

Abstract for the 10th EMES Conferences *Scaling Through Communities: The role of Social Entrepreneurs and Social Enterprises in Boosting Societal Transitions*

Line 8: Social Impact and Impact Measurement in the SE Field

TO MEASURE THE IMMEASURABLE OR COMMUNICATE THE MEASURABLE?

The assessment of social impact is seen as a key function in the field of social entrepreneurship and the lack of clarity regarding measurement of social value and long-term benefits is assumed to limit the possibilities for social enterprises (Alomoto, Niñerola & Pié, 2022). For this reason, there is a vast array of models and approaches for measuring social value, each often more complex than the ones before it (Kah & Akenroye, 2020). Still there are continued demand for new tools and methods. The main reason for this is that existing models are not largely used due to their complexity and the fact that it is almost impossible to find a “golden standard approach” that fits everyone (Costa & Pesci, 2016).

The purpose of this paper is to highlight the problems with social impact assessment, and to suggest new ways for social enterprises to attract financiers.

Performance and impact measurement are repeatedly highlighted as a central challenge in the field of social entrepreneurship (Alomoto et al., 2022). Lack of clarity about social impact and long-term savings in society, limits SEs’ possibilities for external financing as well as sustainable establishment on the market (Grieco, Michelini & Iasevoli, 2015). Even if it is well known that social entrepreneurship most often results in good things and fill gaps in the society, the demand and expectation to find models that make it possible to measure this value is extensive and continuously growing (Clark et al., 2004; Grieco et al., 2015). As a result, a plethora of proposals in how to measure value in social ventures exist (see for example Maas and Liket, 2011; Grieco et al., 2015; Kah & Akenroye, 2020). The main problem is related to externalities (Rangan, 2006). Social entrepreneurs identify market failures in society and find out ways of solutions (Austin et al., 2012). These solutions includes positive externalities that benefits the society but are most often not compensated since evidence of the social value is requested. At the same time, the core user’s ability to pay is often a critical issue. This results in lack of

economy in the social enterprises and threatens their sustainability (Rangan, 2006).

The empirical result in this study is based on two different data collections within total 124 Social Enterprises (SEs). The first study was made with Swedish SEs in 2018. Six years later, in 2024, a new data collection was made with SEs from Finland, Iceland, Ireland, Norway and Sweden. The survey design includes both open-ended and closed questions and the data has mainly been analysed qualitatively.

The results show that only a small proportion of the respondents measure the value of their activities, and that only little changes have occurred in recent years, despite the importance of it being highlighted. *“We need help with this, someone who can do these for us ... someone with expertise, we should appreciate education and training in how to measure such things, we lack knowledge about this”*. What we could see, over time, is that the development of complicated models to measure social value has not been helpful for SEs.

The challenge of creating methods for measuring the impact of social entrepreneurship is largely related to the balance between feasibility and credibility (Clark et al, 2004). The method must be simple enough to implement, but also sufficiently informative to fill any purpose. In addition, finding a model that fits everyone is, if not impossible, at least difficult. The issue we want to highlight in this study is that the requirement on social entrepreneurs seems to be unreasonably high. Instead of spending time and money on impact measurements, such as Social Return on Investment (SROI) or social financial statements, SE could focus on demonstrating the scope and quality of what they do to their stakeholders. In this paper we suggest a tool that simplifies this work. In line with many previous proposals, we argue that the theory of change model is an applicable starting point when developing tools for social impact assessment (Feor, Clarke & Dougherty, 2023). However, instead of focusing on long-term effects, we suggest that SE should highlight what they can measure, i.e. outcomes. Business support organizations could play an important role to advice SE in what data that needs to be communicated, and how that data should be collected. We also advocate a shared responsibility in this process, where the tasks for social entrepreneurs are to 1) describe the problem, target group and the solution,

and 2) communicate the quality of their activities, for example using the suggestions given in this paper. And that society, and other stakeholders that benefit from SEs, as visible in the value communications from SEs, themselves evaluate the final impact that the SEs provides for them. They know the costs of various problems, if nothing happens.

“The price is what you pay – the value is what you get” (Buffett, 1957).

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