JUSTIFYING SOCIAL IMPACT AS A FORM OF IMPRESSION MANAGEMENT: LEGITIMACY JUDGMENTS OF SOCIAL ENTERPRISES' IMPACT ACCOUNTS

Greg Molecke ^a & Jonatan Pinkse ^{b*}

^a University of Exeter Business School

Streatham Court, University of Exeter, Rennes Drive

Exeter, EX4 4PU, United Kingdom

E-mail: G.Molecke@exeter.ac.uk

^b Manchester Institute of Innovation research, Alliance Manchester Business School,

University of Manchester, Booth Street West, Manchester M15 6PB, United Kingdom

E-mail: jonatan.pinkse@manchester.ac.uk

* Corresponding author

Abstract

This paper investigates how social enterprises construct accounts to gain legitimacy from the social impact generated by their products and operations. The paper finds that social impact accounts are framed to appeal to two distinct forms of judgment about legitimacy: cognitive and evaluative. Cognitive forms of judgment qualify how well an enterprise shares attributes with an individual's schemas of established actors or roles in society. Evaluative forms of judgment tend to operate more analytically to make comparisons of the relative appropriateness and desirability of multiple enterprises to achieve an audience's goals. The findings show that although legitimizing the social aspects of an enterprise involved justifications aimed at both forms of judgment, legitimizing an enterprise's professionalism relied almost exclusively on evaluative judgments. Moreover, the justifications created to appeal to evaluative judgments relied almost exclusively on financial and operational data, using operational scale as a proxy.

Key words: legitimacy; social impact; social enterprise

INTRODUCTION

Social entrepreneurship is increasingly seen as a promising new avenue to craft innovative and scalable solutions to enduring societal problems (Mair & Martí, 2006; Molecke & Pache, 2019; Rawhouser et al., 2017). Like any enterprise, social enterprises must acquire resources to launch and grow their organizations. Extant theory has suggested that “building legitimacy to acquire resources during the early stages of venture creation is critical” (Lounsbury & Glynn, 2001; Zott & Huy, 2007, p. 71). Unlike other enterprises, a social enterprise’s legitimacy is centrally tied to its ability to successfully demonstrate its social impact to a variety of internal and external stakeholders (Jayawarna et al., 2018). Social enterprises now face heightened expectations of accountability, which equate a social enterprise’s legitimacy with its ability to provide evidence-based social impact measures that facilitate market-based assessments and comparisons (Brown et al., 2016; Ebrahim et al., 2014; Eikenberry & Kluver, 2004). Yet, creating rigorous social accounts can be complex and costly, especially when social enterprises are new (DiMaggio, 2002; Ebrahim et al., 2014; Molecke & Pache, 2019).

Existing literature has suggested that organizations are likely to engage in symbolic compliance and other forms of information framing and impression management (Power, 1997; Zott & Huy, 2007) when they are not able or willing to fully comply with certain demands (Burger & Owens, 2010; Nicholls, 2009). Given the constraints all entrepreneurs face, impression management’s importance is well understood as far as ‘classic’ enterprises are concerned. Symbolic compliance and impression management are less well researched in the context of social enterprises, particularly for nascent ones (MacLean & Behnam, 2010; Molecke & Pache, 2019; Rawhouser et al., 2017). In this paper, we question how nascent social enterprises frame social impact accounts to persuade relevant resource-holders of their legitimacy while staying within their limited resources.

To understand how social enterprises construct and frame their social impact accounts to manage impressions and comply with accountability demands, we looked at a group of 24 social enterprises as they attempted to demonstrate their current and potential social impact. Our findings show how social impact accounts were framed to separate the broader question of social impact into simpler, compartmentalized questions based on two distinct ways of cognitively processing legitimacy judgments: cognitive and evaluative (Überbacher, 2014). Compartmentalized questions based on cognitive legitimacy judgments were answered with symbolic management activity, while questions based on evaluative legitimacy judgments relied on intrinsic/functionalist activity. Yet, this framing introduces a bias: impact accounts fail to create understanding of the difference between deep versus broad impact and they move toward simple measures of scale. Further, we found that fragmenting holistic questions about social impact into compartmentalized questions enabled social impact accounts that could be constructed using financial and operational data only – leaving social impact accounts to become, essentially, ‘dressed-up’ for-profit financial measures.

LITERATURE REVIEW

Social enterprises are enterprises whose objectives are primarily to create social or environmental value, rather than personal and shareholder wealth, and who use innovative ways to generate at least part of the organisations’ income from trading (Austin et al., 2006; Drencheva & Stephan, 2014). The rapid growth of social enterprises as a distinct sub-set of entrepreneurship stems from the hopes placed in these enterprises to innovate scalable solutions to enduring societal challenges (Mair & Marti, 2006; Venkataraman, 1997).

For new ‘classic’ and social enterprises alike, positive perceptions of their legitimacy are essential in persuading resource-holders to grant support, needed to overcome a ‘liability of

newness' (Maitland & Sammartino, 2015; Singh et al., 1986). Enterprises are perceived as legitimate if they are judged "desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574). For social enterprises, social impact accounts represent a primary way to communicate their legitimacy to resource-holders. Social impact has been defined as "significant or lasting changes in people's lives, brought about by a given action or series of actions" (Roche, 1999, p. 21). Such accounts' effectiveness depends on how well they demonstrate social impact. Yet, demonstrating social impact is widely acknowledged to be notoriously difficult, particularly during the critical nascent phases where a lack of resources and track record are most acute (DiMaggio, 2002; Ebrahim et al., 2014; Molecke & Pinkse, 2017; Sawhill & Williamson, 2001). This difficulty arises because the data collection and analysis to trace the causal chain from a social enterprise's activities and outputs to beneficiaries' outcomes and impact outstrips most social entrepreneurs' resources. This challenge is made even more complex for social enterprises which, as hybrid organizations, need their impact accounts to satisfy a wide range of often-conflicting interests, values, and beliefs from multiple legitimating resource-holders (Golant & Sillince, 2007). This theory-practice gap has prevented any specific method from becoming a standard and has led to questions regarding the legitimacy of social impact assessment (Ebrahim, 2005; Nicholls, 2009).

Yet, institutional actors, including many resource-holders, have been influenced by what theory has prescribed as methodologically necessary to legitimately claim an intervention has created social impact. Accordingly, there has been a diffusion of financial tools and practices employed in for-profit enterprises into social institutions which has led to heightened accountability expectations, where resource-holders demand evidence-based social impact measures that facilitate market-based assessments and comparisons (Brown et al., 2016; Ebrahim et al., 2014; Eikenberry & Kluver, 2004). With this as background, we question how

social enterprises frame and construct social impact accounts to persuade relevant resource-holders of their legitimacy while staying within their limited resources.

Because tensions between funder/stakeholder demands and enterprise resources exist nearly universally, several literatures already address potential responses to this tension: e.g., coupling/decoupling (Boxenbaum & Jonsson, 2008; Dick & Coule, 2017; Pache & Santos, 2013), avoidance and defiance (Greenwood et al., 2011; Oliver, 1991), bricolage (Molecke & Pinkse, 2017), and impression management and symbolic compliance (Böhling et al., 2017; Bolino et al., 2016; Power, 1997; Power, 2003; Zott & Huy, 2007). However, symbolic compliance and impression management are less well researched in the context of social enterprises, particularly nascent ones (MacLean & Behnam, 2010; Molecke & Pache, 2019; Rawhouser et al., 2017). To address this question, we investigate the types of argument social entrepreneurs utilize in their social impact accounts.

Our investigation into social impact accounts made us realize that an important element was missing from current explanations of how social enterprises build legitimacy for the acquisition of resources: how their legitimacy judgments are mentally processed (Überbacher, 2014). While the literature has focused on how entrepreneurs frame arguments toward specific stakeholders, Überbacher (2014) suggests that impression management and symbolic compliance cannot be fully understood without understanding how actors frame arguments to appeal at the elemental level of how individuals cognitively process legitimacy judgments, making a distinction between cognitive and evaluative judgments (Überbacher, 2014). Drawing on Überbacher (2014) abductively, we use this distinction to investigate how social enterprises persuade relevant resource-holders of their legitimacy.

The first type of legitimacy judgment – cognitive judgment – derives from the cognitive comprehensibility of how an enterprise shares attributes of established organizational forms whose legitimacy is taken-for-granted (Khaire, 2010; Suchman, 1995; Überbacher, 2014). This

cognitive judgment generally has a qualifying, yes/no nature in which an enterprise either fits the schema of a recognized actor or role in society, or is disqualified (Überbacher, 2014). In a social enterprise context, a cognitive judgment implies that an enterprise's social impact creation is compared to the expected norms and values of a recognized role in society (Santos, 2012). If there is a fit, the social enterprise is seen as an instance of this role and designated with a similar amount of legitimacy.

The second type of legitimacy judgment – evaluative judgment – derives from evaluative appraisals. Enterprises demonstrate their appropriateness based on their potential to achieve a stakeholder's goals (Überbacher, 2014). These goals fall along two distinct lines: moral and pragmatic. Moral goals evaluate an enterprise's appropriateness based on whether its activities are “the right thing to do” (Haidt, 2001; Suchman, 1995, p. 579). Pragmatic goals evaluate an enterprise's appropriateness based on its achieving economic, reputational, or socio-political benefits that a resource-holder hopes to gain from its relationship with the enterprise (Bitektine, 2011; Suchman, 1995). For both goal-types, evaluative judgments determine if an enterprise is the “right organization for the job” (Suchman, 1995, p. 581). Evaluative forms of judgment tend to operate more analytically to form comparisons of the strengths and weaknesses of alternatives, rather than schematically like cognitive judgments do. Evaluative judgments consider the “matter-of-degree” by which an enterprise achieves its moral or pragmatic goals (Überbacher, 2014, p. 679). To appeal to resource-holders' evaluative judgments, enterprises need to show that they are the best among alternatives, which all claim some degree of social impact.

Depending on whether cognitive or evaluative judgments are used, professionalized evaluations have different effects on an audience's legitimacy judgments. We investigate how these two legitimacy judgments – cognitive and evaluative – correspond to how enterprises create social impact accounts that strategically frame their social impact accounts to gain

legitimacy while remaining within their limited resources.

METHODS AND DATA

As this study seeks to investigate how social entrepreneurs assess and justify the social impact they generate, rather than trying to quantify impact, a qualitative methodology was employed with social enterprises as empirical setting. These enterprises typically feature an intuitively clear but quantitatively untested relationship between outputs and social outcomes (Ebrahim & Rangan, 2014; Roche, 1999). The social enterprises' hybrid nature means that their legitimacy is judged by audiences who expect evidence-based demonstrations of performance – both socially and financially. Yet, they produce social outputs that are not easily translated into the units required as inputs in conventional forms of performance measurement. We limited our sampling to relatively nascent social enterprises (8 years or younger). We targeted social enterprises still in the process of establishing social impact assessment methods and had not yet scaled to the point that institutional investors impose specific methods. Defining an enterprise's age in relation to lifecycle, enterprises were all in the initial "Problem" or "Business Model" phase (Molecke & Pache, 2018) and still developing their social impact measures.

We employed iterative-variation sampling (Sandelowski et al., 1992). High-diversity sampling identifies common patterns that cut across variations and ensures theoretical saturation across multiple conditions (Palinkas et al., 2015). This sampling procedure is particularly suited to reveal and inform universal theoretical models that enable propositions for future testing (Sandelowski et al., 1992; Yin, 2009). An initial sample of social enterprises was identified through internet searches and personal networks. It was expanded iteratively by approaching additional interviewees whose attributes or experiences seem most relevant to emerging dimensions in our data (Corbin & Strauss, 2014; Sandelowski et al., 1992). For example, we found that Westerners who launched enterprises as relative outsiders within a

region face different legitimating challenges than local entrepreneurs from developing countries trying to get Western support for their enterprises. We thus “filled out” our sampling to address emerging dimensions within our analysis (Corbin & Strauss, 2014; Coyne, 1997; Sandelowski et al., 1992). The dimensions across which we created representative variation included: local vs. outsider founders, geographic region, within-country location, legal status, basic business model type, and industry. Thirty-three individuals from twenty-four enterprises agreed to be interviewed (see Appendix 1).

For each enterprise, we conducted a semi-structured interview in-person, via phone or internet call with one to three members of the top management team: (co)founders and/or core employees. One interview was carried out with a social enterprise capital fund to triangulate information and gain supporting insights. The interviews lasted one hour on average. We also collected archival data for each enterprise regarding their context, mission/operations, and the social impact accounts they created, including: impact reports/statements, annual reports, business plans, website materials, newsmedia coverage, marketing documents, and social-media posts. These materials provided comparison with the interview data and furnished evidence of how social entrepreneurs created their social impact accounts.

During the interviews, we explored the reasoning and challenges behind their social impact accounts, paying attention to how they represented their activities to various audiences, their concerns about legitimacy, the challenges they faced substantiating their social impact, and how they navigated resource constraints. We used an interview protocol with a standard set of questions aimed at eliciting the respondents’ views of their enterprise’s operations, outcomes, and impact; how they measured, made sense of, or understood their impact; what information they collected related to impact; and what types of information were requested by past, present, or potential future funders and other audiences. We also asked about what information was reported when the enterprise needed to legitimate itself using the impact they had already

achieved or might achieve. We ensured that questions were phrased openly to avoid predisposing the respondents.

We recorded and transcribed the interviews and used an inductive analysis based on Gioia et al. (2013). We first performed first-order coding, assigning *in vivo* codes based on concepts and themes generated directly from the interviewees, eventually developing second-order themes and overarching aggregate dimensions (Corbin & Strauss, 2014; Gioia et al., 2013). An initial second-order analysis was undertaken to group and consolidate codes into more generalized codes based on emergent themes. We moved iteratively between our emerging codes and raw data to validate fit, ensuring that additional interviews supported or amended emerging data structures. Subsequently, we investigated connections and relationships among the emerging codes and broad themes which might explain the process of social impact assessment. Three aggregate dimensions emerged related to how enterprises legitimated their impact: through intuitive senses of the relationship between a social enterprise's outputs and impact, through a social enterprise's resemblance to the properties of an ideal social enterprise, and through comparative measures of operational scale as a proxy for impact. Then, we took an abductive turn to engage with preexisting theories (Dubois & Gadde, 2002). It became clear that the first two dimensions bore a correspondence with Überbacher's (2014) distinction between resemblance-based cognitive legitimacy judgments, while the third was like comparison-based evaluative legitimacy judgments. Finally, we presented our methods and findings to experienced qualitative researchers not involved in the project to assess and improve our analysis. Figure 1 details the data structure showing the relationships between the categories and the general themes and aggregate dimensions.

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FINDINGS

THE STRUGGLE TO CREATE LEGITIMATE SOCIAL IMPACT ACCOUNTS

Interviewees agreed on the need to demonstrate the impact they were having and that funders preferred professionalized accounts. We also found that the social entrepreneurs nearly universally ended up not following any professionalized approach to account for their social impact though. They highlighted difficulties in attempting to use professionalized impact assessments (e.g., SROI, pre-post surveying, A/B testing, or formal value-chain analysis). Although convinced of their impact, they found professionalized assessments challenging to implement and questioned the validity of these methods. Social entrepreneurs described either abandoning attempts of surveying their beneficiaries' wellbeing or never starting in the first place. The challenge and resource demands were either too great or the strategic priority was too low. If they did perform them, upon interpreting the results, social entrepreneurs did not find particularly valuable insights:

There are some folks like USAID and some other non-NGOs have a very strict monitoring and evaluation mechanisms which are really heavy and costly and sometimes when you look for the impacts too much it means it does not exist. (SE 9)

The enterprises were not disposed to embark on professionalized impact assessments without funders' explicit demands, and, with rare exception, did not effectively implement any pre-established assessment method. Instead, social impact metrics were "just home-grown," (SE 13), based on data they had already collected through their design, marketing, and operational activities. They "didn't really know how to do the pilot study or anything, we just did it" (SE 13). The only exceptions were those receiving funding from aid organizations or governments that required formalized measures, developing medical devices requiring proof of safety and efficacy, or when founders had previously worked on impact assessment for larger organizations.

Still, proving social impact was viewed as a prerequisite to legitimacy for funders, which

fundors consider before providing support: “For example, the [omitted] Foundation started with impact. They wouldn't even consider looking at our business model until we could prove our impact” (SE 11). Impact accounts were needed to create the impression that their social impact was legitimate in order for them to acquire resources and support. The social entrepreneurs were aware that the social impact accounts they could create would neither provide a valid or defensible quantification of their social impact, nor adhere to any procedural standards that might provide legitimacy: “We're shooting in the dark when it comes to the pilot and collecting data” (SE 18). In short, social enterprises struggled to provide professionalized impact measures that they believed might satisfy their different audiences:

Really what investors are mostly interested in, and stakeholders in general, are measurable results. No matter what it is that they're most interested in, they want data. That's the big area where I think social enterprises have to improve data collection. (SE 11)

COGNITIVE AND EVALUATIVE REFRAMING OF SOCIAL IMPACT ACCOUNTS

As social enterprises constructed their accounts, we found that they attempted to manage impressions of their social impact by reframing the question of how much impact they have created or might create into two simpler, compartmentalized questions. The first simple question is “Is there impact?” and investigated *whether or not* the social enterprise has created or might create social impact. We found this question was answered using appeals to cognitive forms of legitimacy judgment, which qualify things as legitimate (or not) based on resemblance rather than analytically evaluating performance. These accounts attempted to create legitimacy by persuading resource-holders to categorize the enterprise as a social rather than a for-profit entity based on its “fit” to their assertions of what social enterprises did and were. Answers to the question “whether or not” there is impact do not seek to evaluate the amount of impact generated but to create symbols of the organization’s status as a promising social enterprise. Appeals to qualifying judgments used intuitive senses of impact to claim that the enterprise had social impact at some significant but unknown level.

The second simple question asks how much operational scale an enterprise has achieved or might achieve. We found social enterprises answered this question to appeal to evaluative forms of legitimacy judgment which investigates whether a social enterprise is the most appropriate among a range of alternative organizations claiming to create social impact. Social enterprises do try to answer the harder question of how much social impact they generate, but through the sleight-of-hand of using proxies for operational scale rather than social impact as the unit-of-measure. Next, we provide more detail for each type of reframing and legitimacy judgment.

COGNITIVE REFRAMING: “HOW MUCH IMPACT?” INTO “IS THERE IMPACT?”

When social enterprises were asked to account for how much impact they had, many of the measures they provided were not directly tied to an attempt to calculate the amount of impact they had. Although social enterprises desired and often attempted to answer the question of “How much impact?” specifically, the answers ended up being quite general – not with units or magnitudes but as simple judgments of the presence of social impact at some ambiguous amount. The inability to rigorously measure social impact meant that the amount remained an unknown “x” and the answer to the “how much” question was never answered more specifically than none/some or none/shallow/deep impact. The entrepreneurs understood that such limited answers were insufficient for creating the professionalized impact accounts at the granularity needed for funders to evaluate suitability. Instead, the only “What?” that these evaluations could provide was a means to persuade their audiences to categorize their enterprise as social rather than as strictly for-profit. Regardless of the amount, their justifications argued that their operation led to some amount of social impact.

Impact known through common sense inferences of outputs’ likely effects. To respond to funders’ demands for objective evidence of social impact, social enterprises

described attempting to simply provide the operational and product-attribute data they had at hand, including items such as production or sales figures, product performance metrics, employment details, or other output measures. They relied on the fact that such output data are predisposed to be intuitively associated with certain outcomes. For example, enterprises providing jobs could often numerically quantify the wages their employees received. Entrepreneurs could envision how this extra income could be used to increase quality of life, and wage outputs were frequently followed with speculations of what people might do with their extra income. Because these numbers measure outputs, it is difficult to demonstrate how money was spent and whether it actually translated into impact. Social entrepreneurs were open and honest about this problem, as one commented:

Honestly, it's hard to say because at the end of the day everybody is still human so there are going to be people who do amazing stuff and invest and are able to transition out of the [subsistence] industry. But there are also going to be people who blow it all on sports betting.
(SE 21)

The outputs became symbols of the imagined potential changes, regardless of whether they would ever be realized. Intuitively, it is not difficult for a person to conflate outputs and impact by simply inferring causality. While all acknowledged the conflation and understood that outputs did not reliably equate to impacts, these conflations were rational and necessary in practice. One social entrepreneur who had worked with the World Wildlife Foundation (WWF) observed:

Let's just take WWF, the moment you start having people that are consuming less or spending less on fuel wood, it has a direct impact on the biomass that they're using or the fuel wood they're using. Within that you have a set number of kilometer radius in which people get wood, and you know that it's coming from the forest. It's like you don't need to go to the forest and check in terms of square meterage of what has been cut less, but you know it's all linked. There're certain impacts that you definitely take. (SE 22)

So, although the specific amount of impact was unknown, the fact that some impact was created for some beneficiaries was compelling.

This same dynamic occurs for metrics regarding the benefits gained from different product features. For example, enterprises that provided alternatives to cooking over wood fires could quantify the potential percentage reduction in the emission of harmful particulates in smoke and the potential time saved collecting firewood. However, they could not demonstrate specifically how, or how often, the products were used, nor could they account for how much their products' reductions in labor and smoke changed life outcomes or long-term health. One social entrepreneur who installed water-delivery solutions stated about his outputs and impacts:

There are definitely the quantitative items, it is very clear that this is better water, more water, and then measuring - it's hard to know what is social impact beyond that. Beyond those things that you can quantitatively measure, it becomes very qualitative because you have to do these pretty large studies if you're going to really find out the economic impact. You know, did they start to grow? How are their lives really changed, exactly? Did they live longer? You have to wait a long time for that. And are they getting sick less? Is it mental? Is it because the water is better? . . . It's really hard to measure some of those things that we would, me personally, call more qualitative at this point. (SE 2)

Nonetheless, the default practice seemed to be for product features to be offered as common-sense symbols of the imagined impact those features could generate. Social entrepreneurs acted as if resource-holders were willing to intuitively accept the plausibility of a significant causal relationship amongst product features as outputs, anticipated outcomes, and ultimate impact.

Even when the link to impact is left to be imagined or demonstrated through personal anecdotes, social entrepreneurs found that numerical data about outputs or product performance framed their arguments as objective and data-driven, a phenomenon Espeland and Sauder (2007, p. 4) describe as the "legitimacy of quantification." As one social entrepreneur stated:

What we also found out talking about how do you measure your impact, for example, is that we can always say the numbers. We supplied so many [female hygiene products] to so many girls and by doing so, the likelihood of them staying in school is increased, but what we also briefly touched upon is all the intangible benefits that are really, really difficult to measure, for example increased well-being, or, we received a letter from a girl who said since she was using [enterprise's product], she doesn't have to ask her boyfriend for money anymore and we found a lot of studies that girls actually, they sell their bodies in exchange of pads. (SE 1)

Social entrepreneurs provided numerical data because it lends an air of quantified assessment to the narrative, the sense that there were “hard numbers” associated with impact claims, and the sense that entrepreneurs operated in data-informed ways that “fit” schema of how legitimate social enterprises should operate. Having measurable data meant “showing that you are willing to take those steps to do it” (SE 23). The measurable data about the outputs were not used as numerical representations of degree-of-impact but as abstract symbols of the entrepreneurial team’s objectivity and professionalism (De Santos, 2009; Fias et al., 2003). The numbers were not used to evaluate “how much” impact an enterprise had but lent an impression of professionalism to the common-sense yes/no judgments of whether at least some beneficiaries benefited from the enterprise’s outputs. As one social entrepreneur said: “We’re using both stories and context, anecdotes as well as data, and just playing numbers” (SE 19).

Impacts known through experiential, intuitive “sense” of impact. A second argument that social enterprises used to establish that they legitimately created social impact was a testimony of their expert intuition that impact had been created based on their day-to-day experiences and observations. While enterprises never proposed abandoning objective measures, there were frequent and resolute assertions about the greater accuracy and comprehensiveness of intuitive, “gut feelings” impact that comes from experience:

There's a reason that the big development industry subcontracts to development beltway bandits for millions of dollars to try and measure their own projects. Why does USAID have to go hire economists to implement, not only implement but do monitoring and evaluation? It's because measuring this stuff is really hard. We feel very good about what we're doing because we have happy alumni, successful customers, happy current customers, and people on the waiting list who are excited to get this opportunity. While we want to nail down the more granular stuff, as long as everybody in that chain feels good about what we're doing, I'm not too worried about what a randomized control trial is going to say. (SE 21)

The known criticisms of quantitative measures as reductionist and biased were often cited and contrasted with the more holistic information intrinsic in narratives. References to “gut feelings,” “instinct,” “blind trust”, and “intuition” were prevalent in the interviews as social

entrepreneurs discussed how they, and their funders, “really” judged their impact. Entrepreneurs viewed their stories as more valid than quantitative data about impact because they conveyed richer information that was more complete and holistic. Funders, for example:

want to know how many people or perhaps the comparison and how much money did they have before and how much money now. None of those numbers really makes sense . . . I think whether it's the real story that you've got from someone in an interview or you've pieced together as the ideal story of what the impact should be, it perhaps links on an emotional level and importantly on understanding what the numbers mean. If we did that with our numbers, I don't think it's going to go have much impact. (SE 23)

Measured data may be what funders want to see, but the data, as one entrepreneur said, “doesn’t really matter. People really understand that they accept the story, and I think that’s a big draw” (SE 13). What truly convinces people, another entrepreneur declared, is “selling the story behind the product [...] the story for what it is telling, and people who are really interested in being a part of the story, essentially” (SE 6). The intuitive reactions entrepreneurs or their audiences had about impact could not indicate a precise amount of impact but only the presence or absence of impact – it is a qualifying rather than an evaluative judgment.

Having the right priorities or practices determines impact. The third type of argument social enterprises were using related to the identity and operations of the enterprise. When asked about their impact, social entrepreneurs were often found to initiate discussions, not about impact measures or outcomes, but about how inherent features of the intervention as well as the organization and practices positioned them to be successful. These discussions began around stories of their own experiences and anecdotes of successes, failures, and the lessons they learned from them, but then usually proceeded into more universal maxims of what kinds of enterprises and interventions succeed or fail to have impact more generally. They offered a set of common-sense assertions and insights regarding what types of enterprises and practices were usually impactful. Then, they discussed how their organizations resembled these impactful social enterprises and practices. One social enterprise discussed

how impactful social enterprises operate where there is most need:

We're trying to do it where it works best; that's - we believe - where it's needed the most, where people spend a lot of money on kerosene now, where people are really poor. That's where we see the model working really well. I think it's one and the same, definitely. (SE 13)

These stories often incorporated lessons learned through their formal education, wisdom received from advisors and mentors, conference discussions, and industry-specific literature they had been exposed to. References were made to avoiding giving aid for free as they had learned that such handouts could lead to dependence from literature and personal experience. Social entrepreneurs complemented these with examples of other social enterprises that abided by them and were successful or violated them and met with failure. They also incorporated lessons learned in discussion with the audiences they sought legitimacy from. These stories and lessons portrayed what types of professional structures and practices would most likely lead to having impact – enabling social enterprises to construct for themselves the models and “best-practices” they should meet. In effect, the social enterprises constructed their own external models and “best-practices” to compare themselves against to stage an impression that they resembled model social enterprises. This revealed a reciprocally isomorphic dynamic to how the schema was constructed: the social enterprises strategically constructed the schema with their audiences so that they would resemble what was created and then justified their legitimacy by emphasizing their resemblance to the created schema. Although the social enterprises developed their own schema, they hoped that by framing the schema as an independent reference point external to the actual enterprise, would foster an impression of rigor and professionalism. However, the similarity between a social enterprise and a schema of an ideal impact-providing social enterprise cannot estimate a precise amount of impact – it is a qualifying rather than an evaluative judgment.

Overall, then, the task of establishing whether enterprises create social impact came through three types of qualifying judgments that indicated the quasi-binary presence/absence

of impact, yet could not evaluate a degree of impact beyond a very rudimentary level. While the arguments employed did occasionally use numbers, the numbers were symbolic actions to convey professionalism and rigor, rather than part of larger calculations of impact. The numbers could neither be used for comparison across alternatives nor for the same project over time. They also did not clearly resemble the professionalized impact assessment practices (Brest et al., 2012; Ebrahim et al., 2014; Kroeger & Weber, 2014; Nicholls, 2009, 2010; Rourke, 2014). We observed enterprises employing a second set of justifications aimed at addressing these weaknesses to legitimate their social impact, as we will discuss next.

EVALUATIVE REFRAMING: “HOW MUCH SOCIAL IMPACT?” TO “HOW MUCH OPERATIONAL SCALE?”

As social enterprises attempted to justify the amount of social impact they created, a second theme dominated the discussions: scale. As one social entrepreneur explained, investors often asked him primarily for scale when they sought information about impact:

They want to know how many customers are there, how many people have taken ownership, how many people are on the waiting list. That's mainly it, what do expenses look like. (SE 21)

As another social entrepreneur stated: “Just the sheer number of people who we've affected. That's the go-to thing to talk about” (SE 13). This experience was echoed repeatedly, to the point that the interviewer followed up to confirm if scale was really the only question pursued by funders: “Do you ever get questions beyond carbon emissions and number of people?” Answer: “Not really” (SE 13). We identified two assumptions related to scale that social enterprises relied upon: the first established a relationship between having greater scale and more impact, while the second discussed how enterprises demonstrated their scale potential.

Greater scale = More impact. Social entrepreneurs maintained a common belief that they created more impact if they were larger (operational scale) and stayed in business longer

(temporal scale). This *Greater scale = more impact* mantra became dominant in social enterprises' impact justifications due to the two roles it played. First, scale figures served as convenient and seemingly objective proxies for impact. Using scale figures as impact proxies was appealing because of their ability to be expressed as simple numbers, which are easy to collect and interpret. Social enterprises were aware that this was a key part of how their impact needed to be framed: "What they usually want to see is numbers. How many [products] have we distributed?" (SE 10). Second, scale, as the simple magnitude of outputs produced, or people impacted, serves as a basic way to evaluate impact over time or across social enterprises. Scale represents a multiplier effect: even if an enterprise does not know the precise impact of each output, one can assume that more output results in an equivalent increase in impact.

Proxies based on scale, however, oversimplify the complexity of impact assessment, because different interventions can have magnitudes of difference in the improvement they make to an affected person's life. Social entrepreneurs were clear that they and all of their audiences were aware of the differences:

Deep impact to livelihoods is the second business model, which is not going to provide impact to thousands and thousands or millions of lives at scale, but it will have a deep impact to maybe hundreds or thousands of lives, that might be a couple thousand lives at scale. (SE 12)

Social enterprises repeated examples of how different intervention models such as providing solar lamps or bed nets to individuals does not change a person's life in the same way as an enterprise that builds affordable homes or creates jobs might, yet providing homes and jobs will affect fewer individuals.

Nonetheless, the simplicity and quantitative nature of scale measures superseded these concerns. Part of the reason came from entrepreneurs' sense that there was no clear path to assess the amount of impact in ways other than scale: "It's very difficult to really assess how much you're helping somebody. Of course, there's the data out there, but you really don't know:

is this right?” Implicit in the use of scale-based justification was the knowledge that this approach was not always valid but also a belief that this distinction was not fully accounted for in audiences’ impressions of impact. As one interviewee stated:

[Funders] need to be able to go back and say: ‘Look at the good that we did.’ I think that that’s still true and yeah, we can say: ‘Okay in this one project we helped X number of people.’ But is their life still going to be for the better? Or perpetually getting better year after year after year? I’m not sure that that’s something that funders are necessarily looking at because it takes money to track all of that. (SE 10)

Financial ability to survive and scale as impact. If scale is equated to impact, then social enterprises that were judged with a high potential for scale also represent a high potential for impact. Evaluations of the financial sustainability of a social enterprise’s business model and economic prospects, under this assumption not only indicate business success, but, by extension, also impact. These indications of business potential thus serve as indirect indications for eventual impact. As one social entrepreneur said about all but one of his (potential) funders:

All the rest are business first, and impact is like, “OK you can have impact too.” You can stay in business and not be able to achieve your impact goals, but you have a certain amount of time and you will be able to correct. As long as you're staying in business and you're up and running, you're able to correct it, but if you die because the business idea did not make sense, was not sound, that’s it. That’s a waste of money. . . . After all, you have to stay in business to be able to achieve impact. (SE 9)

Discussions of impact proceeded to mirror the topics and discussions observed in traditional for-profit funding decisions – where social impact is not a significant factor:

But for them I think that the decision is not just in terms of biggest bang for the buck but they’re also looking at how much they can grow their portfolio in terms of numbers of households or customers reached. There is definitely a numbers game. I wouldn’t necessarily say that it’s necessarily aligned with the end-to-end impact, but it’s more just to show that in terms of usage and beneficiary you’re spreading up to a larger area or size because the business itself is more scalable. (SE 22)

Figure 1 details the types of questions frequently discussed at this point. The conflation of a social enterprise’s impact and financial outlook allowed social entrepreneurs to replace hard

questions about how to evaluate social impact with easier questions about how to evaluate financial outlook; questions they already had to answer using the professionalized processes and metrics of the business world. In the interviews, the social entrepreneurs frequently initiated discussions on the seemingly unrelated topics of financial sustainability and growth potential when asked about impact. They attempted to leverage existing measures of financial health and growth potential as a proxy for impact potential. The use of established financial evaluations from the for-profit realm as proxies for impact provided the impression that they had been created in accordance with accepted accounting practices, suggesting objectivity and rigor.

DISCUSSION AND CONCLUSION

As nascent social enterprises attempt to gain access to resources and support by leveraging the legitimacy they cultivate through their social impact, they find themselves expected to legitimate this impact through professionalized assessments (Brown et al., 2016; Ebrahim et al., 2014; Eikenberry & Kluver, 2004). These assessments focus on answering the questions *‘How much impact has this social enterprise created or will this enterprise create?’* in a systematic and objective manner. We found that social enterprises needing to legitimate their social impact instead compartmentalized their responses into two simpler questions: *‘Does the social enterprise actually create social impact?’* and, *‘If so, at what scale?’* This compartmentalization enabled them to address different forms of legitimacy judgment separately, discursively circumventing discussions on elements of professionalized social impact assessments that they either cannot perform or do not find beneficial.

THEORETICAL IMPLICATIONS

This paper’s key insight is that social enterprises, when accountability demands outstrip their resources, reframe their social impact accounts by splitting it into two compartmentalized

questions that mirror two different ways individuals form judgments about legitimacy (Überbacher, 2014). This process of splitting the accounts into separate discussions that appeal to different forms of judgment advances theory in three ways.

First, this paper leverages different forms of legitimacy judgment (Überbacher, 2014) to better explain the reductive process social entrepreneurs use to bridge a theory-practice gap with regard to social impact assessment. Both cognitive and evaluative forms of justification bracket the question of social impact myopically, but in distinct ways. Reframing social impact into simpler questions – each appealing separately to their audiences’ cognitive and evaluative forms of judgment – represents an important mechanism for social enterprises to attempt to create legitimacy without ensnaring themselves in the demands of professionalized social impact assessments. Social entrepreneurs could answer the two simplified questions of whether they create social impact and, if so, at what scale, without having to collect data on the outcomes or impact of their products and services, nor did they need to analyse the chain of causality from outputs through to outcomes and impact. Only operational and financial measures were needed to answer the questions of resemblance and scale. Thus, social enterprises ‘dress up’ financial and operational measures as social impact measures by deconstructing the holistic but difficult question of how much impact into the simpler questions. By using financial measures for impact assessment, they create the impression of providing the full and professional impact accounts that their resource-holders expected without having to perform the data collection and analysis on how their products and services caused impact. The dynamics of what the financial measures measure as they are pressed into service as social impact accounts leads to accounts that are biased toward operational scale and away from distinctions between depth vs. breadth.

Our work thus reveals how the ways in which social enterprises reframe social impact assessments to reduce the gap between what theory and their resource-holders see as legitimate social impact accounts and what they are capable of, leads to specific biases and to the general

conflation of social impact and financial performance. This work fills a void in the impact assessment literature identified by Ebrahim et al. (2014: 96), who state that “research is also needed on performance measurement in [social enterprises]—for example on how financial and social performances are assessed and compared, potential contradictions and complementarities between them, and how this analysis shapes organizational decision making.” Our paper also adds depth to explanations of how and why, for many social impact assessments, the weight and “the value of the social dimension gets lost amid the noise of the other nonsocial ones” (Rawhouser et al., 2017: 16). It answers De Becker et al.’s (2005) call for research in this field to not only focus on the similarities/differences or justifications for social impact measures, but also investigate how different measures develop institutional weightings.

Second, our findings contribute to the literature on impression management by showing that social enterprises bracket and construct their social impact accounts to correspond with cognitive and evaluative forms of legitimacy judgments as a way to simplify larger questions about social impact. It shows how entrepreneurs navigate accountability expectations and conflicting stakeholder interests by framing arguments to appeal at the elemental level of how legitimacy judgments are cognitively processed rather than on the existing literature’s focus on how social entrepreneurs frame arguments toward specific stakeholder interests or expectations. While extant literature on impression management and symbolic management focuses on specific actions, communications, and strategies for manipulating information and shaping one’s image (Bolino et al., 2016; Solomon et al., 2013; Zott & Huy, 2007), our work connects these approaches with theoretical advances about how individuals process information to make judgments about legitimacy (Überbacher, 2014). Conversely, the process of reducing holistic questions into simpler questions may facilitate the use of impression management approaches. We observe that symbolic management techniques were only found in appeals constructed to appeal to cognitive forms of legitimacy.

Finally, on a broader level, our work speaks to institutional questions of how the theory-practice gap subverts the importation of market-based practices into social impact assessments. We find that market-based practices are not really blended or hybridized with social impact concepts to develop better social impact metrics, instead the elements from for-profit methodologies that become incorporated in social impact accounts are utilized for two simpler, legitimacy-seeking purposes: as performative symbols or rituals and as proxies for scale. When market-based practices are used as symbols or rituals to influence cognitive judgments of what organizational schema an enterprise belongs to, they abdicate their purpose of enabling better-run organizations and optimizing market-funding decisions. When social impact assessments rely on market-based proxies of scale to define social impact, the resulting assessments give the appearance of measuring what is valued by social stakeholders (social value) but actually measure what is valued by market stakeholders (operational/financial performance) (Meyer & Rowan, 1977; Power, 1997). The translation of financial measures into dressed-up social impact accounts may also be seen more as a performative process of negotiated imitation of rather than true diffusion of market-based practices into social institutions (Gill et al., 2019).

LIMITATIONS AND FUTURE RESEARCH

Our analysis seeks to explain social impact assessment of young and resource-constrained social enterprises which tend to suffer a ‘liability of newness’ and that are least likely to have managerial experience and built-up legitimacy (Maitland & Sammartino, 2015; Singh et al., 1986). Focusing on highly constrained cases can effectively distill and expose the phenomenon at hand. However, additional research is needed to generalize this research across enterprises of varying sizes, ages, and levels of legitimacy. There may be a point in a social enterprise’s lifecycle or level of legitimacy where social impact accounts serve a different function or the enterprise has different capabilities that enable it to approach social impact more directly (Bitektine, 2011; Molecke & Pache, 2019). An organization’s early social imprinting

and productive tensions may play a key role in this (Battilana et al., 2015). However, our work fills the crucial gap regarding the methods in use during earlier points of a social enterprise's lifecycle.

Our study focuses on the micro-level of legitimation and takes an actor-centric rather than an audience-centric position, viewing legitimation through the lens of individual social entrepreneurs' attempts at performative persuasion, symbolic compliance, and impression management (Clarke, 2011; Zott & Huy, 2007). Consequentially, our investigation turns a blind eye to differences in the multiplicity of needs and relative powers of the different stakeholders. Further research could extend the connection between forms of legitimacy judgments and impression management by determining how stakeholder differences might be antecedents, moderators, or boundary conditions to where and how different forms of legitimacy judgments are appealed to. Moreover, our focus on how impression management and reframing occurs does not do justice to considerations of how social entrepreneurs may internally understand social impact, and how this may be at varying levels of tension with the external impressions of impact their accounts generate. Nor does it does fully integrate more sociological considerations of legitimization activities at the collective and group or industry level, and the micro-macro connection (Überbacher, 2014). Future studies could address how cognitive and evaluative forms of judgment operate as bricolaged tools-in-use among groups and at the macro-level.

Finally, while this study considers the relationship between how social entrepreneurs construct their social impact accounts and the cognitive and evaluative judgments audiences are known to employ in determining legitimacy, different categories of funders likely vary in the intensity and the ratio by which they rely upon such judgments (Fisher et al., 2017; Miller & Wesley II, 2010). These variations may themselves relate to differences in the relative size, institutional pressures, business backgrounds, and industry among the funders within each

category (Katre & Salipante, 2012). Additional research could investigate which forms of legitimating judgments are more prominent or effective among different types of audiences depending on specific attributes (Fisher et al., 2017).

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Figure 1 – Coding Structure of Social Impact Assessments

Appendix 1 – Summary of Interviews

Primary Product	Interviewee Title	Country	Industry	Age	Employees	Location	Founder origin	Legal form	Inter-views
1. Textiles, Dyes	Founder/Chairperson	India	Textiles	4*	N/A	Rural	Local	Sustainable Nonprofit	1
2. Water Delivery System	Co-Founder/President	Chile, US	Water	2	10 to 20	All	Outsider	For-Profit	1
3. Straw Bale Housing	Founder/CTO	Pakistan	Housing	7	>5	Rural	Outsider	Sustainable Nonprofit	1
4. Solar Cookers	Co-Founder/CEO	China	Cooking	5	10 to 20	Rural	Outsider	For-Profit	1
5. Blood Transfusion Device	Founder/CTO	Multiple	Medical	1 & 5	>5	All	Outsider	For-Profit	2
6. Handicrafts	Founder	Nigeria	Handicrafts	3 & 7	>5	All	Dual	Sustainable Nonprofit	2
7. Premature Infant Incubator	Co-Founder/CEO	India, Kenya, US	Healthcare	2	>5	All	Outsider	For-Profit	1
8. Small Good Distribution	Founder	Mozambique, South Africa	Distribution / Small Retail	6	>5	All	Dual	For-Profit	2
9. Fortified Rice	Co-Founder/CEO	Mali	Food	2	>5	Urban	Local	For-Profit	1
10. Agricultural Products and Consultancy	Communications Manager	Multiple	Agriculture, Water, Sanitation	2-4*	100+*	All	Outsider	Non-Profit	1
11. Chocolate	Co-founder and Managing Director	Belize	Food	3	5 to 10	Rural	Outsider	For-Profit	2
13. Solar Base Stations	Co-Founder/Designer/Strategist	Tanzania	Energy/Solar	2 & 5	>5	Semi-Urban	Outsider	For-Profit	2
14. Chocolate	Founder/CEO	Liberia	Food	8	>5	Rural	Local	For-Profit	1
15. Sanitation Centers	Community Partnership Officer	Kenya	Sanitation	8	N/A	Urban	Local	For-Profit	1
16. LPG Distribution	Founder/CEO	Uganda	Fuel	4	5 to 10	Semi-Urban & Urban	Local	For-Profit	1
17. Consultancy and Business Incubation	Co-Founder/Executive Director	Multiple	Multiple	2*	1-5	All	Outsider	Non-Profit	1
18. Menstrual Cups	Co-Founder	Kenya	Hygiene	7	5 to 10	All	Outsider	For-Profit	1
19. Solar Lamp and Charger	Founder/Executive Director	Tanzania	Energy/Solar	2	5 to 10	Rural & Semi-Urban	Outsider	For-Profit	1
20. Electricity Solutions	Business and Sustainable Development Manager	Multiple	Energy/Solar	3*	N/A*	All	Outsider	For-Profit	1
21. Motorcycle Taxis	Co-Founder/CEO	Uganda	Transportation	3	5 to 10	Urban	Outsider	For-Profit	1
22. Home Insulation	Co-Founder/CEO	Pakistan	Housing	5	>5	Urban	Local	For-Profit	1
23. Hygiene Products	Co-Founder and Co-Founder	Kenya	Hygiene / Handicrafts	2	5 to 10	Semi-Urban	Dual	Non-Profit	2
24. Charcoal + Soil Amendments	Co-Founder	Kenya	Fuel, Agriculture	6	5 to 10	Rural	Outsider	Non-Profit	1
25. Medical Interventions	Co-Founder and Co-Founder and Co-Founder	East Africa	Healthcare	7*	20-50	Rural	Dual	Non-Profit	3
12. Social Investment Fund**	Senior Investment Manager	Multiple	Finance	N/A	N/A	All	Outsider	Non-Profit	1

* Social enterprises were new ventures within a pre-existing larger organization. While the larger organizations were older, the organizational units we focused on were young.

** For background information, a funder of two of the social enterprises in the sample