and SI. It helps the organisation maximise its resources to deliver maximum SI. Furthermore, the frameworks and tools used to capture SI data are easy to understand, which means that different stakeholder groups can recognise the difference SVUK creates in the wider community. It also sets the organisation apart from their competitors. The participant emphasised the importance of SIA to SVUK and their members:

> *It's about accountability. If organisations don't do it then they are not accountable. It's important that when an organisation has a social mission they involve their stakeholders, otherwise it is just marketing.*

> [Interviewee 2, Operations Manager]

Although the tools and frameworks are useful, it was clear that SROI has enhanced the organisation's reputation as a sector innovator because they train other organisations to implement SV through SROI. The framework is widely known and the analysis undertaken using this framework is championed by social investors. Equally important, SROI is understood by both internal and external stakeholders.

5.3.2 Embedding the principles: How social impact is implemented

Three themes emerged from the interview with regards to the implementation of SI: operating activities, human resources, and quality assurance. The BOD has an influential impact on the following operating activities: SV training, consultancy services, and assurance membership. Each operating activity has a set of guidelines and approaches to capturing SI data. Moreover, some have additional materials; for example, SV training has a sample tool for conducting training. There are nine SV training courses. Each course has a set of guidelines and objectives. These objectives are set in alignment with the training outcomes and the

organisation's objectives. At the end of each training course, the trainee is invited to assess their learning outcomes. That process is the assessment, and the results form SI data.

Human resources are considered a crucial capability for capturing the information above. Staff are engaged in the process of understanding what SI means and how to store this information. However, the operations manager (interviewed for this study) is formally recognised for collating information for assessment and reporting the data. For the operations manager, SI is central to his role and responsibilities. For others, SI is a secondary responsibility.

It was found that engaging stakeholders was, and still is, vital to the information collated and reported regardless of the method(s) used to collect the data. Clients, customers and beneficiaries were identified as key stakeholders. Before information can be captured, stakeholders are contacted via email to give feedback through surveys. This information is required to determine what changes are necessary for stakeholders.

Document analysis

Two documents were analysed to understand the embedment process in the organisation. Two themes were uncovered in the analysis: stakeholder engagement and culture. The themes were drawn from the principles of SV, which embodies the document for SI and SV implementation at SVUK. In the document, it was found that the first principle of SV is to involve stakeholders. Engaging stakeholders is vital because it allows the organisation to capture authentic SI data. Authentic SI is described as genuine information from the clients' perspective. Interestingly, the case study document analysis revealed what had changed for the client after the service. The second theme of culture is the organisation's relentless pursuit of value for stakeholders. The culture is, therefore, to engage stakeholders when applying the principles of SI and SV. The motivation is to use the information to develop existing services, capture authentic SI and be accountable to stakeholders.

The participant asserted that stakeholder engagement helps the organisation to change or develop their services, and ultimately to create value. This is central to impact and risk management because they can evaluate potential risks and take appropriate actions to minimise risks. Furthermore, the organisation can understand and be accountable for the effects of their activities on clients, customers and beneficiaries.

As the participant discussed the importance of stakeholder engagement, he highlighted the engagement of stakeholders in the social sector. He said that stakeholders in the impact-investing community want and

need some guidance on appropriate (practical, credible, robust, low-cost, responsible and ethical) ways to incorporate the voices of affected stakeholders into their impact investments or organisational activities and, importantly, on how they should respond to these voices. This engagement helps to develop strong relationships with stakeholders because they are considered to be an important part of the organisation's review.

SVUK cements SI in its quality assurance services. The organisation offers accreditation on behalf of Social Value International. They assure reports, accredit individuals, accredit products and accredit software products. There is an assurance standard for all services and a specific assurance standard. The standards set the bar for assessment. They focus on the five principles of SV and the four support areas for getting assured, that is, peer support, assurance standard checklist, report review service and SVUK mentoring packages. Information from the services above represents data for SI reporting. Since the organisation assists other organisations to assess their SI, the survey tests how those organisations apply SV principles to their operations. The participant said:

> *Embedding social impact is not that difficult for us because this is what we do. But it is difficult for other organisations we help because they don't understand 'how to collect that information'. So we start with the principles of social value through our training. Once we've got this, we do a survey to see how many people are learning about the principles and how they are applying it to their work. This information forms part of our social impact.*

<div align="right">[Interviewee 2, Operations Manager]</div>

As previously highlighted, the organisation creates guidance documents to systematically capture SI data. In a document analysis examining the use of SI in the documents, it was found that value and impact are associated with SI. Further analysis to assess the context in which value and impact are used revealed that SI is the network for members who are interested in capturing and reporting 'impact' for 'SV'. This analysis supports the findings from the interview with regards to the implementation of SI in assurance standards. Following the embedment of SV and assurance standards, the organisation captures the information collated. The next section presents the SI captured and how it is captured.

5.3.3 The social impact captured and how it is captured

The organisation captures and assesses the following core activities: SV training, consultancy services and assurance membership. As revealed in the previous section, there are set standards and learning outcomes

for the organisation to collect data. For SV training, they assess the number of organisations and individual members, their industry and operating sector, organisations with in-house training and those without, organisations with in-built assessment framework or tools, and organisations who implement the principles of SV.

For consultancy services, they have the following value indicators: client satisfaction, performance improvement, SROI implementation and understanding of SV. Part of the consultancy services is assurance for accreditation. Some clients seek support with their performance report for assurance. The assessment values for the assurance membership align with SV International's report assurance standard. They are: client satisfaction, implementation of SVI assurance principles (for organisational members) and membership value.

The assessment values are set within soft and hard analytical frameworks. They assess SI using SROI, case studies, and surveys. SROI creates both quantitative and qualitative information. It is a forecasting tool to establish SV creation targets alongside financial targets and budgets to monitor operational activities. Case studies provide real-life examples of the organisation's achievement. It was revealed that the cases are published by members of their SV network. Surveys are published annually to test how far their approaches are embedded in the SV principles. As highlighted by the participant:

> *We do surveys to see how many people are learning about our principles and applying it to their work. We know that people learn about the principles through our training. That's why we do it.*

> [Interviewee 2, Operations Manager]

Document analysis

A number of themes emerged in a document analysis with regards to how SI is captured: SV, aggregating and portfolio, impact and investments, change and approach, assessment and need. This analysis demonstrates that SI creates SV at SVUK. The organisation aggregates impact by analysing their services to understand the change they have created. The SI data are used to access funds, bid for contracts and report to senior management. Multiple methods are used to capture and report SI to different stakeholder groups. These findings corroborate the interview with regards to SVUK's assessment approaches to capture SI information. SI is captured through multi-methods to address different stakeholder groups.

Further analysis was conducted to demonstrate how SI is captured. The analysis focused on the similarities and contrasting themes associated with SI and SIA. Impact and value appeared to be similar in use because they were used to describe the result of SI and SVUK activities. This shows that the value of the organisation is based on the SI of their activities. Further search for the contextual use of SI revealed impact on the importance of SVUK activities to stakeholders.

Context: *The extent of our impacts on society and the environment. Organisations (VPOs) want to aggregate impact information at the portfolio level.*

The findings support the interview data when discussing the organisation's operating activities, drivers, and implementation of SI. The participant revealed that although the process of capturing SI is time-consuming, they consider the cost-versus-benefits of capturing the information, where the benefits outweigh the costs. The next section presents why SI is captured.

5.3.4 Barriers to capturing social impact data

The participant revealed a number of barriers to capturing SI: time, resources and SI reporting for procurement. Collecting data takes time and resources. The main resource identified here is 'staff'. As discussed in the previous section, the organisation embeds SI in its core activities. This demonstrates their commitment to capturing SI; however, the participant claimed that the process is tedious because the staff require more time to input the data. While other members of staff collect SI data, the operations manager undertakes the guidelines, standard and assessment. This process is time-consuming, and it requires more technical know-how.

SI reporting is not a barrier for SVUK, but SI reporting for funders is the primary barrier; for example, knowing how to condense large volumes of data to meet the reporting standard of the funder. The participant reiterated that the funder does not drive what they capture because they are committed to SI and SV. However, there is a reporting criterion for all funding, which SEs must meet.

> *An investor tends to have goals, and they might be like improve employment, stronger community or access to information or something of high level or like reduce homelessness. That's what funders tend to have. They want to see progress in achieving those goals. So as an organisation when I receive investment and say we will improve*

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the health of people living in Liverpool, if they have that objective, they will say, I believe you, here is the money but just report to us when you have improved people's health in Liverpool. From a service delivery perspective, capturing this impact should be more than let's say 300 people's improved health. They need more information, i.e. how their health has improved. Sometimes it's not changing other consequences because of one thing leading to another thing. It's about detailed information that the funder wants to see.

[Interviewee 2, Operations Manager]

From SVUK's perspective, they will report detailed information about their services with consideration for the funder's social objectives.

5.3.5 Summary

Together these findings indicate that the BOD, senior management and funding institution are drivers of SI capture. They implement SI indicators in three areas of the organisation: operating activities, human resources and quality assurance. A combination of quantitative (SROI and surveys), and qualitative (case study narratives) methods are used to capture and report SI. The barriers to SIA are time, resources and SI reporting for procurement.

5.4 Case study 3 – The Women's Organisation

The Women's Organisation (TWO) is an SME based in Liverpool and Manchester. The women's economic development organisation is a Private CLG with charitable status. Their mission is to reach out to all women to enhance their role in their own lives, in their local communities, in business, and in the wider world.

They provide employment- and enterprise-related advice, information, training, and support to women. TWO has been in business for over twenty years (previously under the name Train 2000). The organisation uses multiple income streams to fund its operations: public sector contracts, EU projects, consultancy work, asset rental and virtual tenancy. The multiple income streams enable TWO to conduct various activities to meet their mission.

Economic engagement to empower women

As with any SE, there is a story behind the establishment. TWO was established in 1996 as a not-for-profit company to campaign on issues affecting women's lives, and in particular, those experiencing social and economic challenges. The vision of the organisation is to enhance the roles of women in their communities through economic engagement. This mission was evident in the building where the interview took place. There were plaques on the walls with inspirational quotes by women who had campaigned for women's rights historically and in modern times.

The intention to empower and inspire women is noticed by the diverse staff that work at TWO, who comprise women from different social and economic backgrounds. The participant began with her experience in the social sector. Prior to working at TWO, she had worked for other social sector organisations where TWO would tender for contracts. She became aware of TWO's vision and the impact they create in Liverpool and Manchester. She said that moving to TWO gave her a different perspective of what impact is. Impact used to be a term she would use in everyday social business language, but working at TWO, *"you actually see the change, the transformation in the woman's life"* [Interviewee 3, Project Manager].

The participant has over twenty years' experience in the SE sector. She claims that the organisation is determined to improve the health and well-being of women in their locality. To achieve this, they believe in participative learning, skills' development, career and employment opportunities, and leadership in the

communities. Although they are entrepreneurial, procurements and contracts are vital to creating more projects to support disadvantaged women. Therefore, they are driven by some factors to demonstrate the change they create.

5.4.1 Drivers of social impact capture

TWO was established over twenty years ago with a vision to develop the women in Merseyside through enterprise training. At the start, the organisation secured contracts and grants. Over time, it became an organisation with entrepreneurial ideas to transform the economic status of women. The strategic plan outlined a number of areas for development to support their vision. They are the BOD and trustees, the management team, investment and services, operating activities and SI. The organisation has a highly skilled BOD with over twenty years' experience in the third sector. For the management team, they needed to develop this area to include investment experts and consultants, which links to another agenda: investment and services. They considered expanding their operating services from training women to consultancy services for organisations and local authorities. The plan extended to capturing all these activities to improve performance and support funding applications, wherever necessary.

The participant revealed that the BOD drive SI because they are keen on SI reporting. They seek a regular update on the impact of TWO activities to understand what they have achieved, identify areas for improvement and how the results can help make better decisions.

> *I will say we are driven by the organisation, not the funders. We have more information than the funders will ever ask from us. That is about us being an informed organisation. Funders are only interested in chunks; we have to look at the whole picture.*

> [Interviewee 3, Project Manager]

The participant's use of the phrase *whole picture* means that SIA plans are embedded in the organisation's functions. However, it was revealed that while the BOD and the management team drive SI, social investors and contractors determine what is reported. To capture SI information, it has to be embedded in the organisation's functions because data can only be retrieved from the service delivery process. The implementation process is discussed in the next section.

The participant revealed the importance of capturing SI to the organisation: to understand *what* they do better and *how* to make decisions for future support.

Capturing our social impact reduces the risk for us in that we know what we are doing meets the needs of our clients. We've grown, we've evolved and stayed relevant. The world around us changes and we need to respond to that if it means that we are meeting the needs of our clients. Otherwise, we will be doing what we think is right.

[Interviewee 3, Project Manager]

Capturing SI enables the organisation to know where they are making a difference and identify areas for improvement. It is evidence-based information for tendering contracts and procurements. And, it helps senior management when making strategic decisions. Despite these benefits, barriers exist. The next section highlights the barriers at TWO.

5.4.2 Process of social impact implementation

SI implementation became a definitive objective after rebranding the organisation's model. It was vital for them to understand what SI means and the expected change for women. It was revealed that SI is the change they create for women and the communities.

Document analysis

In a document analysis for the relationship between SI and the implementation process, four themes emerged: enterprise, fund, value and European. Further analysis indicates enterprise is the organisation's partnerships with mutual organisations in deprived communities across the North of England. Fund describes how funding helps local areas stimulate growth. Value is concerned with the assessment of SI and marketing of that information. European is about the funding opportunities in the EU that TWO has obtained. This analysis demonstrates that the organisation is enterprising, that is, resourceful in creating value. This analysis supports the participant's description of SI. More surprising is the association with European and fund because the organisation tackles social issues in the North West of England, and they offer services to generate income. European was noted with the EU structural fund under which TWO had received funding to support potential female entrepreneurs. Based on this analysis, SI means adopting ambitious initiatives to create value.

For SI to be implemented, it must be capable of meeting the organisation's vision and mission statement. There are three areas of SI implementation at TWO: human resources, SV system, and quality assurance. The first step to implementation is a monthly management meeting and quarterly BOD meetings to nurture

a shared discourse about SIA. This includes developing strategic questions and reviewing organisational culture and the role of stakeholders. The following questions set the standard for the discourse:

> *What SI information is important to the service users and us? How do we nurture a shared discourse on SI? What tools and frameworks are good for sharing good practice? How often should we collect and report SI?*

<div align="right">[Interviewee 3, Project Manager]</div>

Once the management team reaches consensus on the above questions, service delivery staff are engaged in the process to develop training materials to reflect the above questions. The view is that if training materials provide quality service to women, this will reflected in the response of the women in the SI data.

The project manager – responsible for procurement applications – is involved in the implementation process because her role involves reporting SI for tendering contracts and grant applications. The next area of implementation is the SV system. This system demonstrates the core values of TWO. The values are:

> *Accessible to all women whatever their story or background, pioneering new ideas, resources, and programmes, creating a positive impact, building relationships and take account of diversity and inclusion.*

<div align="right">[Interviewee 3, Project Manager]</div>

These values influence what is captured and how it is captured. The values are embedded in some principles of a formal framework: social audit and accounting. These principles form the stages of SI implementation. The organisation clarifies the purpose, defines the process, engages stakeholders, benchmarks, and shares data (transparency). In addition, SI is implemented through quality assurance to guarantee the services delivered, and the SI achieved. Senior management decides this formal process. They document the organisation's quality assurance policies, objectives and requirements. They also gather information on how the project manager can implement the quality assurance system in alignment with the SI objectives. Following the implementation process, the team begins to collect SI data. The next section presents how SI is captured.

5.4.3 Social impact data: How it is captured

The organisation addressed the first strategic question to understand what to assess: *What SI information is important to the service users and us?* According to the participant, this is what SI means to TWO:

It is the difference we make to the individual woman and the community. As an organisation, we ask ourselves, have we made a positive influence? It might be the impact on an individual woman moving from unemployment to self-employment where she's able to provide other employment and training opportunities for others or her family.

[Interviewee 3, Project Manager]

After that, they had to change how SI is perceived and create a new culture to assimilate SIA. They capture operating activities and contracts. The operating activities are enterprise training, services (personal development, mentoring, health, wellbeing, and community and business incubation), projects and partnerships.

The organisation generates income through public sector contracts regionally and nationally to provide business training and advice, employment engagement, and professional development programmes. They also generate income through the rental of physical assets: buildings in Liverpool and Manchester. There are twenty-eight businesses located in Liverpool's establishment. Furthermore, they offer conference and training facilities, room hire, virtual tenancy and consultancy activities.

Document analysis

In a document analysis for the use of SI in all documents, it was found that business is central to services at TWO. The organisation operates similar services to commercial organisations because they wish to be self-reliant so they can drive an innovative SV agenda. Similar to the findings under drivers of SI, a self-reliant strategy allows the organisation to be in control of their activities and how they capture SI. Therefore, this analysis supports the findings from the interview.

SI is captured using different formal tools and approaches depending on the activity. For enterprise training, a survey (questionnaire) is undertaken at the end of the training for evaluation purposes. Staff engaged in training are required to collect surveys at the end of the training. For mentoring services, a pre-mentoring questionnaire is undertaken to gauge the needs and expectations of the client. At the end of the mentoring programme, a post-mentoring survey is sent to the client for feedback. The feedback captures the client's satisfaction with a workshop or training. The satisfaction is assessed based on four levels. First, the client's overall satisfaction level; for example, *"How satisfied are you with the training?"* [Interviewee 3, Project Manager]. The second is based on specific information about the training, for example, *"What did you find useful about the training?"* [Interviewee 3, Project Manager]. The third involves rating the

trainer and contents on an scale of 1 to 5, and the fourth is the plans of the clients; for example, *"How do you intend to use your new skills? Will you consider future trainings at TWO?"* [Interviewee 3, Project Manager].

This information is used to create pre- and post-intervention comparisons. Analysis of the case study and service portfolio documents revealed that the women engage in multiple skills and personal development programmes, that is, starting a business and building self-confidence. Further analysis was undertaken of the survey sample, and the projects and partnerships document. It was found that surveys were categorised to have related services to capture related SI; for example, starting a business and building self-confidence is related, versus starting a business and skills for employment. It proves that the SI captured is beyond their objectives but reflects their vision.

In addition to the above findings, it was noted that the organisation continuously invests in digital projects, developing women, building relationships with mentees and building sustainable SEs in Liverpool. The latter findings corroborate the interview data concerning the sustainability of the organisation, developing women in Liverpool and Manchester and capturing SI. For those joining the training programme, a registration process is compulsory. It allows the organisation to collect demographic information about the type of woman interested in their service(s). This approach enables TWO to prove, improve and be accountable to all stakeholder groups.

SAA is also used to capture SI against targets. Targets are determined by the objectives of the project and the costs of running it. SAA is used for large datasets to analyse data against the set target. Over 3,000 women use TWO's services each year. There are underlining principles that guide how data are collected through SAA. It uses a combination of internal monitoring data and external interviews to see if they are achieving their objectives. If the analysis does not meet the targets or objectives, they can identify ways to improve the services. The information is compiled into a set of social accounts for external audit by an independent social audit panel led by a registered social auditor. This audit reaffirms the difference the organisation is making through their services.

Some SI information from the Liverpool region was noted during the interview and from the documents. TWO set up 300 businesses in 2014 supporting 321 potential women entrepreneurs. Total expenditure on charitable activities was over £1.4 million, but they generated a total income of £1.55 million. The rental facility was fully occupied with 25 businesses (both male- and female-owned) and a further 83 virtual tenants. In 2014, the Business Club was launched. In its first year, over 150 women entrepreneurs joined

the club. It was revealed that engaging stakeholders is vital for capturing broad feedback and perspectives of how the organisation's services have impacted them. They engage with both internal and external stakeholders: staff, the women, associates and partner organisations.

The BOD and senior management will ask for quantitative and qualitative information about the women, as they are interested to know the type of women that are supported. The questions they want answers to are: *"Where do we have more impact? Where have we not made an impact? What should we be focusing on?"* [Interviewee 3, Project Manager].

The registration process forms data for quantitative SI reporting. On the other hand, focus group, case studies, and interviews are used to capture qualitative information. Administrative staff retrieve data, but the project manager is responsible for capturing and reporting the information. The participant proceeded to give an example of SI:

> *I think about one client, there was a woman who was made redundant having worked for the local authority. When austerity captures happened, she was one of those people affected by that. Now she's set up a support and advice business. She came here and we helped her with a business plan, raised some money, a loan to help her business, she moved then from her kitchen table to a spare bedroom and now an office here. I remember her showing me her office and she said look at my new sofa, I feel like I've made it now, I've got an office. She has a regular place to host her business meetings and to work. She now employs two other businesses and she supports other small businesses in her community. She champions the cause so with our support she's supporting other small businesses.*

> [Interviewee 3, Project Manager]

Senior management and the project manager value both quantitative and qualitative information. However, while some social investors prefer quantitative captures because they can see where the value is aggregated, others would request both qualitative and quantitative data. For TWO, qualitative information narrates an invaluable description of the positive change they have created from the women's perspective.

5.4.4 Barriers to capturing social impact data

Notwithstanding the organisation's commitment to SI reporting, they face some barriers when capturing the information. The participant revealed barriers to SIA: lack of adequate human resources, difficulty in capturing quality data, and reporting qualitative information to funders.

Although administrative staff collect and store SI information (i.e. registration forms and surveys), there is one person responsible for capturing SI and reporting. The process is challenging as it requires time to store, capture, analyse and interpret data. The project manager is under a time constraint because of senior management quarterly meetings.

Another barrier is capturing quality data. Large volumes of data can be difficult to synthesise to capture valuable information for both internal and external stakeholders. The participant described quality as value:

> *SV is the extra impact we make. For example, the woman I mentioned earlier with the new office space. She has now got employees and champions the cause. This is SV because we have impacted other people indirectly through her. But it is difficult to capture this information.*
>
> <div align="right">[Interviewee 3, Project Manager]</div>

Other barriers relating to SI were discussed. These barriers are specific to public sector contract applications. Cost is a barrier to TWO because service expenditures are high, so if a funding application is based on price, then this will impact the overall costs of the business and ultimately the services provided to the women. The participant argued that decisions should be based on the financial and non-financial impact the organisation creates through its interventions. At the moment, contracts or procurement decisions are determined by the financial value for each service user, which in some cases is unrealistic due to the costs associated with creating high-quality services. Regardless of this barrier, the organisation is confident in its service delivery and knows how much it costs to sustain that level of quality. The participant emphasised, *"If we need to compromise that, then we don't"* [Interviewee 3, Project Manager].

Furthermore, the decision-making process (time) and payment are obstacles for the business. Once funding has been awarded, the organisation has to deliver before getting paid. Sadly, the payment process is not clear-cut. The organisation increases or decreases its capacity to challenge the issue.

> *Let's say we have a contract with a local authority, but they will not give you £100k or £20k...oh no, you will be lucky if they gave you some of it upfront but you can make a claim on a regular basis (monthly or quarterly). But it relies on them processing it so what you might find is that lots of organisations like ours that are SEs, that don't have a whole lot of money, that are providing the service but they actually haven't received the money until 3–6 months later, and that has been administered by the government or local authority.*
>
> <div align="right">[Interviewee 3, Project Manager]</div>

In defence of the funders, the participant claimed that the funder wants to make sure the service is of a high standard before payment can be made. Below is a standard public sector contract application process. Interestingly, SEs that have partners are expected to provide assurance that all partners are sustainable organisations to fulfil any obligations once that contract is awarded. Therefore, TWO will have to select sustainable partners and include them in their SI indicators for successful future contracts.

Figure 13: Funding application process
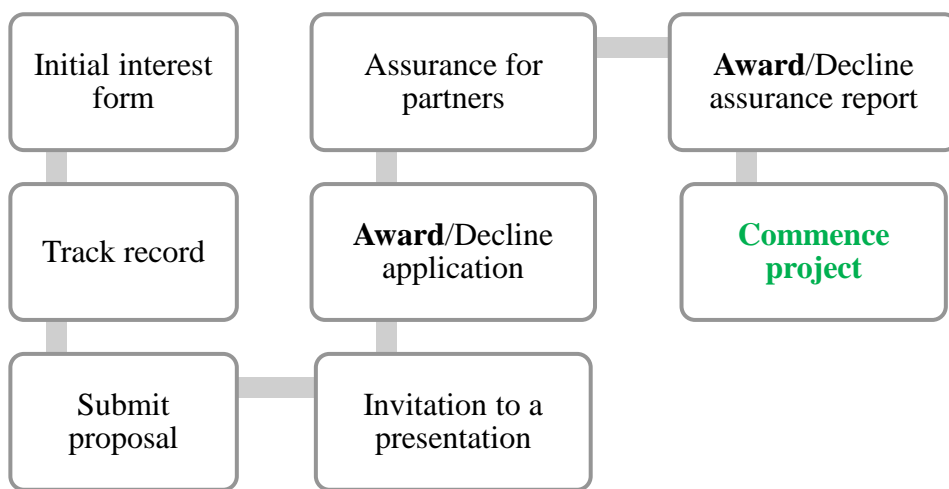
(Source: developed by the author)

5.4.5 Summary

In summary, these findings show that the BOD, senior management and social investors drive the SI captured. SI indicators are implemented in three areas: human resources, the SV system, and quality assurance. They capture and assess operating activities and contracts using SAA, surveys and case studies. Despite this, there are barriers to SIA such as lack of adequate human resources, difficulty in capturing quality data and reporting qualitative information to funders.

5.5 Case study 4 – Knowsley Community and Voluntary Services

Knowsley Community and Voluntary Services (KCVS) is an SME CLG with charitable status established in 1994 by the local council within the locality of Knowsley. CVS are traditional structure organisations that support the social sector. The organisation aims to deliver social action that enables communities to thrive. They connect the social sector in Knowsley to other public and private sector organisations to remodel existing resources. There are three areas of intervention: leading, collaborating and enabling. Leading involves sector-led peer support, SV partnerships with the private sector, new ventures, and sector collaborations to scale up social action. Collaborating is concerned with representation, influencing policy and campaigning for the social sector. Enabling focuses on the enterprise in communities, consultancy services, startup-to-scale for new ventures, mentoring and volunteering opportunities.

Economic challenges in Knowsley

Knowsley is widely referred to as a metropolitan borough; this was evident in the structure of spaces and the activities in Knowsley village. The interview began with a focus on the economic challenges the borough faces. These challenges have existed since the volatile economy of the 1980s, and the Conservative Party's policies that led to the outsourcing of manufacturing and distribution jobs away from the North to other parts of England. It was revealed that the region faces some socio-economic issues such as economic inactivity, a gap in enterprise activities, unemployment and poor health. The challenges are expected to increase in the wake of the Brexit vote.

The participant has over twenty years of experience working in the social sector and four years' experience at KCVS. The organisation aims to address these challenges through socio-economic programmes. Managing these programmes requires funding from the public sector and private investors.

5.5.1 Drivers of social impact capture

KCVS by default is an extension of the public sector for Knowsley. This extension of responsibility is embedded in their governance document. The government issues financial support to the organisation for developing people in that locality under the two service level agreement. Thus, KCVS relies on public sector funding to provide advanced training in enterprise, employment, and vocational skills. The organisation also commits to public sector contracts, and EU funding under the EU regeneration agenda. However, the organisation is considering new ways to fund its operations.

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The organisation has a small board of four directors who work at the strategic director level, and trustees for the charity. Together they have over forty years' experience in the third sector. They have strong skills sets and are keen to understand the SI they create and how that result can be used to scale the organisation. With their extensive experience in social business, the trustees are aware of the implications and benefits of SI. They push the agenda for SIA. However, there has been a fundamental shift in how the organisation accounts for SI. From the outset, strategic partners and funders who are fundamentally driven by the number of outcomes drive them. A month before data collection, they had secured three procurements via the Chest, a North West local authority procurement portal.

For this organisation, external and internal stakeholders drive SI. However, the stakeholders have different SI agendas; for example, funders seek specific SI data (i.e. what difference the organisation makes in terms of numerical data). The funders score the overall assessment as *"good, excellent and outstanding"* [Interviewee 4, Chief Operating Officer]. On the other hand, trustees seek the quality of SI created through qualitative and quantitative data. This agenda extends to how SI is monitored and evaluated. The participant said:

> *It's no longer just about delivering on time, on budget and the outcome but the need to demonstrate in a credible way. The impact of the work and the legacy of the work. This is a shift in language, a shift in how we negotiate with our funders and strategic partners. Because the organisation is so busy but the money is reducing. We are starting to see organisations do far more for less. We are seeing need growing rapidly.*

> [Interviewee 4, Chief Operating Officer]

Document analysis

Document analysis was conducted to capture KCVS's partnerships in Knowsley. The document revealed that KCVS and Knowsley Council are committed to improving the lives of residents in Knowsley. In doing so, they outline plans of what the organisation hopes to achieve, how to achieve the goals and how to capture this information. For example:

> *Knowsley Council established a Social Sector Fund of £1 million, which is designed to enable an increased contribution from the Sector to the Council's priorities. The outcomes for the funds are to maximise the contribution to education, maximise the contribution to health and wellbeing of*

Knowsley residents, high quality and sustainable adult social care, business growth, jobs and new housing, and a sustainable borough.

Above all, they aim to share their SI to communicate successfully with stakeholders. This analysis supports the internal and external drivers revealed in the interview. Despite the ambitious objectives, the size of the organisation hinders its ability to develop its operations. However, the commitment to capture SI data is evident in their strategic plans. The next section presents how SI is implemented to capture information.

5.5.2 Guidelines for social impact implementation

It was revealed that the organisation implements SIA by setting standards to ensure relevant data are collected. Based on the thematic analysis, two themes are associated with the implementation of SI: policy guidance and organisational structure. Before capturing and reporting SI, the trustees and BOD enforce the discourse through meeting agendas. The participant revealed that her expertise around SV and the legislation both regionally and nationally has been instrumental to the discourse. However, other directors have furthered the agenda through their expertise in areas such as finance, innovation, service development and regional development. These areas were fundamental to developing SI policy guidance.

There are multiple stages of developing the policy. The first stage is concerned with establishing what SI means to the organisation and how it should be captured. The second stage is to identify the challenges faced by the residents of Knowsley. The third stage involves a review of services through the following questions: *"What are our strategic aims and objectives? Why are we doing this work? What are our key drivers? What is the outcome?"* [Interviewee 4, Chief Operating Officer].

The fourth stage is concerned with recommendations on how to improve the services offered because it ultimately reflects on the SI captured. Finally, the team evaluates the organisation in terms of resources and capacity. The primary outcome of the evaluation is to be entrepreneurial in their SI approach in order to remain sustainable. According to the participant:

> *We are trying to make that move to generate our own income, so we have to identify funding sources, but this is slow progress. We have products and services we can sell or offer. Part of the service we offer is through education because Knowsley has heavily relied on that type of service level agreement of relationship.*

> [Interviewee 4, Chief Operating Officer]

Document analysis in NVivo

Documents were analysed in content to capture the meaning and use of SI. The analysis revealed:

SI is: *Concerned with caring for their locality.*

Use: *Creating business growth, reduce demand for services and creating employable residents through skills development (volunteering).*

Context: *Affiliated with the social sector and Knowsley.*

For KCVS, SI is concerned with caring for their locality, that is, creating business growth, reducing demand for services and creating employable residents through skills development (volunteering). Enterprise activities are pursued within the sector to fund part of their operations. The overarching objective of the enterprise plan is to create value for local residents and the organisation. These findings confirm those from the interview about their social goals, activities and sustainable plans.

Following the policy guidance, the team had to change the culture of the organisation. This led to an open culture where SI and SV became a central strategic approach for senior management. As highlighted in the introduction section to the case, the organisation's structure is a traditional CVS structure, which means the BOD and trustees are senior management with the responsibility of improving the community in Knowsley. The culture of the organisation is centred on the primary objectives of CVS. It is described as the voice, representation, support, and development. This approach is extended to strategic partners through training; for example, the director provides training to commissioners and the procurement team on how they can contribute to SV and the legal framework of the EU with regards to procurement and the legislation, which ultimately influences how SI is captured at KCVS. Following the embedment of SI standards in the organisation, it is captured and reported using different approaches. The next section reveals the data captured and how it is undertaken.

5.5.3 Social impact captured and how it is captured

Historically, the organisation was required to capture its training and local development services, and at the end present a written report of the outcomes. Recently, however, they have captured core services because some services are funded in part by procurement and the EU. These services include consultancy, SV training, and investment in social businesses. Core services are captured because they reflect the objectives of the organisation and the policy guidance.

SI is captured using LM3 and reported using a standard management report. It is used to demonstrate how KCVS maximise the Knowsley £. According to the participant, the Knowsley £ is a concept that means for every £1 of public sector expenditure, there is a local value. For the organisation, they capture this to know the return on investment from the public sector funds. Here is the participant's view of the process:

> *I've been through our calculations to open our final accounts to demonstrate that, for the service level agreement they pay to us through their strands of expenditure, we actually create a benefit to the local economy so it's the multiplier effect.*

<div align="right">[Interviewee 4, Chief Operating Officer]</div>

Once data are generated, a written report is employed to communicate this to the local authority. This information is also shared with commissioners, the BOD and relevant public sector partners. The organisation believes LM3 provides the information needed for supply chains and service users in a very credible way. In addition, the social learning model was used for the Chest funding application for Knowsley Borough Council.

The participant emphasised that the report is not significant for public sector funds because of their legal structure. However, it is important evidence for tendering contracts and social investment funds because funders expect frontline delivery organisations to deliver on SI. The organisation is in the process of creating SROI using baseline calculations to understand the SI they create. The participant articulated the rationale for this approach:

> *I thought it is now or never because when you are carrying such a deficit bottom-line, you have to balance that by creating confidence in those who are still investing and relationships you are now developing further.*

<div align="right">[Interviewee 4, Chief Operating Officer]</div>

SROI will help create economic data and more information that is tangible. The participant shared her enthusiasm for capturing SI using different courses from different sources. Using different sources will help to articulate the information in a language relevant and meaningful to stakeholders. While the public sector champions SROI because they can see the monetary value, the participant argued that other partners would ask, "So what?" They want to know what KCVS has influenced and what changed.

Document analysis

Findings from an examination of documents revealed that Knowsley is the most described word when discussing what SI information should be captured. In this context, Knowsley is critical to the SI achieved because the needs for social change are specific to the locality. This supports findings from the interview when discussing the needs of the region. As the participant revealed, Knowsley is the fifth most deprived locality in England. Therefore, social change (also SI) is central to SE activities in the region. Interestingly, this showed similarities to how SI is captured (i.e. capturing the value of the Knowsley £).

Working towards SV in the sector and developing partnerships in Knowsley to support people through jobs for a sustainable borough were used in similar contexts but in different documents. This analysis supports findings from the interview with regards to social needs. Also, sector, services, and community are discussed as part of a sustainable Knowsley. Despite their commitment to SI and SIA, they face some challenges. The next section pinpoints barriers to SIA and challenges in the region.

5.5.4 Barriers to capturing social impact data

The participant discussed a number of barriers to capturing SI, and challenges in the locality. The barriers to SIA are limited resources, weakness in identifying SV, limited mechanisms to scale up and lack of networks and support.

The following themes are associated with the challenges the organisation faces: poverty, legal structure, and sustainability. It was revealed that Knowsley is the fifth poorest locality in England and at risk of financial exclusion from the EU. Funding has been dramatically cut with a four year contract and a budget reduced by 10 percent. April 2017 is known as 'the day', the period when funding from the public sector to KCVS ceased. Interestingly, the council has a 'the day' in 2020. This means both the council and KCVS will have no funding to undertake their statutory or non-statutory obligations as expected by the community. The participant asserted the catastrophic impact on their operations.

The CVS structure hinders access to social funds. Since CVS are an extension of the public sector, a set budget is directed for contractual duties. The participant believed that this contractual agreement is perceived as an advantage over non-CVS structures. They also face a challenge with planning ahead (sustainability). The participant believes that KCVS has to be *enterprising* in order to be sustainable. Failure to generate sustainable income will increase the level of poverty, which influences education, housing, and health.

5.5.5 Summary

These findings suggests that the BOD and social investors drive SI capture. The process is implemented in two areas: policy guidance and organisational structure. Core services are captured using LM3. SI is reported using a written report. Limited resources, weakness in identifying SV, limited mechanisms to scale up and lack of networks and support are barriers to assessing SI. Meanwhile, the challenges the organisation faces in the community are noted as poverty, legal structure, and sustainability.

5.6 Case study 5 – Coethica

Coethica is an SME based in Liverpool. The organisation was incorporated in 2017 as a Private Limited Company. Their purpose is to connect all types of organisations – corporates, SEs, charities and the public sector – that are open to collaboration. The organisation adopts the UN's SDGs to tackle social and economic issues under the Impact 2030 hub in the Liverpool region. They are the only UN-endorsed local 2030 hub in the world.

The mission: tackling poverty and sustainability issues

Prior to establishing Coethica, the founders worked in the social and private sector. Experiences from both sectors led to the establishment of a B Corp-driven organisation. The participant was keen to discuss the value and challenges of capturing SI, since they had started the organisation the same year as data were collected for this study. The rationale for this SE model is centred on economic and sustainability issues in the Liverpool region. The city has seen an increase in business opportunities since being the 2008 City of Culture. However, there are high levels of poverty and homelessness that cannot be ignored, especially in the city centre where Coethica is situated. The participant claimed that he has noticed a significant increase in homelessness and food poverty in the city. He believes that the private sector is central to solving these problems because they have the resources (capital, people and materials) and capabilities.

Although the SE model is fundamentally a principled idea, a social agenda alone will not solve the issues. Organisations must be enterprising and innovative to challenge the twenty-first century dilemmas of the developed world: poverty and sustainability. These dilemmas are noticed in the UN SDGs 2030. Since adopting this model, they have committed to reporting the changes they create to different stakeholders. Indeed, these stakeholders are keen to understand the mission and plans of the B Corp movement. The next section presents drivers of SI at Coethica.

5.6.1 Drivers of social impact capture

The organisation is mission-led but it combines both social and economic strategies to tackle the social problems. These combinations have created a complex model, which led to difficulties in communicating how the business operates to stakeholders. It was revealed that some of their stakeholders outside the social sector were unfamiliar with the UN SDGs, which makes it difficult to discuss their mission and objectives. For those in the sector, they believe that the UN SDGs model is too complex and broad for a local region.

This complexity has had an impact on how the organisation will define itself to different stakeholder groups. In addition, they decided to examine what SI means to them and how they will capture this information.

SI is: *Changing people's lives because of what we do.*

[Interviewee 5, Founder and Managing Director]

Document analysis

In a document analysis of the meaning and use of SI, it was evident that SI is at the heart of enterprises. It is also associated with impact and mission. Enterprises are described as entities organised like projects that use finance or ethical finance. In the same context, the impact is used to describe the UN SDGs, capturing and reporting the change. The last affiliation to SI is a mission; it was used in the documents to explain the mission of the organisation. Interestingly this was described as impact. This means that impact and mission are used to describe Coethica, and in some cases, interchangeably so. This interpretation supports the findings from the interview with regards to the need for 'enterprise' in SEs. More specifically, partnerships with other like-minded enterprises will enable the organisation to achieve its social mission.

The organisation adopts the UN SDGs to tackle social and economic issues in Liverpool. Poverty, homelessness, mental health issues, and inadequate health care were identified as challenges facing some people in the city. To address these issues, they seek financial collaboration with commercial and non-commercial organisations. Corporate investors explore the evidence of potential SI to examine if it aligns with their organisation's CSR strategies. In contrast, public sector organisations seek to understand the SI their interventions will achieve. The participant affirmed that without the funding and collaborations, they would be unable to implement their interventions. It was revealed that the organisation is at the initiation stage of collaborating with private sector organisations and local authorities in the region. Since the organisation is driven by external institutions to demonstrate the importance of their establishment, external institutions for SI drive them.

5.6.2 The process to social impact implementation

To capture relevant information, the organisation had to develop its structure, processes and model. Based on thematic analysis of the interview data, two themes emerged about the implementation of SI: written

policy and partnerships. The implementation begins with a strategic plan. There are four fundamental areas in the plan: social mission and objectives, social and economic issues, investors and projects. The participant emphasised the importance of social mission and objectives as a unique model that aims to accomplish social change through a global framework. Once this is clearly outlined, social and economic issues are identified and matched to the SDGs, which channel the social mission. They also include set objectives for the social objectives. The objectives detail specific desired change against the SDGs. These objectives will help the organisation stay on track of its mission. At the time of data collection, objectives had not been set. However, the participant affirmed the decision that objectives would be set within a year. In a document analysis, it was found that patterns associated with the principles of B Corp such as the B impact assessment process were discussed in reference to social objectives. The assessment appears to capture tangible information and has no reference to non-tangible information.

The next phase of implementation identifies potential collaborators (i.e. investors and public sector bodies). In-depth research is conducted on each potential collaborator to identify areas of expertise that would contribute to the social change agenda. There are questions for consideration in this process: *"Who can we work with? What social or economic issue(s) can they solve? What expertise do we need?"* [Interviewee 5, Founder and Managing Director].

The participant accentuated the importance of finance in achieving their goals:

> *Finance is a core part of the SDGs in particular, and how we create new financial mechanisms. There are lots of financial institutions – credit unions, social investment, impact bonds – that no one knows the answers to or how to get it. We have to do this because it has to be done. Funding is gone.*
>
> [Interviewee 5, Founder and Managing Director]

SI will be implemented and captured for each partnership agreement because it is central to their investment strategy.

5.6.3 Social impact captured and how it is captured

The organisation's social mission is based on the UN SDGs adopted for capturing SI. There are seventeen categories of the SDGs: no poverty, zero hunger, good health and wellbeing, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, sustainable cities and communities,

responsible consumption and production, climate action, life below water, life on land, peace, justice and strong institutions and partnerships for the goals. Coethica has adopted the SDGs for the overall business model; they focus on two goals at this point: no poverty and sustainable cities and communities.

The seventeen goals are grouped into four key activities: communications agency (employment and events), service delivery (financial management, waste management, and recycling), sponsorship (private sector collaborations) and space rental (2030 hub for rent). The communications agency is the area of employment and events. The aim of the employment activity is to match unemployed residents to partner organisations. With regards to events, they organise socially motivated events for B Corp members, business, the public and social sector. Income is generated through this event as they charge £17 per ticket, £1 for each SDG. Surveys are used to capture the attendees' experiences.

The participant expressed firm belief in SIA and reporting. However, there is no formal SI framework for the organisation.

To validate the change created, the participant described a case of SI:

> *One of the ways we go about dealing with the SDGs is working with big businesses to give us their waste. Under the law, the brewery waste is known as toxic waste. We are currently working with a brewery to use that waste to create energy. This process is part of the sustainable environment agenda.*

> [Interviewee 5, Founder and Managing Director]

Document analysis

The document analysis revealed corroborating findings from the interview with regards to SI captured. Developing individuals and the community are common themes in the analysed documents. SI is development in people through employment and skills. As the participant revealed, developing the local communities in Liverpool through enterprise and partnerships are the leading focus at Coethica. Another significant finding is that the word *people* was frequently identified in all documents in the context of SI. This supports the participant's reference to developing people in local communities. Further analysis showed that development and the world are interlinked and grouped under the theme labelled change and SDGs. Development and world support the fundamental principle of Coethica, which is to apply a global (world) developmental model by the UN to tackle social and economic issues in Liverpool. Again, this

finding supports the interview when the participant revealed that the focus of the organisation is to develop people and communities in Liverpool using the UN SDGs.

As a new SE with no formal framework or tool for capturing SI, they face challenges in other areas. The next section presents the challenges.

5.6.4 Barriers to capturing social impact data

The participant claimed lack of a formal framework for SIA means that they are unable to account for their bottom-line (i.e. outcome). In this case, assessment is associated with financial metrics. For this reason, there are no direct barriers to capturing SI. However, some themes affiliated with organisational challenges are drawn: implementing SDGs, accountability to multiple stakeholders, limited resources and lack of public engagement.

Since the organisation relies on the SDGs to capture SI data, they seek to adopt a framework to formalise the assessment approach. As the participant argued, this will fulfil the investors and UN's expectations. The standardised framework will assist the team to make sense of their social model for diverse stakeholders.

There are limited human and financial resources. At the time of the interview, there were two members of the organisation who are the co-founders. They manage the day-to-day operations, but this limits their aspirations, especially in terms of capturing and reporting SI. As highlighted in the previous section, finance is core to achieving their social mission.

5.6.5 Summary

Overall, the finding in this case indicates that Coethica is driven by the UN SDGs, and therefore an external driver for SI capture. The SI agenda is embedded in a written policy and through partnerships. As a new enterprise, there is no formal approach to SIA but the organisation is keen to assess its core activities. At this stage, they organise events with a focus on promoting the importance of the UN SDGs and B Corp for potential investment and partnerships. The challenges they face are lack of SIA framework, and limited financial and human resources.

5.7 Case study 6 – First Ark

First Ark is a large organisation with a CLG legal status established in 2007. The organisation is based in Liverpool. They aim to provide world-class services to customers and life-changing opportunities, which will inspire people in the communities they work. First Ark delivers various services under five umbrellas: Vivark, Oriel Living, First Ark Social Investment, Knowsley Housing Trust, and One Ark. Vivark is concerned with facilities management and property refurbishment across the North West. Oriel Living offers homes for sale, shared ownership and additional care facilities. First Ark Social Investment supports sustainable business growth through social investment funds. Knowsley Housing Trust is involved in providing affordable homes to rent and sheltered accommodation across Knowsley and Merseyside. One Ark creates partnerships to generate investment that is used to build resilient communities and create life-changing opportunities for people.

Sustainable impact for Knowsley Borough

The multi-faceted nature of this organisation demonstrates the different types of activities undertaken and the change they create as a result. The participant began to discuss her role in the organisation. She was passionate to discuss what they do and the life-changing work First Ark creates for the people and communities they serve. Her role as SI manager is important to how the organisation captures and reports SI. To capture and assess SI, they identify the following:

The problem- Issues that affect local communities and the Liverpool region. The welfare reform has had a negative impact on local people, especially in the North. As a result, they focus on housing (homes for sale, rent, and shared ownership), facility management, social investment and funding, and carbon energy solutions.

The interventions- Actions that positively change people's lives. The organisation is continuously campaigning against welfare reforms that affect local economies. Some of the interventions introduced include minimising rent increases, employing a welfare reform support team and re-designated homes.

The changes- Creating SI is at the heart of First Ark and everything they do. Since the problems identified are local, the organisation takes an active approach to support local businesses through procurement. They changed the way they buy goods and services, which saved the group £2.3m over two years. Also, they improved the SV they get from the supply chain, having a real impact on the people and the local economies.

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One of the patterns identified in the social accounts document analysis is 'local procurement'. The organisation emphasised the importance of working locally to improve the local economies. It was found that they awarded a 5-year fleet management contract to a national fleet hire specialist. However, they required the organisation to partner with a local organisation to deliver the service. As a result, they collaborated with a company in Knowsley for vehicle maintenance, tyres and livery elements.

The SI manager is responsible for embedding, capturing and reporting the SI to different stakeholder groups. Her role is key to meeting the organisation's mission: creating SV and SI. She claimed that First Ark has a unique formula for creating SI because they have identified the problems and interventions, have the resources to deliver the interventions with creativity and can demonstrate the impact.

5.7.1 Drivers of social impact capture

The organisation believes in developing pioneering solutions to help local communities and the residents succeed. This value system is at the core of everything they do. They work locally and nationally to make a difference by investing in people and businesses in communities. The interview reveals the leadership of the organisation as four non-executive boards, with one non-executive for each area of the business: Oriel Ark, First Ark Social Investment, Knowsley Housing Trust, Vivark and One Ark. Also, there are eight strategic leadership groups across the group. They are responsible for high-level decision-making and planning the group.

The participant affirmed that both the leaders and the BOD are passionate about their services, the communities they operate in and the positive changes that shape the communities. For these reasons, they seek to understand the SI their organisation creates and the SV to them. However, drivers of SI differ across the group. Funders drive Vivark because they seek funding for their activities. The BOD and strategic leadership groups drive Oriel Ark, First Ark Social Investment, and Knowsley Housing Trust. Investors and partners drive One Ark. Therefore, internal and external stakeholders drive the organisation. The participant revealed that the organisation wants to be recognised as a leader in SI. However, each subsidiary has a different drive.

> *Viv Ark looks for external bids. We got a bid with Salford Royal and a few other places. Some of those bids are focused on answering questions like: What is your social impact? What is the value you've created? So, for Viv Ark, we are capturing what they're doing to get more bids, which in turn feeds into our wider impact.*

> [Interviewee 6, Social Impact Manager]

Document analysis

Based on document analysis for local and regional impact, it was found that the organisation is committed to SV and SI. Some of the patterns identified are commitment to a living wage and doing business locally through the procurement model. This finding is parallel with the interview, when the participant revealed the process of SI implementation.

5.7.2 The process of embedding social impact

The organisation's commitment to SI and SV is noticed in all documents analysed. Following thematic analysis of the interview, three themes emerged about the process of SI implementation: governance level, operational policy and human resources. Non-executive directors and strategic leaders take a central role in SIA. Together they have over fifty years' experience in the third sector. As the participant claimed, it all begins at the governance level. Senior management is responsible for formulating principles for success in the organisation. Central to this is SI, reported the participant. The governance approaches are in four key areas: vision, mission and values statement, social investment, services and SV case studies.

The leaders established a clear vision, mission and values statement. The objective of the statement is to inform all stakeholders about what matters to the organisation. Their corporate values – pioneering business, being brave in business, a fair business, open business and a bold business – are what matters according to the participant:

> *We have lots of supply chain and certain policies as an organisation. 75% of the supply chain is local. 40% of the employees are local. What we are encouraging is higher LM3 but having those policies in place. And that shows the spending and impact on the community.*

> [Interviewee 6, Social Impact Manager]

Document analysis

In a document analysis of the meaning, use and context of SI, some themes were uncovered: economy, impact, businesses, inclusion, value and First Ark. For this case, SI is concerned with investment in local economies, that is, businesses to create value and impact that is inclusive. This supports findings from the interview about drivers and the implementation of SI. Further analysis revealed that the context of SI is highly linked to social investment and the social purpose of the organisation. These support findings from

the interview concerning drivers of SI to create change. Also, social investment and social housing are two of the four divisions at First Ark.

Operational policies are drafted following the establishment of corporate statements. Policies are designed for each area of the business. Each policy focuses on the expertise and objectives of the area. However, the participant reported that they all seek to define what is important to them to deliver services and ultimately create SI. The social investment area of the business was described as being inclusive, supportive and people. The focus for this area is to invest in people and projects that make a positive difference to their communities.

SI is also embedded in human resources through training. The participant is the only SI manager in the organisation. Her role is to embed and capture SI across the organisation.

> *My role is to embed social impact across the business. What this means is to understand what the business is first of all and the activities that each part of the business undertakes. For example, in Knowsley Housing Trust, we have welfare officers and part of their role is to provide advice and guidance to our tenants around affordability, i.e. debt management support, check that they have the right benefits. I also look at outcomes in different parts of the business.*

> [Interviewee 6, Social Impact Manager]

In order to embed SI, the participant delivers training to all employees called 'An Introduction to Social Impact'. The purpose of this training is to make SI part of their organisational culture and to get staff informed about SI. Interestingly, SV and SI are used to describe the same change; however, the former is used to describe tangible change whilst the latter is used to describe the non-tangible change.

> **SV:** *Is the value we make from our activities regarding what it is worth.*

> **SI:** *The impact is what has changed for the people who use our services.*

> [Interviewee 6, Social Impact Manager]

SV is described in monetary terms: *"we've generated £22,786,218 in SV by creating life-changing opportunities"* [Extract: social accounts 2016–2017]. On the other hand, SI is described in detail regarding the changes created by the service user and the local economies (i.e. 47 percent of their employees earn a living wage). This directly improves their standard of living because they have a disposable income.

Once training has been completed, activities in each area of the business are reviewed to see what can be captured. The employees in the areas collect demographic data of service users and the SI manager analyses the data using different methods. The next section informs the SI captured and the process involved.

5.7.3 Social impact captured and how it is captured

The organisation captures services in each area of the business. The participant gave an example of what is captured in one area of the business. For Vivark Care and Repair, they look at adaptation within the home for people with disabilities or the elderly whose mobility is somewhat constrained. For this assessment, pre- and post-adaptation data are collected. Some of the questions in the survey include: How many accidents have you had in the last six months? How many trips to the hospital have you had in the last six months? The organisation assesses the role of their interventions by comparing two factors: a) the events that occurred before their interventions, and b) the impact of the intervention post-adaptation. After the adaptation process, the same questions are asked to analyse cost-saving for public bodies and for the organisation to understand the social outcomes and values. The participant said:

> *Our team will go in and put in adaptations whether it is a hand-rail or stair-lift. We ask ourselves: What is the impact of these activities? What we do after the adaptation is, we look at how that has affected that person's life. We look at if they can stay in their home, they feel safe and secure, if they have had fewer accidents, i.e. falls. This tells us whether we have made an impact or need to improve.*

<div align="right">[Interviewee 6, Social Impact Manager]</div>

In 2016, 1,000 adaptations were undertaken. Operational staff collate this volume of data, but it is reviewed and captured by the SI manager to understand what SI they have created.

SI is captured using multiple approaches: Housing Association Charitable Trust (HACT) model, LM3, cost–benefit analysis and case studies. HACT captures subjective well-being by showing the value of an individual. LM3 is used to capture how spending generates local economic impact. The cost–benefit analysis captures value for money through a consistent assessment. Relevant demographic and financial data are used to conduct the assessment, that is, income and expenditure from the services are drawn. The data are analysed to review outcomes, the value, and SI. Following this, the SI manager looks at the information to know what has been achieved, that is, how many people have been supported and what the value is to the individuals. Further assessment is undertaken with the data to identify the SI on the businesses they invest in and the communities.

SIA for 2016–2017 shows the value of the services to the individuals, businesses, and the community. HACT revealed the organisation generated £22,786,218 in SV. LM3 generated £38,766,883 in economic value, whilst the cost–benefit analysis was £7,736,873 and £82,800 in cost savings to the public sector [Extract: Social accounts 2016–2017]. Cases studies provide qualitative information about SI achieved. It informs different stakeholder groups about a project, the users, the need for the project, and most importantly, the SI generated.

The participant emphasised that stakeholders' engagement is crucial to the SIA and reporting. She spoke passionately about the SI of their activities on individuals and the wider community.

> *So far we have supported 15 businesses under One Ark with an average of £100k, £30k of this is in grant and the rest a loan with interest. We look at the financial side to make sure they can pay the loan back. But, what we look for is innovation, the level of impact they would generate with that money. We have people who have come to us and we invest in their projects. They also have to capture their SI. Some individual ones have managed to generate SV in their communities.*

[Interviewee 6, Social Impact Manager]

Document analysis

In a document analysis for change created to service users, it was observed that multiple methods demonstrate SI and SV, which supports findings from the interview with regards to how SI is captured. Interestingly, the organisation reports incidental SI. Incidental SI is the indirect change created by service users or beneficiaries; for example, a case study reported in their social accounts was based on an individual (potential entrepreneur) supported by another organisation (First Ark investee). The investee supported the individual to commence their entrepreneurial idea. However, the investee was awarded social funding by First Ark to support individuals in the local communities in starting their business ideas [Document: Case study]. Despite the positive SI generated, there are limitations. The next section reveals the barriers to capturing and reporting SI.

5.7.4 Barriers to capturing social impact data

The barriers to capturing SI are limited human resources, continuous staff development, blending data for SV and excess data. As highlighted above, there is one SI manager responsible for capturing across the organisation. Based on the level of services offered, the pressure in this role is high. Training staff to assess

SI could relieve the pressure on the SI manager. While continuous training for staff is crucial, this can be tedious as it takes place every six months, excluding refresher training. The training is valuable because it enables the organisation to capture real SI instead of accidental impact. She described real SI as the direct positive result from their interventions, while accidental impact is insignificant information about their services.

5.7.5 Summary

In summary, the findings indicate that First Ark is driven by the BOD and social investor to capture SI. SI indicators are implemented in three areas: governance level, operational and human resources. Stakeholders' engagement is crucial for data collection. They capture and assess core services in each area of the business. HACT, LM3, cost–benefit analysis and case study narratives are used to capture and report SI. Despite standardised approaches to SIA, barriers exist, namely, limited human resources, continuous staff development, blending data for SV and excess data.

5.8 Case study 7 – Regenerus

Regenerus is an SME established in South Sefton in 2004. The organisation was created under South Sefton Development Trust with charitable status. They aim to continue the work of the government-funded South Sefton Partnership Regeneration Initiative in the area. Their core activities are community, heritage, enterprise, and skills. Community initiatives are designed to tackle issues in the area (i.e. poverty and waste). Heritage focuses on celebrating the culture and history of the area through symbolic events, arts, and displays. Enterprise deals with partnerships with leading innovators in Europe to foster a shared economy. Skills are concerned with supporting new and existing businesses through mentorship and training.

Local regeneration

Regenerus is situated at the heart of Bootle town centre in a five-story investment centre. The building has eco-friendly features and socially responsible businesses that operate in different sectors (e.g. health and transport). The social features (i.e. images of community-led projects) were displayed in the Regenerus office space. The building is considered a landmark in South Sefton locality because it is a modern centre used to attract investment. With a social and community approach to improving the lives of residents in the locality, the organisations in the building are driven by the same agenda: working in the community for positive social change and inclusive society.

The participant began to discuss the origin of Regenerus. It started as a single regeneration budget partnership over ten years ago. It was managed under the umbrella of local authorities, and when that funding ended, they looked at how to create a sustainable independent organisation to carry out that work. South Sefton Development Trust, which is the registered name for Regenerus, developed from that partnership with support from the local authority in Sefton. The aims of the organisation are very much about economic and community development. As a result, they are driven by a principal agenda with different stakeholder interest.

5.8.1 Drivers of social impact capture

Regenerus has a small BOD and number of trustees. They drive the core objectives of the organisation. Their core objective is to improve the lives of people in South Sefton. The team has diverse experiences for achieving the objectives of the organisation. The participant claimed that the BOD and trustees have

expertise in the organisation's core areas: employment and enterprise, heritage, skills, and community. Also, some members are residents of the locality and they bring this experience to the board and trustee meetings. Interestingly, some members are not familiar with the concept of SIA. However, they are interested in seeing the result.

> *Everybody in the organisation is interested in the report. If I didn't report the result*
> *they will be asking me – why? And, challenge me in terms of what difference does our*
> *interventions make?*

<div align="right">[Interviewee 7, Operations Manager]</div>

The organisation is reliant on grants and contracts to achieve its objectives. They are partially funded by Well Sefton, the EU, and Big Lottery. The Well Sefton fund is part of the Well Sefton initiative to improve local health and wellbeing in Bootle. The EU social funding is open to social organisations fighting poverty and unemployment. The Big Lottery fund is money raised by The National Lottery to help develop community projects.

The participant revealed that funders influence SI because they have to demonstrate the activities of the organisation in the application. However, there is no requirement to demonstrate SI for Well Sefton because they are part of the community regeneration programme. The EU funding requires previous experience in social change, that is, what activities have been conducted regarding the funding request. In contrast, Big Lottery is interested in the narrative (i.e. the beneficiaries' journey travelled). For this organisation, SI is driven by internal and external stakeholders.

5.8.2 Implementation of social impact

One theme emerged with regards to the implementation of SI at Regenerus. The organisation embeds SI through a written policy for each area of their operations: employment and enterprise, community, heritage, and skills. The BOD and trustees are key influencers in drafting the policies. The first step is to understand what SI means to the organisation. According to the participant:

> *SI is about making a difference in the lives of people we are interacting with.*

<div align="right">[Interviewee 7, Operations Manager]</div>

Document analysis

In a document analysis for the meaning and use of SI, three themes were revealed: relationships, enterprise and innovators. SI is used in the context of relationships with other learners to develop new skills and relationship with other social organisations. The first relationship is based on the social networks of the service users during a programme. It suggests that the service users gain other skills when connecting with people from different backgrounds and aspirations. The second relationship describes the organisation's networks within the locality. These are social organisations or for-profit organisations interested in supporting community-led enterprises. The finding supports the above description of SI by the participant.

Strong evidence of enterprise was found in the documents. Enterprise is one of the programmes offered to promote sustainable economic opportunities. Enterprise is also the aspiration of the organisation to continue with its social objectives, hence the strategy to build networks of potential collaborators. Surprisingly, 'innovators' is used to describe individuals with new ideas in the locality, including the organisation itself.

The next step to SI implementation is to identify challenges in the communities they operate. Following this, the challenges are mapped to the four key areas of the organisation. The team construct three important questions to enable the organisation to meet the needs of the communities, and ultimately capture SI: *"What can we do to change the situation in the communities? What resources do we need to do that? How much would it cost?"* [Interviewee 7, Operations Manager].

The questions enable the organisation to acknowledge its weaknesses, especially in terms of the resources required. The participant revealed that because a small team manages the organisation, they have limited resources to complete the projects effectively. Therefore, external expertise is appointed to conduct training to service users. This approach is documented in areas where the organisation lacks adequate resources (i.e. enterprise and skills). To ensure SI is captured, the team embed data collection within their activities. The next section discusses how SI is captured.

5.8.3 Social impact captured and how it is captured

Employment and enterprise training, community development programmes and investment in infrastructure are captured. Employment support is designed to help unemployed residents in the borough back into work through work experience (i.e. volunteering and employment skills). Enterprise training initiatives are geared to individuals who wish to start their business and offer support for existing

businesses in Merseyside. The organisation conducts pre-employment training courses, for example, the First Steps into Sustainable Employment.

Community development programmes are tailored to meet community needs (i.e. poverty). Some of the projects include the Taking Root in Bootle project, horticultural volunteering and accredited training.

Regenerus captures outputs and outcomes through surveys, while the SI is captured through case studies. Both outputs and outcomes are captured in numerical data. The participant claimed that it is straightforward to capture in numerical form; for example, the Entry Level 2 in pottery training had twenty-four students in three groups (one retired, one young and the other group middle-aged). At the end of the programme, eighteen students graduated. The graduates here are the outcome of the project. Although six students left the programme, the feedback form revealed students found different interests. While this could be considered a negative outcome for the funder, the participant argued otherwise. The outcome is considered SI because students' lives changed as a result of the project (i.e. they found a new interest).

Also, pre-project and post-project surveys are conducted on a self-assessment basis. The aim is to assess service users' involvement and confidence. The positive increase in involvement and confidence for the service users means the organisation is making a difference. The participant presented what the difference can mean for a service user:

> *There was a young man who was a little bit wayward shall we say. He became involved in the project and started learning about growing vegetables, part of the healthy eating agenda. He was initially taught about planting seeds. He then started helping the newcomers with their projects. We didn't ask him, he just decided to help. So for someone who didn't think it was the right thing to do, he now became the mini-educator. That is the type of impact we are having on people, their confidence.*
>
> [Interviewee 7, Operations Manager]

Case studies are recorded through an informal meeting with the beneficiaries. They are described as the 'best thing' the organisation does because it demonstrates the 'journey travelled'. The participant describes 'the journey travelled' as the experiences of the service users before, during and after the service process. Case studies are written and published on their website. They are also published in reports for external stakeholders.

Despite different assessment approaches, the SI reported depends on the funder and the project. It was revealed that European funding requires outputs, outcomes, and evidence of organisational capabilities to achieve SI. On the other hand, the Ace fund requires specific information with regards to the proposed project, and an outcome specific to the said project. The participant argued that there is value in public investment but the emphasis is more on the number of people recruited for the projects and training, and the level of economic activities.

Following document analysis for SI captured and related reviews, it was found that the organisation evaluates participants' feedback for the evaluation report. In this context, evaluation is associated with the SewGood evaluation report, participants' feedback and outcomes. This analysis supports the above interview findings with regards to how SI is captured. The participant revealed that they capture outcomes because it is straightforward, and funders seek outputs and outcomes. Since they are reliant on funding, this form of evaluation is central to their operations.

The BOD and trustees are keen on both financial and non-financial metrics. For them, the annual report is a document that demonstrates the organisations' achievement, which ultimately supports funding applications. Interestingly, the charitable status enables the organisation easier access to funding. The status grants unlimited access to the funding they can access with that status.

> *With our charitable status, we can access trust funds. If we were not a charity, there is a chance we will not get it. Charitable status does make a difference. It opens the door to more funders.*

> [Interviewee 7, Operations Manager]

Following a document analysis for capturing SI, the participants were central to the SI captured. They were featured from the start of the SI process (collecting demographic information) to the evaluation of the data. As with the interview, participants are essential to the social issues in the communities in Sefton. More importantly, they are residents of the community who need development through skills and learning.

Despite the interest for SI reporting, the organisation faces barriers to when capturing SI data. The next section highlights the barriers and challenges in the communities they serve.

5.8.4 Barriers to capturing social impact data

There are barriers to assessing SI at Regenerus: time-consuming, limited human and technical resources, and selective SIA. Capturing SI takes time because it starts with the implementation phase through to the data collection, assessment, and interpretation. Since a small team manages the organisation, it can be a strenuous task.

There are two staff managing the day-to-day activities. One manages operations and the building, while the other looks after the projects and general management. The small team hinders the ability to conduct all activities, especially SIA. There is no formal assessment framework because this could put a strain on their bottom-line.

Besides barriers to SIA, the participant discussed challenges in the region. The challenges are lack of investment and increased competition for funding. However, some areas are wealthy and council members are approachable in discussing ways to improve the region. Life in Sefton defers, depending on the area. She said:

> *There is a high level of food bank use across Sefton and it is increasing at a rate of 10% a year. Bootle has some of the most deprived areas. Derby Ward has the highest level of unemployment, disengagement, low health and lots of stuff going on.*

> [Interviewee 7, Operations Manager]

While their charitable status opens more access to funding, the organisation faces increased competition from private sector companies who demonstrate acts of social change.

5.8.5 Summary

In summary, the findings suggest that Regenerus is driven by the BOD to capture SI. SI is implemented in their written policy and projects. Once this process is concealed, core activities – employment and enterprise training, community development programmes and investment in infrastructure – are captured for SI. There is no formal framework for assessing SI; however, pre- and post-project surveys and case study narratives are used to capture and report SI. The barriers to SIA are time, limited human and technical resources, and selective SIA. Not surprising, the region faces numerous challenges including lack of investment and increased competition for funding.

5.9 Chapter summary

In the current economic climate, SEs have taken a lead role in tackling some of the complex social and economic issues. The cases investigated in this study operate in some of the most deprived localities in the North West of England. They address issues such as fraud targeting the elderly, disadvantaged women, unemployment, poverty, inadequate health, housing and limited employment skills. To address these issues, some cases – CS1, CS2, CS3, CS4 and CS6 – develop services to generate income. While CS5 seeks collaborations with the private sector and CS7 relies on grant funding. However, those with income strategies also applied for external funding. The primary approaches to their strategies influence the drivers of SI capture.

The findings in this chapter indicate that the BOD, senior management and funding institions drive SI. SI indicators are implemented in the organisation's functions. CS1 implements SI in the integrated service model, organisational structure and business growth. CS2 implements it in the operating activities, human resources and quality assurance. Similarly, CS3 embeds SI in human resources, quality assurance and SV system. In contrast, CS4 implements SI in policy guidance and organisational structure. CS5 implements it in a written policy. CS6 embeds the indicators at the governance level, in operational policy and human resources. CS7 embeds SI through a written policy and projects.

All cases capture core activities using single and multiple methods. Before capturing SI data, cases reviewed their internal processes and structures to identify capabilities and resources. They engaged stakeholders to capture authentic SI information. Stakeholders have different reporting expectations, for example, funders seek financial information, while senior management seek both financial and non-financial information. In contrast, service users and the wider community want to see positive changes through narratives.

The cases identified barriers to SIA such as selecting the right tools, lack of technical and human resources and developing indicators for blended value. SIA is time-consuming and there are difficulties in capturing quality data. Furthermore, there is the issue of selecting what to report, reporting qualitative data to funders and weakness in identifying SV. Limited mechanisms to scale-up, lack of networks, lack of public engagement, excess data, continuous and staff development are also barriers. Interestingly, the legal structure can hinder investment and procurement opportunities.

Overall, these findings indicate that SEs are hybrid organisations with multi-faceted approaches to solving social, economic and environmental issues. The competitive funding landscape remains a challenging

environment for the organisations. However, those with entrepreneurial finesse identify opportunities to develop services for SI. The next chapter discuss the findings and reflect on the review of literature.

Chapter Six

Discussion of findings

6.0 Introduction

This chapter will provide a discussion of the findings. The discussions are based on the research objectives: the drivers and implementation of SI, how SI is captured, and the barriers to SI implementation. The aim is to argue for the significance of the study findings by interpreting their meanings and implications for academia and practice. Therefore, the findings from this study will be compared with the existing literature to confirm, disconfirm or extend the current literature. It concludes with a summary of the chapter.

6.1 Significant themes for discussion

The table below outlines the significant themes that emerged from the study. *Significant* is used to describe frequent themes from the seven cases. The themes are supported by the research objectives.

Table 18: Research objectives and significant themes

	Research objective 1 **Drivers and implementation of SI**	Research objectives 2 **How SI is captured and assessed**	Research objective 3 **Barriers to SI implementation**
Significant themes	• Internal mechanisms and external institutions drive SI • Review of organisational culture and structure • Accountability and social investment readiness • Build trust with stakeholders	• Stakeholder engagement for inclusive SI • Multi-methods for SIA • Quantitative and qualitative information for stakeholders • Enterprising is key to sustainability	• Limited human and technical resources • Capturing indirect SI • Legal structures hinder access to social investment

(Source: developed by the author)

6.2 Research objective one: Drivers and implementation of social impact

Internal mechanisms and external institutions influence the extent of what is captured. The studied SEs reviewed organisational culture and structure prior to the implementation of SI indicators in the organisation functions. The purpose of the assessment is to be accountable to stakeholders and to be social-investment ready. This practice builds trust with stakeholders.

The table below presents the drivers of SI in SEs and the implementation process in each case. Drivers of SI are factors within and outside the organisation that influence the practice of SI in the organisation itself. Based on the interview data, the researcher identifies internal and external factors that drive SI. The implementation of SI is the system whereby SI is captured within the organisation. The table below presents the drivers and implementation of SI in SEs in the North West of England.

Table 19: Drivers and implementation systems of social impact

Cases	Drivers	*Internal* and/or *external* **drivers**	Implementation systems of SI
CS1 - TMCF	Social investor – Key Fund	(√)	Integrated service model Organisational structure Business growth measures
CS2 - SVUK	BOD	√	Operating activities Human resources Quality assurance
CS3 - TWO	BOD Social investors – EU funding Tendering for contracts – procurements	√ (√) (√)	Quality assurance Human resources SV system
CS4 - KCVS	BOD Social investors	√ (√)	Policy guidance Organisational structure
CS5 - Coethica	UN SDGs	(√)	Written policy
CS6 - First Ark	BOD Social investor	√ (√)	Governance level Operational policy Human resources
CS7 - Regenerus	BOD	√	Written policy Projects

(**Note:** √ = internal and (√) = external)

(Source: developed by the author)

6.2.1 Internal mechanisms and external institutions drive social impact

The motivations for capturing SI are internal mechanisms (senior management and BOD) and external institutions (funders). As highlighted in the literature review chapter, many studies identified the external environment (Aimers and Walker, 2008; Thompson, 2011), and government (Nicholls, 2009; Wilson and Bull, 2013; Polonsky et al., 2016). Many studies found funders to be critical drivers (Kaplan and Grossman, 2010; Cordery and Sinclair, 2013; Desa and Basu, 2013; Arvidson and Lyon, 2014; Ebrahim and Rangan, 2014; Ebrahim et al., 2014; Hadad et al., 2014; Arena et al., 2015; Nguyen et al., 2015; Costa and Pesci, 2016). Therefore, this study *confirms* the above studies' finding that external institutions (i.e. funders) drive SI. It also *extends* existing studies because of the internal mechanisms. This finding is significant because it demonstrates that the need to capture SI is part of the organisational strategy.

Cases with income strategies (i.e. trading) are driven by internal mechanisms to capture SI information to understand what SI they had achieved and highlight areas for improvement. On the other hand, cases that rely on grants and social investment were driven primarily by the funder to assess SI. However, both internal mechanisms and external institutions drive some cases. It appears that both drivers influence medium and large SEs with trading and consultancy services (CS2, CS4, and CS6). However, CS4, a medium-sized SE, had minimal trading interventions but expressed plans to develop a consultancy portfolio to generate income. This study argues that the BOD and senior management influence the assessment of SI because they are responsible for setting the agenda for SI, but funders' expectations influence reporting standards. This argument is *consistent* with Arvidson and Lyon (2013), who found that the relationship between most investment organisations and their investees is limited to an assessment process, and that further engagement after the receipt of funding often depended on the motivation of the investee to request closer involvement.

Funders required information about the organisation's capabilities and competencies to execute the projects. Following funding award and completion of projects, they demanded post-project evaluation to know whether their investment had made a difference. This finding is *consistent* with Arvidson and Lyon (2013) findings, who reported that expectations range from brief end-of-project summaries, to no direct formal reporting, to rigorous reporting requirements, including frequent reporting periods, audited financial statements, statistical information, and narrative reporting. However, some cases expressed frustration with balancing the range of reporting standards (Bagnoli and Megali, 2011).

As revealed in Chapter 5, the BOD in CS3, CS4, CS6 and CS7 have extensive experience in the social sector. Thus, they understand the importance of demonstrating what changes the organisation created. This study argues that the roles and responsibilities of the boards are a contributing factor to the need for SIA. The BOD focus on developing the organisation and ensuring governance, that is, overseeing compliance and safeguarding the organisation's vision and mission. In cases driven by internal mechanisms and external institutions, the roles of the boards and senior management are intertwined because members of the top management team can serve as board members. However, CS6 has a different protocol due to the specific expertise required in each division (facilities management, social investment, housing and shared ownership). This protocol prevents senior management from serving on more than one division.

6.2.2 Review of organisational culture and structure

The study found that to assess SI or analyse the external environment for funding opportunities, the cases reviewed systems and the capabilities of the BOD and senior management, and examined the values and norms of the organisation. This review was addressed when discussing the implementation of SI. This finding *extends* current studies because a review of the literature did not find an analysis of organisational culture and structure for SIA. This significant contribution adds to the understanding of internal mechanisms in SEs. The study argues that this review is an act of institutional legitimacy. Aspects of institutional legitimacy found in Bagnoli and Megali (2011) support this argument. This first aspect ensures that the organisation is coherent with its mission and constitution. The second reflects the governing structure and engagement of internal stakeholders. This study *contributes* to aspects of institutional legitimacy as it demonstrates that SEs review their structure and culture to ensure that there is coherence to the social mission and to engage internal stakeholders.

The rationale for the reviews differs for each case; for instance, CS2, CS3, CS4 and CS6 reviewing systems and capabilities to pinpoint the BOD and senior management's strategic plans for the organisation (CS2 and CS3), identifying complementary and conflicting roles between the groups (CS4), and highlighted the skills and competencies of the team (CS5). The expertise and commitment of both groups seem to be the critical factor in the positive relationship. As mentioned in the previous section, management can join the board; however, a board cannot be considered for a senior management position. That means the agenda set by the boards will have consideration for the implementation process by the management team.

Despite the similarities of the cases, they have different structures, size, and functions; for example, the small teams at CS2 and CS3 are grouped based on their roles and functions. CS4 is a medium-sized organisation that relies on board members. All members operate at the strategic management level, which means responsibilities are mutual and members develop the agenda and decide how the plan should be implemented. CS5 is a large organisation grouped by a collection of functions. In this organisation, employees report to the senior management in that division. Based on organisational theory, CS2 and CS3 have a functional structure, CS4 is a flat structure or organisational circle, while CS6 is a divisional structure. However, they all operate using a formal network of communication.

While other cases examined their internal capabilities, CS1 undertook an external analysis to identify opportunities and threats. The outcomes of the assessment were used to demonstrate to funders how they tackle risks to the organisation using their competencies. In contrast, CS5 is a small SE with no BOD. The partners work at the senior management level, and both make strategic decisions to guide their social objectives. This case reviewed their competencies and those in their networks to identify potential collaborators interested in tackling social and economic issues in the Liverpool region. This rationale for organisational review contributes to the hybrid characteristics of SEs, which are identified in Doherty et al. (2014) and Ebrahim et al. (2014).

In addition to the systems review, they scrutinised the organisation culture. Organisational culture differed in all cases. CS1 was service-focused; CS2 normalised SV in its processes; CS3, CS4 and CS7 focused on community-led projects for their respective marginalised groups; while CS6 focused on building internal capabilities for community development. All cases revealed that the founders or senior management and BOD redefined organisational values and norms through open communication with other employees. This was also undertaken to meet funders' expectations for SI. However, few acknowledged that this review was a norm. Mason (2012) argued that the standard for SEs is to focus on maximising social benefits, which means that SVs are central to their culture and how they operate.

The review was conducted for SIA and to identify new strategies for growth. This analysis was necessary because it allows the organisation to understand the management structures and their capabilities better. This review is *consistent* with Hieu (2017), who found that SEs have more open communication, less rigorous management control and are market-oriented organisations. In contrast, Selloni and Corubolo (2017) argued that many SEs are too centralised, with a high level of bureaucratisation (top-down) approach. This study found a decentralised procedure in most cases. However, CS6's divisional structure presents a hierarchical approach to the functions of the organisation. This study, therefore, contributes to

the understanding of how SEs are structured and governed, and how these structures influence the approach to SIA.

6.2.3 Accountability and social investment readiness

The rationale for capturing SI differed in each case, as revealed in the findings chapter. However, two common themes emerged from the interviews: accountability to different stakeholder groups and readiness for social investment or procurement. Two sub-themes also developed from the documents: building trust with stakeholders and competitive advantage. Accountability and social investment readiness *support* existing publications (Nicholls, 2009; Short et al., 2009; Kaplan and Grossman, 2010; Ormiston and Seymour, 2011; Ebrahim and Rangan, 2014; Arena et al., 2015; Nguyen et al., 2015; Costa and Pesci, 2016). Researchers found that SIA has become an essential practice in SEs to fulfil external accountability, to attract financial and other types of support (Wilson and Bull, 2013; Polonsky et al., 2016).

The current environment has influenced the expectations of SEs, as seen in Costa and Pesci (2016), who claimed that civil society drives the debate for accountability. Others have shown that the demand for an accountability mechanism of SEs has moved to the view of SI and SIA (Ebrahim and Ranga, 2010; Arena et al., 2015). The contribution here sheds light into the different forms of accountability: formal and informal. Formal accountability means the cases are held accountable by funders and internal stakeholders. Informal accountability, on the other hand, means civil society holds the cases to account. Similar types of accountability were noted in Costa and Pesci (2016), where they discussed upward, lateral and downward accountability.

Some cases' (CS2 and CS6) intention was to validate their establishment in the social sector because they perceive themselves as leaders in SIA; thus, the use of multiple methodologies to demonstrate accountability to different stakeholder groups. Florman et al.'s (2016) critical review of SIA methodologies characterised accountability as a quantitative indicator, but not all benefits can be meaningfully quantified (Arvidson et al. 2010; Krlev et al. 2013). Interestingly, this study found that SEs use both quantitative and qualitative information to demonstrate accountability to stakeholders. It also proves that stakeholder engagement is paramount to the information captured.

The credibility of the organisations and recognition for the SIA forms an excellent strategy for social investment or procurement. This recognition of accountability is becoming increasingly vital in social

organisations (Nguyen et al., 2015). Existing studies show that social organisations receiving government funding are most likely to be undertaking SI (Nicholls, 2009). Overall, the studies did explore the trends. However, other studies argued that government funding requires comprehensive monitoring and evaluation, and that it is more costly than other funding types (Ellis and Gregory, 2008; Heady and Rowley, 2008; Heady and Keen, 2010; Dacombe, 2011). This study argues that SEs with earned-income strategies and socially-minded culture have high interest, multiple methodologies for SIA and consideration for the broader benefit of their SI reporting for the future of their establishment.

The accountability and social investment are demonstrated through action (i.e. noticeable SI in the community) and formal methodologies (i.e. social accounting). The review of SE hybridity by Doherty et al. (2014) found that managing multiple stakeholder needs and maintaining the legitimacy of the organisations are challenges SEs face. This means that the nature of SE itself is a challenge because internal and external forces drive the pressure for accountability. This study suggests two strategies to minimise the pressure: firstly, develop earned-income strategies to minimise the reliance on grant funding; and secondly, SEs should focus on demonstrating the value of their SI.

6.2.4 Build trust with stakeholders

The reasons for building trust with stakeholders differ for each stakeholder group. The cases revealed that building trust with service users is vital because they are central to their mission and vision statements. For the communities, it shows that the organisation cares about the people and communities they serve. With regards to funders, it becomes a form of persuasion to convince potential funders of the usefulness of their establishment in the communities. In a study on social bricolage by Di Domenico et al. (2010), as a tactic to persuade resource owners, that is, funders (Nguyen et al., 2015), and as a business case for SV creation, SEs used a trust. A strong connection between ST and value creation was noted in Garcia-Castro and Aguilera (2015).

Some cases perceived a leading role in the social sector with regards to SI and SIA (CS2, CS3 and CS6). For these cases, building trust with stakeholders means they lead by example; for instance, the internal review conducted by the cases means they identify stakeholder needs and develop mechanisms to meet those needs. It is important to state that the operational activities of these cases demonstrate the extensive capabilities. Therefore, this study *confirms* the existing literature in that engaging stakeholders builds trust, which is significant to SI practice.

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6.3 Research objective two: How social impact is captured

The cases investigated revealed different approaches to capturing SI. They capture operational activities using qualitative and quantitative methodologies. Stakeholder engagement is paramount to the assessment process because they intend to capture real SI. The next few sections present a discussion on the key themes for this objective.

6.3.1 Stakeholder engagement for inclusive social impact

Individuals and communities who benefit from the development programmes for socio-economic and environmental growth are vital to the mission of the organisations. In this study, the SEs asserted the importance of engaging stakeholders when deciding how SI is captured. Service users, senior management and funders are considered critical stakeholders. Each stakeholder has a vital role to play in capturing SI data. Service users are beneficiaries of the projects. Therefore, it is important to capture how the services have impacted the group. Funders set funding criteria (project objectives) to support the type of data the organisation captures. On the other hand, senior management and the BOD set the agenda for the implementation process following a review of the organisation's structure and culture. Service users are considered principal stakeholders for SIA.

This finding is *directly in line* with some studies. Costa and Pesci (2016) revealed that multiple stakeholders set standards based on their viewpoints for evaluation purposes. Wilson and Bull (2013) identified stakeholder engagement in the process of mapping SIA. One of the most widely cited tools in the study of SI in SEs – SROI – has been found to be successful in engaging stakeholders (Millar and Hall, 2012). Lyon and Arvidson (2011) encouraged social organisations to engage in SIA. They identified some opportunities for discretion in the evaluation process: first, the preference of who undertakes SIA; second, the selection and identification of indicators; third, the collection and analysis of data by deciding which stakeholders to consult and involve, what data are collected and by which methods; and finally, the reporting of the results (Lyon and Arvidson, 2011).

All cases argued that the service users are beneficiaries of social projects, and therefore hold valuable information about how the organisation has impacted them. Since the principal stakeholders are disadvantaged groups with socio-economic problems, it is essential for the organisation to consult with them to capture authentic information, especially for those reliant on narratives (case studies). Engaging

stakeholders also means that the organisations are inclusive rather than exclusive regarding what and how information is captured and reported. In Esteves et al. (2012), good SIA is participatory and supports the affected people, while increasing understanding of change and the capacity to respond to change. Two cases in particular (CS3 and CS7) claimed that feedback from beneficiaries enabled them to forgo unsatisfactory training programmes that failed to meet their needs. The feedback enabled them to develop innovative programmes that suit their needs. A similar view is echoed in Mathur et al. (2008), where the scholars asserted that stakeholder engagement encourages innovation, increases user ownership and reduces conflict.

The approach of engagement can be useful for both the beneficiaries and the organisation itself. For instance, one of the forms of SIA at CS3 is the focus group; this means that the women involved in this process share a joint forum, reflect upon their experiences and share how the organisation had impacted them. This aspect is a form of social learning. Esteves et al.'s (2012) study advocated the use of the dialogue approach that combines the ethical and management perspective with an element of social learning for sustainability. Although this study does not focus on social learning, it is evident from CS3 that stakeholders and the organisation itself are learning about the SI of their activities as they capture the data through a focus group.

This study *contributes* to the understanding of stakeholder engagement in SIA by providing an ethical dimension to stakeholder engagement. It is argued here that engaging the stakeholder reflects the presence of democratic control and social responsibility because it is encyclopaedic and acts for the greater good of the service users. This approach supports the ethical dimension of utilitarianism, a neoclassical ethical perspective that suggests one act according to foreseen consequences and maximises satisfaction for all (Chell et al., 2016). Both democratic control and social responsibility can be vital for sustainability through innovative projects constructed by different stakeholder groups. Furthermore, this contribution is parallel to the normative stakeholder utilitarianism principle. The principle represents the mix of utilitarian assumptions with normative ST. This assumption argues that SI can be assessed by taking into consideration the greater good for the more significant number of people influenced by the organisation (Hadad and Găucă, 2014).

While capturing SI data is primarily a requirement for the principal stakeholders, consideration is given to different stakeholder groups when reporting SI, for example, funders, senior management and the BOD, local authorities and the broader social sector. This process requires the identification of stakeholder needs,

that is, how to report SI and how to progress stakeholder engagement. This identification is a form of stakeholder analysis influencing the methods for capturing SI and how it is reported. A similar finding is noted in Arena et al.'s (2015) study, which found that attention to stakeholders influences the planning and management of tasks. Although the tasks in the study above were specific to performance, the focus is that stakeholders are taken into consideration for the organisation's achievement. Costa and Pesci's (2016) study on the stakeholder approach to SIA revealed that SEs must consider the needs of their stakeholders throughout the evaluation process to ensure accountability. Despite the benefits of engaging stakeholders, SEs face barriers such as limited resources, which could impede on the inclusivity of the engagement process. This outcome could result in conflict, whereby stakeholders acknowledge the objectives but dispute the approach to achieving them (Doherty et al., 2014). This study, therefore, encourages development in human and financial resources to facilitate an integrated stakeholder engagement approach.

6.3.2 Multi-methods for social impact assessment and reporting

Multiple methods are used to capture and report SI. The rationale for SIA focuses on intra-organisational development, while SI reporting builds engagement with stakeholders. This finding is *compatible* with Costa and Pesci (2016), as the literature affirms that SI in Europe is gaining momentum because of funders' need to know whether their funds are making a difference in solving societal problems and due to SE managers' desire to gain awareness regarding the outcomes and impacts of their activities. As Polonsky and Grau (2008) said, there is no one way of capturing all aspects of SV. Instead, multiple multifaceted approaches are needed, a view supported by other scholars (Nicholls, 2009; Polonsky et al., 2016).

This study declares that SI is undertaken to provide empirical evidence of outcomes and return on investment to funders, evidence achievement or areas of improvement for internal stakeholders, build and maintain credibility in the sector, and to develop trust among stakeholders. This finding is *consistent* with those identified in research objective one. Reporting SI captured is considered one of the challenges of SIA because different stakeholder groups are accustomed to specific information; for example, funders prefer financial information while communities prefer narratives. Therefore, multiple approaches are adopted to capture SI. Most cases employed both quantitative and qualitative methods to capture this information. However, CS1 and CS5 only used one method, case studies and participant feedback, respectively. Other cases used quantitative indicators to account for SV and narratives for SI (see Figure 14).

All cases except CS4 used internally collected case studies. Standardised tools were used by CS2, CS3, CS4 and CS6. Customised questionnaires and client satisfaction feedback forms were used by CS3, CS5 and CS7. This collection of tools produces a range of SI information for different stakeholder groups. This finding *supports* Lyon et al. (2010) and Ogain et al.'s (2012) studies, which found that organisations used a collection of standardised and customised tools to capture SI. This study argues that the assessment of SEs to solve social, economic or environmental issues should not be quantified alone. Assessments should consider both quantitative and qualitative data for SI and SV. The figure below illustrates where the cases capture SI and the tools adopted for the assessment.

Figure 14: Social impact captured and how it is captured
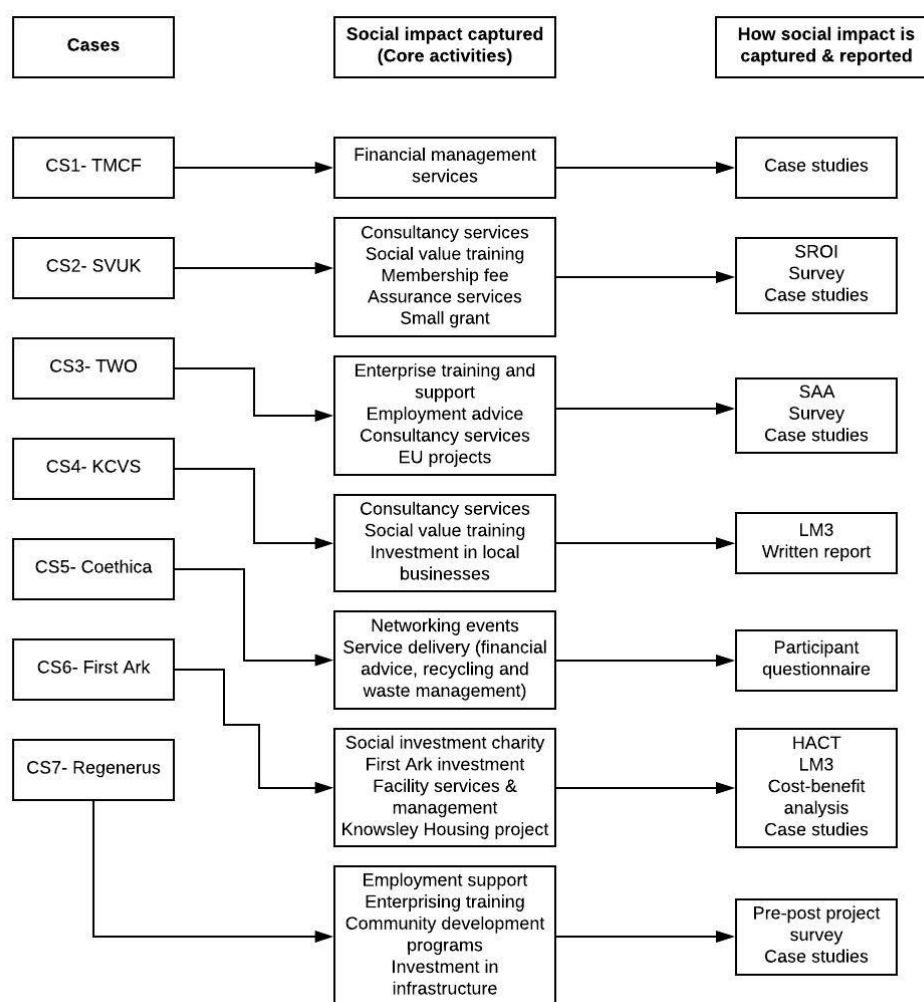
(Source: developed by the author)

6.3.3 Quantitative and qualitative information for stakeholders

This study found that funders prefer quantitative data over qualitative information because it is straightforward and value is aggregated. However, most cases argued that both are equally important because they demonstrate different types of impact. This finding *confirms* Desa and Basu (2013) and Polonsky et al. (2016), who also argued that qualitative information such as narratives are considered valuable mainly where quantitative data is unavailable, or the impact cannot be long term. It is also consistent with Taticchi et al. (2010) and Huang and Hooper (2011), who found that funders reported non-financial information as being more pertinent; notably when social organisations detail how they delivered on their mission and the benefits provided to the community. Therefore, the finding from the present study *confirms* existing studies in that both quantitative and qualitative information are important to different stakeholder groups.

Interestingly, CS2, CS4 and CS5 described SV as financial data. On the other hand, CS1, CS3 and CS7 characterised SV as the more extensive impact the organisation creates, that is, direct and indirect impact, as revealed in the findings chapter. Nonetheless, all cases described qualitative data as SI. Quantitative data are believed to be relevant to funders, while qualitative data are suited to other stakeholder groups, particularly local authorities and beneficiaries. The concept of SV can be traced to the work of Joseph Schumpeter, who discussed the idea of social in entrepreneurship (see Chapter 2). The scholar described SV as follows:

> *The founders of what is usually called the "modern" system of theory, as distinguished from the "classical never spoke of social, but only of individual value".*

> (Schumpeter, 1909, p. 213)

It is important to note that the scholar omits the social idea of *collectivism* that is associated fundamentally with SEs. Instead he focuses on *individualism*, a culture akin to traditional enterprises. In the literature, SV is defined as the benefits gained by people with urgent and reasonable needs (Young, 2006; Auerswald, 2009; Miller et al., 2012; Santos, 2012). This definition supports those of three cases highlighted above. However, it does not support the cases that described SV in monetary terms. The SV created by social entrepreneurs is widely understood to include poverty and providing employment or access to education, among other socially motivated themes (Nicholls, 2009).

Kuratko et al. (2017) argued that SV is dynamic and therefore subject to constant changes in the organisation's external environment, changes that yield opportunities and threats to the organisation. In McMullen and Warnick's (2016) study, for-profit organisations prioritised financial value while maintaining their commitment to SV in the form of B Corp and L3Cs (as evident in CS5). The dynamism argued in Kuratko et al. (2017) *supports* the finding in this study because some cases perceived SV as the monetary value while others associated the concept to Nicholls (2009). Thus, this finding challenges the existing understanding of SV, which adds to the current discourse on what constitutes SV. This finding is associated with the concept of blended value.

Kickul et al. (2012) described blended value as a unique opportunity for the creation of social and economic value. Emerson (2003, cited in Bacq et al., 2016) claimed that blended value simultaneously creates value that balances economic and SV. The logic of a blended value suggests that organisations create both financial and SV (Bacq et al., 2016). Therefore, this study suggests that SV and SI are two interconnected concepts rather than opposing; for instance, to generate SV, the organisation must generate SI and then aggregate the impact in monetary terms. It is also important to note that SV is created by organisations beyond the social sector, as revealed in the case of CS2. This finding is also *consistent* with the view of Kuratko et al. (2017), where the scholars claimed that there has been an increased emphasis on SV by all organisations because funders are willing to invest in them, entrepreneurs hope to start them, customers want to buy from these companies and employees want to work for them.

6.3.4 Enterprising is key to sustainability

Enterprising was a common theme in the findings. Two aspects of enterprising are drawn. First, those with earned-income strategies were active in capturing SI. Second, all cases sought to be resourceful to sustain their social mission (by two approaches: collaboration with other organisations and to develop and extend service portfolios). This is due to the recent political and economic uncertainty and competitive funding landscape. The first aspect *extends* the current literature because existing studies have not found the connection between SEs with earned-income strategies and their approaches to SIA. This study contributes to the literature by suggesting that SEs with earned-income strategies are stronger in capturing and reporting SI because they capture complex services and adopt multiple methods to report SI. It can be suggested that these cases are likely to meet their funding or procurement expectations. Therefore, sector-wide support for these organisations could lead to the legitimacy of the sector.

The second is supported by existing studies (Di Domenico et al., 2010; Trivedi and Stokols, 2011). Di Domenico et al. (2010) argued that SEs use a set of objectives such as the sale of products and services to attain a particular social objective. They aim to achieve financial sustainability independent of the public sector and funders (Di Domenico et al., 2010). Similarly, Trivedi and Stokols's (2011) publication on the fundamental differences between SEs and corporate enterprises revealed that SEs use entrepreneurial talent to create positive social change, while corporate enterprises use entrepreneurial tactics to create wealth. This study adds to the academic discourse on the fundamental tenets of SEs and how entrepreneurial finesse is used to address societal issues.

Failure to adopt entrepreneurial strategies will lead to the deterioration of services and a negative impact on communities. CS1, CS3, CS4 and CS5 said that lack of entrepreneurial approaches defeats the purpose of SEs. This finding supports the work of Loosemore (2015), which found that SEs that relied on one revenue stream were unstable.

The purpose of these cases is to be social and enterprising in order to deal with market failures, often resulting from the inability to pay for services by those who need them, and also as a result of the failure of the public sector to address some of the most difficult socio-economic and environmental problems (Austin et al., 2006; Wei-Skillern et al., 2007). Bielefeld (2009) argued that non-profit social organisations that earn income are not a new phenomenon. In fact, some scholars (Bornstein, 2004; Tranquada and Pepin, 2004; Boschee, 2006) argued for earned-income strategies in SEs.

It appears that the emphasis on SE has often focused attention on *social* rather than both *social* and *enterprise*. Both concepts are interconnected, because they are concerned with the roles of enterprising individuals and their characteristics, particularly in establishing SE ventures, rather than the development of the management teams, competencies and skills needed to develop and run them (Peattie and Morley, 2008). This finding is significant because it links SEs to social innovation, a characteristic of SEP discussed in the literature review chapter. Social innovation is a concept with new ideas and strategies used by organisations, including SEs, to tackle challenging societal issues.

Opportunity recognition is an essential step in identifying funding opportunities through social investment portals and developing innovative ways of solving social problems. The cases in this study looked for opportunities to create and satisfy societal needs while serving primary socio-economic and environmental interventions. Interestingly, opportunity recognition is considered the first step in developing traditional ventures (Shane and Venkataraman, 2000, cited in Lumpkin et al., 2013). In the literature, opportunity

recognition in the SE context is associated with the identification of social problems (Mair and Marti 2006; Peredo and Mclean, 2006). Although opportunity recognition is relatively unexplored in SE (Mair and Marti 2006; Shaw and Carter, 2007), some (Corner and Ho, 2010) investigated opportunity recognition in SEP using multiple case studies. The finding showed social entrepreneurs seeing a social need and preserving ideas that could address it. However, it does not explore opportunity recognition from the SE perspective about SIA. Therefore, this study contributes to existing research on opportunity recognition in the social context by suggesting that social investment and societal issues are forms of opportunities considered by SEs as a strategic approach to solving social problems.

6.4 Research objective three: Barriers to social impact assessment

There are different barriers to SIA. However, resource constraint was a frequent theme in all cases, and in particular, human and technical resources. Capturing indirect SI is also a challenge, particularly for medium and large SEs.

6.4.1 Limited human and technical resources

Despite the different organisational sizes and legal structures of the cases, they acknowledged barriers to SIA. This finding is *consistent* with some studies (Nicholls, 2009; Desa and Basu, 2011; Thompson, 2011; Millar and Hall, 2013; Wilson and Bull, 2013; Arena et al., 2015) that found limited human and financial resources. Esteves et al. (2012) found that insufficient resources for quality control have a significant impact on the standards of SIA, with a tendency for organisations to produce assessments that only pass the minimum expectations of funders.

Based on the number of participants for this investigation, this study suggests that there are limited human resources to capture SI. Wilkes and Mullins's (2012) study found a lack of analytical skills amongst staff using impact frameworks. In contrast to the latter study, this study found the SI assessor to be knowledgeable in how the organisation conducts SIA. The barrier, however, is the limited human resource required to improve the process of capturing and analysing data. The implication could be costly if the evaluation does not meet the funders' SI and SV standards. The implication of this barrier could influence the quality of data collected because there is limited capacity to manage the process. This new understanding should help to improve organisational strategic plans for resource allocation. This study

extends the current literature by demonstrating the extent of the barriers to SIA and the effect on the organisation.

One of the barriers to innovation and positive development outcomes is the limited understanding and skills of those who delegate SIA (Nguyen et al., 2015; Polonsky et al., 2016). It is vital to understand how these concepts influence the way social relationships are created, change and respond to change, and hence how such ideas should frame analysis in an SIA (Ross and McGee 2006, Howitt, 2011). These understandings also require all those involved in SIA to reflect on potential biases. It is incumbent for SIA practitioners to develop practical guidelines and to educate proponents, regulators and impact assessment colleagues from other professions on these core concepts so that they become embedded regarding reference for SIA. Arvidson (2009, p. 15) referred to a range of "methodological challenges" that must be managed by staff in an impact assessment process including the selection of appropriate tools, selecting and interpreting data, and dealing with the limitations of impact data itself and what it can capture.

6.4.2 Capturing indirect social impact

Interestingly, some medium-sized and large cases with earned-income strategies asserted the need to obtain indirect SI. They claimed that indirect impact is the additional positive change created because of a specific intervention; for example, one of the beneficiaries at CS3 had established her support and advice business at the CS3 building in Liverpool. She employed two start-ups to deliver employment-related services. The indirect impact is the additional businesses employed in this case. This finding *extends* the current literature by revealing that some SEs with earned-income strategies assert the need to capture SI beyond the scope of their interventions.

CS3 and CS6 believed that capturing indirect SI is the next step in the practice of SI. Data collection and reporting will be standardised to minimise risks (i.e. exaggeration or the falsification of data). Quantitative tools are considered a useful tool for standardisation because benchmarks can be created and reporting is straightforward. Equally important is that they are useful for funders and government who are keen on quantitative data, as previously discussed. While all cases identified limited resources such as lack of capacity as barriers to SIA, building capacity is considered a solution that would transform how SI is captured. Capacity building means that the organisation can develop its resources (both human and financial) to meet its short and long-term objectives. Polonsky et al. (2016) found that building capacity enables SEs to meet their long-term objectives, thus supporting this finding. Arena et al. (2015) found that

only organisations with the adequate resources would assess SI. Others found that quantitative approaches such as SROI are costly, time-consuming and require specialist skills (Cordery and Sinclair, 2013; Polonsky et al., 2016).

In reviewing the literature, there is no evidence of capturing indirect SI in UK SEs. This is, therefore, a significant contribution to the advancement of the field. From a practitioner's perspective, it demonstrates an attempt to extend the capacity for SIA through an inclusive approach. However, it is unclear how this assessment will be undertaken with limited resources. Nonetheless, this finding evokes the discourse for supplementary SI and their usefulness to different stakeholder groups, especially funders.

6.4.3 Legal structure hinders access to social investment

The cases investigated in this study show diverse legal and organisational structures. However, it was evident that some cases face inherent disadvantage because of their legal structure, and in particular, cases with CVS structures and charitable status. CVS is a traditional arm of a local authority, which means the public sector partly funds them. Funders consider the designated funding structure an advantage over non-CVS structures. Therefore, some funding criteria prohibit CVS from bidding for funding. Similarly, their legal form from accessing certain types of investment restricts some SEs with charitable status; for example, those with CLG with charitable status cannot raise equity. However, those with CLG with charitable status and trading can access finance without restrictions with an SI report as backing for the funding. CS4 and CS3 revealed that they have separate legal structures for their trading arms and the charity. This allows them to apply for most funding with limited restrictions.

Previous study by Doherty et al. (2009) argued that the legal structure of SEs can impact the types of financial resources they attract. Similarly, Mswaka and Aluko (2014) found that CLG structures can access grant funding and other types of donations, but they need to demonstrate financial viability to attract loan finance due to their inability to attract equity investment, as previously mentioned. Mswaka and Aluko (2014) did not take into account CLG with charitable status, nor did they reveal those with CVS structures. Therefore, the present study *extends* the current literature by presenting fresh insights into the impact of the legal structure on access to funding. This study suggests that SEs with CLG or CLG with charitable status capture SI using multiple methodologies for financial and non-financial information to meet funding criteria. This approach will allow for broader access to social investment, while demonstrating legitimacy to different stakeholder groups.

6.5 Social impact practice in the seven cases

The cases investigated in this study range from small and medium to large SEs with diverse social missions and services. Despite their differences, common themes were noted in all cases that form the six stages of SI practice. The figure below illustrates the six stages.

The first stage of the practice is to define the goal of the organisation. Defining the goal is an attempt to succinctly review the purpose of the establishment and what they aim to achieve, thus informing the organisational culture. In this process, they set objectives in short, medium or long-term plans. The second stage is a review of the organisational culture and structure. This stage involves clarifying the aspiration and cultural fit of the organisation. It also involves resources and capabilities.

The third stage involves the identification of relevant stakeholders to support the SI strategy. During this process, they monitor different communication strategies to maintain the stakeholders' involvement. Stakeholders were found to have a strong influence on strategy and management decision-making. They also examine the cost and complexities of the methods for SI to support the effective decision. The fourth stage is the process of embedding SI tools. In this process, indicators are set in all operating activities. The fifth stage is the collection and analysis of data. Pre- and post-service assessments are undertaken to differentiate the 'before' and 'after' experiences of service users. Also, the results are assessed against the indicators to know if the objectives have been achieved. The sixth stage is the reporting stage. Information is reported to stakeholder groups using both quantitative and qualitative approaches.

Figure 15: The six stages of social impact practice in seven social enterprises
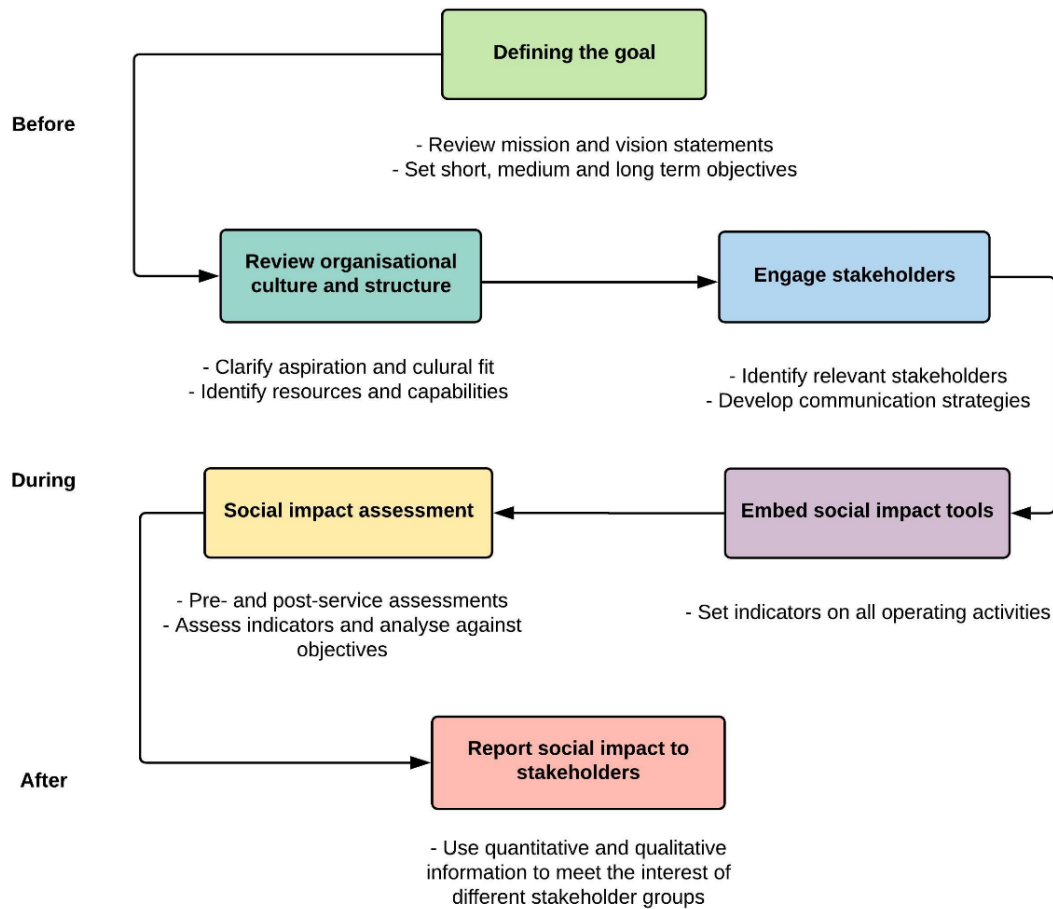
(Source: developed by the author)

6.6 Chapter summary

To summarise, the study embarked on an investigation to understand how SI is practised in SEs. The qualitative approach has provided insights into the strategies, the rationale for capturing SI, and the barriers the cases face when capturing SI. The discussion provided eleven frequent themes from the research objectives. These themes confirm and extend the current literature. The first objective uncovered four themes: internal mechanisms and external institutions drive SI, review of organisational culture and structure, accountability and social investment readiness, and build trust with stakeholders. All themes confirm the current literature; however, review of organisational culture and structure extends the existing publications. The second objective discloses stakeholder engagement for inclusive SI, multi-methods for

SIA, quantitative and qualitative information for stakeholders, and enterprising is key for sustainability. These contributions confirm the current literature; however, enterprising is key for sustainability extends the existing publications. The third objective confirms the existing studies with limited human and technical resources. The other themes uncovered for this objective are capturing indirect SI, and legal structures hinder access to social investment. These contributions are significant as they extend the current studies. Interestingly, similarities were noted in each case. This represents the six stages of SI practice in SEs operating in the financial support and service sector. The next chapter concludes the investigation by presenting the study's conclusions, the theoretical contributions to knowledge and practice, and recommendations for practice and future research.

Chapter Seven

Conclusions and Recommendations

7.0 Introduction

This study has investigated SI practice in seven case studies in the North West of England. It identified various SI implementation strategies and sought to ascertain the significance of this practice to the organisations. The theoretical literature on SI, specifically in the UK, is limited to the practice of SI. This chapter presents a summary of the significant research findings relating to the research questions. Furthermore, a set of practical recommendations that could assist SEs, including those investigated in this study in the implementation and evaluation of SI are provided. Moreover, the chapter discusses the contribution to organisational theory and ST, and related practical implications. Finally, the chapter concludes with a discussion of the limitations of the study and suggestions for future research.

7.1 Summary of key research findings

The motivations for this study lie in the call for better understanding of how SEs capture SI and how the information meets different stakeholders' needs. SI has become one of the most discussed topics in the social sector and academia. It is believed that SI demonstrates the improvement organisations create for individuals in communities and the more comprehensive environment. Some of these organisations seek funding to create life-changing interventions. However, others generate income through trading, but the profit is reinvested back into the business. Reinvesting profit is a characteristic of an SE discussed in Chapter 3. Nonetheless, funders and policy-makers seek to understand the SI of these organisations. In the introduction to this thesis, it was explained that existing research had explored the rationale and barriers to SI and its implementation process. However, the study identified gaps in current knowledge regarding the drivers of SI, the implementation process and the barriers associated with the assessment of SI. Hence, this study investigated the practice of SI to better understand the change these organisations create.

7.1.1 Research question one: To what extent is social impact captured and implemented?

This question is necessary to this study because it provides an insight into the driving force for SI and the implementation strategies in SEs. It attempted to fulfil the first objective, that is, to examine the drivers of

SI and the implementation process. The empirical evidence obtained by this research showed that each case is influenced by internal mechanisms and external institutions to capture SI. This influence depends on the financial position and SI agenda of the organisation; for instance, CS2 and CS7 are driven by internal mechanisms. On the other hand, external institutions drive CS1 and CS5. In contrast, both internal mechanisms and external institutions drive CS3, CS4 and CS6. However, external institutions only when applying for procurement contracts drive the latter.

CS2 and CS7 are contrasting in nature because the former adopts earned-income strategies and considers itself a leader in SIA to change the way the world accounts for SV. CS7, on the other hand, relies on grant funding to develop their communities one project at a time. Furthermore, CS2 offers innovative SV-related services to all types of organisations regardless of their operating and organisation size. The company operates a CLG legal structure with an incorporated status. In contrast, CS7 operates under a charitable status. Notwithstanding the differences, both cases have SME indicators, as highlighted in Chapter 4.

Interestingly, individuals with private-sector experiences who sought earned-income strategies and private-sector collaborations, respectively, founded CS1 and CS5. CS1 operates under a CLG legal structure, while CS5 is a private limited company that adopted the UN SDGs for a global-to-local approach to socio-economic intervention. Despite the strategic and structural differences, both cases have SME indicators, as with CS2 and CS7. Both cases seek funding from social investors and private-sector organisations, respectively. One of the criteria in the funding application, in the case of CS1, required evidence of change achieved.

Both internal mechanisms and external institutions drive CS3, CS4 and CS6. However, funders request specific information as part of a funding call or procurement application, thus influencing the type of information gathered. CS3 secures both EU funding for business and employment training. CS4 accesses Chest funding for different types of social funding and procurement. For these cases, senior management and the BOD are committed to capturing SI for governance purposes. The three cases operate under a public limited by guarantee legal structure. However, CS3 includes a charitable status. CS4 and CS3 have an SME indicator, whereas CS6 is a large business.

Concerning the implementation of SI indicators, the present study found that the cases review their organisational culture and structure. It appears that most cases with earned-income strategies review the systems and capabilities to support the organisation's strategic plans, while CS1, CS5 and CS7 review to identify opportunities and threats.

The research findings linked to this first research question support the literature regarding the drivers of SI. However, they address the gaps by examining the drivers of SI in organisations with a different social mission, organisational size and structure, and operational strategy. Nonetheless, the process of implementation differs in each case.

7.1.2 Research question two: How is social impact captured and assessed?

Existing studies showed that financial data are the most commonly reported data in the social sector. This study provides evidence that SI is captured using multiple methods and the questions that form SI data are embedded in core activities. The findings reveal some interesting facts. These facts include engaging stakeholders to capture comprehensive information, using multiple methodologies to produce quantitative and qualitative information to meet the needs of different stakeholder groups, capturing SI for accountability and being social investment ready. The dynamics of the assessment are driven by the need to report to different stakeholder groups because each stakeholder prefers a specific method of reporting, as evidenced in the discussion chapter. In all cases, stakeholder engagement is a necessary action when capturing SI.

This evidence supports the work of Costa and Pesci (2016), who argued that SEs must consider the needs of their stakeholders throughout the evaluation process to ensure accountability. This study extends that view by identifying the stages involved to ensure the rigour of data collection for accountability. There are two stages of engagement: the start of a service and after service completion. However, the approaches and depth differ in each case because of the tools and frameworks. In CS2, CS3, CS4, CS6 and CS7, stakeholders are engaged using quantitative and qualitative frameworks, thus generating a diverse dataset. CS1 and CS5, on the other hand, use a qualitative approach to prove SI. This proves that cases with earned-income and grant-dependent cases indicate SI using multiple methods.

The multiple reporting techniques mean they can be accountable to different stakeholders. This helps the organisations build trust with stakeholders. Trust building is vital to the success of the cases because as social organisations, putting the social and economic needs of stakeholders first is highly regarded. CS3 and CS7 claimed that a trusted organisation has access to resources, mainly financial and technical.

Findings from this study provide compelling contributions, extending existing knowledge. They reveal that SI is captured with the engagement of stakeholders for inclusive SI. In this study, inclusive SI brings together the social needs and social change of different stakeholder groups. These findings contribute to

the body of work on SIA in SEs (Lyon and Arvidson, 2011), accountability to different stakeholder groups (Ebrahim et al., 2014) and building trust for success (Di Domenico et al., 2010).

7.1.3 Research question three: What are the challenges faced when capturing social impact?

This study found that capturing indirect SI and resource constraints, and human and technical resources, are barriers to capturing SI. It appears that some organisations have more human resource issues than technical issues; for instance, CS2, CS3 and CS6 adopt multiple methods to capture SI because of their varied services. The method reflects their ability to carry out different forms of SIA and reporting. However, the human resource required to carry out the task is not sufficient. CS1 and CS7 face both challenges in equal measure, while CS4 adopts multiple methods, but with limited services to assess, and human resource to undertake the assessment. The findings indicate that capturing indirect SI will further enhance the inclusive SI strategy discussed in the previous section. However, the challenge is the lack of adequate human and technical resources. Existing studies have identified the lack of specialist skills and adequate resources as barriers to SIA (Stevens, 2006; Kail and Lumley, 2012). The present study extends existing studies by confirming that SMEs and large SEs face the same challenges concerning SIA.

Results from the data collected indicate that only one individual is responsible for assessing and reporting SI in all cases. Even though the indicators are embedded in the core activities, the SI manager or operations manager is responsible for the assessment process. It is also evident that the depth of assessment varied in the cases; for instance, the small SE captures using one approach in one core area, while the medium and large SEs capture using multiple methods. The consequence of these barriers affects some decisions such as what tools or frameworks to adopt, because limited technical expertise might require qualitative tools rather than quantitative frameworks. Other questions include how to develop social innovations and how to build trust with stakeholders. This study, therefore, confirms that regardless of the organisational size and operational strategy, the seven cases investigated in this study experience the same challenges.

7.2 Contributions: The social impact practice in social enterprises in the UK

The motivations for this study are drawn from the interest between SI and SIA in the field of SE that proposes to understand the influence of SIA in SEs, to demonstrate how SI is exercised and the challenges involved in the practice. This study makes three main contributions to the existing body of literature and knowledge. It has provided six stages to SI practice that captures the practice in the seven case studies. By adopting a qualitative approach, it contributes to the understanding of how SI is captured using multiple

methodologies for different stakeholder groups. It also adds to the developing body of work on stakeholder engagement, entrepreneurial strategy and organisational culture and structure. The main theoretical contributions are presented below.

7.2.1 Theoretical contributions to knowledge

The first main contribution this thesis presents is to the normative isomorphism of IT. This study found that normative forces influence mandatory standards for SIA. Normative isomorphism is binding compliance demands that stem from professionals within the organisation. In this study, the professionals are the BOD and senior management who set the standards and strategies needed for SIA. Their extensive years of experience in the social sector influence their approach to SI in the organisations, regardless of the coercive pressures. However, the SI standards varied in each case depending on the organisation's culture, norms and values.

The second contribution is to the impact of organisational culture and structure on the SIA process. The internal review was found to be a vital exercise before the evaluation process. Interestingly, resources and capabilities are assessed to meet funders' expectations because some funding requirements expect an outline of resources and capabilities. The outline allows the funder to determine whether an organisation is competent to execute a project. From the organisation's perspective, the review provides valuable information on how to develop new ways of managing their interventions. This study is significant because it extends the current literature. This review contributes to the literature of organisational culture and intra-organisational development. This study claims that the culture of the organisations is essential when it comes to the type of interventions for evaluation and how to build trust with different stakeholder groups. The culture reflects the ideology of the organisations, their values and norms. In this study, the culture is based on mutual commitment to creating social good.

Intra-organisational development is widely researched in organisational studies (see Grinstein, 2008; Chen, 2013). Concerning SE studies, this study provides a comprehensive view of the impact of structure and culture review on meeting funding criteria and assessing SI. The researcher argues that a comprehensive assessment of internal resources could lead to innovative products and services, which supports the entrepreneurial interests of the cases. This research confirms that the structure and culture of the cases are reviewed to identify resources and capabilities, and to examine their philosophy. The conceptualisation of theories' framework is further developed to demonstrate the contributions of this study. The main contribution is the micro context highlighted below. The internal mechanisms (the BOD and senior

management) drive the SI agenda and the review of organisational culture and structure. The review forms the second stage of the SIA (see Figure 15). This study argues that reviewing the organisation is vital for learning – organisational resources, capabilities, values and norms. These actions are significant to the development of the organisation, which is central to the practice of SI uncovered in this study.

Figure 16: Theoretical contribution to knowledge
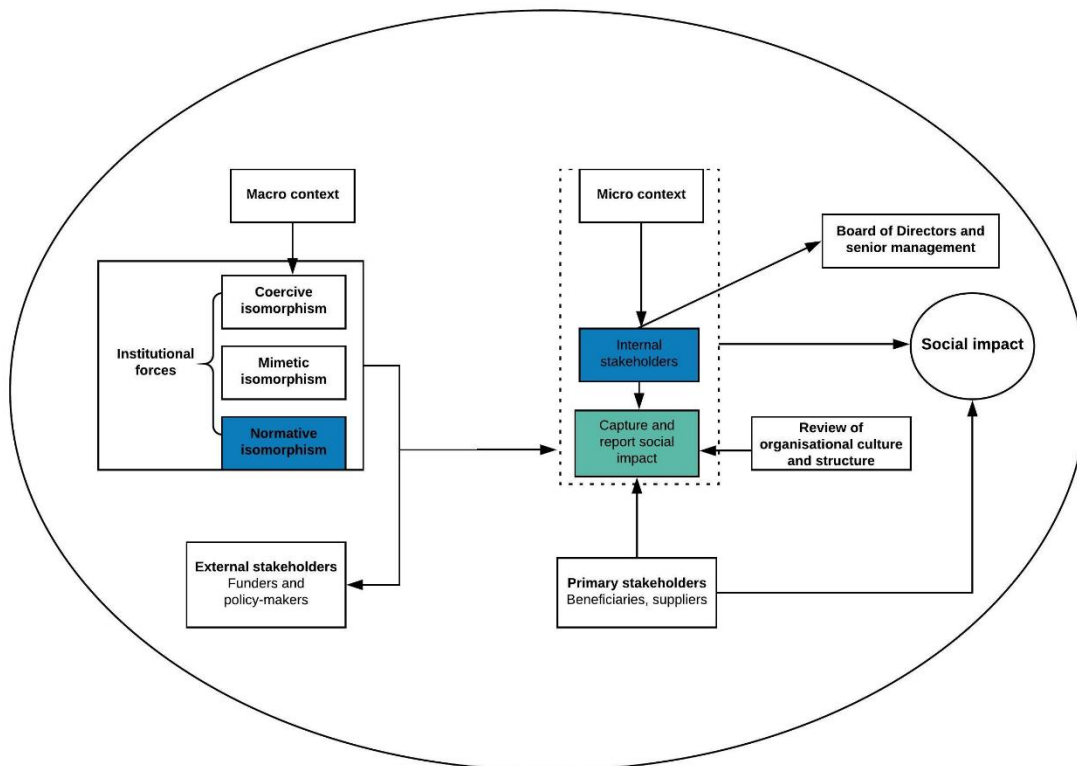
(Source: developed by the author)

The above contribution is connected to the second contribution: a six-stage approach to the practice of SI. The six-stage approach is taken from the discussion chapter to demonstrate the connection between the systematic approach and intra-organisational development. The multiple cases offer a six-stage approach to understand how SI is practised. This contribution extends existing studies by demonstrating the tasks involved in each stage of the process. Previous studies have examined what is assessed using tools such as SIMPLE (McLoughlin et al., 2009) and SROI (Flockhart, 2005). However, the studies have not dealt with the internal processes of SIA. This finding sheds new light on the interdependency of each stage; for

example, organisational structure and culture review establish resources and capabilities, which influence the decision of what tools or framework are needed to capture SI.

Figure 17: Contribution to knowledge in the six stages to capturing social impact
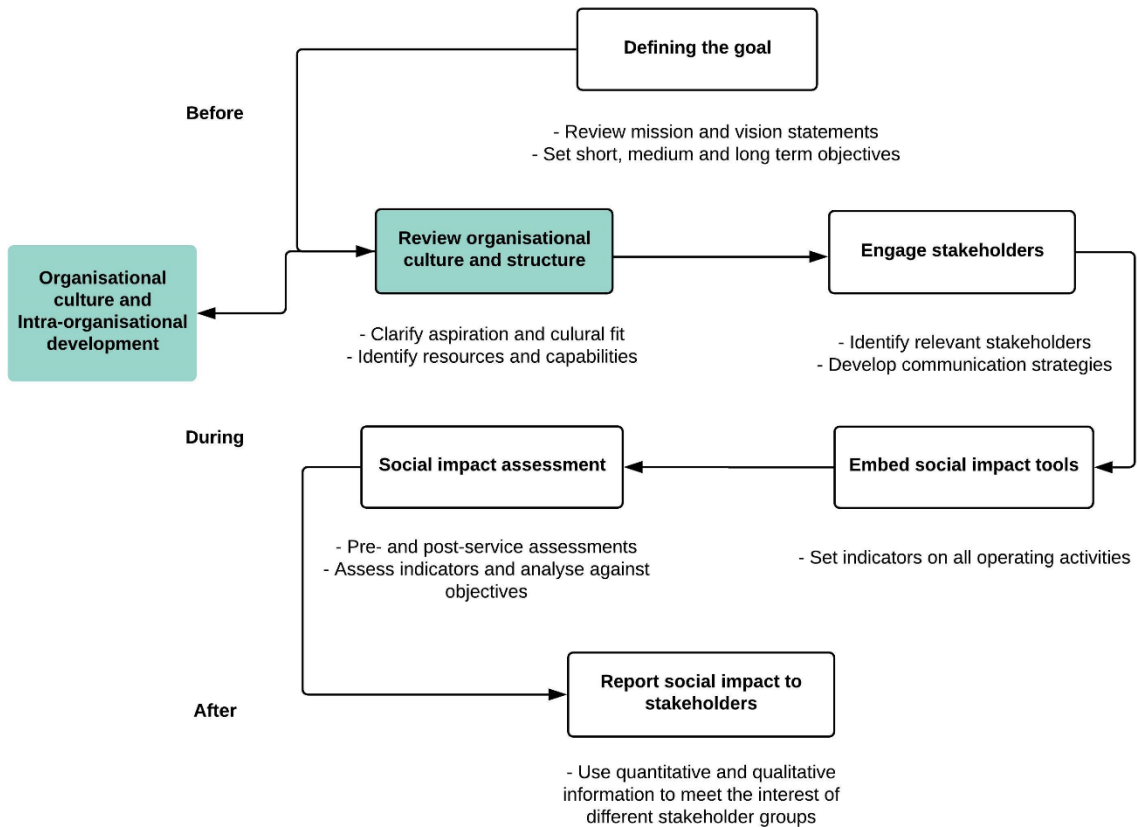
(Source: developed by the author)

Third, this study found that the CVS legal structure hinders access to social investment. Funders consider the CVS structure an advantage because organisations with the structure are partly funded by the public sector to carry out developments in the communities. The insight gained from this study is valuable because it demonstrates that barriers to SI are affiliated with the legal structure.

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7.2.2 Practical implications

This study presents implications for senior management and the BOD, funders, and policy-makers due to their influence on SI. This study found that funders and senior management drive SI. Nonetheless, implications are considered for policy-makers because they exert policies that impact the existence of SEs, as reviewed in Chapters 2 and 3.

7.2.2.1 Senior management and board of directors

As emphasised in the interviews, the majority of the cases are driven by internal mechanisms, and specifically the senior managers and BOD. These organisations are medium and large SEs with earned-income strategies, with the exception to one case (CS5). Senior management and the BOD emphasise achieving the organisation's social mission, which fits their roles and responsibilities. Provided the BOD has extensive experience in the social sector, they should capitalise on their networks by encouraging cross-sector collaborations. This will provide access to diverse resources and capabilities. Additional resources could improve internal capabilities, and thus the quality of SI data. Furthermore, it will expose the organisations to innovative solutions through knowledge exchange.

7.2.2.2 Implications for funders

The thesis confirms the importance of funders to both earned-income and fund-dependent cases. It also finds that funders are influential to the practice of SI in two areas: first, the funding criteria; and second, the justification of capabilities to carry out the project. These areas of influence determine how SI is captured. Therefore, funders need to take into consideration the organisational size and needs of the region in the funding criteria. As revealed, cases in the fifth most deprived locality in the UK face more challenges due to their legal structures and use of qualitative tools to capture SI. A reasonable approach to include these type of cases could be to provide smaller grants; create SI metrics for the short, medium and long term to ensure they are making a positive difference; or where a negative impact is realised, the project is reviewed for improvement or ceased. This approach will encourage diverse organisations to solve complex issues in their communities from within the communities.

7.2.2.3 Implications for policy-makers

Some cases discussed the importance of policies on their operations. This study shares the implications for policy-makers with regards to the legal structures for SEs. As previously mentioned, the CVS structure hinders access to funding. Also, the challenges of other legal structures were discussed in the context chapter. One possible implication of this is that it affects SEs' access to financial resources, which impedes their ability to develop appropriate solutions in their communities. As mentioned in some cases, funding cuts from the public sector affect their ability to support communities. Moving forward, they believe that the state of SEs is uncertain because of the competitive funding environment and resource constraints.

Policy-makers could remove barriers on the CVS and CIC legal structures to encourage cross-sectoral engagement. Policy-makers could also revise policies on the legal structure to support SEs in accessing resources and other opportunities.

7.3 Recommendations

This study provides two areas of recommendation. The first is in the development of SEs. The second is the steps to SIA. These recommendations are relevant to practitioners.

In light of the literature review and findings from this study, four factors are considered critical to the development of SEs: collaboration, innovation, impact and marketing. Since resource constraint is a barrier for SEs, collaboration is recommended as a useful strategy to access resources, share ideas and scale. Collaboration can also lead to innovation. Innovation should be considered for products, services and the organisation. Transforming the organisational culture and structure could build new applications for better social interventions. As noted with some of the cases investigated, innovative solutions can lead to SI because multifaceted social issues are tackled, therefore positioning the organisation as a leading social agent in the sector. It also means that they can demonstrate the changes created to social investors and policy-makers. Collaboration requires critical skills at every stage of the networking process. Therefore, decision-makers should develop a strategic plan and prepare the team for the collaborative engagement.

The impact is a core tenet of an SE. Capturing core services is crucial because it demonstrates legitimacy and ensures the organisation is accountable to different stakeholders. Beneficiaries and the broader civil society should be considered when capturing impact. Impact information can be used for marketing purposes. Although marketing was not noted in any of the cases, this study recommends a creative approach to gain traction in the market. Creative products, services and social campaigns can attract

consumers to engage with the organisation. The attraction can create social and economic impact on the organisation. Marketing initiatives can help SEs to champion the cause for social good. The figure below presents collaboration, innovation, impact and marketing (CIIM): strategies for developing a SE.

Figure 18: CIIM: Strategies for developing a social enterprise
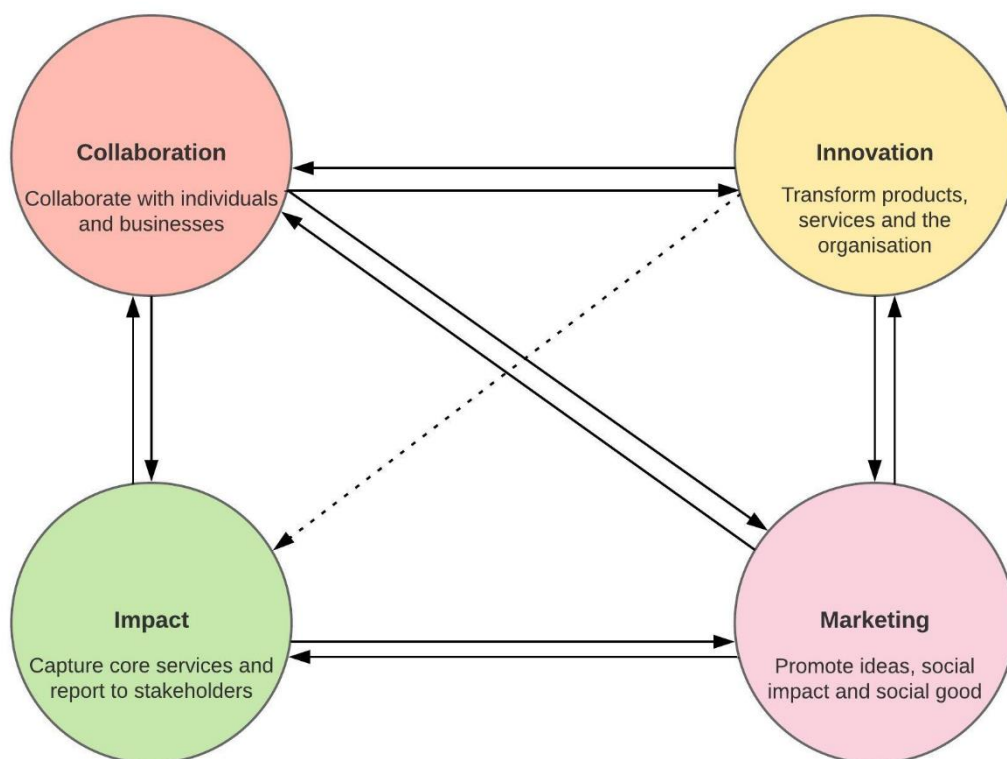
(Source: developed by the author)

It has been established that SEs face the dilemma of what and how to capture SI. This study recommends a six-stage approach to SIA. It begins with an examination of the organisation *structure* to identify the organisation's capabilities. It also involves designating SI roles and responsibilities. Stakeholders are identified at this stage. Then a review of the *scope* is conducted to identify social indicators. After that, the organisation should review its social mission and vision, map the mission against operating activities and set milestone indicators to assess SI. This process is to identify the social indicators required for the third process. The appropriate tools have to be selected to *implement* indicators. The indicators are to be implemented in core operating activities to maximise resources. If there are no issues, the organisation proceeds to *assess*. Stakeholders such as beneficiaries and relevant community groups have to be engaged

in the process to ensure their data are robust and inclusive. Once data collection and analysis is completed, internal mechanisms should be informed about the outcomes and SI. Following this, the materials can be disseminated to relevant stakeholders. The assessed data is captured to identify the SI created for beneficiaries. The information proves relevant for SI reporting to different stakeholder groups, and ultimately prove legitimacy. The final stage is a review of each process to ascertain how the organisation has performed overall. The figure below presents the framework.

Figure 19: Steps to social impact assessment
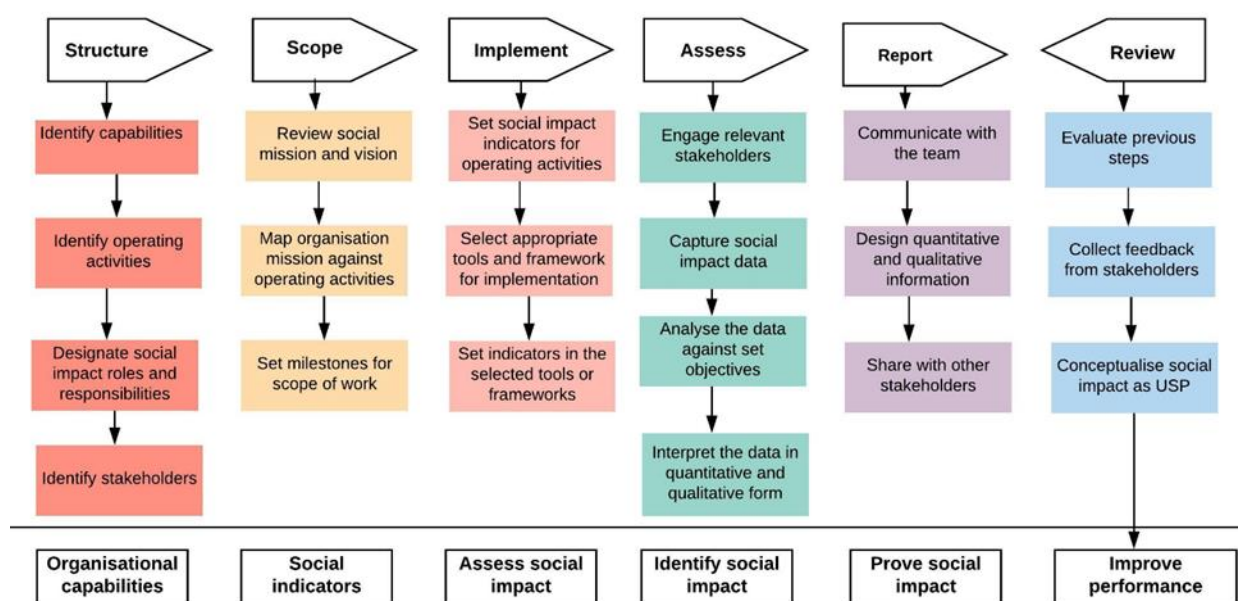
(Source: developed by the author)

7.4 Limitations and future research

Although this study contributes to knowledge, it is subject to some limitations, which indicates the need for future research. It may raise questions of generalisability to other sectors; however, the study did not seek to generalise the findings because such studies require investigation into different sectors, legal structures, funding types and geographical base that are not the specific focus of this study. Instead, it claims transferability because SEs address multifaceted social, economic and environmental issues that require a combination of interventions. The researcher believes that SEs can adapt the findings to their context.

Most of the cases investigated are SMEs and one large SE. Therefore, some of the findings may not apply to a large SE in the same sector. Although the barriers to SIA were the same in all cases, the large case had more operating services, and thus captured different sets of SI. The six stages of SIA were developed based on findings from all cases; therefore, they are potentially applicable to different organisational sizes. Nonetheless, differences exist, and future research is required to investigate SI practice in SMEs versus large SEs.

The data used were semi-structured interviews and document analysis. These sources provided critical insight into the practice of SI. However, further research could take the form of direct observation and focus groups to obtain a holistic view of SI practice and the type of information captured based on a logic framework.

The cases studied are from the Liverpool and Knowsley region. Although these are some of the most deprived in the UK's North West region, other localities could have been explored. During a review of cases in the region, a small number of cases in Manchester were noted. However, some cases did not respond to multiple calls to participate in the study, while others did not meet the inclusion criteria.

The researcher acknowledges that due to the nature of the study it is value-laden and biased, because other researchers can interpret the same findings differently. Nevertheless, the research quality was administered through data collection and analysis procedures to mitigate such bias. Prolonged engagement, the researcher's reflexive journal and triangulation were used to minimise bias and increase the credibility of the research findings.

New research areas became apparent during this study. Since this study focused on the financial support and service sector, an investigation into other sectors and regions would provide robust information about SI practice across different sectors and geographical domains. Future research should consider different stakeholder groups in the research process to understand the perceptions of SI and the relationships between SEs and their stakeholders. Interestingly, this study found that the B Corp agenda and UN SDGs were adopted by a case to solve social issues. Future studies should examine the interventional strategies adopted by SEs, their motivation and the change created as a result.

Furthermore, comparative international studies can be considered for future research to investigate SEs in various contexts. The comparison will provide insight into how SEs in deprived localities in Europe are capturing SI and the external institutions supporting their interventions, for instance.

7.5 Concluding remarks

This thesis has made significant contributions to knowledge and practice. It found that the review of organisational culture and structure contributes to the literature of organisational culture and intra-organisational development. Interestingly, this contribution is significant to the systematic approach to capturing SI. The study also contributes to the understanding of SI by presenting a six-stage approach to SI practice. The multiple cases in the same sector present a unique contribution to the current literature of SIA. The qualitative case study approach allows an in-depth investigation into the practice of each case. The approach has provided a comprehensive understanding of how SI is practised, leading to a framework for SIA. Despite the development of this field, the thesis has pushed the confines of SI research, contributing to knowledge and practice.

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APPENDICES

APPENDIX A: PARTICIPANT INFORMATION SHEET

Title of Project: An Investigation into Social Impact Practice in Social Enterprises in the UK

Name of Researcher: Sally Kah

School/Faculty: Liverpool Business School

Dear Participant,

By merit of your role as social impact manager in a social enterprise, you are invited to take part in a study on social impact. You are in a good position to offer insights into this study. Before making a decision, please ensure that you understand the reasons for this study, what it entails and what is expected of you. The following information gives an outline of this study. Should you have any questions or need further information, please do not hesitate to ask.

1. What is the purpose of the study?

This study aims to investigate social impact practice in social enterprise. It specifically seeks to understand the drivers of social impact, how social impact is captured and the barriers to capturing social impact.

2. Do I have to take part?

This is entirely your decision. If you decide to participate, you will be required to sign a consent form as standard procedure. You are allowed to withdraw should you change your mind. This will not affect your statutory rights.

3. What will happen to me if I take part?

Participating in this study involves a semi-structured interviews and providing social impact related documents. You will be interviewed at your convenience in your organisation. The interview would last at least an hour.

4. Are there any risks / benefits involved?

There are no risks involved in this study. The benefit is your participation in this study, which would contribute to the discipline of social enterprise and social impact. It will present an in-depth understanding of social impact practice in your organisations. In addition, the study will impart the

extent and significance of impact measurement on access to funds. The findings will be valuable information for organisations in SE sector, policy makers, academics and practitioners.

5. Will the interview be confidential?

Yes, your details will be kept confidential. They will be stored in a secured system at LJMU accessible only by the researcher. The interview will be audio recording and notes taken by the researcher. Once the interviews are completed, this information will be transcribed and analysed by the researcher for her PhD thesis.

Contact Details of Researcher:

Name: Sally Kah

Institution: Liverpool John Moores University
School/Faculty: Liverpool Business School
Email: S.Kah@2014.ljum.ac.uk

Dear Project manager or Team leader,

My name is Sally Kah, doctoral researcher at Liverpool John Moores University Faculty of Business. I am preparing to conduct interviews for my research on UK social enterprises. By virtue of your role as project manager or team leader in a social enterprise you are invited to participate in an interview on social impact in social enterprises. You are in an ideal position to provide valuable understanding of social impact practice in social enterprises that will contribute to academia and practice.

This is a semi-structured interview estimated to last 1 hour. Your responses will be audio recorded and notes will be taken for accuracy but this will be kept confidential in a storage at Liverpool Business School research center. Participating in this study is voluntary and your personal details will not be used in reporting findings from this study.

If you are willing to participate in this study, please let me know your availability so an interview schedule can be arranged.

Thank you and I look forward to hearing from you.

Kind regards,
Sally Kah MSc, BA
Doctoral researcher
Liverpool John Moores University
Liverpool Business School
Email: S.Kah@2014.ljmu.ac.uk

APPENDIX C: CONSENT FORM

Title: **An Investigation into Social Impact Practice in Social Enterprises in the UK**

Name of Researcher: Sally Kah   **School/Faculty:** Liverpool Business School

1. I confirm that I have read and understand the information provided for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason and that this will not affect my legal rights.

3. I understand that any personal information collected during the study will be anonymised and remain confidential

4. I agree to take part in the above study *(if appropriate please specify the type of study or particular intervention you are seeking consent for – eg focus group, interview, training programme)*

For studies involving the use of audio / video recording of interviews, focus groups etc or where there is a possibility that verbatim quotes from participants may be used in future publications or presentations please include the following:

5. I understand that the interview/focus group will be audio / video recorded and I am happy to proceed

6. I understand that parts of our conversation may be used verbatim in future publications or presentations but that such quotes will be anonymised.

Name of Participant: Date   Signature

Name of Researcher: Sally Kah   Date   Signature

Name of Person taking consent   Date   Signature
(if different from researcher)

Note: When completed 1 copy for participant and 1 copy for researcher

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APPENDIX D: INTERVIEW PROTOCOL

Interviewee profile

Company name: Date:

Participants name: Time:

Position:

Purpose of the interview

The interview began with a brief explanation of important points such as the research objectives, interview plan, confidentiality and participant consent form.

Semi-structured interview questions

The questions are suggested interview questions.

Categories	Questions
Introduction	• Please tell me about your organisation. • Describe your role within the organisation
Knowledge of social impact	• From your experience, how is social impact perceive in your organisation? • Does your organisation capture its social impact? If yes, why? If not, why not? • Who drives the social impact agenda in your organisation? • How does your organisation capture social impact? • How often is social impact captured? • Why is capturing social impact beneficial to your organisation? • What are the challenges you face when capturing social impact? • Can you describe how social impact has influenced your organisation?

APPENDIX E: SAMPLE OF DOCUMENT ANALYSIS

Document analysis for CS1

Type of document	Codes analysed
Case study	Services for the benefits of service user
Annual report 2016-2017	Social and financial impact
Service portfolios	Enterprise activities for social needs
Corporate governance standard	Organisation protocols on social impact

Document analysis in NVivo for CS1

Text search for the *meaning* of social impact
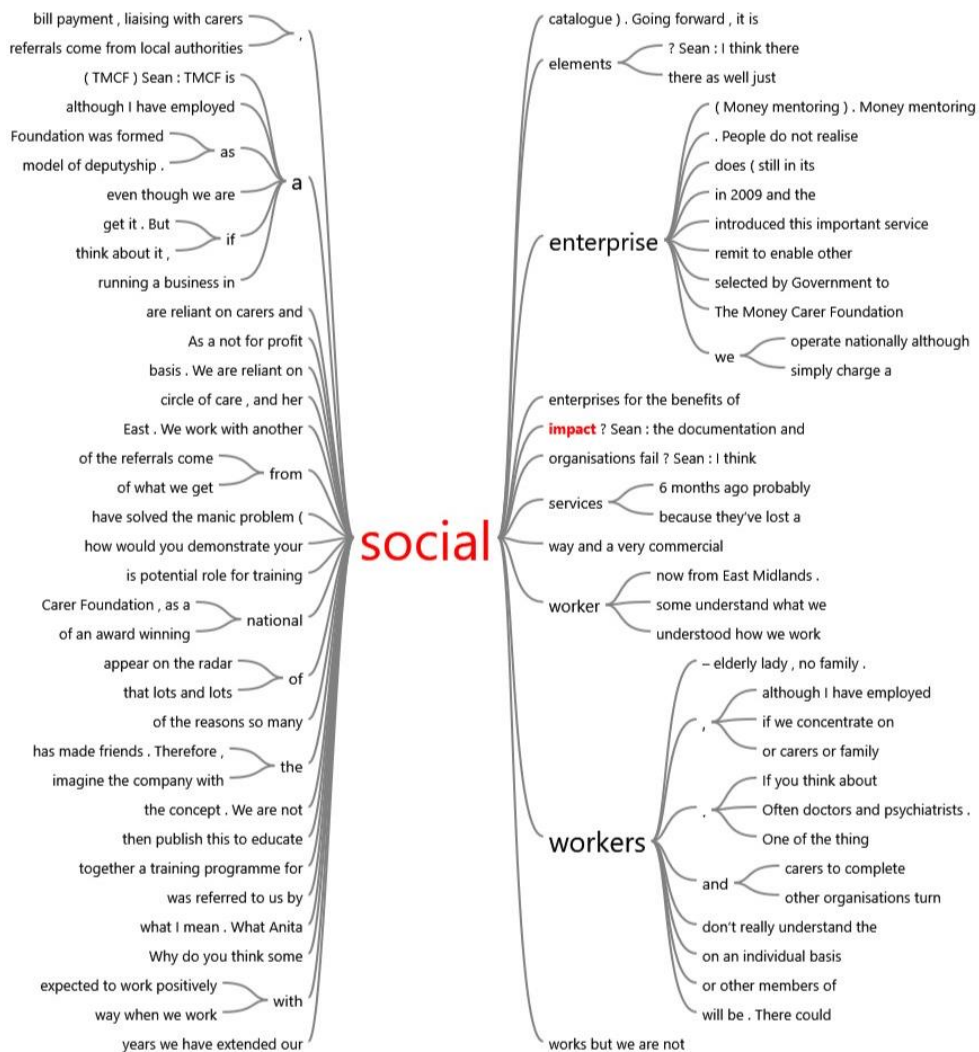
Word frequency for the *use and context* of social impact

FILE HOME CREATE DATA ANALYZE QUERY EXPLORE LAYOUT VIEW

Sources

Look for [▼]   Search In [▼] Internals   Find Now   Clear   Advanced Find

Internals
Externals
Memos
Framework Matrices

Quick Start Steps   Word Frequency Query Result ✖

Word Frequency Criteria

Search in   [All Sources]   [Selected Items...]   [Selected Folders...]   Grouping

- Exact matches (e.g. "talk")
Display words   ⦿ 20 most frequent   ▶ With stemmed words (e.g. "talking")
                   ○ All   - With synonyms (e.g. "speak")
                              - With specializations (e.g. "whisper")
With minimum length [3]   - With generalizations (e.g. "communicate")

Word	Length	Count	Weighted Percentage (%) ▽	Similar Words
carer	5	54	3.10	carer, carers
clients	7	41	2.35	client, clients, clients'
money	5	41	2.35	money
managing	8	27	1.55	manage, managed, management, management', manager, managers, managing
service	7	26	1.49	service, services
foundation	10	25	1.44	foundation
make	4	23	1.32	make, makes, making
provide	7	23	1.32	provide, provided, provider, provides, providing
care	4	20	1.15	care, caring
protection	10	20	1.15	protect, protected, protecting, protection, protects
'jean'	6	19	1.09	'jean', 'jean's'
people	6	19	1.09	people
cards	5	17	0.98	card, cards
need	4	17	0.98	need, needed, needs
support	7	17	0.98	support, supported, supporting
capacity	8	16	0.92	capacity
financial	9	16	0.92	financial
shopping	8	16	0.92	shop', shopping
individual	10	15	0.96	individual, individuals

Sources

Document analysis for CS2

Type of document	Codes analysed
Case study	Change created to service user
Aggregate impact report	Organisation's activities and impact related information
Service portfolios	Organisation's activities
Principles of social value	Organisation protocols on social impact

Document analysis in NVivo for CS2

Text search for the *meaning* of social impact

Word frequency for the *use and context* of social impact

Document analysis for CS3

Type of document	Codes analysed
Case study	Social impact on the service user
Projects and partnerships	Collaborations and partnerships for social impact
Service portfolios	Organisation's core activities
Survey sample	Capturing social impact

Document analysis in NVivo for CS3

Text search for the *meaning* of social impact

Word frequency for the *use and context* of social impact

Document analysis for CS4

Type of document	Codes analysed
Case study	Change created to service user
Knowsley Better Together Report	Knowsley partnerships for social impact
Social value framework	Capturing social impact data
Services	Activities and the service users

Document analysis in NVivo for CS4

Text search for the *meaning* of social impact

Word frequency for the *use and context* of social impact

Document analysis for CS5

Type of document	Codes analysed
Case study	Change created to service user
Knowsley Better Together Report	Knowsley partnerships for social impact
Social value framework	Capturing social impact data
Services	Activities and the service users

Document analysis in NVivo for CS5

Text search for the *meaning* of social impact

all types of organisation corporates
be done . Funding is gone
just **social** enterprises . Data metrics
of finance institutions – credit unions
compare to the private sector
engage with what we're doing
we see issues around us
easy to set - up
that has to have
for BCorp , Business , Public ,
potential opportunities from traditional
blend of silo - busting tangible
bringing in business . We did
close down . Some of the
months . And there aren't
seen the transition among
didn't get the enterprising
to meet rigorous standards
with a strong sense
of enterprise activity . Why do
people we include by our
social enterprise . Some of the '
to come together not just
using the SDGs . I love
with lots of business with

' , . a and many of

social

' enterprise' . Been in involved with
and environmental
impact . Another aim
performance , accountability , and
, entrepreneurial , charities , people from
. Some of the ' **social**
enterprise
has solved some problems
network collapsed locally because
Data metrics , **social** finance
They are born to
compare to the private
enterprises
fail ? I've seen the
have ran their cause .
I've seen didn't have
in theory but many
enterprises' are more like projects
finance or ethical finance to
? Send me an email
and its basically do
impact
bond and reporting . We
SDGs (specifically no 1
investment , **impact** bonds that no
. Impact is knowing that
mission
that fits with the
Sector . The latter have paid
sides of the entrepreneurial fence

Word frequency for the *use and context* of social impact

Word	Length	Count	Weighted Percentage (%)	Similar Words
development	11	40	1.33	developed, developers, developing, development
people	6	32	1.06	people
percent	7	31	1.03	percent
sustained	9	28	0.93	#sustainability, sustainability, sustainable, sustainably, sustained
also	4	26	0.86	also
global	6	25	0.83	global, globally
social	6	25	0.83	social
countries	9	20	0.66	countries, country
access	6	20	0.66	access
sdgs	4	20	0.66	sdgs
world	5	20	0.66	world
change	6	18	0.60	change, changed, changes, changing
now	3	18	0.60	now
achieve	7	17	0.56	achieve, achieved, achievements, achieving
goal	4	17	0.56	goal, goals
community	9	16	0.53	communication, communications, communities, community
enterprises	11	16	0.53	enterprise, enterprise', enterprises, enterprises', enterprising
growth	6	15	0.50	growth
increase	8	15	0.50	increase, increased, increasing, increasingly
business	8	15	0.50	business, businesses

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Document analysis for CS6

Type of document	Codes analysed
Case study	Change created to service user
Knowsley Better Together Report	Knowsley partnerships for social impact
Social value framework	Capturing social impact data
Services	Activities and the service users

Document analysis in NVivo for CS6

Text search for the *meaning* of social impact

Word frequency for the *use and context* of social impact

Document analysis for CS7

Type of document	Codes analysed
Case study	Change created to service user
Knowsley Better Together Report	Knowsley partnerships for social impact
Social value framework	Capturing social impact data
Services	Activities and the service users

Document analysis in NVivo for CS7

Text search for the *meaning* of social impact

Word frequency for the *use and context* of social impact

APPENDIX F: THEMATIC FRAMEWORK CS1

Figure 20: Thematic Framework for CS1

Initial coding	Sub-themes	Final themes
Applied to Key Fund / Funding for business growth / Developing new approaches	Funding for new strategies	External institutions drive social impact
Assessed external environment / Review internal resources / Set milestone on services	Internal strategy	
Review mission and vision statement / Identify the problems in the sector / Define the purpose	Internal understanding of social impact	Social impact
Approaches to capture services / Preliminary stage of service implementation	Assess the change created	
Set plans for each services / Collaborate with other services / Integrate the services	Integrated service model	Financial management
Money management for vulnerable adults / Social work and carers / Service quality	Service quality	
New features for integrated service model / Funding opportunities	Financial opportunities	Sustainability
Manage resources / Collaborate with partners / Build networks in the sector / Engage clients	Enterprising	
Identify current resources / Communicating with local authorities / Daily management issues	Internal review	Resource constraints
Small team / New to social impact assessment / Case studies	Limited expertise in social impact assessment	

APPENDIX G: THEMATIC FRAMEWORK CS2

Figure 21: Thematic Framework for CS2

APPENDIX H: THEMATIC FRAMEWORK CS3

Figure 22: Thematic Framework for CS3

Initial coding	Sub-themes	Final themes

Boards and senior management set agenda
Strategic plans → Internal strategic plans

External funding applications
Procurement applications
Evidence of track record
Continuous reporting system → Grant funding & procurement applications

→ Internal and external agenda

Review of the women supported
Redefine the social purpose
Identify capabilities → Core values

Change operational systems
Integrate different strategies → Strategic plan

→ Internal review

Identify all stakeholders
List as primary and secondary
Engage stakeholders in plans → Mapping stakeholders

Contact stakeholders for assessment
Multiple approaches of assessment → Services

→ Stakeholder engagement

Build trust with stakeholders
Challenge current plans
Identify the changes created
Reporting social impact
Meet stakeholder needs → Evidence of social impact → Accountability

Limited human resources for assessment
Large data set
Capturing indirect social impact → Limited human resources → Resource constraint

Develop new services
Collaborate with other organisations
Broaden the plans
Resourceful → Enterprising → Sustainability

APPENDIX I: THEMATIC FRAMEWORK CS4

Figure 23: Thematic Framework for CS4

APPENDIX J: THEMATIC FRAMEWORK CS5

Figure 24: Thematic Framework for CS5

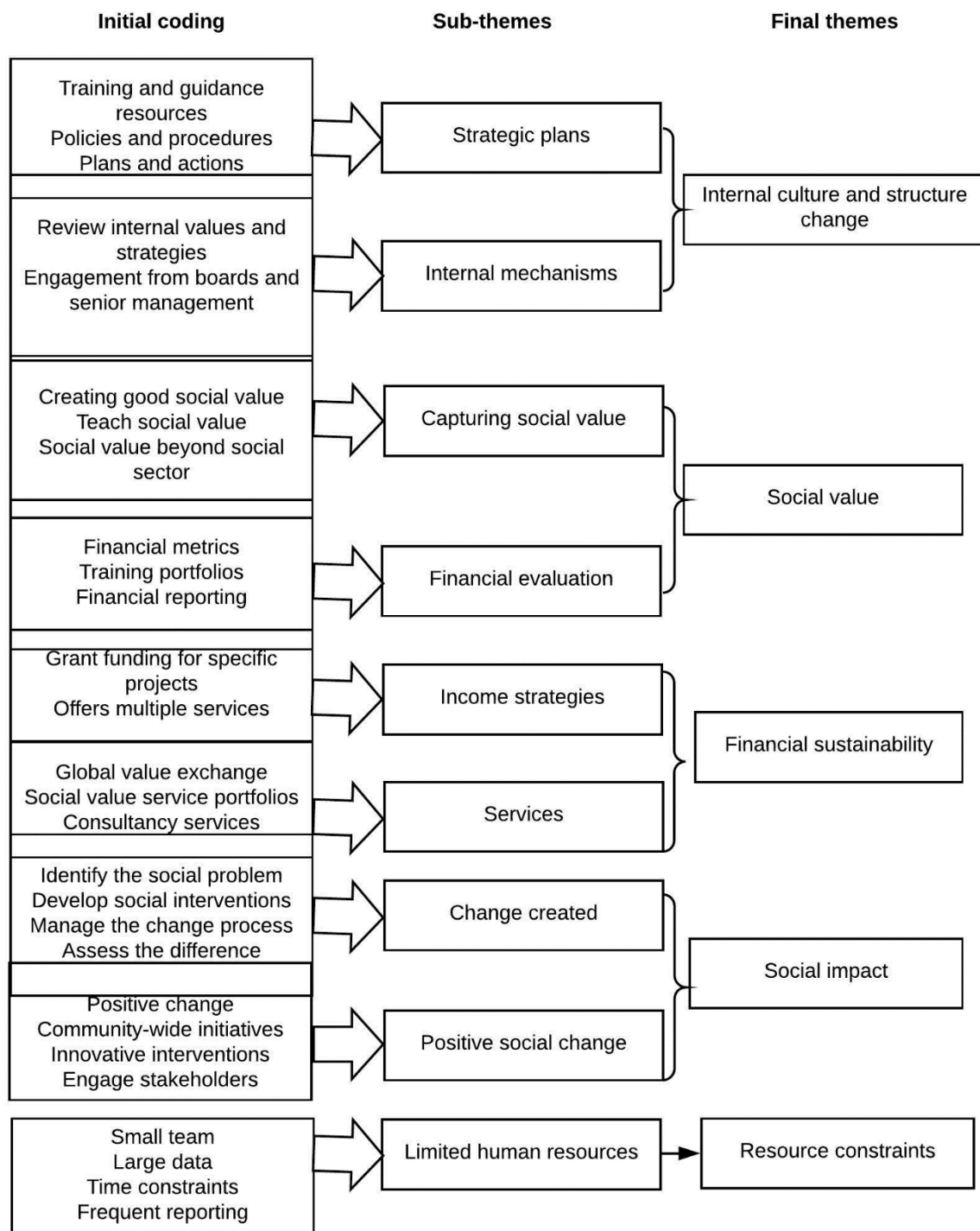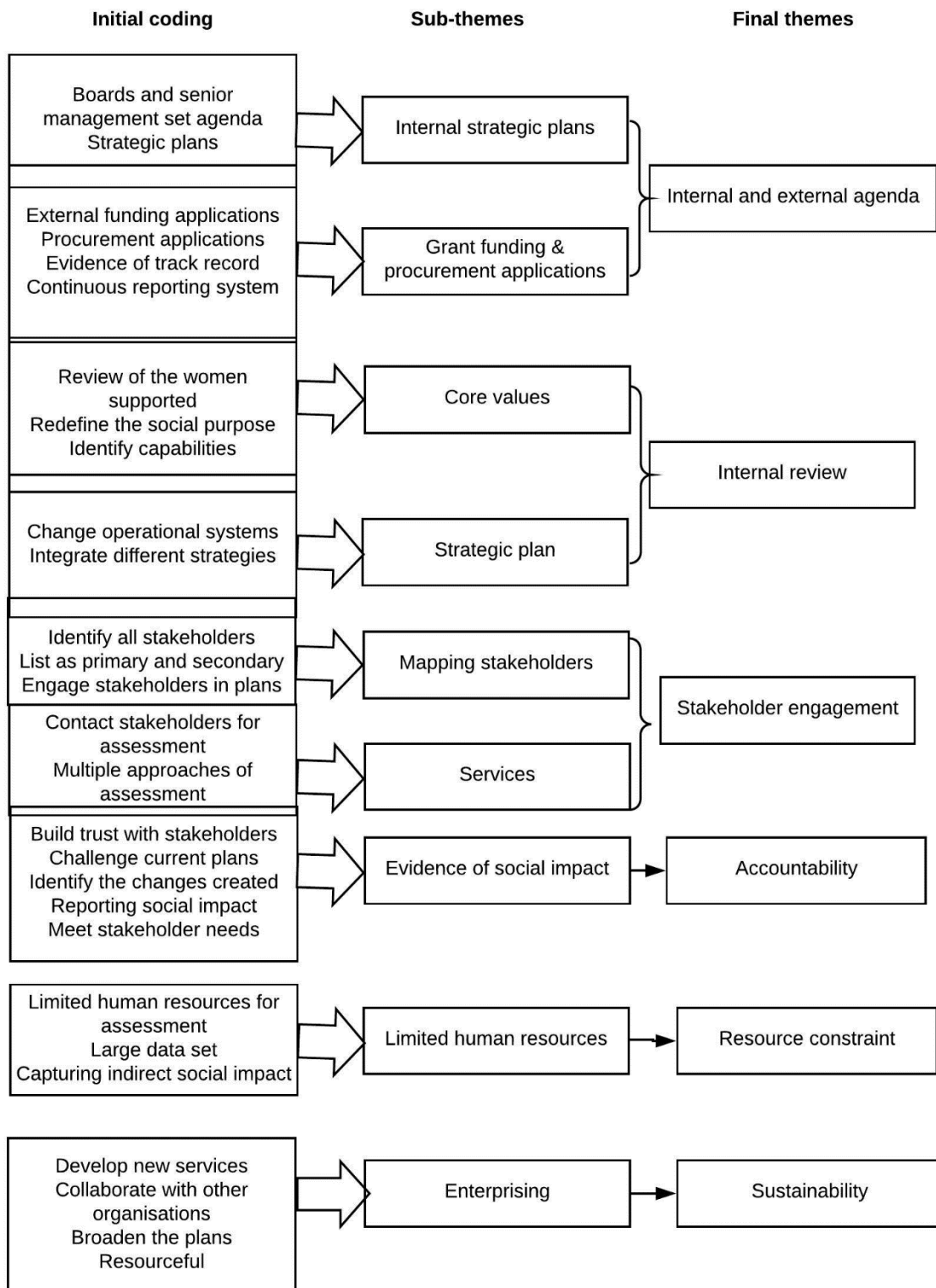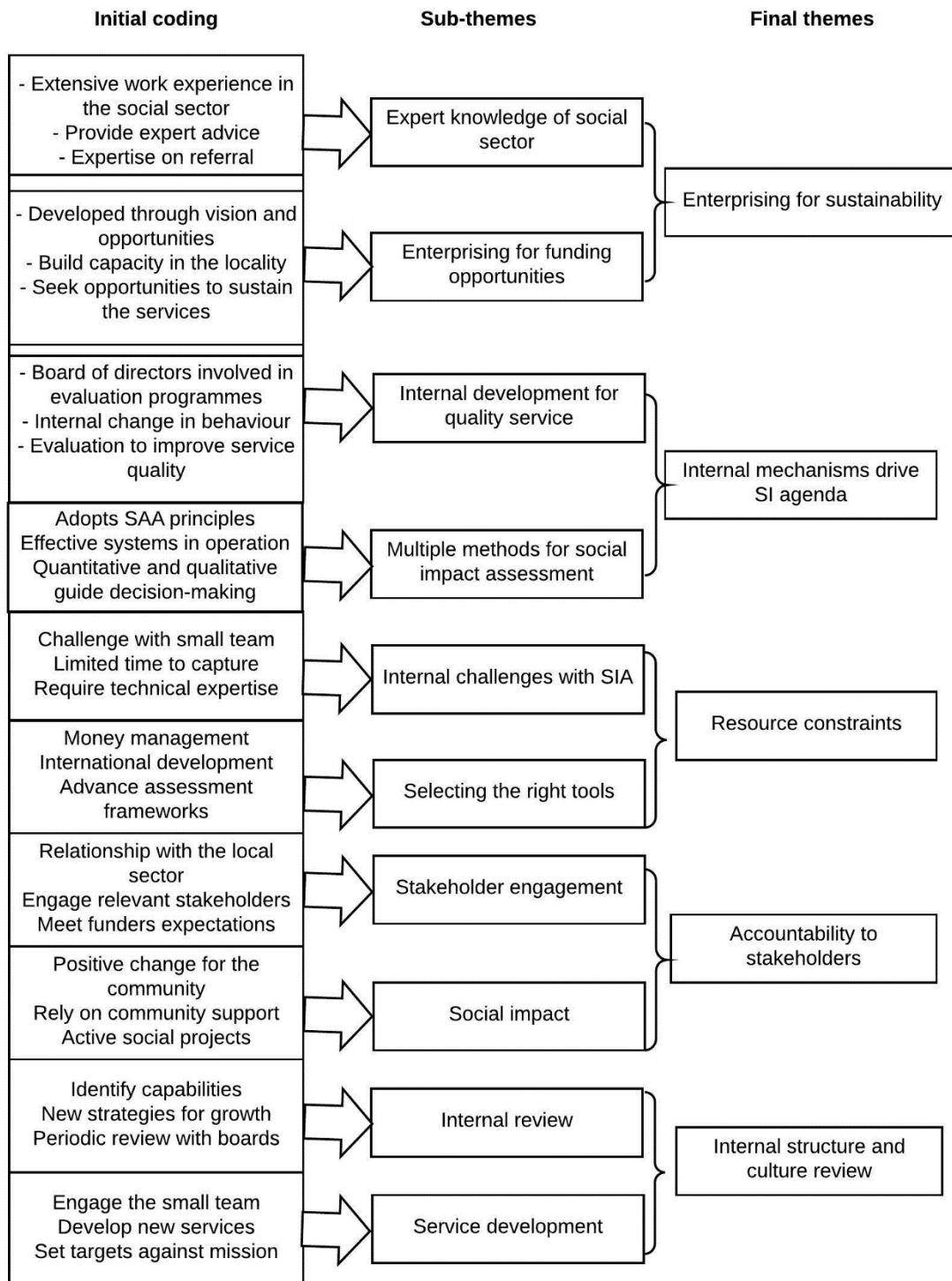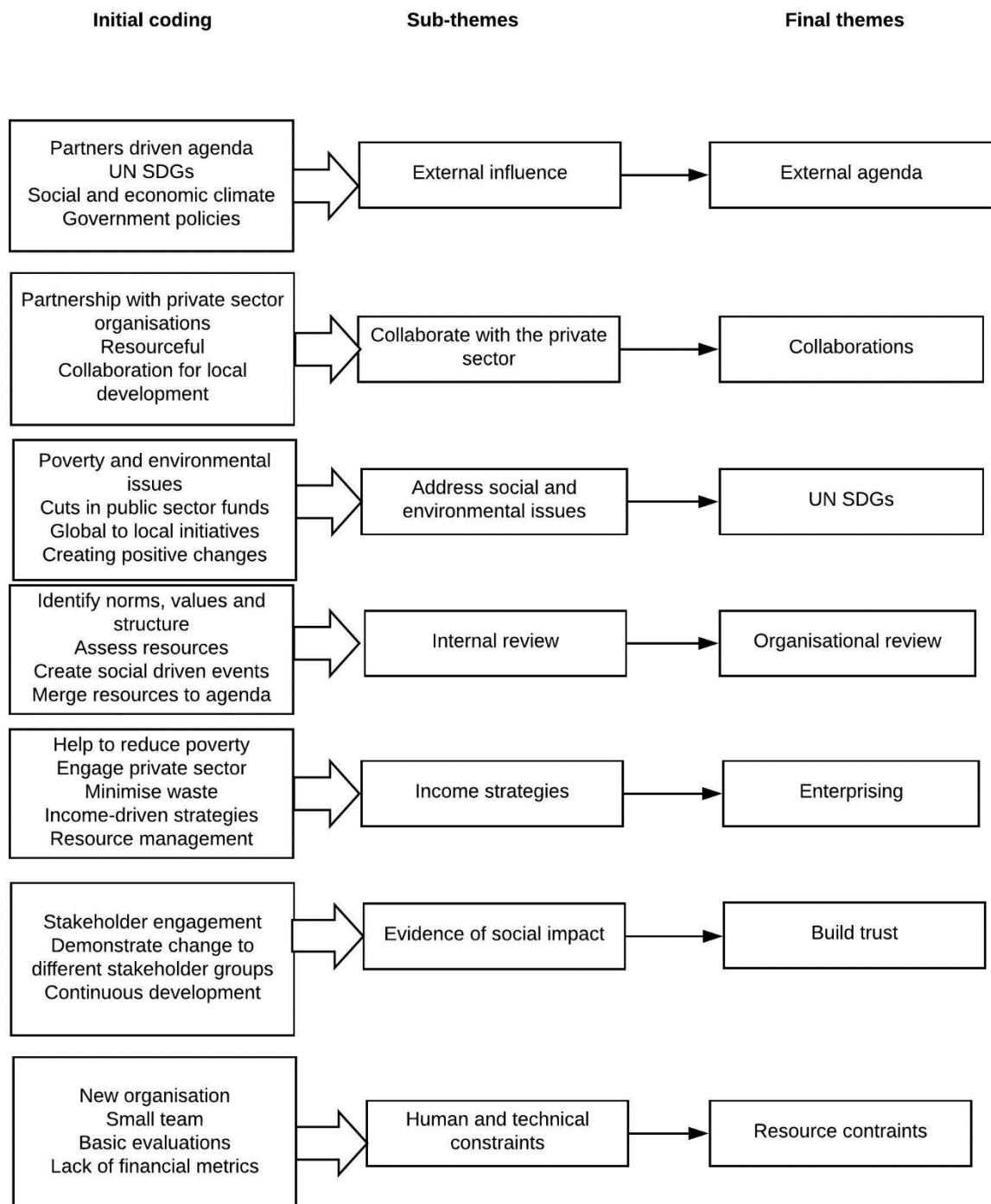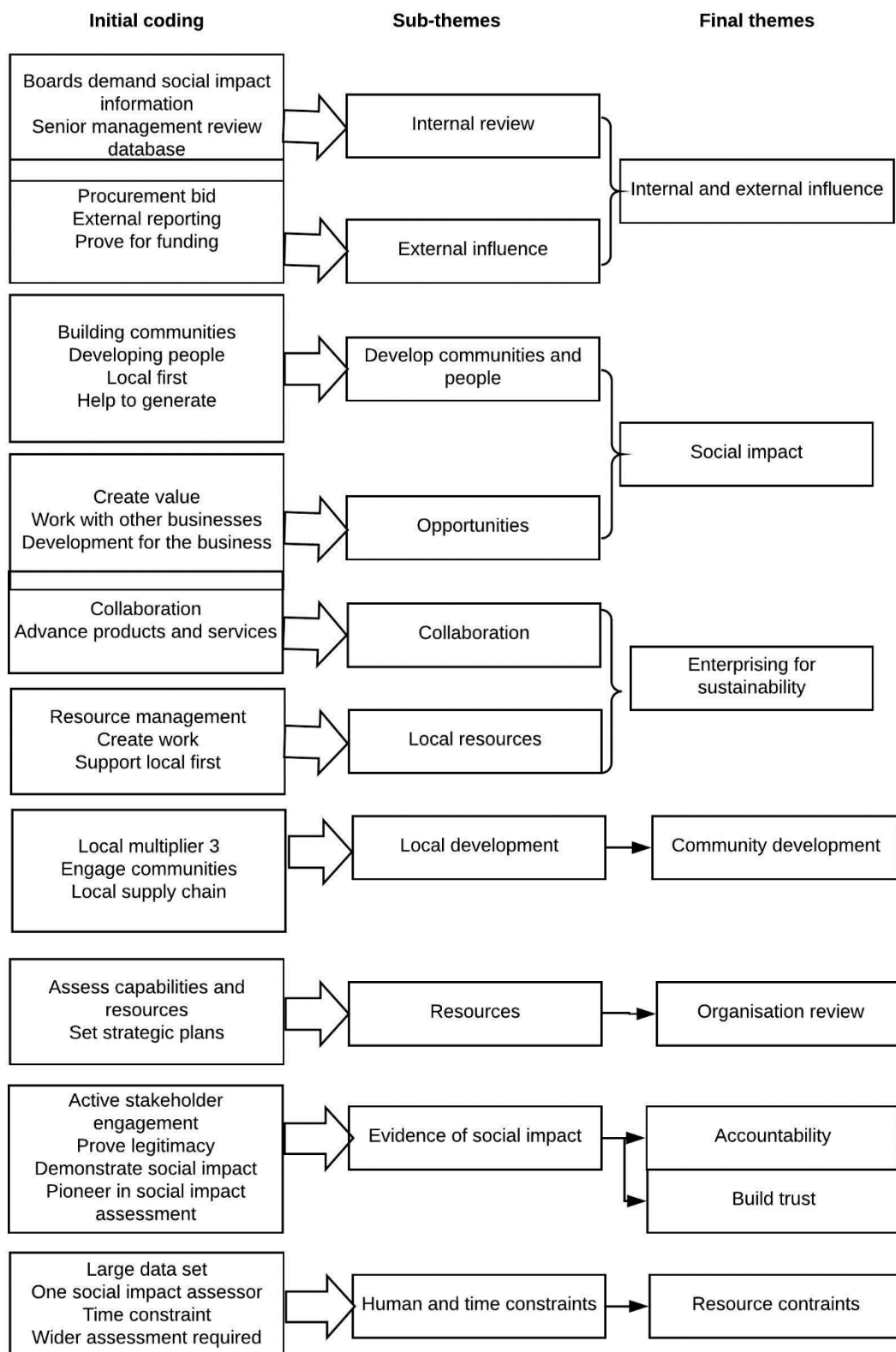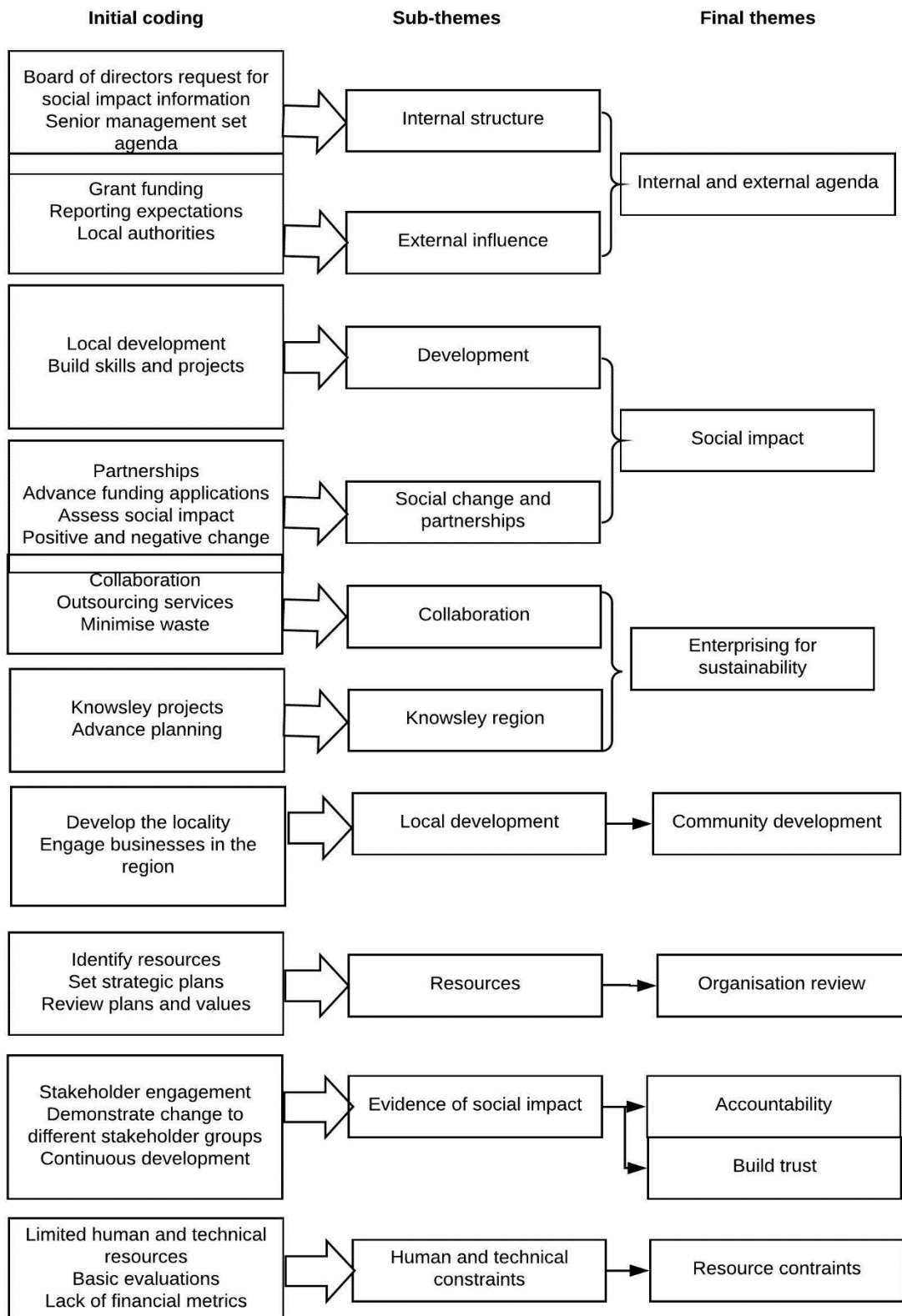| Initial coding	Sub-themes	Final themes
Partners driven agenda UN SDGs Social and economic climate Government policies	External influence	External agenda
Partnership with private sector organisations Resourceful Collaboration for local development	Collaborate with the private sector	Collaborations
Poverty and environmental issues Cuts in public sector funds Global to local initiatives Creating positive changes	Address social and environmental issues	UN SDGs
Identify norms, values and structure Assess resources Create social driven events Merge resources to agenda	Internal review	Organisational review
Help to reduce poverty Engage private sector Minimise waste Income-driven strategies Resource management	Income strategies	Enterprising
Stakeholder engagement Demonstrate change to different stakeholder groups Continuous development	Evidence of social impact	Build trust
New organisation Small team Basic evaluations Lack of financial metrics	Human and technical constraints	Resource contraints

APPENDIX K: THEMATIC FRAMEWORK CS6

Figure 25: Thematic Framework for CS6

APPENDIX L: THEMATIC FRAMEWORK CS7

Figure 26: Thematic Framework for CS7

Initial coding	Sub-themes	Final themes
Board of directors request for social impact information / Senior management set agenda	Internal structure	Internal and external agenda
Grant funding / Reporting expectations / Local authorities	External influence	
Local development / Build skills and projects	Development	Social impact
Partnerships / Advance funding applications / Assess social impact / Positive and negative change	Social change and partnerships	
Collaboration / Outsourcing services / Minimise waste	Collaboration	Enterprising for sustainability
Knowsley projects / Advance planning	Knowsley region	
Develop the locality / Engage businesses in the region	Local development	Community development
Identify resources / Set strategic plans / Review plans and values	Resources	Organisation review
Stakeholder engagement / Demonstrate change to different stakeholder groups / Continuous development	Evidence of social impact	Accountability / Build trust
Limited human and technical resources / Basic evaluations / Lack of financial metrics	Human and technical constraints	Resource contraints

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APPENDIX M: CONFERENCES AND PUBLICATIONS ADOPTED FROM THIS THESIS

Kah, S. (2015) An investigation into performance measurement in social enterprises in the UK. Poster presentation at Liverpool John Moores University Research Conference. Liverpool Business School.

Kah, S., O'Brien, S., Kok, S. and Frost, A. (2015) An investigation into performance measurement in social enterprises in the UK. Paper presented at the 29th Annual BAM Conference 2015. University of Portsmouth, Business School.

Kah, S. (2015) To measure or not to measure? Dilemma for social enterprises. Paper presented at the 38th ISBE Conference 2015. University of Strathclyde, Technology and Innovation Centre.

COMPETITION

Winner of the 3 Minutes Thesis Competition at Liverpool John Moores University 2018.