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Evaluation of social impact measurement tools and techniques: A systematic review of the literature

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Abstract

Purpose: Despite the availability of metrics for measuring social impact, it can be difficult for organisations to select tools that fit their precise needs. To address this challenge, this study conducts a systematic literature review using legitimacy theory as a point of departure. It examines tools that capture three dimensions of sustainability – social, economic and environmental – and firm size.

Design: We searched the top four journal databases in the social sciences from the FT50 review to identify articles published in peer-reviewed journals in the 2009–2019 period, using keywords to conceptualise the construct. For comprehensive assessment, we adopted a method that requires the logic synthesis of concepts and evidence emerging from the literature to address the research aim.

Findings: The results show that most of the articles developed tools or frameworks to measure social impact based on the triple bottom line of sustainability – social, economic and environmental – and firm size. However, there is insufficient evidence of their integration into practice.

Research implications: This work contributes to the legitimisation of social enterprises using validated tools and frameworks to develop practical suggestions for social impact measurement.

Originality: Since legitimacy is an important rationale for social impact measurement, this study adds value through the development of a suitability framework. The framework enables social enterprises to identify the most appropriate tool for their purpose and size to establish legitimacy through impact measurement and reporting.

Keywords: Social impact; Social impact measurement; Social enterprise; Social value

1. Introduction

A social enterprise (SE) is a unique mechanism to address poverty (Ghauri *et al*., 2014), inspire women (Datta and Gailey, 2012), promote comprehensive growth in subsistence marketplaces (Azmat *et al.*, 2015) and create institutional change (Nicholls, 2008). Differing from traditional enterprises, SEs utilise both social and commercial logic to address social, economic and environmental (SEE) issues (Folmer *et al*., 2018), while prioritising social innovation and societal benefits (Ridley-Duff and Southcombe, 2012). Meanwhile, traditional enterprises' motivation comprises increased revenues and enhanced financial performance (Folmer *et al.*, 2018). Therefore, the SE literature focuses on social change and social impact (SI). As per commercial enterprises, SEs are shaped by mutual principles regarding the control, ownership, financing and engagement with the primary stakeholders: the customers, employees and suppliers (Arthur *et al*., 2003). However, SEs' complex characteristics lead to difficulties in differentiating them from other models such as philanthropy and charity (Acs *et al.*, 2013), social innovation (Phillips *et al.,* 2015), and corporate social responsibility (Nicolopoulou, 2014). Interestingly, Siqueira et al. (2018) longitudinal study of for-profit SEs and commercial enterprises revealed that for-profit SEs have more leverage stability in terms of capital structure when compared to commercial enterprises of the same size. Whilst this type of knowledge does shift the paradigm of commercial enterprises and SEs, there is clear distinction that SEs are institutions that strive to create social good (Santos, 2012), thus driven by the desire or pressure from external sources to demonstrate SI.

SI represents "the logic of chain results in which organisational inputs and activities lead to a series of outputs, outcomes and ultimately to a set of societal impact" (Ebrahim and Rangan, 2010, p.3). SI is critical to SEs, moulding their social missions, objectives, policies, procedures and operating strategies (Di Domenico *et al.*, 2010; Zahra *et al*., 2010).

Unsurprisingly, many studies have examined the measurement of the SI construct (Maas and Liket, 2011; Costa and Pesci, 2016; Rawhouser *et al.*, 2017).

Evidence from recent research reveals external pressure, primarily from funders and policymakers, driving the call for social impact measurement ([SIM] Arena *et al.*, 2015). For instance, the UK government revealed interest in SIM, asserting that "there are real economic and social gains for organisations that use appropriate mechanisms to evaluate their impact and improve their performance" (Department of Trade and Industry [DTI], 2002, p.76). The discourse is also noted in mainland Europe, as investors need to be aware of the positive change produced (Costa and Pesci, 2016). The notion surrounding SIM is accountability and being able to demonstrate dual performance to multiple stakeholders. However, accountability means being answerable to stakeholders with either positive or negative data and information (McLoughlin *et al.,* 2009) or intended and unintended impact (Paterson-Young *et al.,* 2019). There are many approaches to establishing the impact from SEs. Yet, extant research (Costa and Pesci, 2016) calls for better awareness to capture SI information. Some argue that standards for measurement are underdeveloped (Salazar *et al.*, 2012). Therefore, critical understanding of SIM will enable SEs strategic decision-making, organisational learning (Bradford *et al.,* 2020) and attract social investment (Social Impact Investment Taskforce, 2014).

The challenge many organisations face, however, is selecting the most appropriate tool that meet their specific needs. Haski-Leventhal and Mehra (2016) argued that SEs must significantly determine what to measure and report, which leads to a challenge in how they capture this information. Governance issues and support needs also present a unique barrier to capturing SI information (Spear *et al.*, 2009). In the present paper, the authors argue that while existing tools and frameworks can support SEs with SIM, what tools and frameworks can capture the triple bottom line of the SEE objectives remain unclear. Therefore, this study

presents a critical evaluation of SIM tools and frameworks for SEs. For each paper identified, the focus of assessment (regarding the triple bottom line) and the firm size are examined. The findings are summarised in a conceptual framework that can help SEs to select the most appropriate tool to measure and report their SI. Therefore, this paper seeks to address the following research objectives: i) to conduct a systematic literature review on SIM, ii) to identify the focus of assessment tools regarding the triple bottom line, and iii) to examine the relevance of assessment tools to firm size. The categorisation of firm size in this study are small, medium and large. Although there is no universally accepted definition of firm sizes, that is, small, medium enterprises (OECD, 2004), we adopt characterisation of firm sizes by OECD (2020). Small and medium enterprises are those that employee fewer than 250 people. More specifically, small (10 to 40 employees), medium-sized (50-249 employees) and large enterprises employ 250 or more people (OECD, 2020).

This study begins by introducing the SI and SIM literature, highlighting the unique outcomes and impacts of SE. Then, the research design of the systematic literature review is explained, followed by the conceptual framework derived from the measurement systems reviewed. Finally, a conclusion is presented with aspects for future research.

2. Social Impact: A critical discussion

SI is an important construct of social entrepreneurship (Dacin *et al.*, 2010). The construct has been conceptualised in literature using terms such as social return on investment (Hall *et al.,* 2015), social value (Murphy and Coombes, 2009; Di Domenico *et al.,* 2010) social performance (Nicholls, 2008), social returns (Emerson, 2003), social accounting (Nicholls, 2009). In a study exploring value creation, Grieco *et al.* (2015) used the terms SI and social value interchangeably. These similar, yet different terminologies have contributed to the challenge of understanding SI (Rawhouser *et al.,* 2017). Furthermore, SI has been used in

diverse contexts of study such as sustainability, education, health care, environmental and poverty (Izzo, 2013).

In this study, SI is used as the terminology to channel the systematic literature review, and the discussion on extant research on SIM. An introspective definition of SI is noted in Burdge and Vanclay (1996, p.59):

> The process of assessing or estimating, in advance, the social consequences that are likely to follow from specific policy actions or project development [. . .] Social impacts include all social and cultural consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally cope as members of society. Cultural impacts involve changes to the norms, values, and beliefs of individuals that guide and rationalize their cognition of themselves and their society.

The literature recognises the contested nature of SEs and the potential impact of their operations on social objectives (Doherty *et al.*, 2014). SE can tackle SEE issues, whilst operating throughout the economy (Defourny and Nyssens, 2008). An example of a SE addressing both social and environmental issues is Who Gives A Crap, an Australia-based organisation established to address the issues of poor water quality and sanitation, since 2.3 billion people globally have no access to a toilet (World Health Organisation, 2017), representing 40% of the global population. So, how should such organisation measure their SI? This challenge is exposed in the research on SI within SEs (i.e. Ebrahim *et al.*, 2014). Costa and Pesci (2016) suggested that SEs should define standardised universal assessment units that process comparisons between organisations over time, or to create distinctive assessment units that tailor SIM to the stakeholder's demands.

The ability for SEs to transform communities is noted in Nicholls (2010), Steinerowski and Steinerowska-Streb (2012) and Gordon *et al*. (2018). Nevertheless, their interventions can be complex, long term and difficult to objectify (Ruebottom, 2011). As highlighted by the Organisation for Economic Co-operation and Development ([OECD],

2010), assessing SI is a challenging task due to the complexities of identifying quantitative and qualitative tools for reporting information to stakeholders. This view is echoed in literature (e.g. Cordery and Sinclair, 2013; MacIndoe and Barman, 2013), with regional institutions also researching this construct; for example, the Institute for Social Entrepreneurship in Asia and the EMES European Research Network have researched the evaluation of SI in SEs. The current debate has shifted to the legitimacy of these organisations (Bradford *et al.,* 2020), which ultimately raises questions regarding their sustainability and level of influence on the broader structural conditions (Gordon *et al*., 2018).

Despite the discourse concerning the contributions of SE being non-nuanced, this can be noted in the UK Government's strategy for SE (DTI, 2002, p.24), which identified a number of objectives to which they could contribute: "helping to drive up productivity and competitiveness; contributing to socially inclusive wealth creation; enabling individuals and communities to work towards regenerating their local neighbourhoods; showing new ways to deliver and reform public services; and helping to develop an inclusive society and active citizenship". Notwithstanding the growing literature on SI in SEs, such organisations must confront the challenge of comprehending the specific reporting requirements of funders (Gordon *et al*., 2018), how SI is measured (Defourny and Nyssens, 2008), and selecting the optimum tool or framework for SI measurement (Grieco *et al.*, 2015; Costa and Pesci, 2016).

3. Approaches to Social Impact Measurement

Over recent years, UK SEs have encountered new auditing standards introduced through social policies that emphasise SI (Arvidson and Lyon, 2014). The standards have been established in policy documents and legislation such as the Department of Health's (2011) Open Public Services White Paper and the Public Services (Social Value) Act (HM

Government, 2012), which are linked to accountability, competition for resources, and legitimacy (Pritchard *et al.*, 2012). The emphasis on SI is noticeable in the taskforce set-up by the UK government and even in Europe. For instance, in 2013, the Social Impact Investment Taskforce was initiated to catalyse the SI investment market. In addition, to develop general guidelines for SIM practice to be used by social investors globally (GOV.UK, 2020).

From a global perspective, there is a renewed opportunity for organisations to capture their contributions to the United Nations Sustainable Development Goals (UN SDGs) agenda. Such opportunity is explored in the joint paper by Business Call to Action (BCtA) and Global Reporting Initiative (2016) report, which examined how private sector organisations measure their contributions to the SDGs through impact measurement and sustainability reporting. Furthermore, the OECD (2015) report on SI investment emphasis on evidence base through international collaboration, standardised framework and evaluation of policies that support impact measurement. This development adds to the second objective of this study on identifying the most appropriate SIM tool to the triple bottom line.

SIM is defined as the process of defining, monitoring and employing measures to demonstrate benefits created for the target beneficiaries and societies through evidence of social outcomes and/or impacts (McLoughlin *et al*., 2009). Arvidson and Lyon (2014) argued that the pressure on SEs to conduct robust SI and reporting originates from different stakeholder groups, while increasing pressure from funders and policy-makers (Nicholls, 2009; Desa and Basu, 2013; Ebrahim and Rangan, 2014; Hadad and Găucă, 2014; Arena *et al.*, 2015; Costa and Pesci, 2016) represent key drivers for SIM. However, such stakeholders' expectations for what and how to measure can differ, whereby the differences in measurement expectations may cause uncertainty in terms of selecting the most appropriate tool or framework. With such heterogeneity, the measurement includes positive and negative

effects, intended and unintended effects, and both the short- and long-term consequences (Wainwright, 2002). For example, if a SE is addressing food poverty in a local region, they may surprisingly tackle drug misuse or petty crime.

Due to the differing nature of SEs objectives and rationale for measuring SI, there is no purpose in a 'one-size-fits-all' approach. Instead, SEs should measure and report critical aspects of their social objectives to relevant stakeholders (Costa and Pesci, 2016). However, the lack of theorisation and conceptual framing on evaluation means that developing a robust understanding of SIM is vital (Hall, 2014). Bagnoli and Megali (2011) found economic and financial performance, and institutional legitimacy to be the rationales for SIM. Meanwhile, Haski-Leventhal and Mehra's (2016) study on SIM in Australia and India revealed that SEs utilise formal impact assessments for performance-monitoring purposes, although several minor discrepancies were identified regarding the data-capture process. Other studies (Arvidson and Lyon, 2014; Pathak and Dattani, 2014) found resource acquisition, mission reinforcement and general stakeholder accountability to be the rationales. Based on interviews with individuals working on SIM, Arvidson and Lyon (2014) highlighted that most non-profit SEs were willing to comply with external resource providers' requests for SIM. However, they also showed resistance through their discretion in determining how and what to measure, and what to report.

SEs employ SI for learning and promotional purposes, and as a means of exerting control over the environment (Arvidson and Lyon, 2014). If SEs are to achieve a sustainable impact and continue to grow, they must demonstrate their usefulness through SI (McLoughlin *et al*., 2009). SIM is important for creating organisational legitimacy, including symbolic legitimacy and trust (Luke *et al.*, 2013), therefore providing SEs with an optimum framework to select the most suitable tool or framework to improve their SI and SIM strategies, while facilitating the learning process (Connolly and Kelly, 2011; Arvidson and Lyon, 2014).

Pressure for SIM has driven an increase in approaches (Florman *et al.*, 2016). For instance, the New Economics Foundation ([NEF], 2009) compiled a number of tools and frameworks for SIM (see Table I): Social Return on Investment (SROI), Social Accounting and Auditing (SAA), the Social Enterprise Balance Scorecard (SEBC), the Social IMPact Measurement for Local Economies (SIMPLE), the Third Sector Performance Dashboard (TSPD), Quality First (QF), Prove It (PI), Local Multiplier 3 (LM3), the Practical Quality Assurance System for Small Organisations (PQASSO), the ISO 9001:2008 standard, and the Investors in People Standard (IiPS). Furthermore, there is the Volunteering Impact Assessment Toolkit (VIAT), the Big Picture, the AA1000 Assurance Standard (AA1000 AS), Eco-mapping, the Development Trusts Association's (DTA) Fit for Purpose, the EU's Eco-Management and Audit Scheme (EMAS), 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 ([ToC] Weiss, 1995) and Logic Model ([LM] Suchman, 1967) are drawn from Social Impact Scotland (2017). Despite this plethora of methodologies, SEs face the complexity of identifying the most appropriate tool to assess their interventions.

Clifford *et al.* (2013) found that although SEs recognise the tools available, a common issue is the diverse data requirements of the different stakeholder groups. Gordon *et al*. (2018) argued that quantitative data provides limited understanding of how SEs' policies affect individuals and community health. SIM signals the quality and legitimacy of SEs through performance and impact evaluation (Luke *et al.*, 2013).

[Insert Table I near here]

4. Legitimacy Theory: Rationale for measuring social impact

There is increasing demand for SE transparency, comparability and legitimacy by external stakeholders, while internal stakeholders require feedback, guidance and information on future resource allocation (Arvidson *et al*., 2010; Luke *et al.*, 2013). Nicholls (2009) highlighted a 'top-down' movement toward adopting business models and reporting practices in the social sector that assumes these enhance stakeholder accountability, improve transparency, and therefore offer enhanced performance legitimacy. There is also a 'bottom-up' trend toward facilitating greater stakeholder engagement in designing the reporting practices that affect them. However, determining what should be measured and how this should be conducted is challenging. Numerous approaches have been developed to evaluate and measure SI (Zappalà and Lyons, 2009). The adoption of a tool or framework is of specific interest to SEs because it supports internal decision-making and addresses the need for accountability to stakeholders (Crucke and Decramer, 2016). Yet, most of the literature on the subject matter in the social sector (including SEs) is under-theorised and requires conceptual framing (Ebrahim and Rangan, 2014). Nonetheless, SEs need to measure their SI systematically and ensure accountability (Syrjä *et al.*, 2015).

Since SEs face a fundamental challenge regarding their evidence and reporting standards, the legitimacy of their existence is questioned. Dart (2004) argued that the authenticity of SEs is not derived from any rational assessment of results, but rather from the society's wider fixation with business ideology and the belief that the 'market knows best'. Legitimacy theory "is a generalised perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p.574). The concept of the social contract is critical to legitimacy theory (Patten, 1992), with Shocker and Sethi (1974) asserting that social institutions operate in society through social contracts to deliver socially desirable goals.

Therefore, SEs must utilise a variety of tools and frameworks to evaluate SI and communicate legitimacy (Luke, 2016).

Suddaby *et al*.'s (2016) analysis of legitimacy theory presents three dimensions: i) legitimacy as a property, whereby legitimacy is theorised as a thing (i.e. property, a capacity or a resource); ii) legitimacy as a process, which concerns the legitimation of the institution as opposed to 'legitimacy' itself; and iii) legitimacy as perception, where it is considered to be a form of socio-cognition or evaluation. SIM reporting is a communication vehicle assisting SEs to increase transparency and legitimacy to bridge information asymmetry by sharing information on financial performance and social achievements (Adams and Simnett, 2011). This study adopts the view that legitimacy is both a process and a perception. In the view of the former, SEs interact with their stakeholders to measure the SI created (i.e. any stakeholder group: internal (employees) or external (public)). Depending on the interaction, the legitimacy of the organisation can be signalled. Therefore, embedding indicators, measuring and reporting appropriate information is vital. However, many SEs still struggle due to their limited access to measurement tools, knowledge, time and other required resources (Luke *et al.*, 2013).

On the other hand, legitimacy as a perception is an evaluation tool and framework adopted to measure the impact created, with both perspectives supporting the objectives of this study. Any effort to propose an assessment tool to better understand how different SEs operate and perform would be a favourable development (OECD, 2015). The framework developed in this paper will assist SEs to identify the most appropriate tool or framework to meet their social mission and help to avoid risks or the repetition of past mistakes (Asmalouskij *et al*., 2019). In the context of this paper, the quality of the SE refers to its ability to create impact and report on it. One way of signalling the quality and legitimacy of

SEs is through the evaluation of performance regarding the outcomes and impacts (Luke *et al.*, 2013).

5. Methodology

In conducting a systematic literature review on SIM and tools, we adopted the method promoted by Nolan and Garavan (2016), which requires a logic synthesis of concepts and evidence emerging from the literature to address the research aim. We targeted four key databases that provide access to management and social science journals to identify articles published over the past decade (2009–2019): Emerald Insight, Science Direct, ProQuest, and EBSCO Host. Given the varied terminology employed to study the construct of SI, we used the following keywords in our search to conceptualise the construct: 'social impact measurement', 'social impact evaluation tools', 'social impact methods', 'impact measurement', 'triple bottom line', and 'social value'. Figure 1 visually describes the systematic review process.

[Insert Figure 1 near here]

To be eligible for inclusion, the articles must have been published in a scholarly journal, written in the English language, and published between January 2009 and January 2019. The initial search yielded 1,236 articles, which we filtered to exclude conference papers, books, monographs and working papers. Using these criteria, we identified 462 articles for further consideration. We removed all duplicate articles and ensured that non-research-based papers such as government or institutional reports were excluded, which left 133 articles for further review. To confirm that the articles were pertinent to the research aim, we read the abstract first and then thoroughly reviewed the findings to ensure they

investigated SI or discussed SI tools or frameworks. This process resulted in 27 articles considered to be the most relevant for analysis with reference to the research aim.

5.1 Data Abstraction, Coding and Synthesis

We read all 27 articles, followed by a thematic coding process. The matrix approach advocated by Cho and Egan (2009) was adopted for the initial evaluation of these articles in a structured manner, and a categorisation table was created (see Table IV) that classified the articles regarding the authors' name and publication year, the research purpose, the methodology and method, and specific features of the SEs (i.e. the focus of assessment and firm size). We utilised these data to provide descriptive information regarding the selected articles before continuing the thematic analysis process. Using the framework conceptualised in Table IV, we identified themes that characterise the scope, dimension, and relevance of the SIM tools, with the results of our analysis presented in section 6.

5.2 Descriptive Results of the Review

This review includes articles published in seventeen different journals, with the more prominent journals being Social Enterprise and VOLUNTAS (International Journal of Voluntary and Non-profit Organisations), which published five and three articles, respectively. Meanwhile, two articles each were published in the Non-profit and Voluntary Sector Quarterly and the Journal of Social Entrepreneurship, whereas only one relevant article was found in each of the remaining thirteen journals. This suggests that approaches for measuring SI could be relevant to diverse subject areas such as accounting, marketing and multidisciplinary studies other than social entrepreneurship and non-profit enterprises. Regarding the research methodologies employed in the selected articles, we noticed the predominance of conceptual studies (ten articles) such as the literature review and systematic review, while other articles were based on theoretical assumptions rather than empirical

analysis. Whereas qualitative methods including case study, interviews and action research (utilised in three, two and one articles, respectively) were more prevalent than quantitative approaches such as survey (utilised in four articles). This suggests that the tools for measuring SI can be explored further through qualitative focus; for example, to determine the impacts and effectiveness. Table II presents a statistical summary of the main characteristics of our review, while Table III presents those studies that developed models.

[Insert Table II near here]

[Insert Table III near here]

6. Findings and Discussion

The findings from the systematic literature review are presented in Table IV, and then discussed in sections 6.1 and 6.2, consistent with the research objectives.

[Insert Table IV near here]

6.1 Focus of Assessment Tools Regarding the Triple Bottom Line

Most studies developed tools appropriate for SEs to assess the impact of their organisations on the triple bottom line of sustainability, namely the SEE objectives (i.e. Nicholls, 2009; Maas and Liket, 2011; Esteves *et al.*, 2012; Mouchamps, 2014; Arena *et al.*, 2015; Grieco *et al.*, 2015; Migliavacca, 2016; Kato *et al.*, 2017); for example, Nicholls (2009) conducted an exploratory study of how social entrepreneurs utilise reporting practices to address the SEE objectives in their organisations. Drawing on the multiple theoretical perspectives of positivism, critical theory and interpretivism, Nicholls (2009) proposed the concept of 'blended value accounting' as a new theoretical approach to guide the reporting, disclosure,

and auditing in social entities. However, his study was based on theoretical explanations drawn from UK cases, which might have limited global significance. Nonetheless, blended reporting and disclosure could enable SEs establish legitimacy to different stakeholders, and prevent challenge to their legitimacy (Luke, 2016)

On the other hand, Esteves *et al*. (2012) developed a framework that highlights integrated environmental life-cycle assessment and life-cycle costing into the evaluation of SIs. Their framework, which was coined the Social Impact Management Plan, contributes to the achievement of the triple bottom line of sustainability. Furthermore, in attempting to measure value creation in SEs, Grieco *et al.* (2015) conducted a hierarchical cluster analysis of existing SI assessment models in the literature. While the authors offered a classification matrix that can help managers in the non-profit and voluntary sector to select those methods that best meet the organisation's specific needs regarding the assessment of SI, their argument does not clarify which model would be most suited for organisations with different sustainability focus. In other words, there was limited information about the impact typology regarding the SEE aspects.

As per Grieco *et al.* (2015), the SI evaluation approach developed by Arena *et al.* (2015) seeks to address SEE performance, although not all these aspects are fully addressed in their performance dimension indicators. Rather, they proposed a stepwise method that social entrepreneurs could follow in measuring performance by highlighting the value-added regarding resource, product and results. Although their framework depicts the diversity in SE nature, focus and context of operations, the emphasis is placed on the importance of linking corporate performance dimensions with different types of stakeholders. Hadad and Găucă's (2014) approach to measuring SI focuses on three elements: sustainability, added value and scalability. And while the 'added value' element of their framework reflects, to a certain extent, the broader SEE and political factors relevant to SEs, the suitability and managerial

implications remain uncertain; for example, in practice, a definitive distinction is necessary for measuring a wide range of social and environmental impacts, yet the study does not offer examples of questions that SEs can ask employees or stakeholders to identify their environmental impact.

Only a small number of tools developed in the literature do not focus on measuring the three dimensions of sustainability by SEs (e.g. McLoughlin *et al*., 2009; Polonsky and Grau, 2011; Barraket and Yousefpour, 2013; Arvidson and Lyon, 2014; White, 2018). In a search for an integrative system to demonstrate the value of social purpose organisations, White (2018) developed a framework for measuring the impact of social endeavours, whereas McLoughlin *et al*. (2009) proposed the SIMPLE model for the same purpose. However, White's (2018) framework was built upon Sen's (1993) capability approach, and thus has limited practical implications, unlike the SIMPLE model that establishes five clear steps that managers can follow to assess, identify, prioritise and improve SI. Polonsky and Grau (2011) adopted a similar stepwise approach to develop a four-category typology of alternative tools for managers of charity organisations to determine which perspective would be most suited to their specific circumstances in terms of measuring the social and economic impact. However, the implementation of this typology in individual non-profit organisations can be challenging because it requires the gathering of resources and expertise from multiple parties to agree on the evaluation criteria that should be employed.

6.2 Relevance of Assessment Tools to Firm Size

This study found twelve studies that identified tools relevant to small-, medium- and large-sized enterprises, with five relevant to those small and medium sized, and one being relevant to large enterprises, whilst one tool was relevant to small and large enterprises. Interestingly, eight studies did not specify the firm size in their assessment. Although the rationale for 'not specified' was not disclosed, it was noted that the studies did not seek to identify the

relevance of the firm size to the assessment tool(s) selected. Therefore, this study contributes to the importance of the firm size when analysing SI. Those studies that identified small-, medium- and large-sized firms (i.e. McLoughlin *et al*., 2009; Gibbon and Dey, 2011; Maas and Liket, 2011; Clark and Brennan, 2012; Arvidson and Lyon, 2014; Ebrahim and Rangan, 2014; Pathak and Dattani, 2014; Grieco *et al.*, 2015; Migliavacca, 2016; Kato *et al.*, 2017; Belluci *et al*., 2019) used different methodologies and methods to assess the potency of the tools; for example, Belluci *et al*. (2019) assessed SROI's effectiveness as an SI tool for non-profit organisations and SEs that provide family-centred support, finding that SROI can be adopted by any size firm regardless of their social objectives. However, stakeholder participation is crucial to the effectiveness of the information captured and measured. Furthermore, technical expertise is vital to the information captured and analysed using SROI, because large datasets are required for the measurement. Despite the strength of the SROI tool, the required technical expertise poses a greater challenge for small-sized enterprises.

On the other hand, McLoughlin *et al.*'s (2009) assessment of the SIMPLE tool demonstrates how SEs scope, map, track, report and embed SI indicators in their organisations. Given that the SIMPLE methodology adopted by the authors was tested on over 40 SEs, the study presents a systematic approach to developing SI baselines for small-, medium- and large-sized firms. Nonetheless, the study presents limitations with regards to *how* SEs embed best practice for the SIMPLE methodology. To address this weakness, the authors suggested further research to explore the implementation post-training for those organisations that did not facilitate embedding processes in their models. Interestingly, Maas and Likert (2011) empirically tested enterprises' strategic philanthropic activities to identify whether firm size, the philanthropic expenditure, region and industry influence the extent that various dimensions of social good are measured. Unsurprisingly, the authors found that large

enterprises in the financial sectors operating in Europe and North America are more likely to measure SI.

Similarly, those studies that identified small- and medium-sized firms adopted both qualitative and quantitative methodologies (i.e. Bagnoli and Megali, 2011; Barraket and Yousefpour, 2013; Hadad and Găucă, 2014; Arena *et al.*, 2015; White, 2018). For example, Barraket and Yousefpour (2013) investigated SI in five small and medium-sized SEs in Australia, where they found that the perceived benefits of measuring impact are organisational learning and performance, even though the dominant driver for measurement is to demonstrate legitimacy to external stakeholders. Nonetheless, small and medium-sized organisations face two main issues: i) impact readiness, which emphasises *when* SI should be captured; and ii) resourcing, as echoed by White (2018) who examined SI using Sen's (1985, 1987, 1993) capability approach. In contrast, Rawhouser *et al.*'s (2019) systematic review of SI tools found that the majority were utilised by small- and large-sized organisations. Unlike the present study, the authors' review extended beyond the remit of social entrepreneurship, thus limiting the contextual relevance for SE.

6.3 Framework for Selecting Social Impact Tools

We set out to develop a framework to enable SEs to select the most appropriate tool for SIM. Following our discussion of the 27 papers reviewed in this study, we created the *suitability framework* based on those studies that developed models, to ensure empirically tested recommendations. As SEs face accountability and legitimacy challenges (Bradford et al., 2020; Nicholls, 2009) and selection of the most appropriate tool to establish legitimacy (Haski-Leventhal and Mehra (2016), the framework developed in this study address both challenges. More specifically, it provides SEs with the tools to reinforce SIM in their operational plan and share information about the achievement of their social interventions thus establishing legitimacy. Furthermore, using a tool to examine SI could minimise bias in

data entry and measurement. The communication of this data is critical for improving SE performance (Nicholls, 2009).

The following ten models guided this framework: the framework for capability and integrative approaches (White, 2018), the performance measurement system model (Arena *et al.*, 2015), the structural equation modelling of SI (Edwards *et al*., 2015), the sustainability, added value and scalability (Hadad and Găucă, 2014), the social performance framework (Ebrahim and Rangan, 2014), the analytical framework (Mouchamps, 2014), the multi-dimensional controlling model (Bagnoli and Megali, 2011), the economic survival framework (Lane and Casile, 2011), the four-category typology of alternative approaches (Polonsky and Grau, 2011), and the blended value accounting spectrum (Nicholls, 2009).

White (2018) developed the framework for capability and integrative approaches, with the model based on a hybrid grounded in Sen's capabilities approach and configurational theory to demonstrate integrative approaches for capturing the SI of SEs. As noted in Figure 2, the model captures social contributions from small-, medium- and large-sized enterprises. White (2018) argued that social value can be understood through capabilities, that is, how SEs perceive and achieve social value. Therefore, the integrative approach will encapsulate the balance between different components and can be viewed as a balance between positive approaches.

The performance measurement system by Arena *et al.* (2015) is a framework that enables an SE or external expert to develop their SI system. As noted in Figure 2, the performance measurement system is appropriate for small- and medium-sized SEs with a social, economic or environmental goal. There are six steps to developing an SI system using this framework: i) map the available documents of the organisation (i.e. the social annual reports and company accounts); ii) conduct interviews with different stakeholder (internal and external) groups to capture their needs and comprehend how the social interventions are

perceived; iii) identify the performance dimensions most coherent with the organisation's information needs (i.e. financial sustainability, effectiveness, impact, and efficiency) (Arena *et al*., 2015); iv) construct a performance measurement system through the set of indicators that must be clear and reflective of the social, economic or environmental interventions; v) conduct a review of this process with key stakeholders to collect feedback; and vi) redefine the system based on the information collected.

In contrast, Edwards *et al*. (2015) proposed the structural equation modelling for SIM, which aims to provide a framework for the development of theory and to empirically test SI systematically. The model captures economic and social contributions, and the environmental impact of large enterprises. The authors argued that SI has a ripple effect from the core central state of belonging to the impact of other factors. Based on this notion, Edwards *et al*. (2015) made four propositions. First, SI begins within the organisation's sense of belonging. Second, social citizenship values are critical to the development of SI, with human capital developing in the form of new skills as people extend their knowledge and experience. Third, SI is accomplished at both the individual and the organisational level. Finally, SI develops from the growth of individual action and organisational programmes.

Like the structural equation modelling, the sustainability, added value and scalability model by Hadad and Găucă (2014) is suitable for small- and medium-size SEs with SEE goals. To implement the model, the organisation should identify all activities and map indicators to the activities. Then, a sustainable timeframe for measurement should be determined: short (1 year), medium (3–5 years) and long term (7+ years). The organisation should identify those resources that will support SIM for set time frames, which can include finance, knowledge, human resource and technical. Once resources have been identified, a review of the SEE effects will add value regarding external knowledge on issues that could impact the organisation's measurement standards. Depending on the level of activity,

scalability can provide potential for expansion and media coverage of the SI captured, and the indirect effects of the social intervention.

The social performance framework by Ebrahim and Rangan (2014) is appropriate for small-, medium- and large-sized enterprises with SEE contributions. To adopt this framework, organisations should clarify the operational mission, specify the set of activities to address the scope, and identify the target size of the scale. This framework enables organisations to adapt their metrics of scope and scale to their context. Interestingly, Mouchamps's (2014) analytical framework provides organisations with an approach to analysing existing SI frameworks, where the models analysed are classified according to monetary and non-monetary indicators.

The multi-dimensional controlling model (Bagnoli and Megali, 2011) is suitable for small and medium-sized SEs with SEE goals, whereby the framework has three reference dimensions of control: economic and financial performance, social effectiveness and institutional legitimacy. Meanwhile, Lane and Casile's (2011) economic survival framework provide SEs with measures for comprehensive performance measurement based on their respective organisational mission through using the survival, action and social change model. However, we found that the economic survival framework does not specify the firm size, although it does identify the SEE contributions.

Like the performance measurement system, Polonsky and Grau (2011) developed a four-category typology of alternative approaches to SIM. This model supports social contributions and environmental impact, but again does not specify the firm size. The categories are divided into two sections: financial, such as operational efficiency and SI approach; and non-financial, such as the qualitative impact of the approach measurement and combination approaches to measurement. The present authors argue that transparency is vital to the evaluation process of SIM. The final framework developed by Nicholls (2009) is

blended value accounting, which draws from the work of Emerson (2003). As per the economic survival framework and four-category typology, blended value accounting does not specify what firm size is suitable to adopt the framework, although it is appropriate for organisations with economic and social contributions, and environmental impact.

[Insert Figure 2 near here]

7. Conclusions

Despite the plethora of tools and frameworks, SEs face challenges of what and how to measure, and what information to report. This study reviewed the extant research on SI tools over the past decade, providing a clear view of the state of SI research, and a practical framework for SEs to identify the optimum tool that meets their precise objective. The study targeted some of the top FT50 journals in business management to identify diverse articles both conceptually and empirically in the construct of SI. Careful consideration was given to the selection criteria to ensure representative and relevant articles were identified. We acknowledge that our review may have excluded some articles, given the inconsistent use of the terms associated with SI. Nonetheless, the methodological process was thorough, providing clear evidence of the studies on SI and allowing the development of the *Suitability Framework* for selecting SI tools. However, this review is not exhaustive, as we see opportunities for scholars to extend the sample selection criteria for systemic review and participatory analysis of the suitability framework in real-life SEs. Furthermore, limited research has been undertaken on most of the tools outlined in Table I. Future research could investigate the implementation process, specifically exploring the impact indicators and embedment of SI processes.

In the discussion surrounding SIM, we found that transparency, accountability and legitimacy from external stakeholders are common rationales for measuring SI. It was also established that SEs recognise their social interventions and seek to better understand the impact of these interventions on society. Thus, the three dimensions of legitimacy theory by Suddaby *et al*. (2016) formed the theoretical lens for this study. This study contributes to legitimacy as a perception since the developed framework will enable SEs to identify the most appropriate tool for their SEE objectives and firm size. The identification of a tool and evaluation (the perception) of SE interventions becomes the communication process for legitimising the organisation. Therefore, this paper uncovers our understanding of some challenges faced by SEs – coercive pressure from external stakeholders to measure SI and identification appropriate tool for SIM. By presenting the suitability framework, a comprehensive analysis of the challenges is presented.

The framework also contributes to the models for SIM in social entrepreneurship, providing an analytical structure for SEs to identify the optimum tool for their social, economic or environmental goals, while taking the firm size into consideration. The initial contribution was the two review dimensions for this study: i) the focus of assessment (i.e. environmental contribution, social contribution and economic impact); and ii) firm size (i.e. small, medium and large). This was followed by the framework, developed to enable SEs to select the most appropriate tool to fit their precise needs.

Disclosure

No potential conflicts of interest.

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Tables:

Table I: Examples of social impact tools

Tool	Area of focus	Developed by
AA1000 AS	SEE	Social Accounting and Audit
CESPIs	Environmental and social performance	Co-operatives UK
DTA	Development	Development Trusts Association
Eco-mapping	Environmental	Heinz-Werner Engel
EMAS	Environmental	EMAS & The International Network for Environmental Management
EFQM	Quality, performance and development	The European Foundation for Quality Management
GRI Guidelines	Economic, environmental and social	Global Reporting Initiative
IiPS	Organisation performance	UK National Training Task Force
ISO 9001	Quality management	International Organisation Standard
LM	Policy development or programme strategy	Carol Weiss, Joseph Wholey & others
LM3	Local economy	NEF
PQASSO	Quality assurance	Charities Evaluation Services
Prove It	Regeneration	NEF Groundwork UK Barclays Bank PLC
Quality First	Organisational performance	Tony Farley & Birmingham Voluntary Service Council
SAA	SEE	NEF, John Pearce & Simon Zadek
SEBC	SEE	Robert Kaplan & David Norton
SIMPLE	Social impact	Social Enterprise London University of Brighton
SROI	SEE	Roberts Enterprise Development Fund
ToC	Social and economic	Aspen Institute
The Big Picture	Organisational performance	Scottish Council for Voluntary Organisations
TSPD	Organisational performance	Social Firms UK
VIAT	Organisational change	Institute for Volunteering Research

Table II. Summary of the descriptive results

Year	No.
2019	2
2018	1
2017	2
2016	4
2015	3
2014	5
2013	1
2012	2
2011	5
2009	2

Journal	No.
Social Enterprise Journal	5
VOLUNTAS: International Journal of Voluntary and Nonprofit Organisations	3
Journal of Social Entrepreneurship	2
Non-profit and Voluntary Sector Quarterly	2
Academy of Entrepreneurship Journal	1
Accounting, Organizations and Society	1
Australian Journal of Public Administration	1
Eco-Efficiency in Industry and Science	1
European Journal of Operational Research	1
International Entrepreneurship and Management Journal	1
International Journal Series in Multidisciplinary Research	1
International Journal of Non-Profit and Voluntary Sector Marketing	1
Social and Environmental Accountability Journal	1

Method	No.
Conceptual	10
Systematic review	6
Survey	4
Case study	3
Interview	2
Action research	1
Participatory analysis	1

Table III. Studies that developed models

Article	Model developed
Arena *et al.* (2015)	Performance measurement system model
Bagnoli and Megali (2011)	Multi-dimensional controlling model
Ebrahim and Rangan (2014)	Social performance framework
Edwards *et al*. (2015)	Structural equation modelling of social impact
Hadad and Găucă (2014)	Sustainability, added value and scalability
Lane and Casile (2011)	Economic survival framework
Mouchamps (2014)	Analytical framework
Nicholls (2009)	Blended value accounting spectrum
Polonsky and Grau (2011)	Four-category typology of alternative approaches
White (2018)	Framework for capability and integrative approaches

Table IV. Findings from the systematic literature review on social impact

Authors	Research purpose	Methodology/ method	Specific features of SE	
			Focus of assessment	Firm size mentioned
Arena *et al.* (2015)	To develop an approach applicable to/by SEs to measure SEE results.	Qualitative Case study	EC, SC, EI	SM
Arvidson and Lyon (2014)	To examine the participation and behaviour of non-profit organisations regarding the request for SI evaluation.	Qualitative Interviews	EC, SC	SML
Bagnoli and Megali (2011)	To analyse three reference fields of management to provide a multi-dimensional controlling framework to manage SEs.	Quantitative	EC, SC, EI	SM
Barraket and Yousefpour (2013)	To investigate small SEs in Australia.	Action research	SC, EI	SM
Belluci *et al.* (2019)	To assess the effectiveness of SROI used by non-profit organisations and SEs that supports family-centred care.	Participatory analysis	EC, SC, EI	SML
Clark and Brennan (2012)	To investigate how SI is measured.	Quantitative	EC, SC, EI	SML
Ebrahim and Rangan (2014)	To develop a performance assessment framework premised on an organisation's operational mission, scale, and scope.	Case analysis	EC, SC, EI	SML
Edwards *et al.* (2015)	To develop a new conceptualisation of SI beyond small evaluation outcomes.	Focus groups Interviews	EC, SC, EI	L
Esteves *et al.* (2012)	To conduct an SIA SWOT analysis.	Conceptual	EC, SC, EI	NS
Gibbon and Dey (2011)	To present a critical review of SAA and SROI.	Conceptual	EC, SC, EI	SML
Grieco *et al.* (2015)	To develop hierarchical cluster analysis to help social entrepreneurs choose the optimum model for their organisational needs.	Systematic review Hierarchical cluster analysis	EC, SC, EI	SML
Hadad and Gauca (2014)	To connect social change, social problems and social entrepreneurship to SIM approaches.	Conceptual	EC, SC, EI	SM
Irene *et al.* (2016)	To review contrasting accounting frameworks, including those applicable to the social business sector.	Systematic review	EC, SC, El	NS

Kato *et al.* (2017)	To present a theoretical framework and measures and instruments for evaluating social change.	Secondary data Review papers	EC, SC, El	SML
Klemela (2016)	To demonstrate how the SROI method legitimises organisations/projects with multiple discursive options besides the SROI ratio.	SROI reports	EC, SC, EI	NS
Lane and Casile (2011)	To assist social entrepreneurs and academics, apply current knowledge and gain feedback about the success of social activities.	Theoretical and empirical review	EC, SC, El	NS
Maas and Grieco (2017)	To examine whether SEs are assessing and checking their SI.	Quantitative Global entrepreneurship Monitoring data	EC, SC, EI	NS
Maas and Liket (2011)	To test whether organisations are strategic in their philanthropy.	Longitudinal cross-sectional data Cross-national data	EC, SC, EI	SML
McLoughlin *et al*. (2009)	To develop a comprehensive and vigorous methodology for SIM of SEs to enable practical bases for training.	SIMPLE impact	EC, SC, EI	SML
Migliavacca (2016)	To recap existing reviews of measures and methodologies for evaluating SI.	Systematic review	EC, SC, EI	SML
Mouchamps (2014)	To examine SEs' consistency in using performance tools.	Systematic review Construction of analytical framework	EC, SC, El	NS
Narangajavana *et al*. (2016)	To analyse, define and examine the relationship between social entrepreneurship and the generation of social value.	Conceptual	EC, SC, EI	SM
Nicholls (2009)	To conduct exploratory analysis of the growing reporting practices adopted by social entrepreneurs.	Case studies	EC, SC, EI	NS
Pathak and Dattani (2014)	To explore three technical challenges and misconceptions of measuring SROI.	Conceptual	EC, SC, EI	SML
Polonsky and Grau (2011)	To develop a four-category typology of alternative approaches to help charities determine their optimum approach.	Conceptual	SC, El	NS
Rawhouser *et al.* (2019)	To examine, conceptually or empirically, SI measurement via systematic literature review.	Systematic review	EC, SC, EI	SL
White (2018)	To develop a framework for measuring the impact of social purpose organisations.	Qualitative Case study	SC	SML

Note: EC = environmental contribution, EI = economic impact, L = large, NS = not specified, S = small, SC = social contribution, SM = small and medium, SML = small, medium and large

Figures:

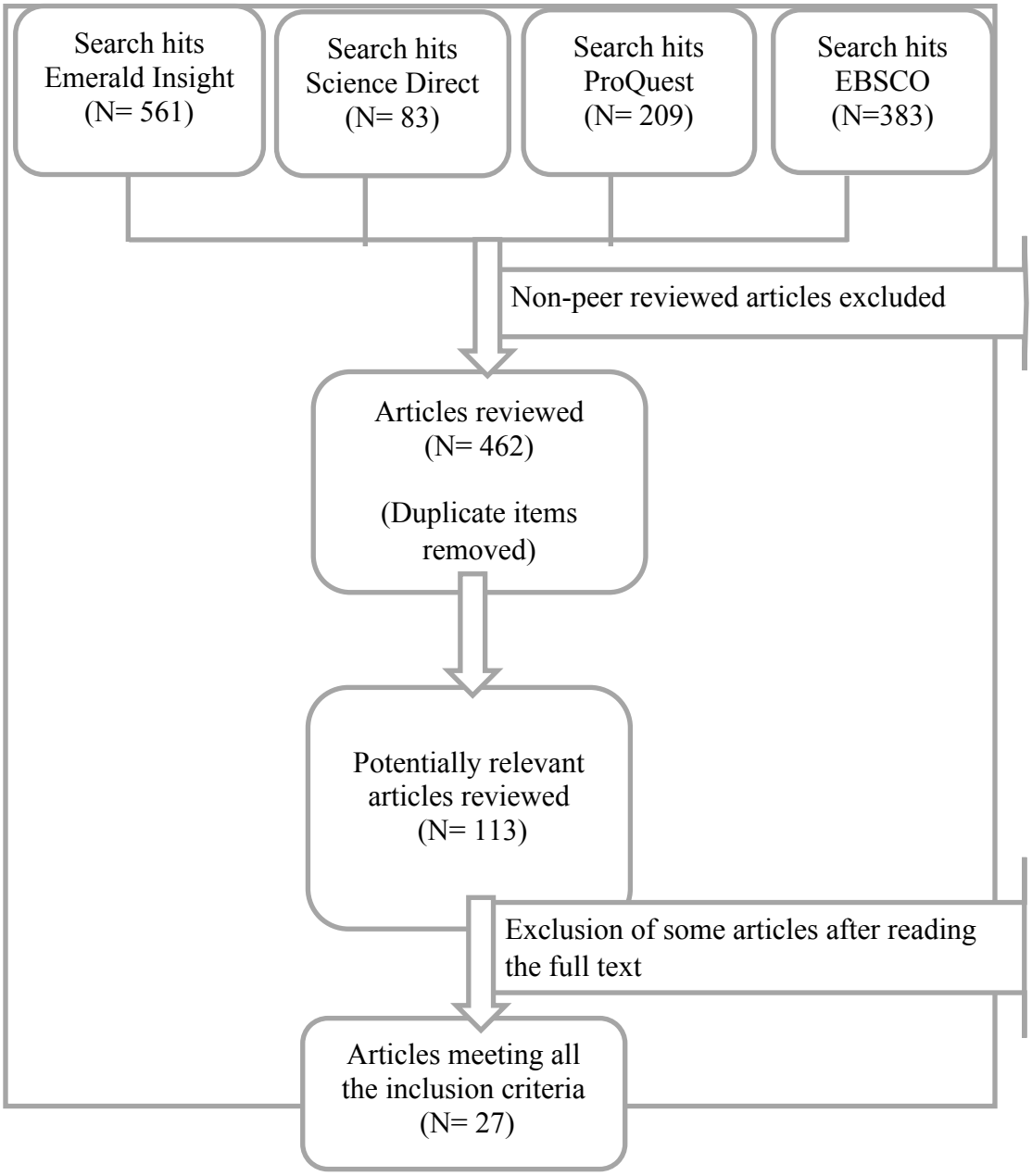

Figure 1. The systematic review process

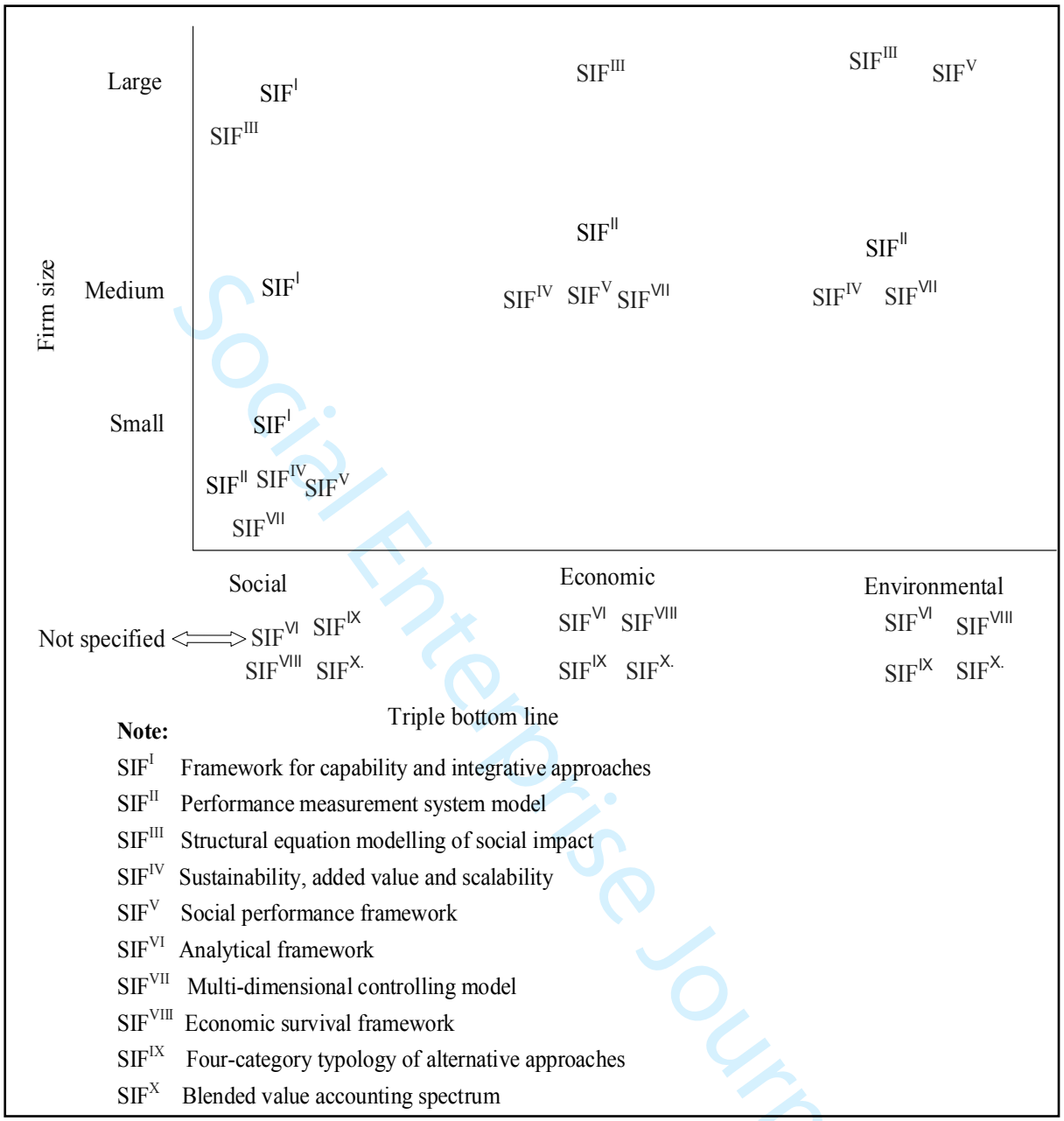

Figure 2. The suitability framework