Accounting and accountability of Australian and New Zealand social businesses

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Abstract

Social business is receiving increased attention, due to its role in pursuing a social mission through self-financing business models, rather than relying on philanthropy to survive (Manetti, 2014). Following on from the hybrid nature of social businesses, they should not only be accountable for blended value creation but should also be accountable for reporting their financial and social performance to multiple stakeholders. It is therefore necessary for social businesses to demonstrate how they discharged their accountability, created social impacts, pursued their missions, and become more self-sustainable (White, 2018). However, how social businesses discharge accountability and measure their social impact remains unclear (Jeffrey & Perkins, 2013), as there is no common impact measurement method and no established reporting guide. Doherty, Haugh and Lyon (2014, p.14) state that "there is a need for a greater understanding of how social businesses account for their performance". Therefore, this research aims to explore accountability and social impact measurement in the context of Australia and New Zealand social businesses. To achieve this purpose, this research relies on accountability theory and the concept of blended value as a theoretical lens to explore how Australian and New Zealand social businesses discharge their accountability and measure their impacts through reporting and disclosure, as well as what challenges or barriers social businesses face in discharging accountability and measuring impacts.

Content analysis and semi-structured interviews are adopted in this research to answer the research questions. The researcher utilises content analysis to analyse the extent and comprehensiveness of the information disclosure. Nineteen semi-structured interviews are conducted to explore how managers understand accountability and social impact, and their perspectives on the challenges they face in discharging accountability and measuring impacts.

The findings of this research show that many sample companies did not provide comprehensive information, but a few did well. Significant differences observed in the extent and quality of disclosure among social businesses and between the five accountability categories. Specifically, social businesses mainly focused on reporting information about accountability for resource allocation, accountability for process and accountability for outputs. However, the information available was limited regarding financial performance, social outcomes and impacts. The interview data reveals that differing views on accountability and definition of social impact and the challenges social businesses faced which resulted in a different extent and quality of information reporting.

This research contributes to the existing literature in several ways. First, this research contributes to a holistic understanding of the accountability logic in social businesses, by introducing the concept of blended value (Emerson, 2003). Second, based on the prior literature, this research proposes the accountability categories and items to investigate how social businesses discharge their accountabilities and measure their impacts through reporting and disclosure. Third, this research provides detailed analysis of how 40 Australian and New Zealand social businesses measure their impact through reporting and disclosure. Last, the researcher interviewed 19 managers and founders of the sample businesses to understand their perceptions on accountability and social impact measurement. In doing so, this research provides a richer analysis of social business accountability and social impact measurement.

This research also contributes to practice. First, the researcher proposes a concise reporting framework for social businesses based on the limited body of social business research examining the accountability fulfilment and impact measurement. Second, the findings will prove beneficial to standard setters and regulators. As social business has not yet become a recognised business category, some institutions in Australia and New Zealand focus on developing a structured reporting framework and measurement method that can be applied in social businesses. Therefore, standard setters and regulators would gain important insights from the findings of this research to develop the reporting guidance and measurement method for social businesses.

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Abbreviations

AUTEC	Auckland University of Technology Ethics Committee
CSR	Corporate Social Responsibility
CIC	Community Interest Company
NFP	Not-for-Profit
NGO	Non-Governmental Organisations
OASIS	Ongoing Assessment of Social Impacts
PSIA	Poverty and Social Impact Analysis
QuIP	The Qualitative Impact Assessment Protocol
SROI	Social Return on Investment
UK	United Kingdom

Attestation of Authorship

"I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning."

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Chapter 1. Introduction

1.1. Introduction

This chapter provides an overview of this research. Following the introduction, Section 1.2 discusses the rationale and significance of this research, including the main reasons for undertaking it and to clarify why it is worth undertaking. Next, the overarching research objective and its related four research questions are set out in Section 1.3. Section 1.4 introduces accountability theory and the concept of blended value, which provides the theoretical lens that has been adopted. Section 1.5 provides an outline of the research design, including the methodology and method undertaken in the research. Section 1.6 discusses the contribution this study makes to the subject. Finally, the structure of this thesis is outlined in section 1.7.

1.2. The rationale and significance of this study

Social businesses are receiving increased attention due to the potential role of such organisations to pursue social mission(s) through self-financing business models, rather than just relying on philanthropy to survive (Manetti, 2014). Following on from the hybrid nature of social businesses, they should not merely be accountable for both financial and social performance but should also be accountable to multiple stakeholders who have different demands and interests. It is therefore necessary for social businesses to demonstrate how they discharged their accountability, created their social impact, pursued their mission(s) and became more self-sustaining (White, 2018). On the one hand, many prior studies have focused on accountability of not-for-profit organisations and non-governmental organisations (e.g., Omar, Arshad, Ab Samad & Ismail, 2016; Humphrey & Erickson, 1997; McDonald, 1999; Yasmin & Haniffa, 2017), but little research has been done on analysing the accountability of social businesses. On the other hand, however, how social businesses should measure and disclose their social impacts remains unclear (Luke, 2016; Jeffrey &

Perkins, 2013), as there is no common framework or guidance for measurement and disclosure of social impact. Different approaches towards measuring social (and environmental) impact exists, yet the relevance and feasibility of these methods have been questioned (Kay & McMullan, 2017). For example, Molecke and Pinkse (2017) argue that not all benefits or impacts can be meaningfully measured by using the existing methods, which provide limited information for either external or internal stakeholders. In this context, Doherty, Haugh and Lyon (2014, p.14) state that "there is a need for a greater understanding of how social businesses [are] accountable for their performance". As a result, the purpose of this research is to explore accountability and social impact measurement in the context of social businesses to contribute to the existing body of knowledge.

There are four main motivations for undertaking this study. First, many prior studies investigate a range of policies, processes and practices relating to social responsibility of for-profit organisations (e.g., multinational companies and listed companies) (Buhr, 2010; Gray et al., 2020; Owen, 2008; Thomson, 2010, 2014). Unerman and Chapman (2014) categorised these prior studies into three broad strands. One strand demonstrates relationships between social and environmental reporting, social and environmental performance, and financial performance (including stock market valuations) (e.g., Flammer, 2017). The second strand explores the motivations of corporate accountability. For example, Newell and Frynas (2007) indicate that there is an increasing consumer preference for 'moral' companies, rather than a focus on goods only. Accordingly, accountability practices can promote corporate competitiveness that result in increased financial performance (Wagner, 2010). Bocquet, Le Bas, Mothe and Poussing (2013) form a similar conclusion: companies adopt accountability to gain a good reputation to ensure better and longer-lasting financial performance. The third strand of the research identifies a series of social and environmental opportunities and risks to help businesses operate in a sustainable way

(Unerman & Chapman, 2014). These previous studies investigate corporate accountability, but few studies have focused on accountability of social businesses. Therefore, this research extends the accountability literature through an analysis of accountability of social businesses.

Second, previous studies on hybrid organisations (e.g., for-profit social enterprises, not-for-profit social enterprises, social businesses, etc.) have mainly comprised of two main streams of literature (Siegner, Pinkse & Panwar, 2018). The first focuses on individual social entrepreneurs and their ability to align divergent financial and social objectives (Bornstein, 2007; Nicholls, 2010). The second analyses the limitations and risks of such organisations in delivering their multifaceted accountability (Siegner et al., 2018). Within the latter stream, some studies show that hybrid organisations have tensions and trade-offs to survive (Smith et al., 2013), thus, there are some risks such as mission drift and 'greenwashing' for such organisations (Fowler, 2000; Jones, 2007; Weisbrod, 2004; Ebrahim, Battilana & Mair, 2014). Ebrahim et al. (2014) further argue that social enterprises (including social businesses), have mission drift risks and face accountability challenges because of their hybrid nature. More specifically, commercial businesses have a direct economic agenda, which in turn is a recognised financial bottom line that dominates all other forms of performance and accountability (Doherty et al., 2014). By contrast, not-for-profit organisations lack such an economic motivation, and their performance and accountability relate to how effectively they meet the demands of their beneficiaries and how they obtain public support (Ebrahim et al., 2014). These studies investigated multifaceted accountability and the risks of hybrid organisations, and the ability of social entrepreneurs to align financial and social objectives. However, it is not clear how hybrid organisations account for their financial, social objectives, how they are accountable for divergent stakeholders' interests, and what challenges or barriers they face in discharging accountability. This research extends the literature by analysing how social businesses discharge their accountability through reporting and what challenges or barriers they face in discharging accountability.

Third, it is increasingly recognised that the measurement and reporting of the social impacts of organisations is crucial for both the organisations themselves and for society (Arena, Azzone & Bengo, 2015; Mulgan, 2010; Nicholls, 2006, 2018). From the organisation's point of view, social impact data has value in terms of decision-making and operations. From society's point of view, the data supports public commitments and claims and can be an important part of sustainable resource strategy with upward stakeholders (e.g., investors and customers) (Nicholls, 2018). However, traditional accounting and reporting practices fail to generate social impact data effectively (Ebrahim & Rangan, 2014; Nicholls, 2018) or have been seen as dysfunctional (Arya & Mittendorf, 2015). Specifically, the field is developing rapidly, and domestic and international debates are conducted within institutions, academia and communities of practice (White, 2018), but there are no agreed social impact accounting standards yet (Luke, 2016), and no established unit(s) of social impact measurement (Kroeger & Weber, 2014). Given the hybrid nature of social businesses, they need to measure and report social impacts, and thereby demonstrate their value creation. Thus, a series of issues are raised regarding how social businesses measure their social impacts, and what challenges or barriers they face in measuring impacts. This study aims to answer these questions.

Last, corporate reports are a communication lens through which stakeholders assess and monitor corporate performance, activities, successes and failures (Coy et al., 2001). As a result, a large amount of previous research has examined corporate accountability through corporate reports (Connolly & Hyndman, 2004; Dhanani & Connolly, 2012). However, the corporate report is only one aspect of accountability of social businesses (Nicholls, 2009). There are two reasons; first, accounting as a technology produces a ‘true and fair’ view of corporate performance, which helps people to see behind, or within, the organisational entity (Roberts, 2018). Yet, an account/report is partial, selective and possibly a narrow view of events (Gray et al., 1996; Roberts, 2009), which cannot be a comprehensive representation of reality. Second, social businesses have been accorded high levels of trust based on their stated social mission, which has previously resulted in detailed corporate reports having been absent, especially for small-medium sized social businesses (DiMaggio & Anheier, 1990). Some scholars (Jepson, 2005; Lister, 2003; Suchman, 1995) claim that the ‘surplus’ of cognitive legitimacy conventionally accorded by society to social purpose organisations, such as social enterprises and social businesses, has resulted in less demanding reporting rules than for other types of organisations. The cognitive legitimacy ‘surplus’ has two specific impacts. On the one hand, accountability of social purpose organisations has been reduced (Jepson, 2005). On the other hand, disclosure of their performance and impacts could be undermined as the motivation for generating data is reduced. Accordingly, Mair and Marti (2006) indicate that analysing accountability of social purpose organisations through reports only is inadequate. Accountability through active enquiry and accountability through action are the other two important accountability mechanisms. Therefore, this study explores how social businesses discharge accountability and measure social impacts by using detailed empirical data (including reports, website information and Facebook posts) and semi-structured interviews to provide a comprehensive understanding of the accountability of social businesses.

1.3. Research objectives and research questions

With the above issues in mind, the purpose of this study is to explore accountability in the context of Australian and New Zealand social businesses. This involves understanding how Australian and New Zealand social businesses discharge their accountability and measure their social impact. Four related research questions have been developed:

RQ1. How do Australian and New Zealand social businesses discharge their accountability through reporting and disclosure?

RQ1 (a). How do Australian and New Zealand social businesses measure their social impact through reporting and disclosure?

RQ2. What are managers' perceptions on accountability of social businesses and social impact?

RQ2 (a). What challenges or barriers do Australian and New Zealand social businesses face in discharging accountability and measuring social impact?

1.4. Theoretical framework

This study relies on accountability theory and the concept of blended value creation as a theoretical lens to understand accountability and social impact measurement of social businesses.

Accountability is defined as a relationship involving the "giving and demanding of reasons for conduct" (Roberts & Scapens, 1985, p.447). It is generally assumed that stakeholders have the right to make these demands. The people in this role are called the 'principal'. Yet, other actors have a duty to provide this information, they are seen as the 'agent' (Gray et al., 1987). These rights involve the transfer of responsibilities or resources from a principal to an agent with some expectations surrounding this transferal. It is these expectations, surrounding activities and actions which provide the terms of the accountability relationship (Gray, 1983).

Given the hybrid nature of social businesses, accountability is the product of ongoing communication between companies and all their stakeholders. That is, accountability can be seen as a social relationship in which a social business has a responsibility to fulfil its mission(s), and demonstrate or account for their activities to all stakeholders. As Gray et al., (2010) stated that, “The organisation owes an accountability to all its stakeholders”, rather than only to more powerful stakeholders (Gray, Bebbington & Gray, 2010).

One of the pioneers in this field, Emerson (2003), coined the term ‘blended value’ to describe the characteristics of a social business: financial and social value creation. The basic logic behind blended value is the creation of social and financial value, and these two types of value creation are interconnected, rather than separate (Nicholls, 2009). Emerson (2003) suggests that social and financial value creation are intrinsically linked. In other words, the core of the nature of investment and returns for a social business is not a compromise or trade-off between financial and social interests, but the pursuit of an embedded value proposition consisting of both (Emerson, 2003). Therefore, blended value is a lens for this research to understand what social businesses do, and what social businesses should be accountable for. By combining accountability theory and the concept of blended value creation, this research attempts to obtain deeper insights into and fuller understanding of accountability and social impact measurement of social businesses.

1.5. Research design

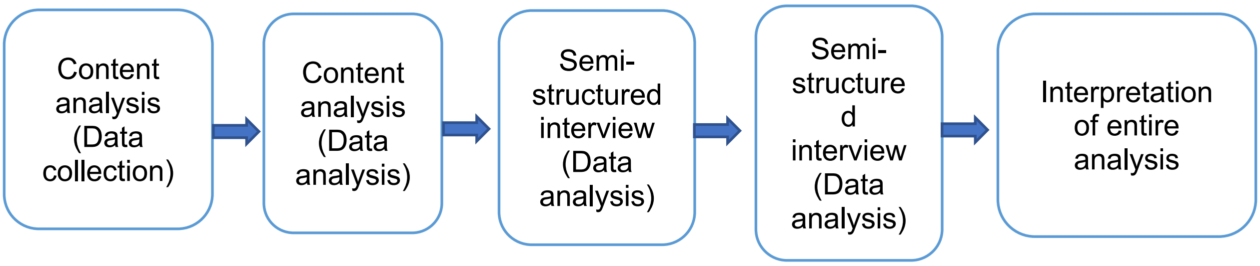
Driven by the research objectives, this study adopts a ‘middle-range’ thinking research paradigm to guide the researcher to investigate the phenomenon of accountability and social impact measurement in the context of Australian and New Zealand social businesses. Specifically, Laughlin (1995, 2004) proposed ‘middle-range’ thinking by using a combination of three dimensions of theory, methodology and change. Laughlin (1995) represents these as three positions on the same spectrum. At one extreme, knowledge is universal, and its discovery requires the adoption of previous theoretically defined and definable methods of observation. In another position, knowledge is based on an individuals' understanding and is context-specific, which requires little or no prior theoretical or methodological specification (e.g., grounded theory) (Chau & Witcher, 2005). In between is the position of middle-range thinking, which acknowledges the importance of prior theories and generalisations; however, these should be complemented with empirical data and details to make them more meaningful (Laughlin, 1995, 2004; Chau & Witcher, 2005). It is a particularly useful research paradigm for organisational accountability research, as it encourages researchers to set 'skeletal' rules for the investigation processes, and still allow for diversity and variety in research process and practice. Following the 'middle-range' thinking paradigm, this study starts with 'skeletal' theories (i.e., accountability theory and the concept of blended value creation) to guide the investigation. The collected data is then utilised to enrich and refine the 'skeletal' theories.

Given the adoption of 'middle-range' thinking, this study utilises content analysis and semi-structured interviews to answer the research questions. The main reasons behind using the two methods are as follows: first, it can broaden and strengthen the research, as the process of collecting, analysing and mixing both forms of data assists in obtaining a better understanding of the research questions (Creswell, 2008; Tashakkori & Teddlie, 2003). Second, as Meyer (1982, p.517) stated, the adoption of two modes of data collection and analysis yields rich data "of behaviour in context that complement numerical data and facilitate their interpretation". Figure 1 illustrates the inquiry process of the research. More specifically, content analysis is used to explore the extent and quality (i.e., comprehensiveness) of information disclosure regarding accountability and social impact measurement. Data is collected from reports, websites, and social media (Facebook).

The sample consists of 40 social businesses: 18 social businesses in New Zealand and 22 social businesses in Australia. It was decided to focus on Australia and New Zealand because of the close ties between these two countries. Additionally, the number of Australian social businesses has continued to increase in the past few years (Brookers, 2016), which operated in different sectors. By contrast, social business is a relatively new form in New Zealand, but the number of social businesses is growing. These two countries were selected because Australian social businesses probably also have an influence on New Zealand social businesses. Finally, New Zealand and Australian social businesses were chosen because of financial and time considerations.

After content analysis, semi-structured interviews were conducted with 19 managers of Australian and New Zealand social businesses to gain a deeper understanding of what the challenges or barriers were in discharging accountability and measuring social impact. Interview participants were selected based on their experience and knowledge of accountability and social impact measurement to obtain rich data and details (Eriksson & Kovalainen, 2016). Accordingly, the sampling method in this study is purposive sampling (Silverman, 2013).

Figure 1. The inquiry process design



1.6. Contribution

Social businesses are receiving increased attention due to the hybrid nature of such organisations. Theoretically, they should not merely be accountable for both financial and social performance but should also be accountable to multiple stakeholders who have different demands and interests. It is therefore necessary for social businesses to demonstrate how they discharged their accountability, created social impact, pursued social mission(s) and became more self-sustaining (White, 2018). However, how social businesses should measure and disclose their social impacts remains unclear (Luke, 2016; Jeffrey & Perkins, 2013). As there are few empirical studies examining social business accountability and impact measurement, therefore, some scholars (e.g., Doherty et al., 2014; Luke, 2016; Unerman & O'Dwyer, 2016) indicate that empirical studies regarding accountability of social businesses are needed to put this research agenda forward. In this context, this research responds to the call to explore the accountability of social businesses. By using content analysis and semi-structured interviews, this research sheds light on how Australian and New Zealand social businesses discharge accountability and measure their social impacts in practice, and what challenges or barriers they are facing in discharging accountability and the measurement of those impacts. In other words, this research adds to the literature on accountability of social businesses and social impact measurement by using content analysis to examine accountability of 40 Australian and New Zealand social businesses.

Given the fact that there are no specific legal forms and common reporting frameworks for Australian and New Zealand social businesses, the researcher proposes a concise reporting framework based on limited prior studies and the interviewees' perceptions on accountability and social impact measurement, which would be useful to social businesses to demonstrate accountability. The findings of this research would also be useful to standard setters and regulators in developing guidelines and legal structures for social businesses.

1.7. Outline of this research

This research is organised into nine Chapters. Table 1 shows the structure of this study.

Table 1. Structure of this research

	Chapter title	Overview of chapter
Chapter 1	Introduction	Outlines the motivations underpinning this study and the research questions. This is followed by a discussion about research design and the intended contribution.
Chapter 2	Literature review: Social business	Provides the definition of a social business by reviewing different definitions and different terms.
Chapter 3	Literature review: Accountability of social businesses	Focuses on the previous literature on accountability of social businesses, in order to justify the motivations of this study. Also, this chapter summarises the challenges faced by social businesses regarding discharging accountability.
Chapter 4	Literature review: Social impact measurement	Provides an overview of the literature on social impact measurement, such as impact measurement methods. This chapter discusses the importance of measuring and reporting impact for social businesses and summarises the main challenges of measuring social impacts.
Chapter 5	Theoretical framework	Discusses the theoretical framework utilised to analyse the findings of this study.
Chapter 6	Research philosophy, methodology and method	Presents the research philosophy, methodology and method adopted in this study to collect and analyse data.

	Chapter title	Overview of chapter
Chapter 7	Understanding how social businesses discharge their accountability and measure their impacts through reporting and disclosure	Presents findings from secondary data sources (i.e., 2021 reports, websites and 2021 Facebook posts) to address the research questions 1 and 1(a): “How do Australian and New Zealand social businesses discharge their accountability through reporting and disclosure?” and “How do Australian and New Zealand social businesses measure their social impact through reporting and disclosure?”
Chapter 8	Understanding what barriers or challenges the social businesses are facing in discharging accountability and measuring impact	Provides the interview results to address the research questions 2 and 2(a): “What are managers’ perceptions on accountability of social businesses and social impact?” “What challenges or barriers do Australian and New Zealand social businesses face in discharging accountability and measuring social impact?”
Chapter 9	Accountability challenges and proposed accountability framework	Combines the results of content analysis and semi-structured interviews to identify the reasons for the low accountability disclosure and suggest a concise reporting framework for social businesses.
Chapter 10	Discussion and conclusion	Summarises the findings of this study and compares those findings to the existing literature to reveal how they contribute to the literature and practice. Finally, this chapter discusses the limitations of this research and provides recommendations for future research.

Chapter 2. Literature review: Social business

2.1. Introduction

This chapter focuses on the definition of what a social business is. Following the introduction, Section 2.2 reviews the literature for understanding the different terms used, as some terms, such as 'social enterprise' and 'social business' have been adopted almost interchangeably (Defourny & Nyssens, 2010). Section 2.3 then describes the legal structure that social businesses can take. Finally, Section 2.4 provides the definition of a social business in this study.

2.2. Understanding the different terms

Since the first usage of the terms 'social enterprise' and 'social business' in the 1990s, no precise distinctions have been established between them, and there are no widely accepted definitions of them either. Additionally, many previous studies that clarified the concepts of social enterprise or social business were often confusing because the terms covered a range of different organisational types and practices offered by different authors (Teasdale, 2011). These included organisational forms developed from not-for-profit organisations, cooperatives, and even traditional businesses (Defourny & Nyssens, 2010). What is even more confusing is that these terms originated from different perspectives around the world (Simmons, 2008). In this context, it is necessary to understand and distinguish these terms to clarify this research.

2.2.1. Social business

The term 'social business' has been adopted in a variety of ways. For example, 'social business' is seen as an evolution of the social media tactics which organisations use to promote dialogue between all their stakeholders (Grove & Berg, 2014), which is mostly adopted by US technology and marketing professionals. Some academics and social practitioners suggest that social businesses are for-profit businesses with a social objective, and that maximisation of shareholder's profits is not considered as the primary objective anymore (Grove & Berg, 2014). Wilson and Post (2013) defined a social business as being a cause-driven, financially self-sustaining commercial business, specifically created to solve a social problem in a sustainable way.

It is important to discuss Yunus Social Business (YSB), because Professor Yunus is widely regarded as the leader and one of the earliest implementers of the 'social business' concept. There are two types of YSB. One is a non-loss, non-dividend company which aims to solve a social or environmental issue (e.g., educational, health, or environmental) and is owned by investors who reinvest all profits to expand and improve the business (Yunus, 2010). Specifically, investors and owners do not obtain dividends or any other form of financial benefit, but they can take back their original investment over the time period that they define[1] (Humberg, 2011). This period can be very short, such as one to two years, or longer, up to fifty years or more (Yunus, 2010). While profit maximisation is not the aim, the business should be financially self-sustaining.

The second type of YSB is a profit-making company which is owned by poor people (Humberg, 2011). Profits flow to those poor people, which in turn alleviates poverty (Yunus, 2010). This is a way to solve a social issue (i.e., poverty). Take Grameen Bank as an example, it offers small loans without requiring collateral to the poor, beggars, illiterate, women, and unemployed people, in order to reduce the poverty in Bangladesh. The bank receives funds from various sources such as the central bank of Bangladesh. As the second type of YSB, Grameen Bank is owned by the bank's borrowers, most of whom are poor women. Borrowers own 94% of the bank's total equity, and the remaining 6% is owned by the Bangladesh government.

[1] In terms of the Western view, taking back the original investment is like a capital dividend.

In summary, the core characteristics of YSB are as follows:

- Self-sufficiency: that is, social businesses must be financed through self-generated income and should not accept grants, governmental funding or donations
- All profits are reinvested to address social issues.

2.2.2. Social enterprise

There are two distinct schools of thought regarding the description of 'social enterprise': the European and American perspectives (Kerlin, 2006). In America, the concept of social enterprise includes a wide spectrum of organisations, from not-for-profit organisations engaged in commercial activities, to traditional businesses engaged in social programmes, such as corporate philanthropy (Defourny & Nyssens, 2006). For example, Dees (1988) states that social enterprise refers to market-based methods in tackling social issues, or profit-making activities carried out by not-for-profit organisations. Kanter and Purrington (1998) adopt the term 'social enterprise' in referring to for-profit organisations that provide social goods or services, and that operate in or/and around the social sector. Kerlin (2006) points out that social enterprise is viewed as social activities in America, which operate in a market economy. To summarise then, social enterprise is still a very broad and vague concept in the US, mainly referring to market-oriented economic activities that serve social goals (Defourny & Nyssens, 2006).

Defourny and Nyssens (2006) explore the development of the social enterprise concept in Europe. Table 2 describes the three phases of the development of the social enterprise concept in Europe. Following these three phases, the Western European-based understanding refers to creating social impact as the main driving force of social enterprise (Engelke, von der Gracht, Mauksch & Darkow, 2016). For example, the Department of Trade and Industry of the UK government (2002, p.1) defined social enterprises as: “Businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners”. This means that every social enterprise needs to have a social mission. Their operations are funded through the utilisation of market mechanisms, thus, social enterprises offer significant benefits to society because of their dual objectives (Nicholls, 2007).

Table 2. Three phases of social enterprise development in Europe

	Description
The first phase	The concept of social enterprise in Europe made its first appearance in the early 1990s and was closely linked with the cooperative movement. These cooperatives were established mainly to respond to needs that had been inadequately addressed by public services.
The second phase	European scholars noticed that social enterprises had adopted various labels, terms, and legal forms in some European countries. Therefore, in 1996, some of the researchers decided to form a network to analyse European social enterprises. Covering all 15 countries that formed the European Union at that time, the organisation was named EMES European Research Network and conducted its preliminary research within four years.
The third phase	Due to a sudden acceleration of the debate regarding social enterprises in the UK in 2002, the Blair government created a 'Social Enterprise Unit' and launched the 'Social Enterprise Coalition' to promote social enterprises throughout the United Kingdom.

Source: Borzaga & Santuari, 2001; Borzaga & Defourny, 2001

Based on different definitions, Ebrahim et al. (2014) conclude that social enterprise is a particular form of hybrid organisation (Battilana & Lee, 2014; Pache & Santos, 2013), and belongs neither to the public nor the for-profit sectors (Defourny, 2001). Accordingly, it is at this intersection of traditional not-for-profit organisations and businesses where social enterprise lies (see Table 3).

Table 3. The differences between not-for-profit organisations, hybrid organisations, and for-profit organisations

	Not-for-profit organisations	Hybrid organisations (e.g., social enterprises)	For-profit organisations
Organisational mission	Through philanthropic funding to address social mission	Mixed motives: address social or environmental mission by being financially self-sufficient	Generate profit for shareholders, that is, profit maximisation
Primary goal(s)	Social value creation	Social and financial value creation	Financial value creation

Source: Modified from Dees, 1998; Ebrahim et al., 2014

Although there are different definitions regarding social enterprise, the core characteristics are as follows:

- Social enterprises rely on various sources of income, but they need to derive some of the income from trade
- Reinvestment of most of the profits to a social mission.

2.2.3. Similarities and differences

Many scholars attempt to define social business and social enterprise, but the overlap and boundaries of these two terms remain contested (Beckmann et al., 2014). The social or environmental mission is a common denominator of both the social enterprise and the social business (Beckmann et al., 2014); that is, they are mission-driven organisations, as well as forms of hybrid organisation.

Regarding the differences, Beckmann et al. (2014) indicate that social businesses and social enterprises can be distinguished based on how they are financed. Yunus (2007) defined social businesses as companies with a social objective at their core that are financially self-sustainable. Yunus and Weber (2007) further explain that social businesses operate in the realm of the private sector, therefore, they must be financed through self-generated income and cannot accept grants or donations. In other words, social businesses are purely financed by market income only. By contrast, social enterprise can earn income from a variety of different sources (see Table 4), but a certain proportion of it needs to be earned through economic activities, such as the sale of goods and services in the markets (Brooks, 2009).

Table 4. Various types of finance of social enterprise

Types of funding	Classification	Description
Grants	Micro-grants	This is a small amount of capital which is awarded to early-stage social enterprises. The purpose is to provide new businesses with the opportunity to try out an idea in practice.

Types of funding	Classification	Description
	Venture philanthropists	Venture philanthropists use the approaches and tools of private sector venture funding to achieve philanthropic ends. They are typically provided for multiple years with extensive strategic guidance, and a focus on long-term viability rather than project-based support.
	Government grants	Grants are funded by government.
Social investment	Government support for social investment	This is a type of finance that social enterprises in the UK can access. Since 2002, the UK government has been keen on developing the social investment market. One of the biggest ways in which the UK government supports the growth of the social investment market is the establishment of Big Society Capital. It is an independent institution which does not directly invest in social enterprises, but through a network of social lenders who are equipped to meet the needs of social sector clients.
	Patient capital	Patient capital (e.g., Esmée Fairbairn Foundation) is a long-term investment for social enterprises. It is repayable finance, but usually not repaid until the social enterprises generate sufficient profit to fund the repayment.
Loans	Social banks	Social banks (e.g., Triodos) offers services through the provision of financial products such

Types of funding	Classification	Description
		as working capital loans, cash flow loans and overdraft facilities, in order to meet the needs of not-for-profit organisations and social enterprises.
	Social lenders	Social lenders such as Big Issue Invest provide debt financing for charities and social enterprises.
Bonds	Social impact bonds	Social impact bonds (e.g., The Essex Social Impact Bond) provide a way to unlock future savings to a specific social plan or programme. It provides a way to finance a payment by a results contract in which the government pays for a service provider, but only if it meets certain agreed social outcomes, such as helping some people to secure employment.
Crowdfunding		Crowdfunding involves raising money by collecting large amounts of small-scale contributions from many people.

Source: Defourny & Nyssens, 2008

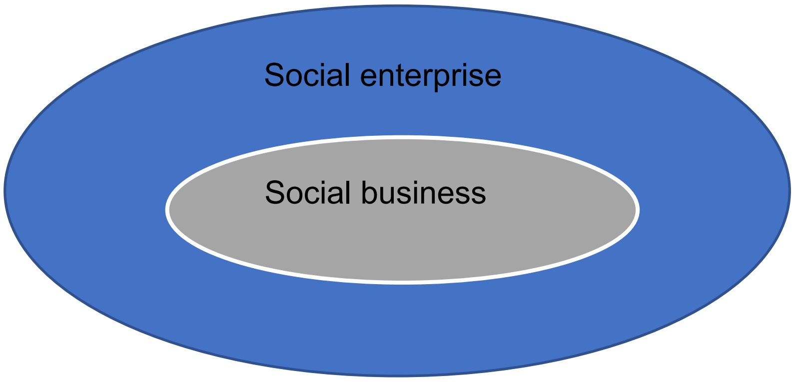
In addition to the above discussion, Table 5 presents a summary of the differences between social business and social enterprise through the perspectives of objective and strategy.

Table 5. Social enterprise taxonomy

	Traditional not-for-profit organisation	Social enterprise			For-profit organisation
		Not-for profit social enterprise	Social business	For-profit social enterprise	
Primary objective	Social value creation		Blended value creation	Financial value creation	
Strategy	Funded through donations and governmental funds	A majority of the funding comes from donations	Integration of business approaches to support social missions	Incorporation of social programmes to achieve profit-making	

Professor Yunus describes social business as a subset of social enterprise to solve social issues (Grove & Berg, 2014) (see Figure 2). He indicates that the classification of companies (i.e., social enterprise and social business) will probably change over time. Take LifeStraw as an example; this is a social enterprise in America. As a consumer purchases a LifeStraw product, the company then provides one child in a developing country with safe water for a year. LifeStraw also accepts donations, so it does not strictly qualify as a social business. If the company decided to be financed through market income only, it could then move from social enterprise to social business.

Figure 2. Social enterprise & social business



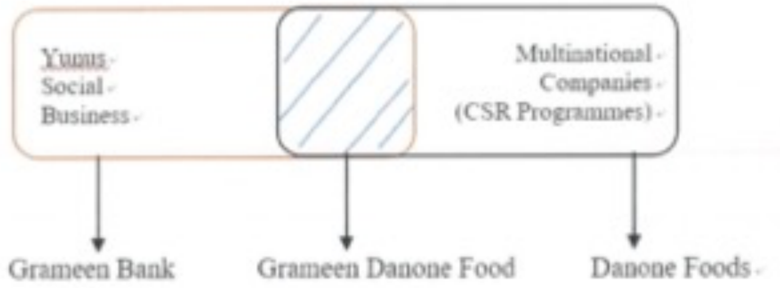
As Beckmann et al. (2014) point out, social enterprises rely on various sources of income, but the sources of funding may be temporary and change over time. For example, the Monitor Study of Social Entrepreneurship finds that many social enterprises take decades to achieve financial self-sustainability, and they use other forms of funding such as crowd funding and grants during their early operational phases (Gem, 2011). This is not just the case in social enterprises or social businesses, but some for-profit companies occasionally receive public funding in the early stages of operation.

2.3. The definition of social business in this research

Some scholars (e.g., Beckmann et al., 2014; Alter, 2007) indicate that purely profit-maximising companies and purely mission-driven organisations are at the extremes of a continuum; both extremes seem to be a rare phenomenon in real life. An example of a company purely driven by profit-maximisation might be a hedge fund. Hedge funds trade highly abstract derivatives in financial markets, where all trading decisions are based on financial indicators only, transactions are anonymous, competition is fierce, traders are under tremendous performance pressure and there is little discretion. Only under such extreme conditions we may observe pure profit maximisation behaviour, rather than trying to achieve any other goals, such as sustainability, social or environmental objectives. Yet, if the trading is not anonymous, corporate goals will be influenced by multiple non-monetary perspectives. In fact, many scholars (e.g., Dees, 2001; Elkington, 1997; Porter & Kramer, 2011) state that there is an increasing hybridisation of for-profit companies. For example, the rise of the triple bottom line, the corporate social responsibility agenda, and ideas about shared value and sustainability indicate that companies integrate social and environmental goals into their business operations (Porter & Kramer, 2011). Thus, the boundaries between purely for-profit enterprises and companies with social or environmental missions are increasingly blurred (Millar, 2012).

Beckmann et al. (2014) also argue that truly pure social businesses might be hard to find. There are several reasons. First, the social business concept of Yunus (2007) not only stipulates that dividends cannot be issued directly, but also claims that it excludes any indirect form of profit distribution from taking place. For example, Yunus (2007) clearly states that social businesses must pay normal market wages to corporate managers. Sattar (2012) argues that it is far from clear what constitutes 'normal market wages' for corporate managers. Second, the concept of YSB stipulates that social businesses must be financed only through self-generated market income (i.e., 100% market income) and no other forms of finance, such as grants and donations. However, the Monitor Study of Social Entrepreneurship (2011) and the British Council (2015) find that many social businesses need decades to achieve financial self-sustainability. While some enterprises rely on multiple sources of income, funding sources are probably transitory and can change over time. Last, Yunus has established some social businesses with multinational companies in Bangladesh, such as Grameen Danone Foods Ltd. Such organisations are also described as 'Grameen social business' or 'Grameen family companies' (see Figure 3). However, Ballesteros-Sola (2014) argues that one of the big challenges is the transferability of a successful social business model from Bangladesh to other countries. In addition to the different culture, economy and technology, there is no special legal model to accommodate social business in many countries (Ballesteros-Sola, 2014).

Figure 3. The typology of Yunus Social Business



Source: Modified from Ballesteros-Sola, 2014

2.4. The meaning of social business in this research

As discussed above, the term ‘social business’ is adopted in this study. According to Wilson and Post’s (2013) definition, social business in the research is defined as a business with a well-defined social mission[2] whose income is principally (or entirely) generated from their own business activities and who are reinvesting a large amount of the profits (or all profits) into social or environmental actions, rather than pursuing profit maximisation.

2.5. Summary

Any company can engage in philanthropy for different purposes, such as increasing reputation and generating profit; any not-for-profit organisations can also obtain income through business activities. Yet, that does not mean the organisations or companies are deemed to be social businesses. As Alter (2007) stated, a true social business is a

[2] A social mission defines why a social business exists and describes what a social business aims to achieve (Grossi, Vakkuri & Sargiacomo, 2021). Different social businesses may have different social missions, such as combating climate change, reducing environmental pollution, alleviating poverty, etc. For example, some social businesses aim to alleviate poverty by providing free food for people in need or offering job opportunities for vulnerable groups; some social businesses aim to protect the environment by recycling old stuff (e.g., batteries, mattresses, toys, etc.).

mission-centric one and uses a self-financing model. In other words, the nature of the business is to create social impact, as well as generate economic value to subsidise the organisation's operating expenses and social programmes.

Previous literature has used the terms social enterprise and social business interchangeably, as no precise distinctions have been established between them, and there are no widely accepted definitions regarding these two terms (Rahman & Hussain, 2012). Therefore, after reviewing the relevant literature, the definition of social business by Wilson and Post (2013) is adopted in this study.

Chapter 3. Literature review: Accountability of social businesses

3.1. Introduction

This chapter reviews the previous literature on accountability of social businesses, in order to justify the motivation for this study. Following the introduction, Section 3.2 looks at the past studies on accountability of social enterprises (including social businesses). The accountability challenges faced by such organisations are identified in Section 3.3. Section 3.4 concludes this chapter.

The concept of accountability has been widely discussed in the academic literature, and is a complex and multifaceted concept (Edwards & Hulme, 1996). From a broader perspective, accountability can be seen as an organisational or personal virtue (Bovens, 2010) while accountability has also been defined as a relationship involving the "giving and demanding of reasons for conduct" (Roberts & Scapens, 1985, pp.447). For purposes of this research, accountability is the process of giving an account, not necessarily written or formal, of the actions and activities of social business.[3]

3.2. Previous literature on accountability of social businesses

A large amount of previous literature explores accountability of private, public and hybrid organisations (e.g., social enterprises). However, given the limited attention to accountability of social businesses, this research draws on the past studies regarding accountability of hybrid organisations (i.e., social entrepreneurships and social enterprises) and focuses on accountability of Australian and New Zealand social businesses.

[3] The entire Chapter 5 is devoted to the concept of accountability, accountability relationships and accountability mechanisms.

Previous studies on hybrid organisations have consisted of four main streams of literature. The first focus is on social entrepreneurs and their ability to align divergent financial and social objectives (e.g., Mulgan, 2006; Miller, Grimes, McMullen & Vogus, 2012; Wry & York, 2017). This body of literature highlights that the social entrepreneur is important, as they provide exceptional leadership in social enterprises, which enables them to achieve a sustainable competitive advantage and thereby address their social mission (Dees, 1998b; Weerawardena & Mort, 2001). Weerawardena and Mort (2006) form a similar conclusion by analysing nine hybrid organisations. The authors indicate that three key behavioural dimensions of social entrepreneurship (i.e., innovativeness, proactiveness and risk management) can fulfil their social mission whilst remaining competitive. However, Wry and York (2017) argue that understanding social enterprise requires adopting a diverse perspective that combines social entrepreneurs' values and goals rather than only focusing on the individuals' characteristics. Consequently, Wry and York (2017) developed a theoretical framework to explain how business and social logic relates to entrepreneurship and how entrepreneurs recognise and develop opportunities to integrate dual objectives.[4] They find that role and personal identity can be associated with business and social logic, and opportunity identification and development can be influenced by the abilities, knowledge and social relationships associated with such identities. Accordingly, Wry and York (2017) conclude that extraordinary cognitive abilities and greater identity awareness, respectively enable entrepreneurs to successfully integrate utilitarian and normative identities related to commercial and social objectives. In short, through conceptual contributions and case studies, this stream of literature demonstrates the importance of the personal characteristics of social entrepreneurs to the successful alignment of financial and social objectives in social enterprises.

[4] Logic is a shared meaning system that rationalise particular goals and values (Lok, 2010). For example, manager identity in for-profit organisations (e.g., listed companies) is tied to commercial logic and carries expectations related to profit-maximisation (Wry & York, 2017); whereas manager identity in social businesses is tied to both commercial and social logic, and carries behavioural expectations related to blended value creation.

Instead of assuming that personal characteristics of social entrepreneurs or qualities of founders and managers determine successful social enterprises, the second stream in the literature takes a different perspective. This argues that individuals within social enterprises face pressures and trade-offs on dual objective management. For instance, Smith, Gonin and Besharov (2013) categorised the tensions that arise between financial and social missions based on four different organisational theories (see Table 6). The authors then emphasise the importance of understanding the tensions in social enterprises and call for a further investigation in future research.

Table 6. Four main tensions between financial and social objectives

	Tensions between dual objectives
Performing tensions	Tensions arising from different metrics and objectives. For example, how do social enterprises sustain support for financial and social objectives and metrics?
Organising tensions	Tensions arising from different internal dynamics, such as practices, structures, and processes. For example, what legal structure should social enterprises use? To what extent should such organisations integrate vs. differentiate between their financial and social mission?
Belonging tensions	Tensions arising from different stakeholder groups. For example, how can social enterprises manage different expectations among employees and external stakeholders?
Learning tensions	Tensions of business scale, growth, and change. For example, how can social enterprises manage financial performance, such as costs, to achieve social mission or social expansion?

Source: Modified from Smith et al., 2013

Accordingly, through a systematic review of the literature on social enterprises and social entrepreneurship, Doherty, Haugh and Lyon (2014) evaluate the impact of hybridity[5] on financial resource acquisition, human resources and the mission management of social enterprises. They propose a framework to understand the

[5] Doherty et al. (2014) identified the dual objectives of pursuing financial sustainability and social goals as the hybridity of social enterprises.

tensions and trade-offs that hybridity results in. The authors state that hybridity of social enterprise creates tensions in three areas: mission, financial resources, and human resources. More specifically, hybridity requires managers of social enterprises to create a balance between social value creation and financial value capture (Doherty et al., 2014). This is because conflicting and sometimes competing business and social objectives and the different requirements of multiple stakeholders can lead to tensions (Battilana et al., 2012), which in turn result in potential issues such as mission drift and legitimacy (Nicholls, 2010c). In this case, managers need to find optimum approaches so that the generation of business income can be linked successfully to social value creation (Doherty et al., 2014). In addition, VanSandt, Sud and Marme (2009) indicate that the focus on social value creation is less attractive to investors and mainstream banks, because social enterprises may generate less profit than other partners or customers. As a result, hybridity of social enterprises affects the acquisition of financial resources, which may create tensions that place financial objectives over social goals (Doherty et al., 2014). With regards to social enterprises involving volunteers, Doherty et al. (2014) further point out that tensions may exist between volunteers and employees. The authors explain that managers need to trade-off between investing in resources to recruit and train volunteers and paying high salaries to attract skilled workers if the social mission has shifted to a commercial focus. Finally, Doherty et al. (2014) highlight that, in addition to tensions, hybridity of social enterprises also presents challenges related to establishing effective governance structures and accountability processes to multiple stakeholder groups. As such, the third stream of literature which focuses on accountability of social enterprises has emerged.

Given the tensions and trade-offs that social enterprises may face, Connolly and Kelly (2011) point out that there is a need for a dedicated accountability framework to satisfy the needs of multiple stakeholders, as there is a clear link between accountability, accounting, dual objectives and associated performance. For example, an appropriate accountability framework should be developed that enables such organisations to be accountable to their diverse stakeholders, and thereby facilitate improvements in financial and social performance (Brown & Moore, 2001). Drawing on past studies, Connolly and Kelly (2011) therefore developed a theoretical accountability framework that includes three aspects (see Table 7). As the hybridity of social enterprise creates tensions (e.g., the tension between financial performance and social mission) and risks (e.g., mission drift), the authors highlight that a clear understanding of how accountability should be discharged enables social enterprises to develop an appropriate system that encourages organisational learning, focuses on social impact, organisational effectiveness and efficiency, thereby maybe mitigating the conflicts and tensions.

Table 7. The accountability framework

	Key information
Legal accountability	Social enterprises should meet their legal obligations that refer to the processes for ensuring legality and integrity, such as complying with reporting obligations and regulatory filings.
Constructive accountability	Constructive accountability is driven by market expectations, competition and ethics rather than legal obligations. Specifically, social enterprises must justify activities and results, and in the process developing accountability mechanisms that promote them as learning organisations. They must also be held accountable for the success of their programmes and whether they achieve their dual objectives. By doing so, social enterprises will obtain long-term legitimacy and develop appropriate governance structures to integrate their multiple stakeholders.

	Key information
Voluntary accountability	This is a higher-level accountability that focuses on determining whether social enterprises have achieved their social and financial objectives. They must proactively identify and explain their own standards of acceptable practice.

Source: Connolly & Kelly, 2011

By using Connolly and Kelly's (2011) accountability framework, Connolly and Kelly (2020) review the annual reports of social enterprises in the United Kingdom to examine the types of accountabilities disclosed. The authors find that social enterprises in the United Kingdom focus on legal accountability disclosure, while disclosure of information regarding constructive and voluntary accountability are fewer. In other words, the sample companies focus on disclosing information about social missions, objectives, and governance practices, but lack information regarding financial and social performance and the extent to which such organisations achieve their objectives. Bradford, Luke and Furneaux (2020) form a similar conclusion by analysing four Australian social enterprises. The findings show that all four social enterprises disclosed information about their social mission but lack publicly available information about performance. Limited information disclosure raises discussion regarding the challenges of accountability fulfilment in social enterprises. In this case, some researchers (e.g., Austin et al., 2006; Ebrahim, Battilana & Mair, 2014; Santos, 2012) explore the challenges social enterprises may face in discharging accountability. The following paragraphs review these prior studies in detail to understand what challenges social enterprises may face in discharging accountability.

Given the hybrid nature of social enterprises, Ebrahim, Battilana and Mair (2014) clarified two challenges such organisations face: accountability for financial and social objectives and accountability to multiple stakeholders. Specifically, social enterprises (including social businesses) aim to address a social issue through the adoption of market mechanisms to fund their operations (Santos, 2012). As such, relying on market income instead of grants and donations raised a unique challenge: how to generate enough income to achieve their social mission. Therefore, Austin et al. (2006) indicate that social enterprises not merely faced the challenge of accountability for financial performance, such as customers, finances and suppliers, but also the challenge related to fulfilling their social mission.

In addition to a challenge of accountability for both making profits and a social or environmental mission, social enterprises (including social businesses) are confronted with different demands and objectives of multiple stakeholders sometimes conflicting interests. Ebrahim et al. (2014) further interpret this challenge by analysing two social enterprises: VisionSpring[6] and Mobile School[7]. The authors indicate that the combination between the business and charity form are bound to face diverse interests between different stakeholders. Social enterprises have to address the needs of beneficiaries and the demands of their partners and paying customers. The issue of multiple accountabilities is thornier than for charities and traditional businesses, but new legal forms (e.g., L3C[8] and the Benefit Corporation[9]) have been developed to better meet the demands of social enterprises which can help them address the challenge of trading-off the different interests of multiple stakeholders. These legal forms include provisions about responsibilities of corporate managers and regulations

[6] VisionSpring provides high-quality and affordable eyeglasses to the poor.
[7] Mobile School makes profits by offering corporate training programmes to corporations and thereby provides free educational materials to street children.
[8] There is a new legal form in the US: a low profit limited liability company (L3C). L3C has the flexibility of a partnership and liability protection of a company.
[9] A new type of corporate entity has been passed in the US in 2013, which is the Benefit Corporation. It is considered one of the most comprehensive and flexible legal entities designed to meet the needs of investors, entrepreneurs and the public. Under this legal denomination, companies must have a corporate objective to have a materially positive impact on society and the environment. The responsibilities of corporate managers and directors include the consideration of non-financial stakeholders, the interests of upwards stakeholders, and a reporting obligation on social and environmental activities (Benefit Corp Information Center, 2013).

for attending to the demands of different stakeholders. However, challenges have been noted due to a lack of the legal structures and reporting regulations for social enterprises in Australia and New Zealand (Bradford, Luke & Furneaux, 2020).

Australia and New Zealand do not have a specific legal form for social enterprises, but it is important to consider the legal form that social enterprises and social businesses could take (Bradford et al., 2020) (see Table 8 and Table 9). The legal structure adopted will to some extent determine the accountability relationships (Yunus, 2010). Also, the adoption of reporting practices and business models enhance accountability, increase transparency, and thereby provide better performance legitimacy (Nicholls, 2009). However, all social enterprise and social business types in Australia and New Zealand need to operate within the existing legal structure (Ballesteros-Sola, 2014). The following tables show the existing legal forms that Australia and New Zealand social enterprises and social businesses could take.

Table 8. The main legal forms in Australia

Legal form	Key points
Incorporated association	• Regulated under relevant state law • Only available to not-for-profit organisations • Management committee must be elected • Financial statements must be prepared, that need to be audited • An Annual General Meeting must be held • Organisations can only trade with the public where trading activities directly serve the organisational main purpose
Company limited by guarantee	• Regulated under federal law • Available to both for-profit and not-for-profit organisations

Legal form	Key points
	• Required to prepare and audit financial reports and Annual Directors Report • An Annual General Meeting must be held
Company limited by shares	• Regulated under federal law • Available to both for profit and not-for-profit organisation • It can be either a public or private company. Public companies are subject to investors' protection provisions, for example, they must prepare and audit an Annual Report and financial reports; an Annual General Meeting must be held. Private companies must have no more than 50 non-employee shareholders • Member liability is limited to the unpaid amount on shares owned in company
Cooperative	• Regulated under relevant state law • Available to both for-profit and not-for-profit organisations • It can be trading or non-trading • Required to prepare and audit financial reports
Partnership	• Regulated under relevant state law • Minimum of 2 partners • Must carry on a business in common with a view to profit • No accounting requirements, other than record keeping for individual personal tax

Source: Finding Australia's Social Enterprise Sector (FASES), 2016

Table 9. Three main legal forms in New Zealand

Legal form	Key information
Incorporated charitable trust	A charitable trust needs to have a social or charitable objective at its core, and profit cannot be distributed to private individuals. It can register with Charity Service so that donations are not taxed.
Incorporated society	An incorporated society is an organisation or a group that has been registered under the Incorporated Societies Act, 1908. The members are not personally liable for the organisational debts or other obligations. Also, members do not have any personal interests in any assets or property owned by the organisation. In addition, the organisation or group must exist for some lawful purpose rather than just for profit-making.
Limited liability companies	Some New Zealand social enterprises and social businesses adopted this legal form to run their businesses. It is a separate legal entity from its shareholders. In a corporation, profit is typically distributed to the shareholders, but it is possible to 'write in' (by restrictions on corporate activities) some social objectives in the constitution of a business.

Source: The Akina Foundation Report, 2020

Nicholls (2009) states that an increased focus on accountability of social enterprises reflects the changing institutional environment in which its organisational legitimacy is constructed. However, on the one hand, choosing the proper legal form to operate the business and achieve the social issues is a challenge for Australian and New Zealand social businesses. On the other hand, the lack of a specific legal form for social businesses results in variation and confusion regarding how such organisations communicate accountability of their performance to multiple stakeholders.

3.3. Summary

Social businesses are neither traditional businesses nor traditional charities; instead, they blend features of both. Concerns around accountability fulfilment arise as a result of this hybrid nature. For example, how can managers ensure that businesses stay focused on their social objectives and hence be accountable to their beneficiaries? How do they deal with the trade-off between their financial and social activities to generate enough income without drifting from their (social) missions? Accordingly, some previous research (e.g., Connolly & Kelly, 2011) developed theoretical accountability frameworks to provide insights into social business accountability, while others (e.g., Ebrahim et al., 2014) examined challenges for accountability and tensions between the dual purposes to propose the role of organisational governance in preserving hybridity. However, there is a lack of empirical studies on how social businesses account for both social and financial goals (Doherty et al., 2014), in this regard, some scholars (e.g., Grossi, Vakkuri & Sargiacomo, 2021; Bradford et al., 2020; Connolly & Kelly, 2020) call for further research exploring accountability of social enterprises (including social businesses) with empirical data to provide further insights into the area of limited research and understanding. Therefore, this research investigates how Australian and New Zealand social businesses discharge their accountability.

Chapter 4 Literature review: Social impact measurement

4.1. Introduction

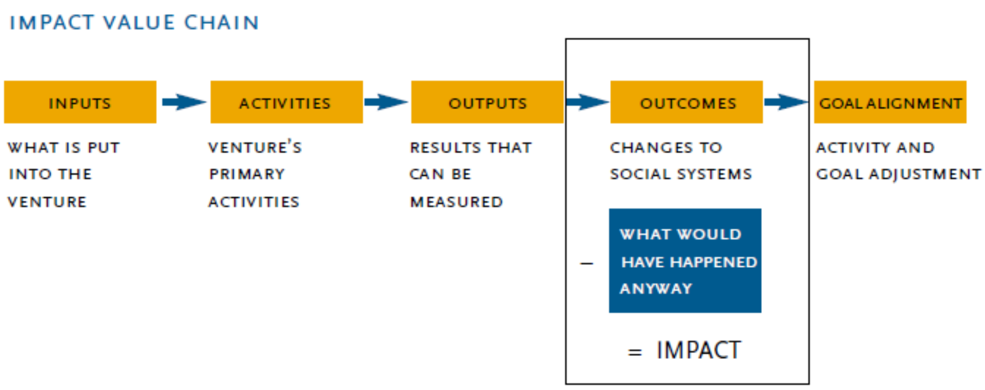
Producing a social impact is one of the important conditions required for an entity to be identified as a social business (Nicholls, 2007). Thus, social businesses are expected to measure and report their social impacts, as stakeholders need such information to understand what impacts social businesses create (Luke, 2016). Accountability also needs to be discharged and demonstrated through social impact measurement and disclosure (Connolly & Kelly, 2011). However, there is no common language on the definition of social impact, as well as no established social impact measurement method. Therefore, this chapter reviews the relevant literature on social impact and some main impact measurement methods. Following the introduction, Section 4.2 reviews the definition of social impact. Section 4.3 identifies the main social impact measurement methods. The importance of measuring and reporting social impact for social businesses is discussed in section 4.4. Section 4.5 summarises the main challenges of measuring social businesses. And finally, a brief summary is presented in Section 4.6.

4.2. The definition of social impact

Accounting methods provide important information for internal and external reporting, and for decision-making. Environmental and social accounting methods are designed to measure the impact of corporate activities on society, which have a similar effect to financial accounting methods. However, the lack of consensus on the definition of social impact and the best way to measure it hinders both the usage of social impact methods and the academic debate on social impact. Accordingly, when addressing complex issues regarding social impact measurement, it is first necessary to understand the definition of social impact.

There is no agreement to date on the definition of social impact. A variety of definitions are found in various academic disciplines, such as management accounting, strategic management, and business and society studies. In addition to different definitions, the term ‘social impact’ is sometimes replaced by terms such as ‘social return’ (Clark, Long, Olsen and Rosenzweig, 2004) and ‘social value creation’ (Emerson et al., 2000). For example, Burdge and Vanclay (1996) defined social impact as the satisfaction of people’s needs by public or private sectors, which in turn alters people’s lives. Emerson et al. (2000) adopt the term social value instead of social impact; they explain that social values are created when resources, inputs, processes, and policies are combined to improve the lives of individuals or society as a whole. Burdge and Vanclay (2009) state that social impacts are the intended and unintended social effects of planned interventions such as programmes, plans, and projects, and any other social transformation processes that these interventions cause, whether positive or negative. Based on the so-called Impact Value Chain (see Figure 4), Clark et al. (2004, p.7) propose a definition as: “Social impact is the share of the total outcome that occurred as a consequence of the activity of a company, above and beyond what would have happened anyway”. The impacts include intended and unintended effects, positive and negative effects, as well as short-term and long-term effects (Wainwright, 2002).

Figure 4. Impact value chain



Source: Clark et al., 2004, p.7

Scholars provide different definitions of social impact, which can be summarised into mainly three perspectives. First, the term social impact refers to a significant change in people's lives brought about by a series of actions (Ebrahim & Rangan, 2014). Second, some scholars suggest that impact is associated with the results of addressing a social issue (Emerson et al., 2000). Third, the term social impact is used more narrowly to refer to an organisation's measurable and specific result in terms of the social objective. In this context, Ebrahim and Rangan (2014) distinguished and clarified these definitions by employing three terms: outputs, outcomes, and impacts. More specifically, outputs refer to the services or products provided directly by an organisation, for example, how many children are fed? How many emergency food parcels are provided? How many harmful substances in the environment are recycled? Outcomes refer to meaningful changes in beneficiaries' lives because of organisational activities (e.g., mental health treatment and job skill training) and outputs (e.g., free food delivered, and free products donated). For example, some organisations provide free lunches for children in needs; over time, the children's health has improved. Impacts mean significant results achieved at the community or social level. For example, Food Bank provides emergency food parcels to the poor, which creates a positive impact on our society such as a sustained drop in poverty.

The researcher agrees with Ebrahim and Rangan's (2014) standpoints and use their definition of social impact. That is, social impact is defined as the effect on beneficiaries and communities (or society) that happens as a result of corporate activities and outputs.

4.3. The importance of measuring and reporting social impact for social businesses

Social businesses engage in market-based transactions with a social mission at the core of their business (Flam, 2014; Luke & Chu, 2013). Producing a social or environmental impact is therefore one of the significant conditions required for an entity to be identified as a social business (Nicholls, 2007). In this case, measuring and reporting social impact is imperative for social businesses. On one hand, stakeholders need such information to understand what social impact or value they have created (Luke, 2016). One the other hand, accountability can be discharged through social impact disclosure, as it provides accountability and transparency regarding corporate performance to multiple stakeholders (Arena et al., 2005).

Measuring and reporting social impact is critical to attract the necessary financial resources to fulfil organisational mission and expand operations in a sustainable manner (Nicholls, 2007; Mair & Sharma, 2012). Specifically, social businesses are self-financed through a business model. Accordingly, the implementation of market-based transactions is needed to pursue social missions and create social impacts (Meadows & Pike, 2009). LeRoux and Wright (2010) indicate that if an organisation could measure and report its social impact, it can not only improve its ability to diversify its financial structure, but also attract socially motivated investors. In other words, communication of social impact can help social businesses to obtain financial resources, and thereby ensure the longevity and viability of such organisations.

In addition to attracting financial resources, social impact measurement is a crucial element that influences the development and management of social businesses (LeRoux & Wright, 2010). As the measurement of social impact provides information about how and to what extent the corporate activities affect the expected results and desired impacts (Barraket & Yousefpour, 2013), such information therefore plays an important role in discovering the quality of corporate services and products. It also provides an understanding of whether the needs of its beneficiaries are met in the best way (Flam, 2014). Therefore, social impact measurement monitors and improves the efficiency and effectiveness of enterprises' operations (Arena & Azzone, 2005). As a report of Social Enterprise NL (2016) stated, impact measurement offers insights into what enterprises have achieved so far, where the challenges are, and what needs improvement to maximise impact.

Besides the arguments listed above, Potma (2016) indicates that social impact measurement can motivate employees, because they may experience that they are creating real social value. The proud staff team is a valuable promoter of the company's work.

In summary, social impact measurement in hybrid organisations has become increasingly important for practitioners and researchers over the past 20 years. From the practitioners' perspectives, social impact measurement ensures the accountability and transparency for multiple stakeholders (Arena & Azzone, 2010). Also, measuring and reporting social impact improves the longevity and viability of the businesses through attracting financial resources and enhances the companies' learning capabilities, which supports the fulfilment of dual objectives and expansion of corporate activities (Nicholls, 2007; Barraket & Yousefpour, 2013). From an academic perspective, hybrid organisations operate in different industry fields, with both dual objectives and different organisational structures (Alter, 2004). This diversification leads to different expectations from multiple stakeholders, different information needs, and probably different indicators for assessing social performance (Arena et al., 2015). Consequently, some organisations and researchers have focused on developing methods and instruments for assessing social performance and impact. The following section discusses the main social impact methods and instruments that were developed for hybrid organisations.

4.4. Social impact measurement methods and instruments

The complexity of measuring mission-related impacts and the dual objectives of hybrid organisations have drawn attention to social performance measurement. Since the 1990s, many methods have been developed to measure social impact. For example, several methods have been developed for not-for-profit organisations, such as Social Return on Investment (SROI), Poverty and Social Impact Analysis (PSIA), Outcome Harvesting, the Qualitative Impact Assessment Protocol (QuIP) and Ongoing Assessment of Social Impacts (OASIS). Some methods have been developed for for-profit organisations (e.g., Social Return Assessment (SRA)). Although a method may initially be developed for an organisation, it can be used and adopted by other types of organisations. The use of SROI is a good example of this phenomenon. This method was originally developed for not-for-profit organisations and is increasingly being used by for-profit organisations. In addition to these impact measurement methods, several firms, non-governmental organisations (NGOs) and associations have developed guidelines or frameworks that are usually based on one or more existing methods regarding how they measure social impact, such as the Guidance Document for the Oil and Gas Industry (IPIECA, 2008).

The researcher reviewed the literature on methods and instruments to deal with impact measurement in social businesses. Two main groups were identified in this research: i) studies that suggest specific methods to measure the impact; and ii) studies that develop and provide general instruments or frameworks to measure the impact.

4.4.1. Specific methods for impact measurement

The prior academic studies on the topic of social impact measurement describes several social impact methods, such as Social Return on Investment (SROI), the Qualitative Impact Assessment Protocol (QuIP), etc. However, some scholars (Arvidson et al., 2013; Dillenburg et al., 2003; Ebrahim and Rangan, 2010; Nicholls,

2009) argued, that although the literature on social impact measurement methods describes different methods, such work focuses on theoretical perspectives and does not directly address an issue concerning the feasibility of these methods: how do social enterprises or social businesses use these methods in practice? Or do these enterprises use these methods in practice? Therefore, these studies can be seen as starting points to guide a deeper understanding of social impact research and assist in "new learning" (Emerson, 2003; Ebrahim & Rangan, 2010; Nicholls, 2009). The researcher summarised six main methods for impact measurement (see Table 10). These methods can offer a comprehensive context for understanding the existing measurement methods, and also help the researcher to explore whether the sample businesses used these methods to demonstrate their impacts.

Table 10. Social impact measurement methods in the previous literature

Name of the impact measurement method	Description	Mentioned by
Social Return on Investment (SROI)	SROI was developed by The Roberts Enterprise Development Fund that is a not-for-profit organisation with the aim of job opportunity creation (Clark et al., 2004). This method monetised social value through assigning financial proxies (Nicholls, 2009). The calculation process involves six steps:1) talking with stakeholders to understand and identify their perceptions on social outcomes and impacts; 2) understanding how the outcomes and impacts are created through organisational activities or programmes; 3) mapping outcome indicators; 4) finding appropriate financial proxies; 5) putting financial proxies on those outcome indicators; 6) calculating SROI using the formula: social impact value – initial investment amount/initial investment amount. If the SROI ratio is 2, this means that every $1 invested will result in a social impact of $2 in financial worth.	Clark et al. (2004), Nicholls (2009), Arvidson & Lyon (2013)
The Qualitative Impact Assessment Protocol (QuIP)	The QuIP was developed by researchers at the Centre for Development Studies (CDS) at the University of Bath and was used in over 30 studies across 16 countries (Copestake, 2019). It is an impact assessment approach that places the voices of the target population at the centre of	Copestake (2019)

Name of the impact measurement method	Description	Mentioned by
	the assessment, enabling them to talk and give feedback about their lives' changes in a respectful manner (Copestake, 2019). Thus, QuIP typically involves some methods such as interviews, focus groups and open-ended questionnaires to collect evidence of organisational impacts through narrative casual statements gathered directly from beneficiaries (Copestake, 2019). For example, beneficiaries are asked to talk about changes in their lives and what they believe to be the key drivers of these changes, and to what they attribute these changes. After data collection, thematic analysis is used to systematically conduct coding for impacts, attribution and drivers (Copestake, 2017). Therefore, QuIP focuses on gathering impact evidence rather than quantifying it.	
Poverty and Social Impact Analysis (PSIA)	PSIA is a systematic method that was developed by the World Bank in 2001, and utilised increasingly by civil society organisations, not-for-profit organisations, governments, and non-governmental organisations to evaluate the distribution and social impact of policy reforms on the well-being of people in society, especially poor and vulnerable groups (Clark et al., 2004). This method emphasises the importance of establishing an analysis by determining plan	Clark et al. (2004)

Name of the impact measurement method	Description	Mentioned by
	assumptions, implementation and occurrence channels, institutional structures and relevant stakeholders. Subsequently, social impacts and risks can be estimated by forming an analytical technique appropriate to the research project.	
Ongoing Assessment of Social Impacts (OASIS)	OASIS was developed by the Roberts Enterprise Development Fund (REDF). This organisation is a venture philanthropy that invests in social enterprises that help and hire people to overcome work barriers. OASIS is developed for internal use to assess the social impact of non-profit agencies in its portfolio, which can result in an agency-wide, state-of-the-art client tracking system that provides insight into real-time data, social management information, and short- and medium-term outcomes (Mass & Liket, 2011). This method includes four steps: i) assessing corporate customer-related information needs; ii) designing the customer tracking system; iii) automation; iv) implementation.	Mass & Liket, 2011

Name of the impact measurement method	Description	Mentioned by
Theory of Change	A theory of change explains the process of anticipated social change through an organisation, investment or intervention (Hehenberger, Harling & Scholtern, 2012). The logical model is the framework of a theory of change through the process of value creation of an organisation (So & Staskevicius, 2015). It does this by showing the linkage from inputs to activities, to outputs, to outcomes, and ultimately to impacts (Hehenberger et al., 2012).	So & Staskevicius (2015), Hehenberger et al. (2012)

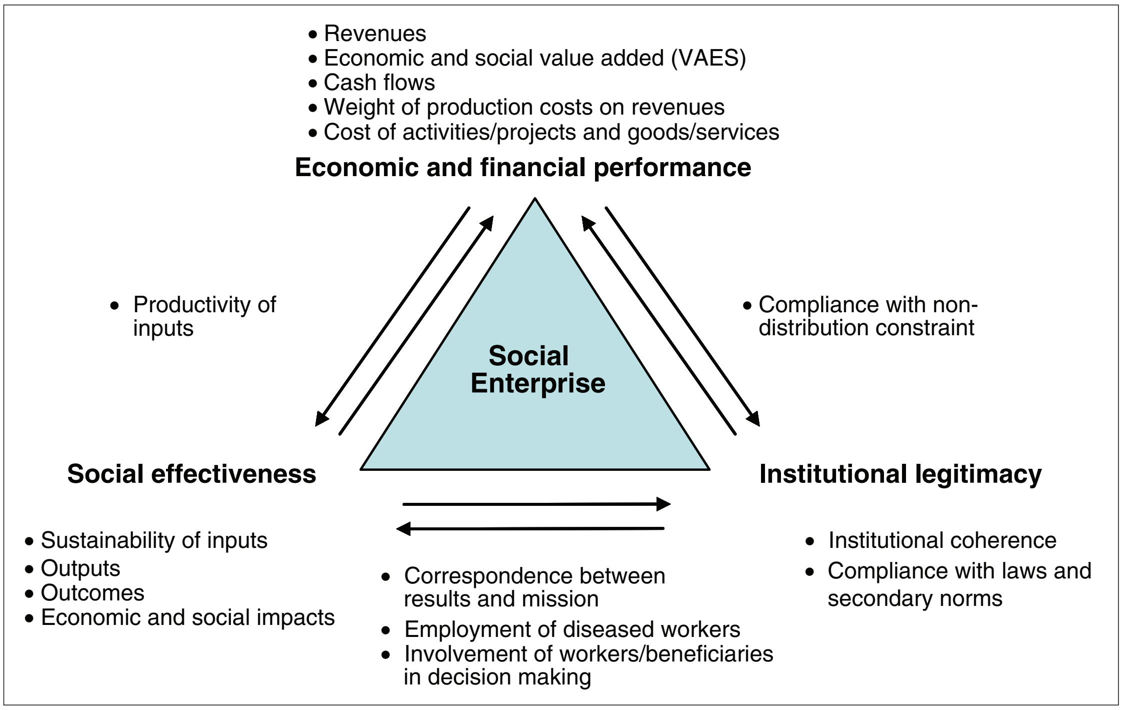
Name of the impact measurement method	Description	Mentioned by
Outcome harvesting	This is an evaluation method in which researchers or evaluators identify, collect and analyse evidence of what has changed (i.e., changes for beneficiaries affected by organisational activities or programmes), then, determines whether and how organisational activities or programmes contributed to these changes. Information is collected and identified using several methods (such as surveys, interviews and focus groups, etc.) to understand how organisationsal activities created impact on the target population.	Wilson-Grau (2018), Railer, Stockley, Flynn & Hastings-Truelove (2020)

4.4.2. Impact measurement frameworks

The second stream of research includes some studies that propose frameworks for social businesses to design their own measures for their impact. More specifically, Neely, Adams and Kennerley (2002) proposed a holistic framework called the Performance Prism which focuses on the relationships with multiple stakeholders. The framework supports organisations to design, build, operate, measure and report impact by addressing a series of questions; for example, who are the stakeholders of the organisation and what do they want and need from the organisation? Based on analysis of different stakeholders' standpoints, a ranking of measurement aspects that are important for stakeholders is established. Then, organisations can measure and report those aspects accordingly. Similarly, Simmons (2003) developed an impact measurement model that directs management attention to stakeholder interests. The first step of this model is to conduct appraisal interviews with multiple stakeholders, as their perceptions and constructive feedback could be a measure of performance. Following these interviews, managers make decisions on measurement indicators based on the interview outcomes. Then, social performance can be measured by a range of qualitative and quantitative indicators. For example, qualitative measures relate to stakeholder satisfaction and organisational objectives; quantitative assessments include the number of interviews conducted, and the number of development activities resulting from these interviews and discussions. Finally, an overall measurement of the performance can be produced by combining these qualitative and quantitative indicators with efficiency, efficacy and effectiveness that relate to resource allocation, process operation and organisational contribution. However, Arena et al. (2017) argue that these two measurement frameworks are limited, as the performance is only measured based on definition of the performance dimension that the main stakeholders consider relevant. Other aspects appear to be overlooked.

In this context, Ebrahim and Rangan (2010) developed the contingency instrument for social sector organisations, aiming at social performance measurement. Compared with the above two frameworks, the instrument proposed by Ebrahim and Rangan (2010) is more comprehensive and flexible. Specifically, the authors suggested that social sector organisations measure social performance based on a process approach, which includes five dimensions: input, activities, output, outcome and impact. Given the organisational missions, objectives and capacity in particular, organisations should determine which measures and dimensions are appropriate for themselves. For example, driven by the mission and objectives, some organisations prefer to measure short-term results, while others may choose measuring long-term impact. Accordingly, this instrument offers a guide for social sector organisations and managers to measure and communicate what kind of results they attempt to achieve, and what they should be accountable for. In addition, Bagnoli and Megali (2011) created a measurement system (see Figure 5) for social enterprises by analysing three dimensions: i) economic-financial performance, which is related to overall performance (e.g., revenues and cash flows) and analytical results such as an efficiency indicator and costs; ii) social effectiveness, which measures the quality and quantity of activities performed and determines the impact on beneficiaries and communities; and iii) institutional legitimacy, linked to verify compliance with the law and the mission.

Figure 5. Social impact measurement framework



Source: Bagnoli & Megali, 2011, p. 161

Despite the previous literature proposing different instruments and methods to assess social impact, measuring social impact is not an easy task. The following sub-section summarises two main challenges faced by social businesses in measuring social impact.

4.5. Challenges faced by social businesses in measuring social impact

Social impact measurement is imperative for social businesses, along with many methods that have been developed, but the challenges of social impact measurement still exist. As Ballesteros-Sola (2014) noted, measuring social impact is a major challenge among hybrid organisations. The reasons are as follows.

First, the fact is, there is no consensus in industry and academia regarding the definition of social impact, which hinders the development and adoption of measurement methods (Maas & Liket, 2011). For example, Millar and Hall (2013) interpret social impact using the example of a social enterprise offering low-cost cataract surgeries. The authors note that the overall impact of people restoring their sight, both individually and to our society, would be an impact. Roche (1999) defined social impact as the significant changes in the lives of individuals, brought about by a series of activities. Therefore, some scholars point out that the deficiency of a generally accepted definition is accompanied by utilisation of diverse vocabulary (e.g., social return and social value) (Flam, 2014), which poses an additional barrier to comparability (Clifford, Markey & Malpani, 2013).

Second, there is no unified calculation process and measurement unit (Nicholls, 2009), which raises the issue of how to measure the impact. There are some methods to measure the social impact, but several scholars argued that these methods fail to support the generation of effective data. For example, SROI is promoted as part of a social accounting language to evaluate and measure blended value creation in hybrid organisations (Luke et al., 2013), as a result, it has become one of the most prominent measures, gaining support from governments in the United Kingdom and Scotland (Gibbon & Dey, 2011), as well as being supported by governments in other countries such as Australia (Productivity Commission, 2010). This method, however, has sparked debate. Specifically, SROI computation monetises social benefits and costs in relation to financial costs (or financial inputs) (Lingane & Olsen, 2004), but the mission-driven nature of social enterprises poses the question of "whether all value creation can be quantified" (Luke et al., 2013). While monetary value can be determined for some values (e.g., no longer paying unemployment benefits to those re-entering the labour force), for other value creation such as social belonging and self-confidence, monetary value tends to be ascribed based on assumptions and approximations, which may be misleading (Gibbon & Dey, 2011). Accordingly, several scholars indicate that the complexity of the SROI calculation procedure and the difference within the formulae is a challenge for social enterprises. Even if the value is calculated, it is not comparable, since various organisations measure social value from different stakeholder perspectives. In addition, Kendall (2003) suggests that social impact may be measured at what beneficiaries are willing to pay for it. However, Nicholls (2009) argues that this method has proven to be of limited help in measuring social impact, because such valuations cannot support the generation of valid data in the absence of a proxy or comparable products or services in the market. Mulgan (2010) supports Nicholls' (2009) standpoints, criticising the methods that assume objective value quantifiable through measurement, and proposed that considering variability and subjectivity of social impact can improve measurement methods. As a result, we can say, the ambiguity surrounding social impact definition and its measurement leads to challenges within social businesses regarding measuring and reporting social impact. On the one hand, stakeholders such as investors and partners, as well as governments, increasingly expect that social businesses measure and report their impact to understand their performance and accountability and thereby optimise their funding decisions (Nicholls, 2009). On the other hand, the lack of conventions and a common method makes for measuring impact challenging. The challenges inherent in social impact measurement are well analysed in the literature (e.g., Emerson, 2003; Kroeger & Weber, 2014; Nicholls, 2009), yet, less well understood is how social businesses measure and report their impact in practice and what challenges regarding measuring impact is faced by these businesses. Therefore, this research aims to explore how social businesses measure and report their impacts in practice and what challenges regarding measuring impact is faced by these businesses.

4.6. Summary

Over the last decade, the issue of social impact measurement has become increasingly important among researchers and practitioners, especially for social businesses, as they are organisations that exist for a social mission and operate in commercial markets to provide financial support for its activities; that is, social and financial operations and performance are the core of the business. Internal stakeholders (e.g., managers and staff) require feedback, advice, and information on future resource allocation decisions, while external stakeholders (e.g., investors, government, and the general public) have called for accountability, transparency, and comparability (Arvidson et al., 2010). As a result, not only does social impact measurement demonstrate responsibility and transparency to external stakeholders, but it also provides information to internal stakeholders for strategic decision-making (Nicholls, 2009). Despite awareness of the importance of social impact measurement, different definitions and lack of an established measurement approach can create challenges regarding measuring social value creation to social businesses. As a result, many scholars attempted to develop measurement methods and frameworks for hybrid organisations. While there has been an increase in methods and frameworks for measuring social performance and impact, it is still not clear how social businesses measure and report their impact in practice, and what the challenges or barriers are that they encounter in measuring their impact. Therefore, this study focuses on these two questions to understand impact measurement methods social businesses use and the challenges they face.

The following chapter presents the theoretical framework adopted to analyse the findings.

Chapter 5. Theoretical framework

5.1. Introduction

This chapter discusses the theoretical framework utilised to analyse the findings of this study. Following the introduction, accountability theory is discussed in Section 5.2, three questions are analysed in this section: first, to whom are the social businesses accountable. Second, for what are social businesses accountable. And third, how accountability is discharged. These three questions are foundational and useful in mapping an in-depth understanding of accountability in the context of social businesses. Finally, a summary is presented in Section 5.3.

5.2. Accountability

The concept of accountability has been widely discussed in academic literature (Edwards & Hulme, 1996; Gray, Owen & Adams, 1996), but it is still a complex and multifaceted concept. This is because “it can mean different things to different people” (Bovens, 2007, pp.448). As a result, it is imperative to discuss and clarify the meaning of accountability in this study before conducting further investigation.

Bovens (2007) considered why the concept of accountability is elusive through a detailed explanation of the origin, the meaning, and broad and narrow concepts of accountability. The author indicates that the roots of contemporary concepts can be traced back to the reign of William I of England. In the year 1085, William asked all property holders to render an account of what they owned, and these possessions were evaluated and listed by royal agents in the so-called Domesday Book (Dubnick, 2002). Accordingly, Bovens (2007) suggests that the word ‘accountability’ has a close relationship with accounting both historically and semantically. That is, the word ‘accountability’ conveys an image of financial administration and bookkeeping. However, it is difficult to translate ‘accountability’ into other languages, as Portuguese, French, Dutch, Japanese or Spanish have no exact equivalent, nor distinguish semantically between 'accountability' and 'responsibility' (Mulgan, 2000). For example, in Eastern and Northern European languages, the meaning of the word 'accountability' is translated into terms that are closely related to account-keeping or making reports; in Japan, there are at least 17 distinct terms that are adopted to communicate the word 'responsibility' (Bovens, 2007). Thus, Dubnick and Justice (2004) argue that the concept of 'accountability' is ambiguous when treated as a word.

Similarly, the concept of accountability is subject to the same problem of ambiguity (Dubnick, 2002). For example, accountability covers a wide variety of other concepts, such as democracy, transparency, responsibility, liability, responsiveness, and integrity (Bovens, 2007). Sinclair (1995) explains that accountability is a 'murky' term, as it not only has a discipline-specific meaning, but in the accounting domain, there is a lack of consensus on the issue of the actual need to be held accountable (Cooper & Owen, 2007). While accountability is a multifaceted concept, some scholars (e.g., Bovens, 2007, 2010; Dubnick, 2002, etc.) systematically discuss and clarify various definitions and concepts.

From the perspective of a broad concept, accountability is seen as an organisational or personal virtue (Bovens, 2010). In this very broad sense, accountability is basically an evaluative concept rather than an analytical one (Dubnick & Justice, 2004). It comes close to 'a sense of responsibility' and 'responsiveness', also conveying the image of a willingness to act in a fair, transparent, and equitable way (Bovens, 2007). Previous literature using this broad concept often focuses on normative issues, standards, and assessments of the actual and active behaviour of agents (Considine, 2002; Koppell, 2005; O'Connell, 2005). Various efforts have been made in the academic literature to understand this broad concept of accountability. For example, Koppell (2005) states that accountability is a virtue. However, accountability as a virtue is essentially a contested concept (Gallie, 1962); there is no consensus about what the criteria should be for accountable behaviour. The criteria would differ depending on the institutional context, culture, role, political perspective, era, and so on (Bovens, 2007). For example, the standards for accountable behaviour of civil servants in most European parliamentary systems are very different from the standards for politicians. In this context, it is hard to establish empirically whether an organisation meets this concept of accountability, because the standards depend on the institutional context and on the type of organisation (Bovens, 2010).

In the narrow sense, accountability has previously been defined as a relationship involving the “giving and demanding of reasons for conduct” (Roberts & Scapens, 1985, pp.447). It can be seen as being related to the provision of information by one party to another to account for what has been done or planned (Hyndman & McKillop, 2018). This relationship between the account provider and the account receiver is summarised as a principal-agent relationship (Laughlin, 1990). This involves a transfer of some responsibilities or resources from a principal to an agent with some expectations surrounding this transferal. Therefore, accountability is a relational concept (O’Dwyer & Unerman, 2007).

Accountability relationships can be differentiated into hierarchical accountability and holistic accountability (Roberts, 1991). More specifically, hierarchical accountability is functional and implies accountability to stakeholders who control access to critical resources for both direct impact and resource use (O’Dwyer, Unerman, 2008; Ebrahim, 2003a), thus, some scholars (e.g., Ebrahim, 2003a, 2005; O’Dwyer & Unerman, 2007) argue that hierarchical accountability tends to prioritise accountability to powerful stakeholders (i.e., upward accountability), which results in a narrowing of accountability relations. In this regard, many researchers, not-for-profit organisations, and hybrid organisations (e.g., social enterprises and social businesses) seek greater examination and practice of holistic accountability (O'Dwyer & Unerman, 2007). Advocates of holistic accountability believe that everyone has the right to participate in organisational decisions on matters, regardless of the power of individuals (Unerman & Bennett, 2004; O'Dwyer & Unerman, 2007). Accordingly, within holistic accountability, in addition to upward stakeholders, organisations are also accountable to individuals or communities that are indirectly and directly impacted by corporate activities (Ebrahim, 2005). This is because holistic accountability is motivated by a sense of morality and obligation to the mission attainment, which lead to explicit consideration of multiple stakeholders, with particular emphasis on downward accountability (Roberts, 1991; Dixon et al., 2006).

In summary, the concept of accountability has been widely discussed in academic literature (Edwards & Hulme, 1996; Gray et al., 1996), but it is still a complex and multifaceted concept that requires further investigation, especially with reference to social value-based organisations (e.g., social businesses) (Mäkelä, Gibbon & Costa, 2017). Andreaus and Costa (2014) explain that accountability of social value-based organisations cannot be solely based on their financial performance, as such information could be misleading. Other aspects must be considered; that is, the relationship with stakeholders and the ability to reach stated objectives, which are undoubtedly by definition, not only economic but also relevant to the social dimensions. However, the literature on accountability for value-based organisations, such as social enterprises (including social business) and cooperative businesses, is found to be under-theorised and lacking a rigorous framework (Ebrahim & Rangan, 2014). Simultaneously, there is growing interest in the need to understand social impact creation by social businesses (Vik, 2017). In this case, Mäkelä et al. (2017) highlight that an accountability framework should be developed and implemented to understand this aspect of such organisations. Therefore, the researcher explores social businesses through three fundamental dimensions of accountability theory: first, to whom are social businesses accountable (Bovens, 2007; Ebrahim, 2010; Stone & Ostrower, 2007). Second, for what are social businesses accountable (Bovens, 2007; Ebrahim, 2010; Stone & Ostrower, 2007). Third, how is accountability discharged (accountability mechanism) (Bovens, 2007; Ebrahim, 2010; Stone & Ostrower, 2007).

5.2.1. Accountability to whom

Accountability relationships (i.e., accountability to whom) are critical for any organisation, as the formal analysis of "stakeholders maps" and the derivation of different forms of information that would be required for each relationship in the map will ensure the completeness of fulfilment of accountability (Gray, Bebbington & Collison, 2006). Consequently, identification of stakeholders is a key factor within relational accountability. One of the first questions arising from this standpoint is to whom social businesses should be accountable to.

5.2.1.1. Studying the accountability of to whom, from the perspective of holistic accountability

The theoretical perspectives of to whom an organisation is accountable, range from a standpoint that the organisation is only responsible to those stakeholders who can directly affect the achievement of the organisation's goals, to the belief that the organisation is accountable to all those who may be affected by the organisation's activities (Unerman & O'Dwyer, 2006b; Cooper & Owen, 2007). This subsection explores hierarchical and holistic accountability to clarify to whom social businesses should be accountable.

Accountability is a relational concept that changes depending on the purpose of the organisations (Ebrahim, 2010; Unerman & O'Dwyer, 2006). For example, the interests of owners or shareholders take priority over the demands of others in terms of for-profit companies, because the purpose of the companies is profit maximisation (Dalton, Hitt & Certo, 2007). These arguments are reflected in hierarchical accountability, as this focuses mainly on the relationship between an organisation and its powerful and crucial stakeholders who control the critical resources required by the organisation (Fernando & Lawrence, 2014). Therefore, in commercial businesses, the essential element of the accountability relationship is reflected in that between the managers and the shareholders (Gray et al., 1996). This means that the agent has accountability to the principal (i.e., upwards stakeholders, such as the shareholders, investors, and partners). However, hierarchical accountability prioritises stakeholders based on their power, which may not reflect accountability relationships within social businesses.

For hybrid organisations such as social businesses, this expands the concepts (i.e., performance and the relationship between managers and upward stakeholders) within hierarchical accountability to embrace all stakeholders by focusing on the achievement of organisational mission(s) and their related impacts, which is echoed by holistic accountability. Holistic accountability ultimately involves accountability for impacts that an organisation's activities have, or can have, on a broad range of individuals, communities, the environment and other organisations (Edwards & Hulme, 2002a). Accordingly, Unerman and O’Dwyer (2006) indicate that hierarchical accountability can be viewed as a subset within holistic accountability, as in addition to upwards stakeholders identified under the hierarchical accountability, the stakeholders to whom organisations may be held accountable include communities and individuals who are directly and indirectly impacted by organisational activities (Ebrahim, 2005). This is certainly true for social businesses, as such organisations combine the charity and business forms at their core, thus they are accountable to investors, customers and partners for achieving financial sustainability, meanwhile, also ensuring that they meet the demands of beneficiaries. In addition to upwards and downwards stakeholders, social businesses also take responsibility towards staff and volunteers, as human capital plays an important role in conducting mission-related activities and blended value creation. Therefore, managers of social businesses have an accountability to multiple stakeholders rather than just to powerful stakeholders, in order to ensure that their financial and social objectives are achieved.

In short, this study assumes that accountability of social businesses is the product of ongoing communication between companies and their multiple stakeholders. That is, they should be accountable for upward stakeholders, downward stakeholders, inward stakeholders and on the horizontal level (See table 11). Accountability of social businesses to upward stakeholders involves their relationships with investors and funding providers and is related to how social businesses spend their financial resources (e.g., the received funds or grants) for designated purposes. Accountability to downwards stakeholders is in reference to the relationships with people for whom social businesses offer products or services. Social businesses' accountability to inwards stakeholders involves a responsibility to its staff and volunteers. Social businesses also have horizontal accountability towards other social businesses and suppliers. Accountability at each level requires different types of mechanisms (with some overlap across levels). These mechanisms range from formal components of the institutional structure, such as reporting, to informal elements of the structure, such as stakeholder engagement, newsletters, websites, social media, and open dialogue among staff (Christensen & Ebrahim, 2006). Accordingly, accountability for blended value creation and mechanisms are discussed as follows.

Table 11. To whom are social businesses accountable

To whom are social businesses accountable	Example
Upwards	Investors, Funding providers
Downwards	Beneficiaries
Inwards	Staff, volunteers
Horizontal	Other social businesses, suppliers

5.2.2. Accountability for what? Blended value creation

The purpose of commercial businesses, such as multinational companies, is to create value for their shareholders or owners; that is, shareholder wealth maximisation (Aguilera & Jackson, 2010). The emphasis on private gain and financial performance provides a significant anchor for the accountability of companies (Ebrahim et al., 2014). By contrast, not-for-profit organisations, such as charities, aim to fulfil their social or environmental missions. Thus, the accountability in such organisations is centred on implementing their social or environmental missions. Given the hybrid nature of social businesses, the researcher believes that social businesses should be accountable for blended value creation, because they aim to be financed through self-generated income and all profits are utilised to address their social missions.

5.2.2.1. Studying accountability for what, from the perspective of blended value

Some scholars (e.g., Christensen & Ebrahim, 2006; Connolly & Kelly, 2011) indicate that the blended value perspective provides space for empirical and theoretical research of a more complex, multi-faceted and multi-stakeholder accountability concept. Therefore, blended value is a lens for this study to understand what social businesses do, and what social businesses should be accountable for.

One of the pioneers in this field, Emerson (2003), coined the term ‘blended value’ to describe the characteristics of a social business: economic and social (including environmental) value creation. The basic logic behind blended value is the creation of both social and economic value, these two types of value creation being intrinsically linked or interconnected, rather than separate (Nicholls, 2009). This perspective is an anchor of the characteristics of social businesses, as the core nature of investment and returns for a social business is not a compromise or trade-off between financial and social (or environmental) interests, but the pursuit of an embedded value proposition consisting of both. Epstein and McFarlan (2011) further describe the importance of both financial and non-financial value creation measures. They state that financial and non-financial value creation is closely related, as, on the one hand, financial resources are meaningless if not utilised to achieve the mission, but on the other hand, it is impossible to achieve social objectives if there is no effective utilisation of the financial resources.

Since social businesses aim to be self-sufficient, independent of donations from the public or government funding, and relying on their own generated income to address social objectives (Nicholls, 2009), at the heart of the accountability of such organisations is blended value creation. That is, corporate resources such as financial resources, equipment and staff are utilised to support activities or processes for production of services or goods (e.g., job training, health services, food, etc.) that in turn results in the delivery of outputs to the target population (Ebrahim et al., 2014). Over time, these outputs led to improved outcomes in the lives of beneficiaries (such as increased independence and improved well-being) (Liket, Rey-Garcia & Mass, 2014). Ultimately, by creating blended value, the companies address some social issues in our society, and thereby make progress towards their social mission. Accordingly, accountability for blended value creation can be summarised in three points. These include accountability for i) resource allocation; that is, social businesses use resources effectively and rationally to support corporate activities and thereby generate intended results, ii) process; that is, the programmes or activities undertaken to fulfil their objectives, and iii) results (including outputs, outcomes and impacts); that is the extent to which social businesses achieved their objectives, aims and missions.

In reviewing the prior literature on the accountable for what agenda, the researcher provided arguments to justify why social businesses should be accountable for resource allocation, process and results (including outputs, outcomes and impacts). The details are:

i) Accountable for resource allocation

Compared with for-profit and not-for-profit organisations, the resources and budgets of social businesses are limited. In the case of limited resources, regardless of profit or not-for-profit, organisations are confronted with the issue of deciding which programme they would execute and how many resources they should allocate to those activities (Wudhikarn, 2016). Ineffectual or unreasonable resource allocation and usage would lead to a variety of risks, such as mission drift and bankruptcy. For example, Tracey et al. (2011) analyse several social enterprises that employed homeless people to sell corporate products. They found that financial resources were insufficient to provide training and services for the employees while also meeting consumer needs, which eventually led to the failure of some social enterprises. Accordingly, Tracey et al. (2011) indicate that managers of social enterprises should be accountable for resource allocation and usage to ensure blended value creation and avoid mission drift.

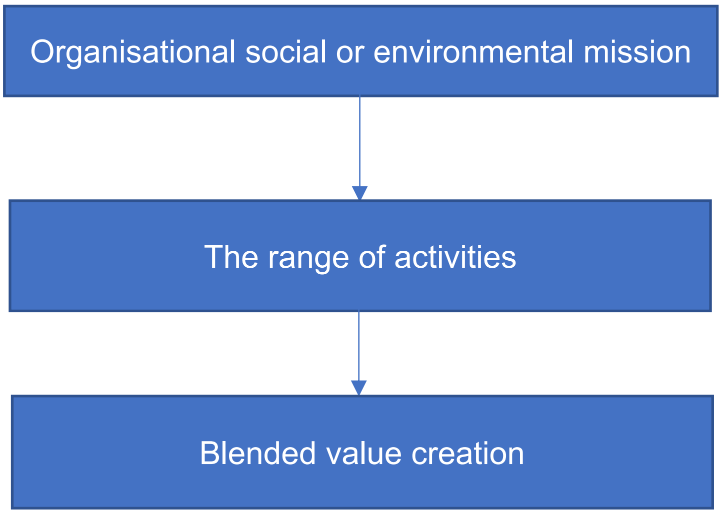
Similarly, Bruneel, Moray, Stevens and Fassin (2016) stress the significance of having diverse backgrounds for the staff of social enterprises, by investigating the failure of Metalcon. The authors find that the company's board members were representatives of various government funds, including social investment funds. Also, the founder was a social worker with more than 20 years of experience in the social sector. Each of these members had focused on the social objectives but lacked sufficient industry experience to monitor the company's financial performance. Its governance structure failed to achieve commercial logic. Therefore, the authors emphasise that social enterprises should be accountable for hybrid governance (e.g., different staff or board members having diverse backgrounds or working experience) to balance between the competing commercial and social logic.

As a result, rational resource allocation is the basis of blended value creation. As Moizer and Tracey (2010) indicated, the blended value creation of social businesses is manifest in the allocation of resources among activities that satisfy dual objectives.

ii) Accountability for process

Implicit in blended value creation is a procedure of the issue the organisations intend to address, and the activities or programmes of the intervention needed to address it. Take the Social Outfit as an example, it is an ethical trading social business in Australia, which provides training and employment in the fashion industry to people who are new migrants and refugees. A range of activities are carried out by the business to make money and thereby address this social mission. For example, the company runs a clothing retail store, where employment opportunities are provided for new migrants and refugees in retailing and clothing manufacturing. Also, a series of free education programmes and workshops are provided for target populations to learn skills and expand social connections. Therefore, implementing a series of commercial activities (e.g., products sales) and programmes (e.g., job training workshops) is an important connecting process between the corporate social mission and the blended value creation (see Figure 6). This is because the blended value cannot be created without the related activities.

Figure 6.Organisational mission, process and blended value creation



In summary, social businesses should be accountable for their processes, as carrying out the set of activities is a prerequisite for creating blended value. As Messner (2009) stated, accountability not only focuses on the results, but also the process.

iii) Accountability for results

Social businesses are accountable for results, including outputs, outcomes and impacts (Bradford et al., 2017; Ebrahim et al., 2014). More specifically, outputs refer to the immediate and measurable results of a company's dual objectives pursuits (Wry & Haugh, 2018). It represents the deliverables as a result of the combination of resource allocation and activities (Van Tulder et al., 2016). On the one hand, the organisations have a responsibility for their financial outputs (such as revenues and profits), as the explicit goal of social businesses is to create social value, but they do so in a financially sustainable way (André et al., 2018). In other words, the financial output has implications for the viability and stability of social businesses, which has a direct impact on the creation of social value. On the other hand, one of the key features of social businesses is social value creation. Social output is an important part of creating social impact (Connolly and Kelly, 2020). Therefore, discharging accountability for social output is a core value of such organisations. Furthermore, social businesses are accountable for outcomes. Outcome is the effect of an organisational outputs on the target population, essentially, representing what value has been created for beneficiaries (Ebrahim & Rangan, 2014; McLaughlin & Jordan, 2005; Van Tulder et al., 2016). Creating benefits for target population is an important indicator of discharge of accountability, therefore, social businesses should be accountable for outcomes (Luke, 2016). In addition, producing social impact is one of the critical conditions required for an entity to be identified as a social business (Nicholls, 2007), accordingly, some scholars (e.g., Ebrahim et al., 2014; Connolly and Kelly, 2011; Connolly and Kelly, 2020) state that social businesses should be accountable for social impacts.

In summary, given the nature of blended value creation, social businesses should be accountable for resource allocation, process, outputs, outcomes and impacts. For example, Connolly and Kelly (2011) emphasise that accountability needs to be discharged through resource allocation, processes, financial and social performance (including outputs, outcomes and impacts). This is because, on the one hand, compared with for-profit and not-for-profit organisations, the resources of social enterprises are limited, rational resource allocation is imperative for helping such organisations to achieve their desired impacts (Seelos & Mair, 2017). On the other hand, creating benefits for the target population and producing social impacts are important conditions required for an entity to be identified as a business (Nicholls, 2007).

Analogously, Ebrahim et al. (2014) analysed accountability of social enterprises and mission drift. The authors indicate that social enterprises should be accountable for blended value creation, including accountability for resource allocation, activities and results. Bradford, Luke and Furneaux (2017) formed a similar conclusion by exploring the accountability of four Australian social enterprises, asserting that social enterprises (including social businesses) should be accountable for inputs, outputs and outcomes to multiple stakeholders. By analysing an employment and training social enterprise, Luke (2016) also points out that social enterprises (including social businesses) have an accountability for financial outputs (e.g., profit and income), social outputs and outcomes.

Alongside the investigations stated above sits research considering the importance of accountability for process. For example, Unerman and O'Dwyer (2006) indicate that mission-driven organisations (e.g., NGOs and social businesses) are accountable for organisational activities, because accountability not only focuses on the results, but also the process. Oakes and Young (2008) support Unerman and O'Dwyer's (2006) standpoints, emphasising that accountability is an ongoing process that must incorporate activities that establish the goals to be achieved.

The perspective of blended value creation provides a dynamic and multi-layered space for understanding accountability of social businesses (Emerson, 2003), but it does not include details regarding how accountability is discharged to stakeholders in practice (André et al., 2018). In this case, the researcher provides an understanding of how social businesses are accountable through analysis of their accountability mechanisms in the following subsection.

5.2.3. How is accountability discharged? Accountability mechanisms

Accountability mechanisms are defined by Christensen and Ebrahim (2006, p.196) as distinct actions or processes designed to ensure a specific type of outcome. Hence, accountability mechanisms provide an understanding of how social businesses are accountable for their blended value creation.

5.2.3.1. Accountability through disclosure

Some scholars (Bushman & Smith, 2001; Hermanson, 2000; Healy & Palepu, 2001) indicate that the corporate annual report or financial report is an imperative mechanism for aligning management and shareholder interests, because shareholders need accurate information to evaluate how managers discharge their duties. Accordingly, disclosures such as the annual report and corporate social responsibility (CSR) report are the most widely adopted by upwards stakeholders (i.e., investors, shareholders and funders) to assess the fulfilment of accountability (Brennan & Solomon, 2008). This mechanism focuses on demonstrating corporate accountability in a range of performance disclosures and measurement, which is defined by Roberts (1991, 1996) as hierarchical accountability.

Hierarchical accountability prioritises accountability to powerful stakeholders who control key resources and have power to retard or progress the achievement of an organisation's objectives (O'Dwyer & Unerman, 2008). Ebrahim (2003a, 2003b, 2005) argues that hierarchical accountability focuses on a standardisation of indicators and short-term impact measurements and prioritises accountability to powerful stakeholders. This results in a narrowing of accountability relations, especially in hybrid organisations.

Additionally, some hybrid organisations (e.g., some social enterprises and not-for-profit organisations) adopt formal systems of reporting and disclosure, which are echoes of corporate approaches to accountability. However, it is worth mentioning that a procedural focus may stifle the nature of the organisations and is unlikely to reflect the diversity of the sector itself. Also, there will be some stakeholders who do not need formal accountability – or they believe that the organisations should discharge the accountability to them in other ways. As Gray et al. (1997) pointed out, for any organisation, the analysis of a "stakeholder map" and the provision of different forms of information that need to be available for each relationship in the map, would ensure integrity in the fulfilment of accountability. However, it is difficult (and sometimes impossible) to state accurately which disclosure or measurable performance should dominate the accountability of hybrid organisations such as social enterprises and social businesses (Gray et al., 2006). The main reason is the limitation of conventional accounting (i.e., formal disclosures) for such organisations (Reheul, Van Caneghem & Verbruggen, 2014), as conventional accounting principles and frameworks only show an incomplete picture of social businesses (Maddocks, 2011), rather than the presentation of comprehensive information of the processes and results of blended value creation. Thus, the accountability mechanism needs to be expanded (Andreaus & Costa, 2014). In other words, accountability systems should be anchored not only in formal disclosure, but also in the other mechanisms that could meet the demands of multiple stakeholders.

In this context, many scholars (e.g., Cronin & O'Regan, 2002; Ebrahim, 2005; Lloyd, 2005) seek to develop a more holistic and broader form of accountability that focuses on the interests of multiple stakeholders. Among them, the most influential are the socialising forms of accountability proposed by Roberts (1991).

5.2.3.2. Accountability through active enquiry

Drawing on Habermasian theory (1971, 1984, 1987), Roberts (1991) proposed socialising accountability as an alternative form of accountability. The author (1991, p.361) indicates that, outside of hierarchical accountability, there are a range of other accountor and accountee relationships that are taking place. Therefore, managers of companies should recognise others around them and understand their interests and demands. Subsequently, accountability is discharged through sense-making talk (Roberts, 1991).

The sense-making talk as proposed by Roberts (1991), highlighted the accountability relationships outside the formal hierarchy. Based on the work of Roberts (1991, 2001a), O’Neill (2002, p.76) proposed the concept of ‘intelligent accountability’ which

“Grows out of active enquiry rather than blind acceptance. In traditional relations of trust, active enquiry was usually extended over time by talking and asking questions, by listening and seeing how well claims to know and undertakings to act held up over time”. Roberts (2009, 2018) further elaborates the importance of intelligent accountability, which is a response to several of its deficiencies of accountability. More specifically, disclosure is the most widely adopted mechanism of accountability. In this sense, preparation and publication of accounts can be seen as accountability, for all that it requires is this making visible of ‘what is’ (Roberts, 2009). However, an account cannot be a perfect representation of reality, as the account is partial, selective and possibly depicts a narrow view (Gray et al., 1991, 1996; Roberts, 2017). This is because disclosure typically ‘works backwards’ from relevant categories, which are assumed to be ‘known in advance’, and the measurement of evidence, in terms of these categories. These disclosures seem to be only relevant to our finer technology and knowledge, personal and local. Then, by translating measures into goals or targets, disclosure therefore becomes accountability (Strathern, 2000). From this perspective, Roberts (2009, 2017) argues, that if we only rely on disclosure as a mechanism of accountability, this serves to weaken the effectiveness of accountability fulfilment. As a result, accountability fulfilment not only shows or makes visible a set of predetermined categories, but also involve active enquiry, such as asking questions, listening and talking (Roberts, 2009), as “dialogue is a process and practice of accountability” (Roberts, 1996, p.59).

Christensen and Ebrahim (2006) support Roberts and O’Neill’s standpoints; the authors pointing out that many reports were seen as disconnected from the organisational mission, as these reports were only utilised to maintain financial flows. Instead, horizontal communication (e.g., weekly staff meetings) and coordination plays an important role in the accountability processes.

Similarly, Ramus and Vaccaro (2017) emphasise the importance of active enquiry for accountability fulfilment through investigating two Italian social enterprises' strategies for addressing mission drift. They find that the primary mechanism for addressing mission drift is dialogue with multiple stakeholders. Hence, the authors conclude that disclosure as an instrument of accountability must rely on periodic snapshots (such as an annual report) to capture corporate performance, but accountability is also an ongoing process that extends over time. Organisations should engage in dialogue with their stakeholders to discharge the accountability effectively.

In summary, the understanding of accountability should recognise the response of multiple stakeholders, the richness of emotions and the demands within the dynamic characteristic of accountability relationships, thereby fulfilling the multi-dimensionality of accountability (i.e., Roberts's socialising accountability). As O'Leary (2017) stated, accountability is a process of fulfilling a promise or mission. This is not just a commitment to provide an account of specific results, rather, it can stem from ethical responsibilities, one which has societal and transformational implications.

5.2.3.3. Accountability through action

In addition to disclosure and active enquiry, some scholars (e.g., Oakes & Young, 2008; Parker, 2014) extend the accountability mechanism, and indicate that the explanation of organisational activities is a key element of performing accountability. For example, Oakes and Young's (2008) historical study of a Chicago-based not-for-profit organisation in the late 19th and early 20th centuries reflected Roberts's socialising accountability, rather than today's dominant focus on hierarchical, formal, and more distant relationship forms. In Oakes and Young's (2008) research, they consider accountability to be executable through solving both individual and more generalised demands from groups of people ranging from, sweatshop workers, to immigrants, to the poor. Accountability is carried out in this organisation through personal reciprocity between the accountor and accountees in which love, care and friendship is experienced through a contextualised and specific moral action. It is also discharged through narrativity of organisational activities and self-critique (Oakes & Young, 2008). Specifically, the authors indicate that accountability is not just a report of goals met, or quantitative measures/accounts, it is also the process of clarifying the choices made, explaining the action taken, and justifying the reasons for these activities. This is because accountability is both discursive and processual. In other words, accountability cannot be simply seen as a function of achieving pre-given goals. Instead, it is an ongoing process that must incorporate activities of establishing the goals to be achieved (Oakes & Young, 2008). Therefore, it is not only important to explain the reasons for activities and offer detailed descriptions of them but should also express any risk or uncertainty in the execution of corporate actions.

In short, based on accountability theory and the concept of blended value creation, accountability of social businesses can be depicted as managers or owners of social businesses accounting to their multiple stakeholders for creating blended value. This is predicated on the premise of socialising accountability, through disclosure, active enquiry and action to discharge their accountability (see Table 12).

Table 12 Accountability framework in the context of social businesses

For what	Accountability mechanism (How)	To whom
Accountability for resource allocation	Disclosure	Upwards stakeholders, inwards stakeholders, and horizontal stakeholders
Accountability for process	• Accountability through action • Disclosure • Accountability through active enquiry	All stakeholders
Accountability for outputs	• Disclosure • Accountability through action	All stakeholders
Accountability for outcomes	• Disclosure • Accountability through active enquiry • Accountability through action	All stakeholders
Accountability for impacts	• Disclosure • Accountability through active enquiry • Accountability through action	All stakeholders

5.3. Summary

As outlined above, the theoretical concept of accountability is ambiguous and multifaceted, but the practice is more complex than accountability theory alone (Gibbon and Dey, 2011). This is certainly true for social businesses, as their hybrid nature further complicates accountability in practice. Therefore, this study attempts to integrate one theory and one concept to formulate four research sub-questions that guide this research to obtain deeper insights into and gain a fuller understanding of accountability fulfilment of social businesses.

First, based on accountability theory and the concept of blended value creation, accountability of social businesses can be depicted as managers or owners of social businesses who are accountable to their multiple stakeholders for creating blended value. This is done on the premise of socialising accountability, through disclosure, active enquiry and action to discharge their accountability. This theoretical framework guides this study to understand and explore accountability and impact measurement of social businesses. This involves understanding RQ1: How do Australian and New Zealand social businesses discharge their accountability through reporting and disclosure, and RQ1(a): How do Australian and New Zealand social businesses measure their social impact through reporting and disclosure?

Second, this study, along with Roberts (1991, 1996), acknowledges that accountability in the context of social businesses can take various forms and mechanisms, with different stakeholders participating in the forming of accountor/accountee relationships. However, some scholars argue that the nature of blended value creation brings challenges that are implied in aligning interests of multiple stakeholders in social businesses. For example, investors or funders can withdraw financial support if they feel the company is not delivering blended value, which probably makes upwards accountability possible. Meanwhile, the interests of other stakeholders such as downwards stakeholders are ignored. In addition, the more difficult task is to measure social impact, because there are currently no agreed social impact accounting standards (Luke, 2016) and no established unit(s) of impact measurement (Kroeger & Weber, 2014). In this case, the researcher focuses on understanding challenges or barriers such organisations face in discharging accountability and measuring impact. Consequently, the third and fourth research sub-questions are:

RQ2 What are managers' perceptions on accountability of social businesses and social impact?

RQ2(a). What challenges or barriers do New Zealand and Australian social businesses face in discharging accountability and measuring impact?

Chapter 6. Research philosophy, methodology and method

6.1. Introduction

This chapter discusses the research philosophy, methodology and method adopted in this study. The chapter is structured as follows: Section 6.2 discusses the research paradigm that guides this research, including the ontological, epistemological, human nature and methodological perspectives. Section 6.3 provides a detailed description regarding the methods utilised in the study, and the rationale for using them. A detailed discussion of collecting and analysing the research data is also provided in this section. Section 6.4 discusses the ethical issues and implications. Finally, a summary is presented in Section 6.5.

6.2. Research philosophy

A position on the nature of the world (ontology), a perception of understanding what constitutes knowledge (epistemology) and ways to explore the phenomena (methodology) are implicit in a variety of approaches to empirical research (Laughlin, 1995). Therefore, a choice in relation to research philosophy needs to be made before conducting any empirical investigation (Wass & Wells, 1994).

6.2.1. Ontology, epistemology, human nature and methodology

There are four sets of philosophical assumptions in social science: ontology, epistemology, human nature, and methodology (Burrell & Morgan, 1979, 2017).

Gray (2014, p.19) point out that ontology is the philosophical study of “the nature of existence and what constitutes reality” (i.e., the nature of the social reality or phenomenon under investigation), which is the basic dimension of the philosophical assumptions (Burrell & Morgan, 2017). Scholars should think about the following fundamental questions: whether the reality or phenomenon to be explored is the product of one's thoughts, or a given out there in the world; for example, whether the social phenomenon is the product of individual's consciousness, or pre-existing and completely independent of people's cognition and activities (Burrell & Morgan, 1979). For realists, the world exists objectively and independently of people and their perceptions and activities (Chua, 1986). By comparison, nominalists claim that “there are multiple realities and ways of accessing them” (Gray, 2014, p.19). That is, social reality or phenomenon is understood or created based on experiences and perceptions that are probably different for each person and may change over time (Eriksson & Kovalainen, 2014).

The second set of philosophical assumptions is about an epistemological nature. Epistemology focuses on the nature of knowledge, which offers a philosophical background for determining what it is (Gray, 2014). For instance, how do we understand reality and “what forms of knowledge can be obtained” (Burrell & Morgan, 1979, p.1). Easterby-Smith, Thorpe and Lowe (2002) point out two reasons regarding the importance of having an epistemological perspective. First, the issues of research design can be clarified. This means not only the design of the research tools, but the overall structure of the research, including the type of evidence being collected, where it comes from and how it will be interpreted. Second, it can help researchers to recognise which design is effective and which is not.

Regarding epistemology, there are several schools of thought. For example, Burrell and Morgan (1979) present the dichotomy of an epistemological stance: the nature of knowledge is hard and tangible on the one hand (i.e., positivism), or is more of a subjective, unique and essentially personal experience or nature on the other (i.e., anti-positivism). Gray (2014) argues that epistemology includes three positions: objectivism, constructivism and subjectivism. More specifically, objectivist epistemology believes that the world exists as an objective, separate and distinct reality, thus researchers’ work is about discovering this objective knowledge or truth (Eriksson & Kovalainen, 2014). In doing so, researchers should not include their own values and feelings (Gray, 2014). By contrast to objectivist views, the meaning of subjectivist views did not arise from interaction between the outside world and the subject, "but [are] imposed on the object by the subject" (Gray, 2014, p.20). For the constructivist point of view, meaning and truth are constructed by the interaction between the subjects and the world, rather than being discovered. Hence, subjects construct their own meanings in different ways, even for the same phenomenon (Gray, 2014).

The third set of assumptions is about human nature. Burrell and Morgan (1979) note that all social sciences must be based on this assumption, because human life is essentially the object and subject of enquiry. Accordingly, human nature can be understood as the relationship between human beings and their environment. The authors identify two views of this relationship: determinism and voluntarism. Specifically, determinists believe that people's decisions and activities are completely the result of their environment. However, voluntarists argue that people have complete free will; they are free to make decisions and pursue their interests.

Finally, different ontological, epistemological and human nature assumptions guide researchers towards different methodologies and their associated research methods (Burrell & Morgan, 1979). For example, the purpose of interpretive researchers is to investigate social reality or phenomena from an alternative perspective of positivist research to provide in-depth analysis and a rational explanation (Parker, 2014). As a result, some associated methodologies such as phenomenology, phenomenological sociology and hermeneutics are adopted by those researchers to investigate this phenomenon. It is apparent that the methodology relates to how researchers understand social phenomena and how knowledge is obtained (Chua, 1986). Burrell and Morgan (1979) divide methodology in social science into two dimensions:

ideographic theory and nomothetic theory. More specifically, the ideographic approach in the social sciences is based on the standpoint that people can only understand the social phenomenon by acquiring first-hand knowledge of the subject under study. By contrast, the nomothetic theory in social science stresses the importance of basing research on systematic procedures and approaches, such as testing hypotheses according to scientifically rigorous principles, and utilising quantitative approaches for data analysis.

Philosophical assumptions reflect the way researchers view reality and knowledge (Denzin & Lincoln, 2013). There are different ways to classify research paradigms in social science; the following section reviews three research paradigms by Burrell and Morgan (1979), Chua (1986) and Laughlin (1995) that have been important in accounting research.

6.2.2. Burrell and Morgan's research paradigm

The research paradigm proposed by Burrell and Morgan (1979) is based on two main sets of assumptions: social science and the nature of society. Assumptions regarding social science involve ontology, epistemology, human nature and methodology. The authors divide these four sets of assumptions into two dimensions: objective and subjective dimension. Assumptions about the nature of society include the sociology of regulation and the sociology of radical change. Specifically, the sociology of regulation refers to researchers who are mainly focused on providing explanations of society by emphasising unity and cohesiveness. It is "essentially concerned with the need for regulation in human affairs", such as social order, the status quo, consensus, actuality, etc. (Burrell & Morgan, 1979, p.17). However, the sociology of radical change contrasts sharply with the sociology of regulation, as its fundamental focus is on finding explanations for the deep-rooted structural conflicts, radical change, and structural contradictions, etc.

Based on these assumptions regarding social science and the nature of society, Burrell and Morgan (1979) developed four paradigms: functionalism, interpretivism, radical humanism, and radical structuralism. The authors indicate that functionalism provides the dominant paradigm for the study of organisations and academic sociology. It is deeply rooted in the sociology of regulation and approaches its study from an objectivist perspective. A functionalist paradigm approaches the sociological issues and organisational behaviour from a perspective which is realist, positivist, determinist, and nomothetic. Researchers in the interpretive paradigm attempt to understand and explain the social world or organisational behaviour through the subjectivist approach. It seeks explanation from a perspective which tends to be nominalist, anti-positivist, voluntarist and ideographic. Researchers located within the context of the radical humanist paradigm stress the importance of transcending or overturning the constraints of existing social arrangements. Accordingly, its emphasis is on individual consciousness and is mainly concerned with developing a sociology of radical change from a subjectivist perspective. While both the structuralist and humanist paradigms advocate a sociology of radical change, they are directed at totally different ends. Radical structuralism advocates a sociology of radical change from an objective standpoint. It addresses the general concerns from a realist, positivist, determinist, and nomothetic perspective.

According to Burrell and Morgan (1979), these four research paradigms are contradictory and mutually exclusive. That is, “one cannot operate in more than one paradigm at any given point in time, since in accepting the assumptions of one, we defy the assumptions of all the others” (Burrell & Morgan, 1979, p.25). However, the authors’ mutually exclusive dichotomy of research paradigms has been criticised, for example, Chua (1986) argued that Burrell and Morgan’s (1979) research paradigms are relativistic and illogical. By combining different research traditions, Chua (1986) identified philosophical assumptions in the accounting research.

6.2.3. Chua's (1986) research paradigm

Positivism has become the foundation of mainstream accounting research (Ismail & Zainuddin, 2013). There are some advantages in adopting this research paradigm, for example, careful experimental design and rigorous statistical analysis methods ensure reliable empirical data; the large and randomised samples exclude personal bias, and thereby supply the most factual results. However, some scholars (e.g., Chua, 1986; Cavana et al., 2001; Ismail & Zainuddin, 2013) point out several limitations of the positivist research paradigm, such as that positivism ignores the meaning behind social phenomena. The limitations of the positivist research paradigm motivated Chua (1986) to explore alternative research paradigms. Based on assumptions regarding knowledge, social reality, and the relationship between theory and practice, Chua (1986) proposed another two research paradigms for accounting research: interpretative accounting research, and critical accounting research.

Interpretive researchers start with the assumption that "social reality is emergent, subjectively created, and objectified through human interaction" (Chua, 1986, p.615). Interpretivism seeks to understand how seemingly 'objective' characteristics, such as organisations and industries, are constituted by the meaning of the individual and inter-subjective processes (e.g., discourse). Accordingly, the purpose of the interpretive accounting researcher is to investigate accounting practices from an alternative perspective of positivist accounting research to provide in-depth analysis and rational explanations of social phenomena (Parker, 2014). The critical researchers focus on the critiques of existing theories or development of new theories. Their purpose is to empower people to create a better life for themselves, because they believe in human nature and the liberation that comes with it.

However, Ismail and Zainuddin (2013) argue that these two alternative research paradigms have been criticised, especially interpretive research. For example, the results lack generalisations, and data is heavily influenced by personal perceptions and values. In addition, Wass and Wells (1940) also explicate that there are limitations to a pure subjectivist or objectivist position in the field of social sciences. Two reasons are as follows. First, in the study of social behaviour, phenomena naturally occur in the social environment; if observed in the laboratory setting, the artificial setting will distort the behaviour and thus lack ecological validity. Second, in the situation where an experiment is undesirable, unsuitable or entirely impossible for exploring social phenomena, alternative methods such as interviews or surveys can be used, but these techniques may "introduce additional sources of bias including nonresponse and response error" (Wass & Wells, 1994, p.12). In this context, a new research paradigm (i.e., middle-range thinking) for accounting research is proposed by Laughlin (1995).

6.2.4. ‘Middle-range’ thinking research paradigm

Laughlin (1995) state that Burrell and Morgan’s (1979) research paradigm (i.e., two-by-two matrix based on two bipolar continuums) has been criticised, but their paradigm is a useful starting point for Laughlin to create key characteristics of ‘middle-range thinking’.

Laughlin (1995) clustered Burrell and Morgan's (1979) philosophical assumptions (i.e., ontology, epistemology, human nature, methodology, and a position on perceptions of society) under the three bands: theory choice, methodological choice and change choice. More specifically, theory choice involves determining perceptions of ontological assumptions and the nature of knowledge (i.e., epistemology), and how it relates to the current study. With regards to methodological choice, it involves deciding on a view regarding human nature (i.e., the role of researchers in the investigation process) and the theoretical formality in defining the nature of the research methods. Finally, change choice is related to Burrell and Morgan's assumption about society, which refers to the researcher's attitude towards the worth of maintaining the status quo of the social phenomenon that is being investigated.

Laughlin (1995) indicate that these three choices (i.e., theory choice, methodological choice and change choice) can be determined by three different scalars: high, medium and low. The author notes that these three different scalars have different philosophical assumptions. He advocates taking a midpoint on each of the three continuums (i.e., theory choice, methodological choice, and change choice), which is Laughlin’s middle-range thinking paradigm. Table 13 shows the key characteristics of the middle-range thinking.

Table 13. Key characteristics of the middle-range thinking

		High	Medium	Low
Theory choice	Ontological assumption	A social reality or phenomena is waiting to be discovered	While the real world is independent of subjective consciousness, experience of the real world is through subjective consciousness	There is no generalisable world to be discovered
	Epistemological assumption	Objectivism (i.e., Only observable objectivity is valid knowledge)	Knowledge includes the observable (i.e., observable objectivity) and the intangible (i.e., subjective interpretations)	Subjectivism (i.e., Knowledge includes individual perceptions and experiences)
Methodological choice	Role of researcher	Researcher is independent of what is being investigated	Research is part of the process of investigation	Researcher is very important and always part of the process of discovery
	Research approach	Quantitative, structured method	Quantitative and qualitative method	Qualitative, structured method

		High	Medium	Low
	Method	Statistical analysis; directly measurable and uses statistical controls	Complete tool kit of methods often in context of a case study. Methods combined to compensate for disadvantages in single method	Interviews, textual analysis, participation observation
Change Choice	The researchers' attitude towards the current situation that is being investigated	High level of emphasis on changing status quo	Medium emphasis open to change and maintenance of status quo	Low emphasis on changing status quo

Source: Laughlin, 1995, 2004

It is worth emphasising that in Laughlin's methodological position (1995, 2004), he raised the concept of 'skeletal' theory to provide a methodological rule for processes of investigation. It is a more useful methodology for accounting and accountability research, which Laughlin explains well in the following paragraph:

"A methodology which sets 'skeletal' rules for processes of discovery which still allows for variety and diversity in observational practice … Instead of arguing away diversity, through theoretical categories, the low [generalizability] prior theorisation position respects the detail that is there. This respect for detail but also the possibility of learning from other situations through theoretical insights, which is the strength of the high [generalizability] position, is preserved in the medium position perspective on theory. [The] design and use of skeletal theories, which cannot stand on their own but need empirical flesh to make them meaningful and complete, is a way to preserve both the strengths of the high and low perspectives while avoiding their respective weaknesses" (Laughlin, 1995, p. 82-83).

Regarding change choice, the high level of change argument emphasises a changing status quo, as nothing is worthy of preservation or acceptable. By contrast, the researchers in a 'high' level of change emphasises a changing status quo, as everything they see is bound to be inadequate and incomplete and in need of change. The researchers in 'low' level of change see little problem in maintaining the status quo, as they believe that everything is satisfactory and acceptable. That is, the low level of change argument assumes that everything is satisfactory and acceptable. In-between is a middle range position that emphasises maintenance of the status quo while keeping an open mind to radical change.

Laughlin (2004) further states that middle-range thinking is not a compromise between two extremes of a continuum, rather, it preserves the strengths of the two extreme positions while avoiding the weaknesses of both. As Haberman (1984, 1987) indicated, 'middle-range' thinking has a more balanced position to do empirical research, not only in accounting but also other social phenomenon. In this way it is part-free and part-constrained, which encourages and allows diversity and flexibility in the discovery process (Laughlin, 1995).

6.2.5. Research paradigm in this study

Based on the above discussion, the researcher believes that there must be a scientific and rigorous approach underpinning the research but also take into account the limitations of pure positivism and subjectivism. Therefore, this study is guided by the research paradigm of Laughlin's (1995, 2004) middle-range thinking. More specifically, the ontological assumption in this study presumes that a social reality or phenomenon exists, however, individual perceptions and experiences should be considered relatively. This is because accounting practices are not natural science (e.g., the law of gravity), nor techniques, or context-free phenomena (Laughlin, 1995). Accounting is a social practice carried out by different social actors. Accordingly, while a social reality is independent of subjective consciousness, experience of the real world is through subjective consciousness. Thus, knowledge of the social phenomenon in this study is obtained through second-hand data (i.e., various reports, website information and Facebook posts) and first-hand data (i.e., interviews with managers or founders of the sample companies).

Once the ontological and epistemological assumption is made, it has implications for the role of the researcher and the human nature belief in the process of investigation. In this research, after the empirical data or patterns are collected and summarised within the theoretical framework, the very important procedure is to interpret this data. It is for the reason of middle-range thinking that the researcher needs to "minimise" subjectivity. In other words, the researcher is important and part of the process of investigation, but the influence of the researcher should remain minimal to maintain an objective perspective, and thereby present clear and rigorous empirical information.

Given the ‘middle-range’ thinking, Laughlin’s (1995, 2004) skeletal methodology is suitable for guiding the investigation in this research. It assumes that the prior theories and concepts (e.g., accountability theory and blended value creation, etc.) is the skeleton that needs empirical data and detailed information to flesh it out, and thereby make a meaningful understanding of the social phenomena. Laughlin (1995) noted that empirical details are important to make the ‘skeleton’ complete, accordingly, the author suggests that the ‘skeleton’ can be fleshed out with empirical details gathered utilising different methods of inquiry. Therefore, the researcher adopts multiple methods to provide in-depth analysis and rational explanations regarding accountability practices and social impact measurement of Australian and New Zealand social businesses. The next section presents details of content analysis and semi-structured interviews utilised in this study.

6.3. Research methods

A philosophical perspective determines the research methodology, which guides the research methods adopted (Gray, 2014). Thus, content analysis and semi-structured interviews are utilised in this study to answer the research questions. Two main reasons behind using these two methods are as follows: first, it can broaden and strength the research, as the process of collecting and analysing both forms of data assists in obtaining a better understanding of the research objectives (Creswell, 2008; Ivankova et al., 2006; Tashakkori & Teddlie, 2003). Second, these two methods yield rich data “of behaviour in context that complement numerical data and facilitate their interpretation” (Meyer, 1982, p.517). The detailed methods adopted to collect and analyse data in this research are discussed in the following subsections.

6.3.1. Content analysis

Content analysis has been utilised in previous accounting studies to analyse, for example, social and environmental reporting (e.g., Beck et al., 2010; Guthrie & Abseysekera, 2006; Patten, 2002), and for the accountability fulfilment in the not-for-profit organisations through annual reports (e.g., Yasmin et al., 2014) and websites (e.g., Connolly & Dhanni, 2013). The process usually involves classifying qualitative information into previously identified categories to understand the pattern of information presented (Beattie & Thomson, 2007).

Content analysis is defined by Krippendorff (2018, p.24) as "a research technique for making replicable and valid inferences from texts to the contents of their use", and by Carney (1972, p.25) as "any technique for making inferences by objectively and systematically identifying specified characteristics of messages". Due to these broad definitions, different measures of content analysis have been adopted to analyse disclosures in corporate reports (e.g., annual reports and CSR reports), however, they are normally quality-based or extent-based (Hooks & Van Staden, 2007). Hooks and Van Staden (2007) argue that investigating disclosure quality adds an important dimension to the assessment of corporate reporting; however, evaluating the extent of corporate reporting only can be misleading. Therefore, the researcher measures both the extent and quality of reporting to present a comprehensive understanding of how social businesses discharge their accountability and measure social impacts through reporting. Six steps are used to evaluate the extent and quality of information reporting.

6.3.1.1. Step one: Sample collection

A purposive sampling approach is adopted, such that each social business needs to meet the definition that is proposed in the literature review section. Social business is described as a hybrid organisation that operates in a business environment with well-defined social mission(s) whose income is principally (or entirely) generated from their own business activities. Additionally, they must reinvest a large amount of profit (or all profits) into social actions. That is, the sample needs to meet the following four criteria:

i) Have a social or environmental objective.

ii) All profits (or >50%) are used to address social issues.

iii) Income is principally (or entirely) generated from their own business activities.

iv) The ultimate goal is financial self-sufficiency.

Using this criteria, 40 social businesses (see Appendix A) were identified by reviewing a public listing of social businesses (Ākina Foundation website and Social Traders website). This includes 22 Australian social businesses and 18 New Zealand social businesses.

6.3.1.2. Step two: The selection of content units

Selection of content units is the basic procedural component of content analysis (Hooks & Van Staden, 2007). Different units, such as words, sentences and pages, were utilised by accounting scholars when analysing corporate reporting. However, the sentence has been the preferred unit for many scholars (e.g., Guthrie et al., 2006; Hooks & Van Staden, 2007; Zeghal & Ahmed, 1990), as the reliable identification of CSR disclosures requires an understanding of the meaning of each disclosure, and this understanding is best achieved by considering the entire sentence (Milne & Adler, 1999; Hackston & Milne, 1996; Vandemaele et al., 2005). Other units such as words, count as the basis for measuring social and environmental disclosure which increases unreliability, as a single word has no meaning to provide a basis for understanding social and environmental information without the context of the sentence (Milne & Adler, 1999); counting pages is also an inaccurate measure due to differences in formats, font sizes and margins (Hackston & Milne, 1996). Accordingly, using sentences as content units in this study aims to ensure that all data is properly analysed and coded.

In addition to exploring the extent of disclosure using sentences, a disclosure index is used to assess the quality (i.e., comprehensiveness) of accountability information disclosed in Website, Facebook, annual reports and impact reports. A disclosure index is considered a valid and practical tool (Hooks & Van Staden, 2011) with the selection of items in the index based on benchmarks and prior studies. Therefore, the quality (i.e., comprehensiveness) of disclosures is assessed in this research by scoring each one using a disclosure index and a scale (see Chapter 6.3.1.6).

6.3.1.3. Step three: The development of a disclosure index

An important attribute of content analysis is the development and selection of categories and items into which the content units can be classified, as this determines the extent to which the subject under investigation is accurately and appropriately captured by the coding instrument (Connolly & Kelly, 2020). However, on the one hand, there are no agreed accounting standards or common disclosure guidance for social businesses; on the other hand, the academic literature in social businesses studies lags behind in providing analytical insights to this burgeoning field (Ebrahim & Rangan, 2014; Nicolls, 2009). To this end, the researcher borrows from the prior literature of accountability of social enterprises and hybrid organisations to develop the categories and items that are utilised to provide an explanation about how social businesses discharge their accountability through reporting and disclosure. The following paragraph provides a more detailed discussion of how the researcher adopted prior literature to develop disclosure categories and items.

As discussed in Chapter 5, the blended value perspective provides an accountability logic for social businesses; however, questions are being asked about what to measure and what to report for demonstrating their accountability. Over the last decade, the social accounting movement has tried to link corporate financial performance with its social context (Nicholls, 2009). One may contend, of course, that social businesses may adopt some guidelines that have been developed for not-for-profit organisations. Luke (2016) argues however, that it is not appropriate for social businesses to adopt guidance for not-for-profit organisations, as the two organisations have different characteristics and objectives. For example, social businesses are accountable to multiple stakeholders, not merely to maintain and attract investment, but because they also need to pursue their social missions through self-generated income (Ebrahim et al., 2014). Given the different ways in which social businesses seek to promote and facilitate social development, they need to demonstrate how they work towards achieving their blended value creation, and to what extent they address these objectives (Ebrahim et al., 2014; Nicholls, 2009). In this context, based on the categories (i.e., social businesses are accountable for resource allocation, process, outputs, outcomes and impacts) proposed in Chapter 5, the researcher draws on prior studies regarding accountability of social enterprises and hybrid organisations, which provides some clues for the disclosure items.

- Resource allocation

The blended value creation of social enterprises (including social businesses) is manifest in the allocation of resources among activities that satisfy dual objectives (Moizer & Tracey, 2010). Under the category of resource allocation, some scholars (e.g., Nicholls, 2009; Nicholls, 2010; Bradford et al., 2017; Connolly and Kelly, 2011) suggest that social enterprises (including social businesses) should report information regarding financial capital and human capital used in corporate activities or programmes. More specifically, it is necessary to state how much revenue or profit is reinvested in the business (Nicholls, 2010), as reinvestment of a large amount (or all) profits in creating social impact is a key characteristic of social businesses. Stakeholders (e.g., investors, funders and the public) also need such information to ensure that funds are utilised properly (Bradford et al., 2017). In addition, Nicholls (2010) analyses the first new legal form of incorporation in the UK: The Community

Interest Company (CIC)[10]. The objective of this new legal form is to create a more favourable environment for the accelerated growth of social enterprise in the UK. In terms of disclosure requirements, all CICs must report information regarding how corporate profit has been utilised. Bradford et al. (2017) also emphasises the importance of reporting information regarding resource allocation (e.g., how much profit is reinvested, or funding is used in the organisation, as well as Information regarding employees and volunteers), output and outcomes, as such disclosures will provide valuable information to multiple stakeholders, and accountability can also be demonstrated (Luke, 2017). Similarly, by exploring accountability of UK social enterprises, Connolly and Kelly (2011, 2020) indicate that accountability needs to be discharged through disclosing information regarding financial (e.g., profits and funds) and human capital (e.g., the work content and contribution of staff and volunteers) used in the organisations. Reporting information regarding financial (e.g., profit and fund) and human (e.g., staff and volunteers) resources utilised to invest in corporate activities is important, as such information helps stakeholders to understand how an organisation achieved the desired impact (Seelos & Mair, 2017; Wry et al., 2013). Accordingly, under the category of resource allocation, four items are developed based on these previous studies, including profit reinvested in the company, funding (e.g., philanthropic support; crowdfunding, etc.) utilised in the company, background of staff and employees and their specific work content, and number of volunteers and work content.

- Process

[10] The CIC was established as a new type of limited company designed for social enterprises whose activities operate for the benefit of the community rather than for the benefit of the owners of the company (CIC Regulator, 2009).

Several previous studies (Messner, 2009; Oakes & Young, 2008; Unerman & O'Dwyer, 2006) point out the significance of information about organisational activities, because accountability not only focuses on the results, but also the process. In other words, accountability is an ongoing process that incorporate activities that establish the goals to be achieved. For example, description of the objectives that were established and the activities taken to accomplish such purposes through reporting, offers stakeholders a way to understand corporate activities. Therefore, it is important to offer detailed descriptions of the activities themselves for demonstrating accountability of social businesses. More specifically, Oakes and Young (2008) indicate that describing the connection between the business model to corporate activities and its mission(s) helps stakeholders to understand how organisational activities and programmes relate to the dual objectives and blended value creation. Ebrahim and Rangan (2014) also state that mission-driven organisations should clarify the organisational mission and specify the set of activities to solve that mission. Hence, the first disclosure item under the category of concrete activities is the connection between the business model to corporate activities and its mission(s). Moreover, some scholars (e.g., Denedo et al., 2019; Goncharenko, 2019; Uddin & Belal, 2019; Yats et al., 2019; Cordery et al., 2019; Kemp & Morgan, 2019; McDonnell and Rutherford, 2019) question whether formal reports can meet all the accounting and accountability requirements of hybrid organisations. They suggest that providing meaningful voluntary accounts describe ongoing courses of activities that enable organisations to 'account' for a more holistic understanding of their accountability. In this regard, Ebrahim and Rangan (2014) note that an explanation and justification of activities (e.g., products delivery; services/programmes provide, and environmental activities) should take place, in order to understand how the organisation achieved those impacts (Dhanani & Connolly, 2012), and thereby demonstrating accountability (Mulgan, 2000). That is, the account must provide information (i.e., explanation of the activities and assessment for corporate activities) on how the organisation met the objectives (Stewart, 1984; Oakes and Young, 2008; Bradford et al., 2017). Accordingly, there are five items under the category of mission-related activities: the connection between the business model to corporate activities and its mission(s), product delivery, services/programmes provide, environmental activities, and justification and assessment for organisational activities.

- Outputs

As stated in Chapter 4, outputs refer to the immediate and measurable results of a company's dual objectives pursuits (Wry & Haugh, 2018). Ebrahim and Rangan (2014) indicate that, as social businesses have both financial and social objectives, outputs disclosure consist of two aspects: financial outputs and social outputs. More specifically, by exploring accountability of four Australian social enterprises, Bradford et al., (2017) assert that no accurate disclosure of financial and social performance means no effective accountability. They suggested that a basic summary reporting of social outputs (such as how many students were fed? How many food parcels were provided? How many people were trained? How many people were assisted?) and financial outputs (such as a summary of revenue, profit, and expenses) will provide valuable information and facilitate accountability to multiple stakeholders (Luke, 2017). Luke (2016) developed a similar disclosure framework to Bradford et al. (2017) in the context of an employment and training social enterprise. The statement includes financial accounts (e.g., net profit and income) and social contribution including outputs and outcomes. The author points out that reporting income is necessary to evaluate corporate financial viability, independence, sustainability and an understanding of whether the companies meet their dual objectives (Nicholls, 2009). In addition to reporting financial and social outputs, Connolly and Kelly (2020) state that social enterprises should report effectiveness (i.e., the actual outputs versus the intended target), which is a critical element of the discharge of accountability, together with building confidence in the organisations. Stakeholders also need such information to evaluate whether organisational performance meets their targets (Connolly and Kelly, 2020; Ebrahim, 2003). Accordingly, there are three items under the category of outputs, including: financial outputs, social outputs, and effectiveness.

- Outcomes

Several scholars (Ebrahim & Rangan, 2014; McLaughlin & Jordan, 2005; Van Tulder et al., 2016) defined outcomes as the medium and long-term effects of a company's outputs on the target population, essentially, representing what value has been created for beneficiaries (e.g., physical health and mental health of beneficiaries are improved because of organisational services and programmes). Ebrahim and Rangan (2014) indicate that outcome measurement is one of the most important approaches for social performance evaluation. Such measurement is conducted after programme implementation is complete: Has it improved the mental health of beneficiaries? Has it placed beneficiaries in jobs? It involves a range of research methods such as interviews, focus group, surveys, etc. Therefore, some scholars (e.g., Bradford et al., 2017; Costa & Pesci, 2016) call on the need for reporting outcomes (including measurement methods), because outcome measurement and disclosure are an important element of the discharge of accountability. Such disclosure provides valuable information for stakeholders to understand whether the organisation creates a positive impact on beneficiaries and whether organisational activities/programmes and outputs lead to sustained improvements in the lives of the target population (Ebrahim & Rangan, 2014). Moreover, by exploring four Australian social enterprises, Bradford et al. (2017) find that outcome disclosures were limited, which result in confusion about whether social enterprises created benefits for their target population and whether the enterprises encountered issues in measuring outcomes. As a result, one item under the category of outcomes in this research is reporting issues or challenges of measuring outcomes, which may help stakeholders to gain deep insights on outcomes measurement and disclosure.

In short, the category of outcomes includes three items: measurement method, changes resulting from the corporate activities/programmes for beneficiaries, and issues or challenges of measuring outcomes.

- Impacts

Impacts are defined as the macro-level benefits for the community or society (e.g., save the government costs and lower crime rates, decrease poverty, reduce environmental pollution, etc)[11] (Luke, 2016). Producing a social impact is one of the important conditions required for an entity to be identified as a social business (Nicholls, 2007). Therefore, prior research (Connolly & Kelly, 2020; Ebrahim et al., 2014; Luke, 2016) suggests that social businesses should report information regarding the benefits for the community or society. This is because stakeholders need such information to understand what impacts the organisation creates (Luke, 2016). Upwards stakeholders need to know whether their investments are making a difference in solving social issues (Costa & Pesci, 2016). Managers of social businesses also need such information to understand how (e.g., measurement methods), and to what effect, the companies create impacts, as well as the link between specific interventions and the social mission (Ebrahim & Rangan, 2014). Accordingly, two items under the category of impacts are measurement method and the benefits for the community or society.

As discussed in Chapter 4, social businesses may face some challenges in terms of measuring impact, as there is no common measurement method, as well as no established accounting standards or guidance social businesses can refer to. Some previous research (i.e., Connolly & Kelly, 2020; Bradford et al., 2017) finds that social enterprises reported limited information on social impact. As a result, regarding the category of impacts, in addition to the two items of measurement method and the

[11] It is about a social issue the business is trying to solve.

benefits for the community or society, the researcher believes that reporting information regarding challenges of measuring impact may help stakeholders understand why some social businesses do not disclose social impact or report limited information.

Under the category of impacts, therefore, there are three items, including: measurement method, the benefits for the community or society, and issues or challenges of measuring impacts.

In summary, given the minimal regulatory and reporting requirements on social businesses in Australia and New Zealand, the categories and items have been developed based on prior literature (e.g., Costa & Pesci, 2016; Connolly & Kelly, 2012 , 2020; Bradford et al., 2017; Ebrahim & Rangan, 2014; Luke, 2016; Oakes & Young, 2008), in order to examine how the sample companies discharge accountability and measure impact through reporting (see Table 14).

Table 14. The accountability categories

For what	Categories	Items
Resource allocation	Inputs (Financial and human resources used in the corporate activities/programmes)	Profit is reinvested in the company
		Funding (philanthropic support; crowdfunding, or loans, etc.) is reinvested in the company
		Background of staff and employees and their specific work content
		Number of volunteers and work content
Process	Mission-related activities (What happened)	The connection between the business model to corporate activities and its mission(s)
		Product delivery such as shoes, glasses, food, etc.
		Services/programmes delivery such as job counselling and training
		Environmental activities such as renewables and recycling
		Justification and assessment for corporate activities: issues encountered in conducting mission-related activities and how the company solves them

For what	Categories	Items
Results	Outputs (What the results are -short term)	Financial outputs: how much revenue (or profit) is generated from corporate activities/programmes such as sale of products
		Social outputs: products or services provided directly by a social business (e.g., number of students or children fed; number of people trained; number of harmful substances in the environment are removed or recycled)
		Effectiveness: the actual outputs versus the intended target. For example, number of people hired versus the target

For what	Categories	Items
	Outcomes (what results – medium and long term)	Measurement method
		Changes resulting from the corporate activities/programmes (e.g., benefits achieved for beneficiaries such as improved beneficiaries' educational attainment and improved beneficiaries' health)
		Issues or challenges of measuring outcomes
	Impacts	Measurement method
		The macro-level benefits for the community or society (e.g., sustained drop in poverty, improvements in the ecological environment, etc.)
		Issues or challenges of measuring impact

Source: Modified from Luke, 2016; So & Staskevicius, 2015; Ebrahim & Rangan, 2010; Ebrahim et al., 2014; Connolly & Kelly, 2020

6.3.1.4. Step four: Data collection

The role of researchers in selecting data and determining what data is generated in content analysis is critical, as it is the product of chosen procedures and is always aimed at answering the research questions (Steenkamp & Northcott, 2007). This is particularly relevant to content analysts who must draw specific inferences from text to the research context they choose (Guthrie et al., 2004). The choice of texts in this research are based on their relevance, accessibility and availability (Cullinane & Toy, 2000). Consequently, to analyse the disclosure regarding accountability of blended value creation, this study considered all information including annual reports, impact reports, Facebook, as well as website information. The researcher has downloaded the texts into NVivo software and then manually coded the data and classified them based on the categories selected (See Table 14).

When collecting data, the selection of the appropriate units of analysis is an important step in content analysis (Gray et al., 1995b). This is the process of mapping a given set of unknown but unique and enumerable phenomena to mutually exclusive categories, or quantitative measures of variables related to the problem currently being studied (Krippendorff, 2018). The coding adds information that researchers recognise to be present in this phenomenon, thus converting them into categorised or valued units, which can then be compared and analysed (Stemler, 2000).

All data (except pictures and photographs) in the organisational report, website, and social media (i.e., Facebook), is divided into three themes with the coding instrument: 1) accountability for resource allocation; 2) accountability for process; 3) accountability for outputs; 4) accountability for outcomes; 5) accountability for impacts.

Whenever the reporting included further information about blended value creation, other than the categories suggested in Table 14, the researcher utilises emergent coding (Costa, Pesci, Andreaus & Taufer, 2019). The coding instrument (see Appendix B) which includes definitions, decision rules and a checklist, was finalised after several iterations.

6.3.1.5. Step five: Data analysis - Extent of disclosure

The researcher analysed the extent of disclosure by counting the number of sentences in each document (i.e., annual reports, impact reports, Facebook and website). Such information is an indicator of the volume of disclosure for each theme, while sentence count reflects the importance placed by social businesses on those respective themes (Haniffa & Cooke, 2005).

The sentence counts included narratives, figures, graphs and tables (including captions and headings)[12]. For figures, the researcher counted the narratives in each figure (Hooks & Van Staden, 2007). In terms of graphs the researcher counted each cluster of disclosures (Hooks & Van Staden, 2007; Becker, 2008)[13]. For bulleted points, each bullet point was considered to be a sentence (Hooks & Van Staden, 2007; Becker, 2008).

6.3.1.6. Step six: Data analysis – quality (i.e., comprehensiveness) of disclosure

As there is neither a standard measure of the quality of corporate disclosure nor a common concept of the term 'quality' (Botosan, 2004; Leuz & Wysocki, 2008), different understandings regarding the quality of disclosure exist. For example, ‘quality’ is explained as comprehensiveness of disclosure (e.g., Hooks & Van Staden, 2011), the usefulness of information (Botosan, 2004), degree of specificity (e.g., Tooley & Guthrie, 2007), intensity of information (Adhikari & Tondkar, 1992), the degree of details in the disclosure (Imhoff, 1992), or desirable properties of information (including verifiability,

[12] Photographs and pictures were not included.
[13] For instance, 2 bar showing information for FY2021, equivalent to one sentence.

reliability, comparability, and consistency) (Leuz & Wysocki, 2008). Although there are different understandings regarding the quality of disclosure, some researchers (e.g., Beattie, 2014; Van Staden & Hooks, 2007) considered the comprehensiveness of information disclosure to be a proxy for the quality of disclosure. For instance, Beattie (2014) states that recent papers on measures of disclosure quality, whether narratives, numerical, etc., are essentially measures of comprehensiveness of information. Consequently, research supporting this standpoint has measured the comprehensiveness of disclosure in some way. For example, Van Staden and Hooks (2007) used an index and a 5-point scale to quantify the comprehensiveness of disclosure, with benchmarking against the best practice item scoring 4, quantitative description items scoring 3, specific description items scoring 2, and general disclosure items scoring 1. Cannizzaro and Weiner (2015) utilised three categories (i.e., full disclosure, partial disclosure, and minimal disclosure) to assess the comprehensiveness of disclosure.

Following prior studies (i.e., Beattie, 2014; Van Staden & Hooks, 2007; Hooks & Van Staden, 2011; Wallace & Naser, 1995), the researcher adopts the term 'quality' to refer to the comprehensiveness of information: "…providing the reader with a sense that no important aspect has been left undisclosed" (Hooks & Van Staden, 2011, p.202). That is, the comprehensiveness of accountability-related information helps users understand the social and environmental impacts of an organisation's activities and infers accountability fulfilment.

The researcher's perception of 'quality' is based on best practice disclosures identified in the existing studies, which is similar to most of the literature using a disclosure quality index and scale. More specifically, the prior literature regarding CSR disclosure is characterised by mainly two measurement methods, including rankings and self-constructed measures based on content (Hummel & Schlick, 2016). The content-based measure is the primary research method for analysing CSR disclosures. Researchers first identify relevant information items and then evaluate the disclosures for each item (e.g., Cho et al., 2012; Clarkson et al., 2008, 2011; De Villiers & Van Staden, 2006; Hummel & Schlick, 2016). For example, Cormier and Gordon (2001) use a three-point scale to rate disclosure, with quantitative description items scoring 3, specific description items scoring 2, and general disclosure items scoring 1. Bozolan et al. (2003) gave 2 points for quantitative information and 1 point for qualitative information. Hasseldin et al. (2005) measured quality on a 6-point scale: 5 points for quantitative disclosure and 0 points for non-disclosure. Hooks and van Staden (2011) used three scoring scales to measure the quality of environmental disclosure: a 5-point scale, a 3-point scale, and a 2-point scale. Based on these previous studies, the researcher, therefore, adopts a 4-point scale (0-3) for most of the items. The scale application is as follows: 0= not disclosed in this item; 1= minimum coverage, little information, or general rhetoric; 2= detailed descriptive: quantitative, or detailed narratives; 3=extraordinary disclosures: benchmarking against best practice, which includes comparing performance with previous years, targets or plans, and descriptions regarding future targets/strategies. For example, for the item “profit is reinvested in the company” the researcher allocates a score of 1 if the business disclosed little information, a score of 2 if a specific financial data was included, and a score of 3 if all the items above were included, plus information regarding reinvestment of profits against previous years. The 4-point scale is utilised for most of the items (i.e., 11 items), but it is not appropriate for all the items, therefore, the researcher uses a different scale (i.e., 2 items on a 2-point scale and 5 items on a 3-point scale) to score some items. As different social businesses have different social mission(s) and adopt different business models, detailed guidance regarding the allocation of the score for these accountability items is provided.

Concerning the disclosure items, there are no specific disclosure regulations for social businesses. Additionally, no known research proposes disclosure items to examine the comprehensiveness of the disclosure on accountability in the context of social businesses. In this case, to overcome this challenge and to develop the disclosure items, the researcher builds the accountability items by using the accountability framework (i.e., accountability for resource allocation, accountability for process, accountability for outputs, accountability for outcomes, and accountability for impacts), and relies on previous studies about accountability of hybrid organisations (e.g., social enterprises) to determine the items in the disclosure list (see Table 15)

Table 15. The disclosure quality index and the scale used

For what	Categories	Items	Scale	Guidance	Cum Score[14]
Resource allocation	Resource allocation (Financial and human resources used in the corporate activities/programmes)	Profit is reinvested in the company	0-3	0: not disclosed	3
				1: minimum coverage (e.g., "more than half of profit is reinvested in the company")	
				2: detailed descriptive (e.g., how much revenue or profit is reinvested in the company)	
				3: extraordinary disclosures (e.g., comparison with previous years; or descriptions regarding future targets)	
		Funding (e.g., philanthropic support; crowdfunding, or loans, etc.) used in the company	0-3	0: not disclosed	6
				1: minimum coverage (e.g., "we got philanthropic support and reinvested in the company")	
				2: detailed descriptive (e.g., how much philanthropic support is reinvested in the company; information on types and sources of reinvestment of funds)	
				3: extraordinary disclosures (e.g., comparison with previous years; or descriptions regarding future targets)	
		Background of staff and employees and their specific work content	0-3	0: not disclosed	9
				1: minimum coverage (e.g., "we have a wider team to launch new ideas and create impact")	
				2: detailed descriptive (e.g., the total number of employees; information about background of staff and their specific work content)	
				3: extraordinary disclosures (e.g., comparison with previous years; or descriptions regarding future human resources plans)	

[14] "Cum Score is the Cumulative Score if the maximum score was achieved for each item" (Hooks & Van Staden, 2011, p.205).

For what	Categories	Items	Scale	Guidance	Cum Score[14]
		Number of volunteers and work content	0-3	0: not disclosed	12
				1: minimum coverage (e.g., “we have a team of volunteers to help us”)	
				2: detailed descriptive (e.g., volunteers’ work contents and hours; number of volunteers)	
				3: extraordinary disclosures (e.g., information regarding the number of volunteers and the work content against previous years; or descriptions regarding future targets/plans)	
Process	Concrete activities (What happened)	The connection between the business model to corporate activities and its mission (s)	0-2	0: not disclosed	14
				1: minimum coverage (e.g., “we create impact and equity through a buy-one, give-one”)	
				2: detailed descriptive (e.g., describe how corporate activities and programmes relate to dual objectives and blended value creation)	
		Products delivery such as shoes, glasses, food, etc.	0-3	0: not disclosed	17
				1: minimum coverage (e.g., “our business provides a range of products”)	
				2: detailed descriptive (e.g., specific information about the process of product delivery)	
				3: extraordinary disclosures (e.g., comparison products delivery with previous years; or descriptions regarding future targets)	
		Services/programmes delivery such as job counselling and training	0-3	0: not disclosed	20
				1: minimum coverage (e.g., “we offer training support that enable people to identify their career goals and be successful at work”)	
				2: detailed descriptive (e.g., training programme’s process, content, time, and participants)	
				3: extraordinary disclosures (e.g., comparison training programmes with previous years; or descriptions regarding future targets)	

For what	Categories	Items	Scale	Guidance	Cum Score[14]
		Environmental activities such as renewables and recycling	0-3	0: not disclosed	23
				1: minimum coverage (e.g., “we offer electronic waste collection and processing”)	
				2: detailed descriptive (e.g., the process of renewables and recycling)	
				3: extraordinary disclosures (e.g., comparison environmental activities with previous years; or descriptions regarding future targets)	
		Justification and assessment for corporate activities: issues encountered in conducting mission-related activities and how the company solves them	0-2	0: not disclosed	25
				1: minimum coverage (e.g., “our training programmes have been discontinued”)	
				2: detailed descriptive (e.g., information on how the business solves issues)	
Results	Outputs (what are the results – short term)	Financial outputs: how much revenue (or profit) is generated from corporate activities/programmes such as sale of products	0-3	0: not disclosed	28
				1: minimum coverage (e.g., “a substantial amount of revenue is generated from the product's sale”)	
				2: detailed descriptive (e.g., financial data or percentages)	
				3: extraordinary disclosures (e.g., comparison financial outputs with previous years; or descriptions regarding future targets)	
		Social outputs: products or services	0-3	0: not disclosed	31
				1: minimum coverage (e.g., we provided free products for people in need)	

For what	Categories	Items	Scale	Guidance	Cum Score[14]
		provided directly by a social business		2: detailed descriptive (e.g., e.g., how many students or children were fed or treated? How many people were hired or trained? How much of harmful substances in the environment were removed or recycled?)	
				3: extraordinary disclosures (e.g., comparison social outputs with previous years; or descriptions regarding future targets)	
		Effectiveness (i.e., the actual outputs versus the intended target)	0-3	0: not disclosed	34
				1: minimum coverage (e.g., "we achieved our intended objective")	
				2: detailed descriptive (e.g., number of people hired versus the target; number of recycled harmful substances versus the target)	
				3: extraordinary disclosures (e.g., explain why the company did not achieve its target, and how to improve its effectiveness, and future targets)	
	Outcomes (what results – medium and long term)	Measurement method	0-1	0: if not reported	35
				1: if reported (e.g., interview, survey, etc.)	
		Changes resulting from the corporate activities/programmes (e.g., benefits achieved for beneficiaries such as improved beneficiaries' educational attainment and improved beneficiaries' health)	0-3	0: not disclosed	38
				1: minimum coverage (e.g., "we improved our beneficiaries' lives")	
				2: detailed descriptive (e.g., how many beneficiaries' lives have changed? Describe how beneficiaries' health/educational lives were improved)	
				3: extraordinary disclosures (e.g., comparison outcomes with previous years; or descriptions regarding future targets)	

For what	Categories	Items	Scale	Guidance	Cum Score[14]
		Issues or challenges of measuring outcomes	0-2	0: not disclosed	40
				1: minimum coverage	
				2: detailed descriptive	
	Impacts	Measurement method	0-1	0: if not reported	41
				1: if reported (e.g., SROI)	
		The macro-level benefits for the community or society (e.g., sustained drop in poverty, improvements in the ecological environment, etc.)	0-3	0: not disclosed	44
				1: minimum coverage (e.g., “we have had a positive social impact”)	
				2: detailed descriptive (e.g., the percentage of sustained drop in poverty; how much state welfare spending was reduced/saved; how the ecological environmental was improved due to the company's activities; By what percentage did crime levels drop)	
				3: extraordinary disclosures (e.g., comparison impacts with previous years; or descriptions regarding future targets)	
		Issues or challenges of measuring impact	0-2	0: not disclosed	46
				1: minimum coverage	
				2: detailed descriptive	

6.3.2. Semi-structured interviews

After doing the content analysis, 19 semi-structured interviews were conducted for social businesses. Interviews were carried out from September 2021 to May 2022 with managers and founders of social businesses, to gain a deeper understanding of accountability and social impact measurement. Specifically, the purpose of the interviews was to explore what the challenges or the barriers were in fulfilling the accountability and measuring the social impacts.

The semi-structured interview is a very common qualitative method and is often adopted by scholars in social accounting (e.g., Adams, 2002; O'Dwyer, 2011; Greco et al., 2015), as it is an accessible, flexible and intelligible method that allows the investigation of the complexity of the phenomenon being studied (Qu & Dumay, 2011; Smith et al., 2011), and "allows for probing of views and opinions where it is desirable for respondents to expand on their answer" (Gray, 2014, p.386).

Qu and Dumay (2011) indicate that conducting semi-structured interviews requires not merely the utilisation of various skills (e.g., note-taking and recording), but also sufficient preparation and careful planning. Therefore, the detailed procedures adopted to perform the interviews and analyse data are discussed in the following subsections.

6.3.2.1. The interview guides

The semi-structured interview is neither structured (i.e., standardised) nor unstructured (e.g., the ethnographic interview and the long interview); it lies in the intermediate position between the structured and unstructured (Du & Dumay, 2011). A well-prepared interview guide plays an important role in a semi-structured interview, as it directs the conversation towards issues that researchers are studying (Gray, 2014).

The first step of a semi-structured interview is to formulate the interview guide which is a tool for interview data collection using previous knowledge. Specifically, Turner (2010) indicates that prior knowledge creates a predetermined framework for the interview guide, as it is imperative for researchers to have a good grasp of the essence of research and thereby answer the research questions. In other words, previous knowledge (such as theory and empirical knowledge) and the research purpose form a conceptual framework for the interview guide (Astedt-Kurki & Heikkinen, 1994). Accordingly, the interview guide of this research is developed based on previous knowledge (e.g., accountability theory, social impact and blended value creation), empirical knowledge (e.g., the results of content analysis, supervisors' comments, etc.), and the research purpose and questions.

The interview guide consisted of two parts of questions: main questions and follow-up questions. The main questions cover the core content of the research topic (Kallio, Pietila, Johnson and Kangasniemi, 2016). In this research, the main questions are developed based on previous knowledge (such as accountability theory and social impact) to understand managers' perceptions of accountability and social impact. For example, in your opinion, to whom is the business accountable? And for what is the business accountable? How do you demonstrate accountability to your stakeholders? How do you make a social impact? The researcher must ensure that these main questions should be central to the research subject (Astedt-Kurki & Heikkinen, 1994). Therefore, in this research, the main questions are used to research question 2: "what are managers' perceptions on accountability of social businesses and social impact?"

The aim of follow-up questions is to generate vivid and unique answers from the interviewees (Baumbusch, 2010), in order to obtain accurate and in-depth information (Turner, 2010). Whiting (2008) suggests that researchers can develop follow-up questions based on interviewees' experiences, personal stories or empirical knowledge (e.g., empirical data, experts' suggestions). Therefore, follow-up questions are developed in this research based on the results of content analysis. Specifically, according to the extent and the quality (i.e., comprehensiveness) of disclosure for each social business, interview questions were developed, for example, do you measure outcomes? Do you provide financial information to your stakeholders? Are there any challenges or barriers in measuring impact? In addition, some scholars (e.g., Whiting, 2008; Dearnley, 2005) suggests that researchers could ask interviewees to obtain more information using one or two open-ended questions. For example, is there anything else that you would like to mention regarding accountability of social businesses and social impact? Therefore, follow-up questions (including two open-ended questions) are used to explore the reasons for low disclosure quality and answer research question 2(a): "What challenges or barriers do the social businesses face in discharging accountability and measuring social impacts?"

Kallio et al. (2016) state that consulting experts is a way of obtaining knowledge to formulate the interview guide. Accordingly, the researcher also consulted with her supervisors to develop the interview guide.

In short, the interview guide (see Appendix C) in this research involves a list of main questions and follow-up questions, which are developed based on previous knowledge, empirical knowledge (i.e., the results of content analysis, the supervisors' feedback) and the purpose of this research.

6.3.2.2. Identify interview participants

Purposive sampling is adopted in this research, "with the aim of increasing the depth (as opposed to breadth) of understanding" (Campbell, Greenwood, Prior, Shearer, Walkem, Young, Bywaters & Walker, 2020, p.653). The reason for utilising purposive sampling is based on an assumption that given the research objectives and questions, certain types of people may hold important perceptions on issues investigated and therefore should be included in the sample (Campbell et al., 2020; Robinson, 2014).

Accordingly, the researcher selected managers and founders of Australian and New Zealand social businesses who are familiar with the business operations and social impact measurement, in order to answer the research questions and understand the in-depth phenomena being explored.

6.3.2.3. Recruitment of interview participants

Three steps were used in this study to recruit and contact interview participants.
The first step: the name and contact details of managers and founders are disclosed on the business websites, so the researcher collected the contact details of potential participants from the websites of sample companies, then contacted them through email. The email was not only carefully worded to convey friendliness, professionalism and positivity, but also provided information about the aims of the research which allowed the participants to think about their answers and offer a richer set of data (Bryman, 2012).

The second step: some social businesses did not disclose the name and contact details of managers and founders on their websites, so the researcher contacted the office via email, explained the purpose of the research then made a request to communicate with the manager or founder.

The third step: the researcher emailed the potential interview participants to confirm whether they are willing to be interviewed. Two documents were attached to the email, including the participant information sheet and the ethical approval letter (Ghauri & Gronhaug, 2005).

Once participants confirmed their involvement, another email was sent to enquire about their preferred time and date for the interview. A consent form that seeks their formal consent was also attached to the email. During the recruitment process, the researcher continuously monitored emails to provide a quick reply to the participants who wanted to reschedule their interview or who had questions about the research.

6.3.2.4. Conducting semi-structured interviews

During the Covid-19 pandemic lockdowns, the researcher adopted Zoom and Google Meet to conduct face-to-face remote interviews. At the beginning of each conversation, the researcher expressed appreciation for the interviewee's participation. Then, the objectives of the research, participant anonymity and data confidentiality, were explained by the researcher. For example, the researcher explained that one of the research objectives is to learn what challenges or barriers they are facing in discharging accountability and measuring impact rather than to judge their operations or find fault with their practices. All managers and founders were also informed that businesses and the participants were identified with a code and number instead of names. After that, the researcher asked permission about whether the interviewee would consent to being recorded using a smartphone (King & Horrocks, 2010).

Due to the philosophical stance and semi-structured interviews adopted in this research, the researcher played the role of facilitator during the interviews; that is, the researcher did not impose their own thoughts on participants. All interviewees developed and talked about their standpoints and perceptions freely.

The results of content analysis show that the sample companies received low scores in many items (e.g., financial outputs), and some items, such as effectiveness and impacts, were not disclosed by many businesses. In order to capture businesses' reasons for providing limited disclosures, some specific questions were asked. For example, “how does your business create social impact?”, “How do you measure social impact?”, “Why did your business not disclose social impact?”, “Do you provide financial information to your multiple stakeholders?”, “Are there any challenges or barriers in measuring and reporting social impact?”, “What are the challenges or issues in discharging accountability?”

At the end of each conversation, some open-ended questions were asked; for example, “If your business does not measure social impact, are you planning to measure it in the future?”, “Are there any issues faced by the organisation now? What are they? What are the proposed solutions?”, “Is there anything else that you would like to mention in regard to your business?” These questions allowed interviewees to talk about issues that are significant to them and may have been missed by the researcher (King & Horrocks, 2010). Finally, the researcher thanked the interview participants again for their support and valuable viewpoints.

After each interview, the recording was saved in the passworded NVivo software. Then, the researcher listened to the conversation and summarised the key information (such as interview date, start and end time).

6.3.2.5. Summary of interview participants

Nineteen semi-structured interviews were carried out from September 2021 to May 2022, comprising of ten managers of Australian social businesses and nine managers of New Zealand social businesses. Thirteen interviews were conducted using Zoom, two were performed using Google Meet and four were conducted over the telephone. The duration of the interviews varied from a minimum of 31 minutes to a maximum of 52 minutes, averaging 38 minutes for each interview. Table 16 shows a summary of the interview participants.

Table 16. Summary of the interview participants

Social business code	Interviewee's code	Interviewee's role	Location	Interview mode	Interview duration
SBNA	1	Manager	New Zealand	Telephone	31minutes
SBNB	2	Founder	New Zealand	Zoom	35 minutes
SBAC	3	Manager	Australia	Zoom	36 minutes
SBND	4	Founder	New Zealand	Google Meet	32 minutes
SBAE	5	Founder	Australia	Zoom	38 minutes
SBNF	6	Manager	New Zealand	Zoom	37 minutes
SBNG	7	Manager	New Zealand	Zoom	41 minutes
SBNH	8	Founder	New Zealand	Zoom	52 minutes
SBNI	9	Manager	New Zealand	Zoom	46 minutes
SBNJ	10	Founder	New Zealand	Zoom	33 minutes
SBNK	11	Manager	New Zealand	Google Meet	33 minutes
SBAL	12	Manager	Australia	Zoom	39 minutes
SBAM	13	Manager	Australia	Zoom	36 minutes
SBAN	14	Manager	Australia	Telephone	41 minutes
SBAO	15	Founder	Australia	Telephone	37 minutes
SBAP	16	Manager	Australia	Zoom	43 minutes
SBAQ	17	Manager	Australia	Telephone	32 minutes
SBAR	18	Manager	Australia	Zoom	45 minutes
SBAS	19	Manager	Australia	Zoom	41 minutes

6.3.2.6. Thematic analysis of the interview data

Thematic analysis is widely utilised in qualitative research to assist researchers in data analysis (Nowell, Norris, White & Moules, 2017; Holloway & Todres, 2003). It is a method "for identifying, analysing and reporting patterns (themes) within data" (Braun & Clarke, 2006, p.79).

While much has been written about the advantages of thematic analysis, for example, it is a highly flexible method that can be used to provide a detailed and rich account of data (King, 2012; Braun & Clarke, 2006; Nowell et al., 2017), many scholars noting the trustworthiness in qualitative analysis (e.g., Lincoln & Guba, 1985; Guba & Lincoln, 1989; Tracy, 2010). In this context, Nowell et al. (2017) refined the analysis procedure by introducing the criteria of transferability, confirmability, credibility, dependability, reliability, and validity. Therefore, drawing on Nowell et al. (2007) and King and Horrocks (2010), the process of interview data analysis in this study embraced four sub-processes: becoming familiar with the data, generating initial codes, creating interpretative themes (i.e., searching for themes, and reviewing themes), and defining and naming themes.

Stage one: Becoming familiar with the data

Researchers are encouraged to read through the entire data at least once before coding, in order to become familiar with the breadth and depth of the content (Braun & Clarke, 2006). King and Horrocks (2010, p.142) further recommend that transcribing the interview data by the researcher themself is the first important step in analysis, as “transcription is the process of converting recorded material into text”, which inevitably helps researchers to become more familiar with the data.

Before transcribing the data, it is necessary to think carefully about a transcription approach. One approach is full transcription; that is transcribing the interview data verbatim. Another approach is partial transcription; only transcribe relevant information from the data or summarise the important content of the interview (King & Horrocks, 2010). Braun and Clarke (2013) indicate that the approach utilised depends on the research objectives, methodology, research questions, and the resources available to researchers. Hence, in this study, the researcher transcribed the interview data verbatim. Also, the researcher double-checked the transcripts against the digital recording for accuracy. It is worth noting that verbatim transcription in this study did not include the expression of emotion and pauses. This is because the purpose of this research is not about language use analysis, or the psychological research nature in which expressions of emotion (e.g., laughing, crying, and accent, etc.) and pause might be considered useful data.

Once the interviews had been transcribed in Microsoft Word, all those documents were uploaded in the NVivo software, then the researcher performed coding manually. Specifically, NVivo software was utilised to enhance the data management and coding efficiency, including editing code names, tracking codes to the interview transcripts, maintaining code databases, retrieving codes from the code database merging multiple codes into one and grouping codes into themes. The software facilitated the coding process, but all codes were generated by the researcher herself by reading and re-reading the transcripts.

Stage two: Generating initial codes

The purpose of the research at this stage was to identify those parts of the transcript data that may help solve the research questions. The focus was on seeking to describe the relevant content of the interview participants' accounts, rather than trying to explain the meaning (King & Horrocks, 2010). The first step was to read these transcripts without making any attempt to code them, in order to get a deeper understanding of what the participants had said, and thereby get a sense of the phenomena under investigation (Eriksson & Kovalainen, 2014). Next, the researcher highlighted the text in the transcripts (e.g., the interview participants' perceptions against the issues under investigation) that are related to the research questions (Creswell, 2014). Meanwhile, the brief comments were attached by the researcher to show what was of interest in the highlighted text. The final step of this stage was to generate initial codes. The researcher coded short phrases or words to ensure these codes were as selfexplanatory as possible (Nowell et al., 2017). In the process of generating initial codes, the principle that has been followed was that all codes should be kept relatively close to the data, rather than speculating about what might be hidden behind what the interview participants have said (Gray, 2014). As Boyatzis (1998, p.63) suggested, initial codes involve the most basic element or part of the original data that can be evaluated in a meaningful way against the phenomenon.

Generating initial codes in this study was a process of defining, applying and redefining (King & Horrocks, 2010). For example, once the initial codes were generated in a whole transcript, the researcher re-read and checked if some overlap between codes could be merged. Then, moving on to the next interview transcript, the researcher read through and highlighted the relevant text and written comments as before. The researcher adopted some codes they had already generated in the previous interview transcript and defined some new codes. At the end of the initial coding, the researcher looked at the overlapping codes and redefined or merged them if necessary. The whole coding process for the remaining interview transcripts was then repeated.

Stage three: Creating interpretative themes

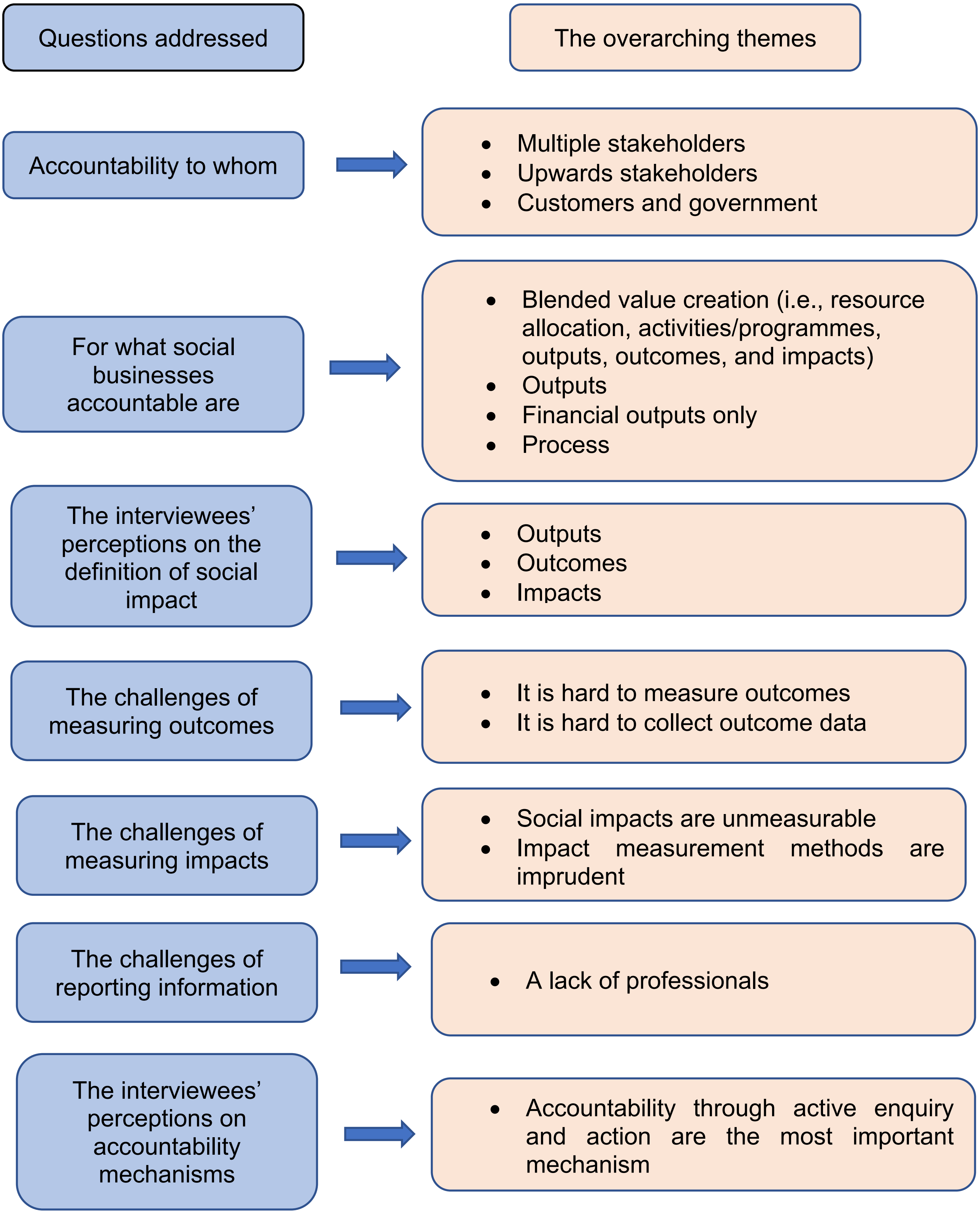
After the initial coding of all the interview transcripts, the researcher had a long list of different codes. The emphasis of stage three was to analyse these initial codes, then define interpretive themes by combining different initial codes that have some common meanings (Nowell et al., 2017). In other words, at this stage, the researcher started to think about the relationship between these initial codes and attempted to search for themes. For example, some initial codes might form sub-themes, whereas others might form main themes. As before, the researcher needed to create, reapply, and redefine the interpretive themes as progress was made from one transcript to the next. It is important to keep the research objectives and questions in mind to ensure capturing the meaning offered by all interview transcripts (King & Horricks, 2010).

As Braun and Clarke (2006) suggested, the final step of this stage was that the researcher reviewed all interpretative themes and checked whether they formed a coherent pattern. Then, the validity of each theme was considered by reviewing the entire data set, to ascertain these interpretative themes accurately reflected the meaning of the data set as a whole.

Stage four: Defining and naming themes

At this stage, the goal was to identify the overarching themes that present the key concepts (see Figure 7) in the analysis (Nowell et al., 2017). For each overarching theme, a detailed analysis was necessary, to ensure the 'story' each theme tells and align the overall 'story' related to the data and research questions (Braun & Clarke, 2006). It is vital that by the end of this stage the researcher reviewed the overarching themes, interpretative themes and initial codes, to ensure the accuracy of the thematic analysis (Braun & Clarke, 2013). The NVivo software facilitated this process allowing the researcher to create the thematic map, check each code and theme, track codes with text, and read highlighted text from one interview transcript to another.

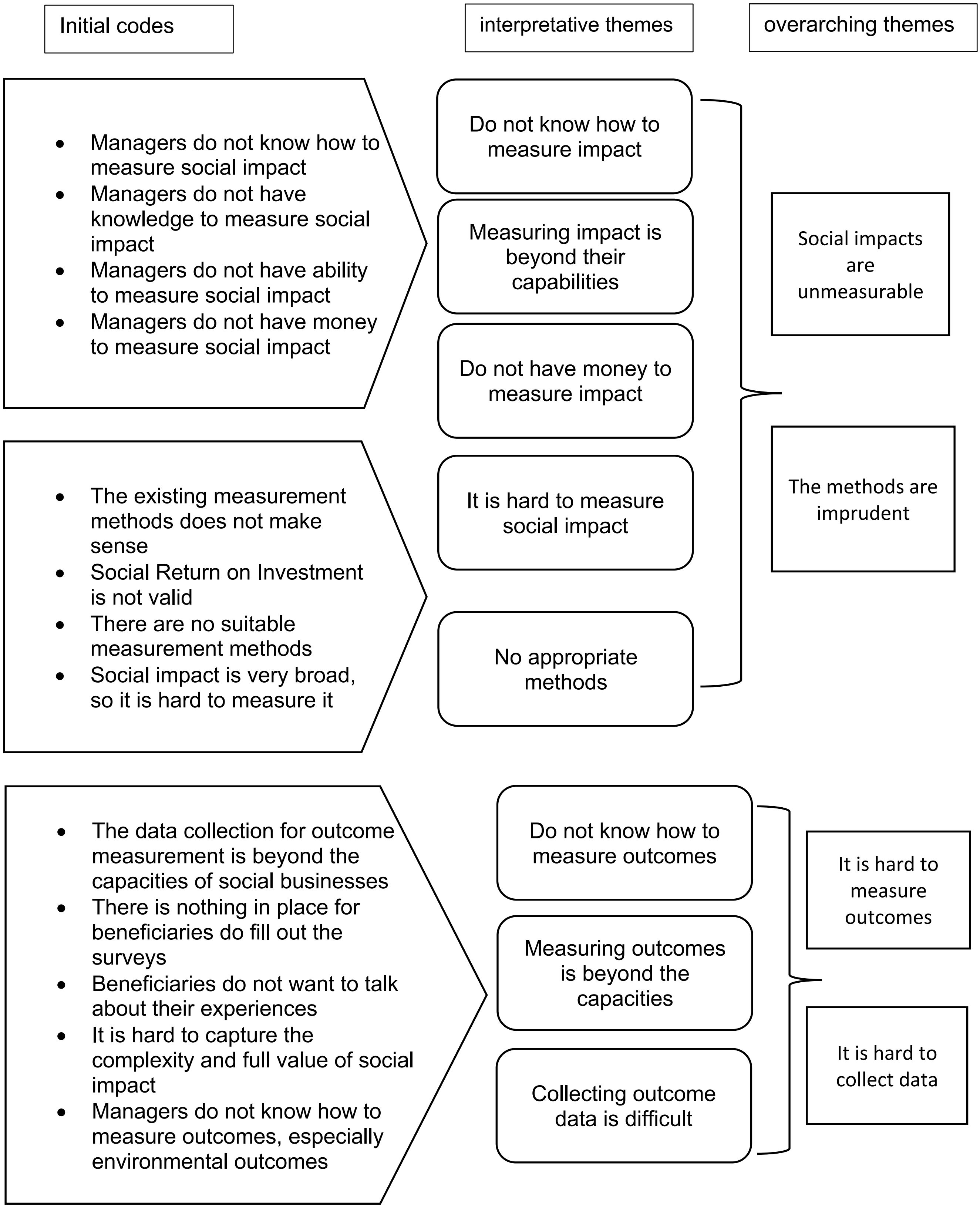
Figure 7. The overarching themes in this research



6.3.2.7. An example of thematic analysis

As the researcher analysed the interview data to address one research question: "What challenges or barriers do New Zealand and Australian social businesses face in discharging accountability and measuring social impact?" A foundational observation (i.e., the key theme) emerged that it is hard to measure outcomes and impacts. Then, the researcher iteratively revisited all interview transcripts, in order to ensure all aspects were understood and had been captured. Figure 8 details the progression from the initial coding to the overarching themes (Molecke & Pinkse, 2017), which produce the aggregate understanding of what challenges New Zealand and Australian social businesses face in measuring their impact.

Figure 8. An example of thematic analysis



6.4. Ethics

The researcher obtained ethical approval from the Auckland University of Technology Ethics Committee (AUTEC) on 6th July 2021 (see Appendix D). The reference number of the ethics application is 21/200. Therefore, the moral principles guiding this study was to conduct the semi-structured interviews in a morally responsible way. For example, the researcher maintains the confidentiality of all interview participants, respects their privacy, ensures informed consent, avoids deception, and avoids harm to them. The ethical principle also obliged the researcher to neither coerce nor mislead the participants during the interview process. All interviewees could choose not to answer any questions that made them uncomfortable or were unsuitable for any reason. The researcher complied with all principles to ensure the interviews conformed to ethical conduct.

6.5. Summary

The philosophical and research paradigm stances that guided this investigation, as well as the research methods used to acquire the research data, are discussed in this chapter. Given that this research seeks to explore how Australian and New Zealand social businesses discharge accountability and measure social impact, this investigation is guided by a 'middle-range' think research paradigm. As a result, the data for this study is gathered using content analysis and semi-structured interviews. The following two chapters outline the findings from this study.

Chapter 7. Understanding how social businesses discharge their accountability and measure their impacts through reporting and disclosure

7.1. Introduction

This chapter presents content analysis results to address the research questions: “How do Australian and New Zealand social businesses discharge their accountability through reporting and disclosure?” and “How do Australian and New Zealand social businesses measure and report their social impact through reporting and disclosure?” That is, the extent and the quality to which they discharge accountability and measure impact through reporting. Consequently, Section 7.2 examines the extent of accountability disclosure by sentence counts under the themes of accountability for resource allocation, accountability for process, and accountability for results (including outputs, outcomes, and impacts). Using a scale and a disclosure index, Section 7.3 assesses the quality[15] (i.e., comprehensiveness) of accountability disclosures. Section 7.4 concludes with a summary of the findings.

7.2. Extent of accountability disclosures

Table 17 illustrates the extent of accountability reporting and disclosure in the four different mediums. Panel A shows the overall results, and the results breakdown by five accountability categories is presented in Panel B. It can be seen from Panel A that the greatest volume of accountability disclosures on average was reported on the website (average of 14.44 sentences). The next highest volume of accountability reporting was disclosed on Facebook (average of 5.94 sentences). The impact reports[16] has the third highest volume of reporting (average of 4.14 sentences).

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[15] As discussed in Chapter 6, the researcher adopts the term ‘quality’ to refer to comprehensiveness of disclosure.

[16] A basic impact report should include information about the impact measurement framework or method used, investments, outputs, outcomes, and impacts. It is important to note, however,

Similarly, the greatest volume of accountability disclosure regarding the five categories was reported on the website. Facebook has the next highest disclosure volume of the five accountability categories. Clearly, the average number of accountability sentences on website and Facebook is higher than the average for the impact reports and annual reports. This is related to the reporting medium adopted by the sample companies, and it appears logical that the website is the most popular medium for accountability disclosures (utilised by all social businesses) followed by Facebook (87.5%). Impact reports (20%) and annual reports[17] (12.5%) are not commonly adopted, only five social businesses disclosed annual reports and eight social businesses disclosed impact reports.

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that impact reports are not mandatory; therefore, the content can vary from business to business.

[17] These five annual reports were available through the social businesses' websites. The rest of the sample companies did not publish their annual reports on their websites; thus, the researcher was unable to access them.

Table 17. Extent of accountability disclosures in four reporting mediums (n = 40 social businesses)

Panel A: Overall results

Medium	Mean	Median	Range	Std[18] Dev	Number of companies reporting in each medium	Percentage of companies reporting in each medium
Websites	14.44	4	0 – 261	29.96	40	100%
Facebook (01/07/2020-30/06/2021)	5.94	0	0 – 57	10.77	35	87.50%
FY2021 Annual reports	1.96	0	0 – 60	7.77	5	12.50%
FY2021 Impact reports	4.14	0	0 – 232	19.99	8	20%

Panel B. Results breakdown by five accountability categories

Medium	Accountability for resource allocation				Accountability for process				Accountability for outputs				Accountability for outcomes				Accountability for impacts			
	Mean	Med.[19]	Range	Std Dev	Mean	Med.	Range	Std Dev	Mean	Med.	Range	Std Dev	Mean	Med.	Range	Std Dev	Mean	Med.	Range	Std Dev
Website	17.68	6	0 – 170	30.28	35.03	18.5	0 – 261	45.34	5.05	4	0 – 34	6.66	14.18	3	0 – 145	28.62	0.25	0	0 – 5	0.9
Facebook	10.8	2.5	0 – 57	15.49	8.83	2.5	0 – 44	12.03	5.68	1.5	0 – 33	7.87	4.18	0	0 – 44	8.67	0.23	0	0 – 4	0.89
Annual report	1.4	0	0 – 32	5.35	2.38	0	0 – 60	9.75	3.23	0	0 – 42	9.86	2.08	0	0 – 42	7.96	0.7	0	0 – 28	4.43
Impact report	1.53	0	0 – 33	5.45	5.68	0	0 – 100	18.18	1.65	0	0 – 15	4	9.7	0	0 – 232	38.2	2.13	0	0 – 78	12.33

[18] Std Dev is standard deviation.
[19] Med is median.

With regards to the extent measure, Table 18 shows that “accountability for process” is the most disclosed category, and “Accountability for resource allocation” is the next highest disclosed category. “Accountability for impact” is the lowest disclosed category. In addition, all disclosed items under the five accountability categories present a significant gap between the mean and median value, with high standard deviation values, which signal differences among the social businesses in reporting the disclosed items (see Table 18). More specifically, accountability for process attracted the highest sentence counts (average of 51 sentences), with values included between a minimum of 0 and a maximum of 267. The item of services/programmes delivery, with the mean value of disclosure volume of 26.06, is the most disclosed item under the category of accountability for process, with values included between a minimum of 0 and a maximum of 206, but also the highest standard deviation (42.97). Description of environmental activities is the other most disclosed item, with an average of 13.30. By contrast, the item of justification and assessment for corporate activities was not adequately reported (on average of 0.38 sentences). Furthermore, accountability for resource allocation disclosures is the second ranked (on average 31.40 sentences). The item of background of employees attracted relatively high sentence counts (on average of 22.60 sentences), but the standard deviation is relatively high (29.58). This means that some social businesses disclosed a large quantity of related information, and a few sample businesses provided limited information. Analysing information disclosures regarding accountability for outcomes in Table 18 reveals that changing results from the corporate activities/programmes is the most disclosed item, with an average of 29.48, but also has the highest standard deviation (60.37). This means that a few social businesses disclosed a large quantity of information regarding outcomes, with many sample companies providing limited related information. It is worth noting that the sample companies did not disclose any information about the issues or challenges of measuring outcomes. Regarding the accountability for outputs, reported information about social outputs is the most disclosed item under this category, with an average of 12.25 sentences. Information about effectiveness is the least disclosed item. By contrast to other accountability categories, disclosure regarding accountability for impacts make up relatively smaller volumes (on average of 3.3). The average number of sentence disclosures regarding the benefits for the community or society is only 2.8. Therefore, the assessment of extent of disclosure indicates that there is a remarkable gap between the values of mean and median of the five accountability themes, with the higher standard deviations, revealing significant differences and asymmetry in the amount of disclosure of these five themes by the sample companies. That is, there is a difference in the amount of disclosure of sample companies. Some businesses reported many sentences, while others reported very few. Specifically, many social businesses did not disclose any information about accountability for impacts. In addition, the median values of all disclosed items are lower than the related mean values, revealing that the amount of disclosure of the analysed companies in each item is lower than the average.

Table 18. Extent of accountability and impact disclosures

Accountability category	Items	Mean	Median	Range	Std Dev
Accountability for resource allocation	Profit is reinvested in the company	2.1	1.5	0-8	2.21
	Funding (e.g., philanthropic support; crowdfunding, or loans, etc.) is used in the company	0.98	0	0-7	1.87
	Background of staff and employees and their specific work content	22.6	11	0-136	29.58
	Number of volunteers and work content	6.05	0	0-38	11.62
	Total	31.4	15.5	0-186	39.8
Accountability for process	The connection between the business model to corporate activities and its mission (s)	9.75	9	0-41	6.24
	Products delivery such as shoes, glasses, food, etc.	1.03	0	0-18	3.95
	Services/programmes delivery such as job counselling and training	26.06	8	0-206	42.97
	Environmental activities such as renewables and recycling	13.3	0	0-117	27.04
	Justification and assessment for corporate activities: issues encountered in conducting mission-related activities and how the company solves them	0.38	0	0-5	1.17
	Total	51	36.5	0-267	55.94
Accountability for outputs	Financial outputs: how much revenue (or profit) is generated from corporate activities/programmes such as sale of products	2.43	0	0-18	4.67
	Social outputs: products or services provided directly by a social business	12.25	8	0-71	13.79
	Effectiveness (i.e., the actual outputs versus the intended target)	0.88	0	0-13	2.87
	Total	15.6	11.5	0-85	17.79
Accountability for outcomes	Measurement method	0.68	0	0-4	1.14
	Changes resulting from the corporate activities/programmes (e.g., benefits achieved for beneficiaries such as improved beneficiaries' educational attainment and improved beneficiaries' health)	29.48	7.5	0-323	60.37
	Issues or challenges of measuring outcomes	0	0	0	0

Accountability category	Items	Mean	Median	Range	Std Dev
	Total	30.13	8	0-326	60.89
Accountability for impact	Measurement method	0.5	0	0-16	2.56
	The macro-level benefits for the community or society (e.g., sustained drop in poverty, improvements in the ecological environment, etc.)	2.8	0	0-62	10.56
	Issues or challenges of measuring impact	0	0	0	0
	Total	3.3	0	0-78	13.05

Overall, the five accountability categories were reported generally by the sample companies. The analysis of extent shows that the sample businesses appeared to emphasise and attribute more significance to resource allocation, process and social outputs. However, the high standard deviations of some accountability categories (e.g., accountability for outcomes) illustrates significant differences in the extent of accountability reporting among the sample companies. In particular, the accountability for outcomes which has the highest standard deviation (60.37), reveals that many sample businesses provided limited information, and a few companies disclosed a large quantity of related information. The mean (3.30) and median (0) show that the distribution of the data regarding accountability for impacts is close to zero, meaning that many social businesses did not disclose any information about their impacts on our community or society. As a result, in the following subsection, the researcher evaluates the quality of accountability disclosures to add another dimension to assess and understand the comprehensiveness of accountability reporting.

7.3. Quality of accountability disclosures

The researcher scored the accountability disclosure according to a quality index using a scale. This resulted in quality scores per index category and overall, for each social business (see Appendix E). The overall average score of accountability reporting categories is 27% (see Table 19). The highest score over all categories is 61% and the lowest score is 7%. Accountability for outputs has the highest category scores of 78%. Many social businesses (37) in the sample scored less than 50% overall and ten of the sample companies scored below 20%. As a result, the findings show that most sample companies did not disclose comprehensive information; however, some did relatively well. A detailed analysis of each accountability category is provided in the following subsections.

Table 19. Quality of accountability and impact disclosures in all four reporting mediums

Panel A. The actual scores

	Mean	Median	Range	Std Dev	Maximum Possible Score
Accountability for resource allocation	3.6	3	0-9	2.5	12
Accountability for process	3.7	4	0-7	1.6	13
Accountability for outputs	2.9	2.5	0-7	1.8	9
Accountability for outcomes	1.6	2	0-4	1.3	6
Accountability for impacts	0.4	0	0-4	1	6
Overall	12.2	10.5	0-28	6	46

Panel B. The percentage format[20]

	Mean (%)	Median (%)	Range (%)	Std Dev (%)
Accountability for resource allocation	30	25	0-75	21
Accountability for process	29	31	0-54	12
Accountability for outputs	32	28	0-78	20
Accountability for outcomes	27	33	0-67	21
Accountability for impacts	6	0	0-67	16
Overall	27	23	7-61	13

Panel C. Number of the sample businesses reporting in each category

	Number of companies reporting in each category (n=40 social businesses)	Percentage of companies reporting in each category (%)
Accountability for resource allocation	38	95
Accountability for process	39	97.5
Accountability for outputs	36	90
Accountability for outcomes	28	70
Accountability for impacts	7	17.5

[20] The researcher used percentage format to provide a comparative and clear understanding of the results. The percentage was calculated by using the actual score derived from the disclosure analysis divided by the maximum possible score.

7.3.1. Accountability for resource allocation

As previously discussed, social businesses are accountable for using tangible and intangible resources effectively and rationally to support the corporate activities and thereby generate intended results. The results of content analysis show that 95% of the sample companies (see Table 19 Panel C) provided information regarding resource allocation. Table 19 (Panel B) shows that the overall mean for the category of accountability for resource allocation is 30%, with the highest score of 75% and the lowest score of zero. Eleven social businesses in the sample scored above 50% overall, and eight companies scored below 10% and two of these companies received zero.

Table 20. Quality of accountability for resource allocation disclosures

Panel A. The actual scores

	The disclosure quality scores					
	Mean	Median	Range	Std Dev	Maximum Possible Score	Number of companies reporting in each index (n=40 social businesses)
Profit is reinvested in the company	1	1	0-3	0.9	3	27
Funding used in the company	0.5	0	0-2	0.8	3	11
Background of staff and their specific work content	1.5	2	0-3	0.8	3	35
Number of volunteers and work content	0.6	0	0-2	0.9	3	15

Panel B. The percentage format

	The disclosure quality scores (%)				
	Mean (%)	Median (%)	Range (%)	Std Dev (%)	Percentage of companies reporting in each index (%)
Profit is reinvested in the company	35	33	0-100	31	67.5
Funding used in the company	15	0	0-67	26	27.5
Background of staff and their specific work content	50	67	0-100	26	87.5
Number of volunteers and work content	21	0	0-67	29	37.5

As Table 20 (Panel A and Panel B) indicates, 35 (87.5%) of social businesses reported information on the background of staff (and employees) and their specific work content, with the average disclosure score being 50%. More than half of the sample companies disclosed high quality information on this item, as 21 (52.5%) companies scored 67%, and 2 (5%) scored 100%.

Twenty-seven social businesses (67.5%) provided information on profits reinvested in the company, which has an average score of 35% with the highest score of 100%. Twenty-eight companies (70%) scored less than 50% and thirteen of them scored zero. Accordingly, albeit that many the sample companies disclosed information regarding profit reinvestment, such information is at a minimum coverage. Such minimum disclosures provide readers a sense that some important information has been left undisclosed, such as how much profit did the company reinvest? And what has changed compared to last year? We can conclude that, despite most social businesses reporting on profit reinvestment, they do not disclose comprehensive information.

The remaining two items (i.e., funding obtained and used in the company; number of volunteers and work content) scored lower. More specifically, eleven social businesses (27.5%) disclosed information on the funding used, giving an average score of 15%. Similarly, the average score of volunteer information was 21%, with the highest score of 67% and the lowest score of zero. Most companies (62.50%) did not disclose any information about volunteers. The results therefore suggest that more than half of the sample companies did not report any information regarding funding utilisation and volunteer information; the rest of the companies disclosed relevant information, however, the reporting information is not comprehensive. Consequently, according to the resource allocation information disclosed by the sample companies, we cannot therefore get comprehensive information and an understanding of financial capital reinvestment and other human capital used.

7.3.2. Accountability for process (mission-related activities)

The concept of accountability for process involves describing and justifying the activities carried out by the organisation to understand how its impact has been achieved (Dhanani & Connolly, 2012). That is, the account must provide information (i.e., description of the activities) on how the organisation met those dual objectives. Table 19 (Panel C) illustrates that most companies (97.5%) provided information about the category of accountability for process, and the overall mean disclosure score is 29% (see Table 19 Panel B).

Table 21. Quality of accountability for process disclosures

Panel A. The actual scores

	The disclosure quality scores					Number of companies reporting in each index (n=40 social businesses)
	Mean	Median	Range	Std Dev	Maximum Possible Score	
The connection between the business model to corporate activities and its mission(s)	1.9	2	0-2	0.4	2	39
Product delivery such as shoes, glasses, food, etc.	0.1	0	0-2	0.4	3	3
Services/programmes delivery such as training and psychological counselling	1	1	0-3	1	3	22
Environmental activities such as renewables and recycling	0.6	0	0-2	0.9	3	13
Justification and assessment for corporate activities	0.1	0	0-1	0.3	2	4

Panel B. The percentage format

	The disclosure quality scores (%)				Percentage of companies reporting in each index (%)
	Mean (%)	Median (%)	Range (%)	Std Dev (%)	
The connection between the business model to corporate activities and its mission(s)	95	100	0-100	19	97.5
Product delivery such as shoes, glasses, food, etc.	3	0	0-67	13	7.5
Services/programmes delivery such as training and psychological counselling	33	33	0-100	33	55
Environmental activities such as renewables and recycling	19	0	0-67	29	32.5
Justification and assessment for corporate activities	5	0	0-50	15	10

Table 21 shows that explanation about the connection between the business model to corporate activities and its mission(s), with the mean value of 95%, is the most disclosed item under the category of accountability for process. It has values included between a minimum of 0 and a maximum of 100%, and a lower standard deviation (19%) than the remaining items such as product delivery, services/programmes delivery and environmental activities. Most social businesses in the sample scored 100%. That is, many sample companies reported more comprehensive information on this item.

More than half of social businesses (55%) reported information on services or programme delivery, which is another item with relatively high-quality disclosure, with an average disclosure score of 33% and a range between 0 and 100%. As reflected in Table 21 (Panel B), the average score for information disclosure regarding services or programme delivery is significantly higher than the average score (19%) for environmental activities. By contrast, the remaining two disclosed items (i.e., justification and assessment for corporate activities and product delivery) were not adequately reported by the sample companies, only 4 companies (10%) justified their mission-related activities, and 3 (7.50%) provided information about product delivery. Consequently, these two items received the lowest average scores: 5% and 3% respectively.

7.3.3. Accountability for results – outputs

Table 22 displays a considerable variation in the disclosure quality for outputs. This difference is related to the comprehensiveness of information disclosure of each index item by the researched corporations. More specifically, most businesses (90%) provided detailed information regarding social outputs. The mean for this item is 66%, with the minimum of 0 and a maximum of 100%, which is the highest-quality item disclosed under the category of accountability for outputs.

Table 22.Quality of accountability for outputs disclosures

Panel A. The actual scores

	The disclosure quality scores					Number of companies reporting in each index (n=40 social businesses)
	Mean	Median	Range	Std Dev	Maximum Possible Score	
Financial outputs	0.7	0	0-3	1.1	3	15
Social outputs	2	2	0-3	0.8	3	36
Effectiveness	0.2	0	0-2	0.6	3	4

Panel B. The percentage format

	The disclosure quality scores (%)				Percentage of companies reporting in each index (%)
	Mean (%)	Median (%)	Range (%)	Std Dev (%)	
Financial outputs	24	0	0-100	37	37.5
Social outputs	66	67	0-100	27	90
Effectiveness	7	0	0-67	20	10

Albeit that only fifteen of social businesses did provide financial outputs with an average score of 24%, some of these companies (i.e., 6 social businesses) provided extraordinary disclosures. These businesses not merely provided financial statements, but also compared the revenue with previous years.

As noted above, effectiveness is one part of outputs, which is measured by comparing a target and actual outputs. By contrast to those providing financial, social and/or environmental outputs, only four social businesses (10%) provided the information of actual outputs versus the intended target, with an average value of 7%, which is scored as the item of the lowest quality. All these four social businesses compared their targets and actual outputs; however, they did not explain why the companies did not achieve their targets and how to improve the effectiveness.

In short, most sample companies provided detailed descriptions regarding social outputs. Such disclosures give readers a better understanding of what companies have done in the short term for their missions. However, publicly available information on financial outputs was limited, despite the researched companies openly promoting the importance of financial and social objectives (e.g., social mission is pursued by using market income). Comprehensive financial information is consequently limited, which probably raises questions regarding their accountability fulfilment. That is, without providing the public access to financial information, there is no evidence that social businesses have profitability or financial sustainability, which makes the general public question how they are accountable for financial and social objectives. Therefore, this research finds that accountability for social outputs was reported more comprehensively than financial performance and effectiveness.

7.3.4. Accountability for results – outcomes

Outcome disclosure represents value that has been created for beneficiaries. As is apparent from Table 19 (Panel C), 28 sample companies (70%) disclosed information on accountability for outcomes, with an average disclosure score of 27% (see Table 18 Panel B). Specifically, more than half of the companies (67.50%) provided detailed information regarding the benefits achieved for beneficiaries using surveys and storytelling. The mean for this item is 44%, with the minimum of 0 and a maximum of 100%. Through these disclosures, we have learned that corporate activities and outputs have had a positive impact on beneficiaries, including the benefits which: (1) changed their lives; (2) improved educational attainment; (3) improved health; (4) helped them gain skills; (5) improved self-esteem; (6) improved the sense of belonging; (7) improved independence; (8) improved self-confidence; (9) increased happiness; (10) improved behaviour; and (11) saved the lives of beneficiaries.

Some social businesses adopted a survey method to measure the outcomes. However, analysing outcome information disclosures in Table 20 reveals that no company disclosed any information about issues or challenges of measuring outcomes, accordingly, the quality score of this item is 0.

Table 23. Quality of accountability for outcomes disclosures

Panel A. The actual scores

	The disclosure quality scores					Number of companies reporting in each index (n=40 social businesses)
	Mean	Median	Range	Std Dev	Maximum Possible Score	
Measurement method	0.3	0	0-1	0.5	1	12
Changes resulting from the corporate activities/programmes	1.3	2	0-3	1	3	27
Issues or challenges of measuring outcomes	0	0	0	0	2	0
Overall	1.6	2	0-4	1.3	6	28

Panel B. The percentage format

	The disclosure quality scores (%)				Percentage of companies reporting in each index (%)
	Mean (%)	Median (%)	Range (%)	Std Dev (%)	
Measurement method	30	0	0-100	46	30
Changes resulting from the corporate activities/programmes	44	67	0-100	33	67.5
Issues or challenges of measuring outcomes	0	0	0	0	0
Overall	27	33	0-67	21	70

In short, outcome disclosures were mainly narratives (i.e., storytelling) in nature, which are indicative of what value the companies have created for beneficiaries. However, the values of median, mean and standard deviation (see Table 23) show irregular disclosures, which signals differences among the social businesses in reporting the disclosed items. That is, many sample companies provided limited information, and a few did well.

7.3.5. Accountability for results – impacts

With an average disclosure score of 6% (see Table 19 Panel B), accountability for impacts received the lowest disclosure score compared to the other four accountability categories. As illustrated in Table 24, only seven social businesses (17.5%) disclosed relevant information, two of which used SROI to measure and report the impact on society.

Two sample companies cooperated with university researchers to measure their social impacts.

The remaining three companies did not explain the measurement method they adopted, and the disclosures regarding the benefits for the community or society had minimum coverage.

According to the website information, the social missions of 23 sample companies (57.50%) are macro-level, such as creating a sense of inclusion within the community, improving the ecological environment, reducing crime rates, poverty, social discrimination, social stigma, etc. However, only seven of those companies disclosed information against their missions. None of the sample companies disclosed any information regarding issues or challenges of measuring impacts. This limited information raises a series of questions, such as whether they did improve these social issues, whether the companies did not disclose relevant information because they encountered challenges or barriers in the measurement process, or whether they have a different understanding of social impact. As mentioned in Chapter 6, the mission of social businesses is not merely to create financial value, but also to benefit their communities or society. Therefore, stakeholders (e.g., consumers, investors, partners, volunteers, etc.) need to know whether their support and investment are making a difference in solving social issues. In the absence of any social impact disclosure, justification should be provided, as stakeholders would like to know why social impact is not disclosed and whether there are barriers in terms of impact measurement.

Table 24.Quality of accountability for impacts disclosures

Panel A. The actual scores

	The disclosure quality scores					Number of companies reporting in each index (n=40 social businesses)
	Mean	Median	Range	Std Dev	Maximum Possible Score	
Measurement method	0.1	0	0-1	0.3	1	3
The macro-level benefits for the community or society	0.3	0	0-3	0.7	3	7
Issues or challenges of measuring impacts	0	0	0	0	2	0

Panel B. The percentage format

	The disclosure quality scores (%)				Percentage of companies reporting in each index (%)
	Mean (%)	Median (%)	Range (%)	Std Dev (%)	
Measurement method	8	0	0-100	27	7.5
The macro-level benefits for the community or society	10	0	0-100	24	17.5
Issues or challenges of measuring impacts	0	0	0	0	0

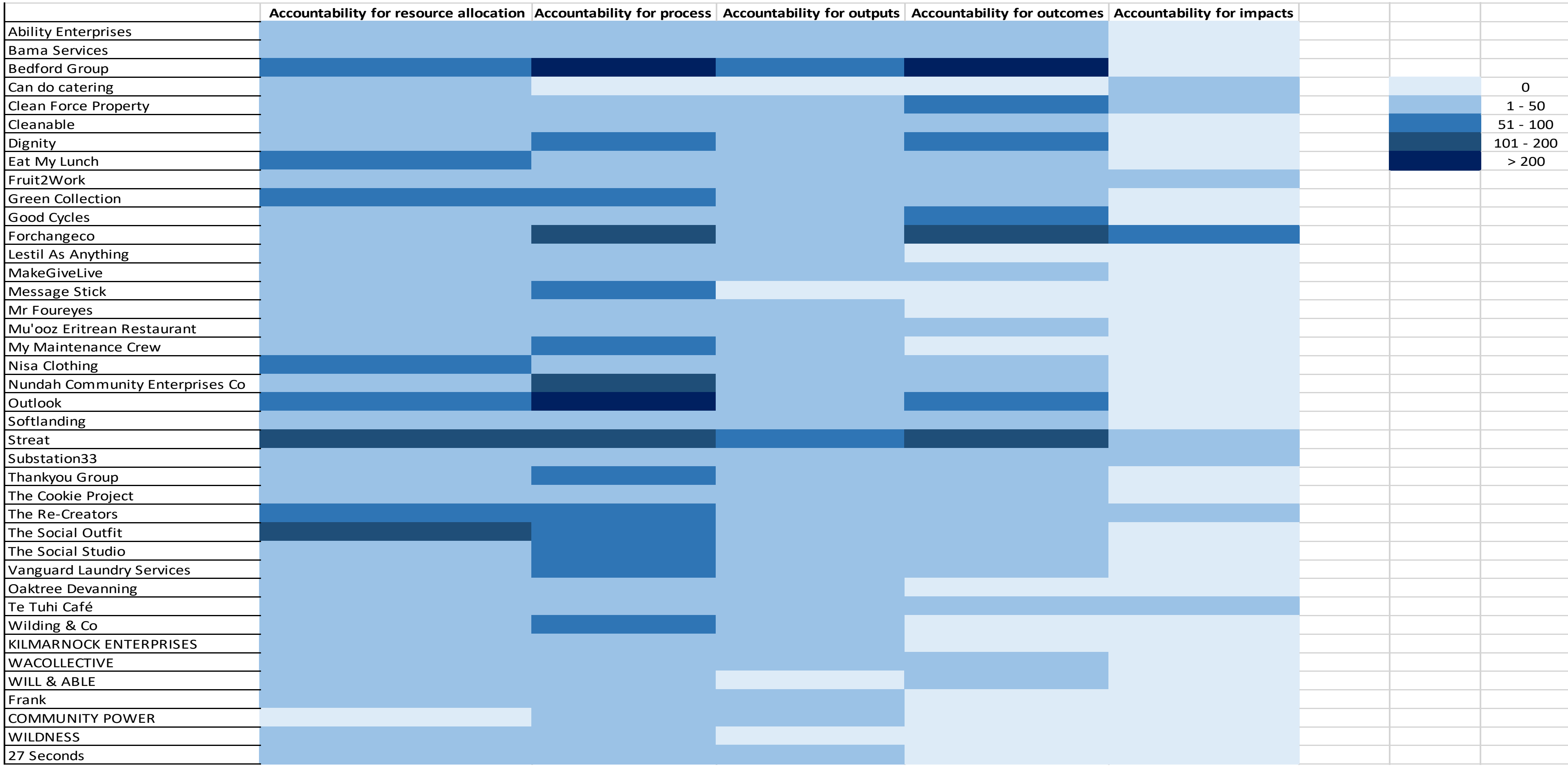
7.4. Extent and quality of disclosure

The starting point of the analysis was to investigate how Australian and New Zealand social businesses discharge their accountability through reporting and disclosure. More precisely, it is important to understand the extent and comprehensiveness of such organisations in discharging their accountability through reporting and disclosure.

To manage and present the amount of data observed, a heatmap was utilised to show the distribution of the information among the different social businesses (Costa, Pesci, Andreaus & Taufer, 2019). It is useful for visualising the data, such as finding highs and lows, and to understand patterns more clearly. By analysing the extent and quality of disclosure in the reports, websites and Facebook, the data shows a high level of heterogeneity in distribution, which can be summarised efficiently in the heatmap (See Figure 9). Each column of the map represents disclosed accountability categories, and the rows represent the sample companies. The data matrix and its values are represented by different colours.

Figure 9. Heatmap illustrating the distribution of the information among the social businesses

Panel A. Sentences



Panel B. Quality (i.e., comprehensiveness)

Panel A shows discrepancies of total sentences between the disclosed accountability categories by the sample companies. As reflected in the figure, a few social businesses disclosed all accountability categories, and their volumes are very high; some businesses disclosed limited information; many of the sample companies are mainly focused on reporting resource allocation and mission-related activities. Accordingly, this irregular distribution illustrates that the volume of disclosure in terms of the five accountability categories had considerable differences between the sample companies. Moreover, regarding the disclosure quality of five accountability categories, most social businesses in the sample scored below 50% (see Panel B). Thus, the findings suggest that most of the sample companies did not provide comprehensive information, but a few did well.

Table 25.Extent and quality of disclosure

	Extent of disclosure				Quality of disclosure (%)			
	Mean	Median	Range	Std Dev	Mean (%)	Median (%)	Range (%)	Std Dev (%)
Accountability for resource allocation	31.4	15.5	0-186	39.8	30	25	0-75	21
Accountability for process	51	36.5	0-267	55.94	29	31	0-54	12
Accountability for outputs	15.6	11.5	0-85	17.79	32	28	0-78	20
Accountability for outcomes	30.13	8	0-326	60.89	27	33	0-67	21
Accountability for impacts	3.3	0	0-78	13.05	6	0	0-67	16

According to Table 25, accountability for process has the highest ranking in terms of extent of disclosure; the average number of sentences is 51. The high standard deviation value (55.94) shows that some social businesses reported a large number of sentences, whereas others reported few sentences. With respect to the quality of disclosure, accountability for outputs has the highest ranking, received the average quality score of 32%. According to the above discussion, many sample companies provided comprehensive information regarding social outputs, and all sentences were clear and concise, which may contribute to the quality score. Accountability for resource allocation ranks the second in terms of extent and quality of disclosure. As reflected in Table 25, disclosure regarding accountability for impacts made up the smallest volumes and received the lowest average quality score of only 6%. This is because only a few companies disclose information regarding their social impacts, and the sentences are very general. Therefore, this study finds that social businesses mainly focus on reporting information about accountability for resource allocation, accountability for process, and accountability for social outputs. However, some items were not disclosed by many companies. These preliminary analyses also demonstrate significant differences in the extent and quality of disclosure among social businesses and between five accountability categories.

7.5. Summary

Social businesses are accountable for blended value creation to their multiple stakeholders, but the information available was limited and partial regarding some items (e.g., financial outputs, profit reinvestment, outcomes and impacts). For example, some social businesses did report their financial output through their own websites or Facebook, but reporting lacked comprehensiveness and information had minimal coverage (e.g., “a large amount of revenue is generated from the product’s sale”). A small number of social businesses measured and reported social impact, however, the information was incomplete (e.g., “we have saved the government a total of $16 million”), as there is no disclosure in terms of how the number is calculated. Therefore, this research finds that communication on financial value creation (i.e., revenue and profit) and social value creation (i.e., social outcomes and impacts) was limited. This may raise public concerns about whether social businesses created blended value, or such organisations “do good” based on moral intentions (Bradford et al., 2017). Some researchers (e.g., Boyne & Law, 1991; Bradford et al., 2017) note that effective accountability is impossible without comprehensive disclosure.

As discussed in the literature review chapters, there is no common definition of social impact, no unified measurement method, and no established reporting guidance. Thus, the researcher needs to interview managers of social businesses to understand their perceptions on accountability and social impact, and thereby reach a comprehensive and in-depth understanding of accountability and social impact measurement of social businesses in practice.

Chapter 8. Understanding the perceptions of the interviewees regarding accountability and social impact

8.1. Introduction

After analysing the results of the content analysis, the researcher discussed with the managers/founders of 19 social businesses about their perceptions on accountability and social impact. The aim is to address research Questions 2 and 2(a): "What are managers' perceptions on accountability of social businesses and social impact?" "What challenges or barriers do New Zealand and Australian social businesses face in discharging accountability and measuring social impact?" and thereby reach an in-depth understanding of accountability and social impact measurement in practice. The remainder of this chapter is organised as follows. In Section 8.2, the researcher analyses the interview results regarding to whom social businesses are accountable. The findings of for what social businesses are accountable for are presented in Section 8.3. In Section 8.4, the researcher discusses how social businesses were accountable. The interviewees' perceptions on social impact are analysed in Section 8.5. An analysis of challenges of discharging accountability and measuring impacts is presented in Section 8.6. In the final section, the researcher discusses the findings.

8.2. To whom social businesses are accountable

From a theoretical perspective, social businesses have an accountability to multiple stakeholders due to their hybrid nature, including upward stakeholders, downward stakeholders, inward stakeholders and on the horizontal level. In this regard, 10 interviewees agree with this standpoint, for example, interviewee no.2 indicates, "I do feel like all companies, including social businesses, are actually accountable to all stakeholders". The remaining nine interview participants state two other perceptions (see Table 26): i) social businesses have an accountability to upward stakeholders (including partners, consumers, and investors), as interviewee no.11 highlighted, "…because we use [a] buy one, get one model, so we are accountable to our customers, impact partners and investors"; ii) social businesses have an accountability to customers and the government, for example, “We are not accountable to anybody else apart from the people who bought our products; and because we are privately owned, a not-for- profit organisation, we have to report our financial results to the government like the tax office” (Interviewee no.13).

Table 26. Accountability to whom

Social business code	Multiple stakeholders	Upward stakeholders	Customers and government
SBNA1		Y	
SBNB2		Y	
SBAC3	Y		
SBND4		Y	
SBAE5			Y
SBNF6	Y		
SBNG7	Y		
SBNH8	Y		
SBNI9		Y	
SBNJ10	Y		
SBNK11	Y		
SBAL12			Y
SBAM13			Y
SBAN14	Y		
SBAO15		Y	
SBAP16	Y		
SBAQ17		Y	
SBAR18	Y		
SBAS19	Y		
Total	10	6	3

As Ebrahim et al. (2014) stated, accountability within social businesses is considered more complex than other types of organisations (e.g., commercial businesses and public organisations), because it is not a straightforward principal-agent relationship, instead, there are multiple stakeholders with different objectives, interests and requirements. In this context, this issue lies in how to satisfy the demands and interests of multiple stakeholders, and whose interests are prioritised when they conflict. Ten interviewees point out that the interests and requirements of their multiple stakeholders are important; nine interview participants highlight an accountability to upward stakeholders, customers and the government, which indicates a focus on financial accountability. The following quotations explain:

"We need money to carry out training programmes and pay them [beneficiaries], the first thing is to make money, then we can create social value. So, I would say we have an accountability to our partners, investors and customers" (Interviewee no.17).

One interviewee also mentions:

"We are accountable to our customers, and we received bank loans, so we are also accountable to the bank to repay the loans" (Interviewee no.15).

8.3. For what social businesses are accountable

Theoretically, social businesses should be accountable for blended value creation because of their hybrid nature. In other words, organisational resources such as financial capital and human capital are utilised to support the mission – related activities or programmes for the production of services or products (e.g., free food delivery, job training, recycling, mental health treatment, etc.) that in turn results in the delivery of outputs to the target population (Ebrahim et al., 2014). Over time, these outputs lead to improved outcomes in the lives of beneficiaries (Liket et al., 2014). Ultimately, by creating blended value, the organisations address some social issues (e.g., poverty, pollution, unemployment, etc.). Nine interview participants agree with this standpoint. The remaining ten interviewees provide different answers about what social businesses are accountable for (see Table 27).

Table 27. For what are social businesses accountable

Social business code	Blended value creation (i.e., accountability for resource allocation, accountability for process, accountability for results)	Accountability for outputs	Accountability for financial output only	Accountability for process
SBNA1			Y	
SBNB2	Y			
SBAC3	Y			
SBND4			Y	
SBAE5		Y		
SBNF6	Y			
SBNG7	Y			
SBNH8	Y			
SBNI9				Y
SBNJ10			Y	
SBNK11			Y	
SBAL12	Y			
SBAM13			Y	
SBAN14				Y
SBAO15	Y			
SBAP16		Y		
SBAQ17			Y	
SBAR18	Y			
SBAS19	Y			
Total	9	2	6	2

According to Table 27, nine interviewees indicate that social businesses are accountable for blended value creation, including accountability for resource allocation, accountability for process (e.g., mission-related activities and programmes) and accountability for results. The following quotations provide examples of the interviewee's standpoints:

"We are an enterprise that's solely relying on people with disabilities. Yes, we create blended value, and we are accountable for the whole process of value creation. We have a mission, and we need money to complete that mission. So, we have a responsibility for our commercial operations, and we have a certain production that we have to maintain, and we have to ship out either products or services of some sort to customers who are paying money. And I think, we also have a responsibility for them [people with disabilities] to go through our training programmes. I carry through and kind of workshop and just make sure that they've really settled here, and then we move on to like the developing of their work skills, their values, attributes, transferable skills, and all that sort of stuff. Once they completed that, and they feel that they're comfortable in moving forward, they will then jump on to our business development manager, and she goes through lots of job resiliency skills and helps them get ready for that transition" (Interviewee no.3).

"The key responsibilities for our business are resource allocation and financial sustainability – cash flow. I mean, we are earning money, then we are able to pay salaries for our staff and employees [people with disadvantaged background], and the profit is going back to the communities…… and another key responsibility is to be organic. We care about our activities, we care about the packaging and environment, so it is very important to make sure we have zero waste, our products and packages are not polluting the environment" (Interviewee no.8).

"We are accountable for, on the one hand, you can just say financial performance, number of jobs created, and how much raw virgin plastic are we are saving. And another main thing is our professional team members teach them [people with disabilities] different skills, they learn about teamwork, job skills, and interpersonal skills. It’s something we’ll look at more in the future, as well as doing other initiatives for the employees” (Interviewee no.6).

“At the very least, social and financial value creation would be equal. The businesses exist to support the activities and the mission. We're an integrated social enterprise. Our trainees work in the businesses that generate the revenue that pays for the programmes, that pays for youth workers and so on, that support them through that. So, we do have two business units where the trainees are embedded and that's our coffee roastery and our catering business” (Interviewee no.19).

Additionally, two managers indicate that accountability for process is important (i.e., conducting mission-related programmes), although they claim that financial sustainability is equally important. For example, “We have to meet kind of serious things, but the training programme is our priority. Those young people do not have the maturity to be employed, and they do not have the right attitude to be employable, and some of them dropped out of school, so our training programme is important, that offers the young people a pathway into employment. The social enterprise people were fixing a lot of the things that they had as part of the strategy to change, so obviously, for us, we are accountable to help minimise unemployment and disengagement” (Interviewee no.9).

One participant also states:
“There are different beneficiaries and there are definitely some that will be prioritised over others. The core beneficiary for us is the young people [at risk or experiencing homelessness] involved in our programme, so operating our programme is top priority. We provide employment and skills training to those young people that are employed at our venues, and they learn those kinds of technical skills linked with hospitality. And those kinds of skills are really important for the young people, and it helps them

transition into further employment after they complete our programme, which runs for about six to eight months” (Interviewee no.14).

As the following quotation shows, two managers highlight the accountability for outputs. For example, “You can't be accountable to everybody, and you can’t be accountable for everything, because we're running a business. We have a mission, and we need to achieve it, so we are accountable for environmental and financial outputs” (Interviewee no.5).

Creating blended value requires income obtained from social businesses’ commercial activities and reinvesting the income on their social mission, therefore, financial performance determines the extent and scale of social value creation (Bradford et al., 2020). Six interview participants support the standpoint of Bradford et al. and highlight the importance of accountability for financial performance/output. The following quotations explain:
“You have to make some money, because if you do not have any money, you do not have any resources to do anything. It’s all very well to say we are not-for-profit, and we give everything away. We’ve been donating 100% of profits, we are probably now around 90%” (Interviewee no.10).

“You want to help, and you have a mission, and you need money to complete that mission, so mission and money goes hand-in-hand…… but without financial sustainability, we cannot do anything. We need money to move forward” (Interviewee no.4).

In summary, the prior literature indicates that social businesses are accountable for blended value creation (e.g., Ebrahim et al., 2014), as such organisations attempt to be self-sufficient, independent of donations or government funding, and rely on their own generated income to address social objectives (e.g., Emerson, 2003; Nicholls, 2009). Accordingly, financial and social values are created simultaneously (Alter, 2007). However, the interview data reveals that the literature probably ignored the sequential factor of discharging financial and social accountability in practice. For some social businesses, their priority is to ensure the business survives and functions well, and then meets their social missions. That is, financial sustainability and stability determine the scope of social outputs, which lead to the level of outcomes and impacts. For example, for some social businesses that adopt a buy one give one model, the number of products sold is directly proportional to the number of donated products; the more products donated, the more people will benefit and the greater the social impact. For social businesses that employ vulnerable groups, they need to achieve financial sustainability and stability before they can provide more employment opportunities; providing more and more job opportunities means that more and more people are benefitting, which will have a greater social impact. Therefore, this study finds that accountability for blended value creation is important, but there is the sequential factor of discharging financial and social accountability in practice[21]. In other words, despite the fact that the interviewees support accountability for blended value creation, they are primarily concerned with financial accountability. As interviewee no.15 highlighted, “Obviously, we have two objectives. We employ people with mental illness and people with disabilities, accountability is we can continue to hire and pay our employees. So, we need to make some money first. Because we need enough money to pay wages”.

8.4. How social businesses are accountable

Accountability mechanisms are defined by Christensen and Ebrahim (2006, p.196) as distinct actions or processes designed to ensure a specific type of outcome. Therefore,

[21] First, managers must ensure financial sustainability and stability, then focus on pursuing social missions. This is because the scope and scale of an organisation's mission depend on its financial stability.

accountability mechanisms provide an understanding of how social businesses are accountable.

8.4.1. Accountability through disclosure

Disclosure such as the annual report, CSR report and other forms of information disclosure is the most widely adopted mechanism of accountability (Unerman, et al., 2007), which is adopted by scholars and stakeholders (e.g., investors, shareholders, funders and the government) to assess the fulfilment of accountability (Brennan & Solomon, 2008). However, some scholars (e.g., Hood, 2007; O'Neil, 2002; Roberts, 2017) argue that disclosure as an instrument of accountability must rely on periodic snapshots (such as an annual report) to capture corporate performance, but accountability is also an ongoing process that extends over time and understands the actual practice through active enquiry. The interview data supports these scholars' standpoints. Specifically, many interviewees indicate that reporting on financial and social performance is important, but disclosure cannot reflect the full picture of social business accountability. As interviewee no.15 indicated, "In legal terms, we have to prepare reports, because we are a limited company. But I don't think it's the full story. I don't think people can understand our accountability or performance just using numbers. We can demonstrate our accountability through informal ways. For example, if anybody was questioning us about our accountability, they just look at the way we make our decisions and if they have any concerns, they will definitely get in contact with us. So we have regular meetings with our stakeholders every month".

One interviewee also mentions:

"I think transparency is important, we do have reports. But accountability process is really important for us. We always explain to people about our mission, free products and operation. So it's been very honest and very transparent with everyone about how we operate" (Interviewee no.11).

In short, for most interviewees, disclosure is important, but it cannot fully reflect the accountability fulfilment in the context of social businesses. Therefore, the other two mechanisms (i.e., accountability through active enquiry and accountability through action) play essential role for discharging accountability.

8.4.2. Accountability through active enquiry

The interview data shows that accountability through active enquiry is identified by many interviewees (i.e., 15 interviewees) as the most important accountability mechanism. This strong awareness of accountability through active enquiry is perceived as a desire for listening and talking with stakeholders, and thereby understanding and meeting their demands (Roberts, 2009). The following quotations provide examples:

"Going back to the trainees [beneficiaries], which is obviously my top priority in terms of how I look at the programme and our mission, it's very informal, but just check in with each individual trainee. I'm responsible for kind of talking with them about what some of the challenges might be, where some of the improvements can be made, and then as they kind of graduate the programme as well, we send surveys to them throughout their time in the programme, ask if there's any kind of challenges that they're experiencing, ways that they can improve the programme as well. Because sometimes we feel obviously the young person might feel they want to kind of talk about the programme in a positive light while they're involved and while we're asking about it, but they might be able to disclose more information about some of the challenges that they're finding with their support worker. So, then that's like a kind of external feedback loop for me, whereas if they raise anything with their support worker, that can then be fed back to me and then we can kind of work on processes to manage that. So that's kind of a really consistent feedback loop that we have with the young people in our programme in terms of our youth services partners. I'll work a lot with the support workers, kind of touch base, generally month- to-month with them about how each individual trainer is progressing. And then we also kind of set six months kind of strategy meetings with them, to talk about strategy and where the gaps are for them and just the ways we can keep kind of working together and collaborating" (Interviewee no.14).

"Our mission is to reduce unemployment, and we provide training programmes and job opportunities for young people. The number one thing that I would say it's all about relationship with stakeholders. So, I'm generally, without Covid involved, are seeing them regularly on a monthly basis to gather feedback and answer their questions. I also need to talk with our partners who provide job opportunities for those young people. So I talk with our partners to understand their requirement, then to train them [young people] so that they [partners] can employ them" (Interviewees no.9).

"We talk to them [customers and beneficiaries] every day to get their opinions about our products and activities. We do it every six months to gauge whether customers are happy, whether we should change something, and maybe have a continual dialogue with customers. Not all customers, but some customers. So that gives us the opportunity to engage and we've got a fairly easy way of customers feeding back everything" (Interviewee no.13).

In short, the interviewees' emphasis on active enquiry echoed Robert's socialising accountability and O'Neil's 'intelligent accountability.' Robert (2001) states that socialising processes of accountability have none of the hierarchy and inhibitions of power. Such open communications provide the opportunity to question, clarify. and elaborate and thereby generate a shared understanding of corporate reality and stakeholders' claims and concerns. In this way corporate missions and related activities are well undertaken over time by listening, talking and asking questions. As interviewee no.2 emphasised, “We [staff and beneficiaries] have discussions every six weeks. And then we offer like other training and support services around that, usually outside of working hours. Because we're a small team, so it's like a small family, we know each other very well. So, it's not difficult to like coordinate that side of things. And then with the customers we have, one of our staff is in charge of customer care. So, she's the one that like deals with all of the queries and questions from customers. And then we also have a lot of engagement with our customers through like social media and email. This informal communication for us is the best way to achieve our objectives”.

8.4.3. Accountability through action

As Sinclair (1995) pointed out, accountability not only involves holding accountors to account, but also requires accountors to develop ways of performing an account. In this regard, Messner (2009) emphasises that accountability not only focuses on what is rendered accountable, but also how accountability is implemented. Therefore, several scholars propose two means of rendering accountability. First, observable action is an important means of rendering accountability (Butler, 2001; Messner, 2009; Parker, 2014). Second, Oakes and Young (2008) state that description and assessment of mission-related activities offers insights into the fulfilment of accountability. These two standpoints have been evidenced in the interview results.

Many participants (i.e., 13 interviewees) note that accountability through action is an essential accountability mechanism, because discharging accountability in social businesses exists outside of formal reporting. Seven of those interviewees indicate that accountability through action is reflected in carrying out mission-related activities. Undertaking these activities is a powerful means for discharging accountability, linking the individual ethics, beliefs and feelings, enabling the individual in practice to realise the concept of accountability to stakeholders, which cannot be fully represented by formal reports. The following quotations are the typical examples:

“We were providing free training programmes, and we were giving them jobs. We are accountable for teaching them skills and helping them every day. Then they can see that development grow very fast, they are earning money, they are feeling confident, they are happy, because they got money to spend to be happy about. The young person is happy to give money to the parents for shopping or for petrol, or just to be able to buy their own phone. That’s all. I don’t think that we have to prove to others [with a formal report]. We are focusing that process, offering programmes and helping them into a job. That’s my belief” (Interviewee no.9).

One interview participant also explains:
“I think when you kind of look at grant funding, when you look at annual reporting, you look at all the kind of things that are valued by those kind of top end stakeholders that fund programmes, a lot of it is really outcomes driven. So, it's about hours worked in the programme, the number of young people that have been in the programme, number of people who successfully graduated the programme and moved to further employment. So, I think accountability and a lot of social impact in the industry are still viewed as really kind of outcomes focused, but I think it's more complex than that. I think I always say to our trainers, we need to focus on the process, we need to focus on the relationship, but there shouldn't be too much worry about the outcome, because if we've got the process really strong, if we've got good relationships with our participants, they're going to probably really benefit from what we do” (Interviewee no.14).

Six of those interview participants point out that accountability through action is also shown by observation. For example, “We are a very open business, so there is nothing to hide. I take people [the public] through tours, through our workplace all the time, then they know we are helping them [beneficiaries] out and how we help them and what we do. This is very important" (Interviewee no.3).

One interviewee also highlights:
"We invite people in our community and some consumers to tour our workplace. We want to show them our processes. It helps them understand how we do and how we contribute to our community. I suppose it's the best way to be transparent" (Interviewee no.19).

Accordingly, this study finds that many interview participants emphasise that accountability is discharged and reflected through a series of mission-related activities and observations, which supports some scholars' standpoints: i) observation of corporate activities offers more revealing organisational accountability (i.e., Butler, 2001; Cho et al., 2012; Messner, 2009); ii) in addition to observation, accountability through action also can be demonstrated through narratives, including detailed description of mission-related activities and assessment of these activities (such as issues encountered in conducting mission-related activities and how the organisation solves them) (Oakes & Young, 2008). As Oakes and Young (2008) stated, accountability is both discursive and processual, which is not just a report of goals met, or quantitative measures/accounts, it is also an ongoing process that should incorporate activities that establish the goals to be achieved. Therefore, description and assessment of organisational activities offer stakeholders a way to understand what organisations do and how organisations achieve their missions.

8.5. The perceptions of interviewees regarding social impact

As discussed in Chapter 4, there is no common language to data on the definition of social impact. The interview data shows that the interviewees have different understandings in terms of social impact.

The definition of social impact by all interview respondents can be summarised into three themes (see Table 28): first, social impact is the products or services that are provided by social businesses; second, social impact refers to beneficiaries' changes resulting from the business activities and programmes; third, social impact means the contribution to our society. In this way, the interviewees' perceptions on the definition of social impact correspond to the definitions of output, outcome and impact respectively.

Table 28. The interviewees' perception on the definition of social impact

Social business code	Outputs	Outcomes	Impacts
SBNA1		Y	
SBNB2	Y		
SBAC3		Y	
SBND4	Y		
SBAE5		Y	
SBNF6			Y
SBNG7		Y	
SBNH8			Y
SBNI9		Y	
SBNJ10	Y		
SBNK11		Y	
SBAL12	Y		
SBAM13		Y	
SBAN14			Y
SBAO15			Y
SBAP16		Y	
SBAQ17		Y	
SBAR18	Y		
SBAS19			Y
Total	5	9	5

As reflected in Table 28, five interviewees indicate that social impact is social output (i.e., the products or services provided by social businesses), thus they only measured and disclosed social outputs rather than outcomes and impacts. As interviewee no.2 highlighted, "In terms of social impact, it's about how many jobs we created. For us, we only really have to measure two things: the number of people from refugee and migrant backgrounds that we employ, the number of hours employment that we offer…so we do not really have that many barriers, because it's such an obvious thing, an easy thing to measure. I think you have to be measuring exactly what you're trying to achieve, and you need to be as specific to what you're doing" (Interview no.2).

One interview participant also mentions:

"Outputs and outcomes are good indicators, it just works whether you choose to do it, whether you buy in. We choose outputs, so we measure an estimated waste diversion from landfill, and how many people have been paid. I definitely think you can measure impact through outputs, people are very attracted to those outputs, they buy into them, but the outcomes are a little bit fluffier…Some of the numbers I think are a little bit misleading, because they try and estimate like, carbon emissions, they are doing on an average, it's a little bit stretched" (Interviewee no. 7).

Nine interview participants note that social impact refers to social outcome (i.e., beneficiaries' changes resulting from the business activities and programmes) (see Table 27). For example, one interviewee proposed the following definition: "For us, social impact is about the self-confidence of our employees [beneficiaries]" (Interviewee no.5).

One interviewee also indicates:
"In terms of social impact, I think it's about making a real difference for someone's life" (Interviewee no.3).

Five managers explain that social impact is the contribution to our community or society. For example, "I think social impact is what is your contribution to society. That goes beyond just the individual or the organisational games. It's really about making a difference that goes beyond that. But we don't know how to measure it" (Interviewee no.6).

However, they disagree with the existing measurement methods. As one manager highlighted that, "Measuring social impact is important. Absolutely. Anyone says that they can do it in a standardised approach [SROI] – I have no respect for that. Because it assumes that human beings can be diminished to a number. Human beings are complex, interconnected. So, if you do a standardised measure, then I think you don't understand this work at all. SROI is not valid. The reason it's not valid is the kind of things that they choose to value are not real. SROI methodology is thinking about willingness to pay for this, that or the other or cost savings here. They are not actual cost savings. So, it's not real. It's not measurement" (Interviewee no.12).

Overall, as noted in Chapter 4, the existing literature on social impact highlights the importance of social impact measurement and disclosures. For example, social businesses should measure and report their social impacts, as stakeholders need such information to understand what impacts they have created (Luke, 2016). Accountability also needs to be discharged and demonstrated through social impact disclosure (Arena et al., 2005). This research finds that, all interviewees believe that measuring social impact is imperative, but social businesses should measure and report their impacts based on their own understandings. Therefore, the different perceptions of social impact led to differences in social impact measurement and disclosures.

8.6. The challenges of discharging accountability and measuring impact

Another topic throughout the interviews is the challenges of discharging accountability and measuring social impact, eighteen interviewees note that it is important to measure and report social impact, especially for demonstrating the fulfilment of accountability. This finding supports the standpoint of some scholars (e.g., Ciaran & Martin, 2011; Arene et al., 2015; Molecke & Pinkse, 2017): accountability needs to be demonstrated through social impact disclosure, as it provides accountability and transparency regarding corporate performance to stakeholders. However, there are some challenges they faced in discharging accountability and measuring social impact.

8.6.1. The challenge of reporting information: A lack of professionals

Seven managers explain that the main challenge in terms of information disclosure is related to a lack of professionals, which lead to a low extent and quality of disclosure. This finding supports the argument of prior literature (i.e., Buckland & Hehenberger, 2021; Ebrahim et al., 2014).

On the one hand, many potential employees in the market are looking to find work in more established businesses. Working for large enterprises or multinational corporations is preferred, not a social business (Buckland & Hehenberger, 2021). This leads to a talent shortage in social businesses. As interviewee no.9 pointed out: “Limited information about social impact, I think that is one of the downfalls of my organisation, because there’s always a shortage of talent coming into our workforce. That’s the problem”.

On the other hand, the recruitment cost is considered a burden. Managers or founders of social businesses are motivated to report information, but they find that the demands of running their businesses prevents them from investing money in recruitment. In other words, they do not have the budget to recruit someone in measuring impact and reporting information, not to mention providing compensation that can compete with large enterprises. As one interviewee explained:

“We've been donating 100% of profits, now we are probably around 80% to 90%. We do not measure the impact; it has not been important. I think the most important thing is you have to have a plan that's going to see you generate some revenue, so you could pay your overheads and have a chance of surviving and then growing. So, we can't do everything, like, the things we've just been talking about, promotion, marketing support, and things like that cost a lot of money to hire someone” (Interviewee no.10).

In short, the interview data reveals, that for these social businesses, their top priority is to save costs, ensure the business survives and functions well, and meet social or environmental objectives. Figuring out how to measure impact and report information is a secondary priority. If the cost of retaining a talent for impact measurement and information disclosure is high, they choose to limit disclosure to reduce the financial burden.

8.6.2. The challenges of measuring outcomes

As discussed above, nine interview participants note that social impact refers to social outcome (i.e., beneficiaries' changes resulting from the business activities and programmes) (see Table 25). However, many of these interviewees indicate that they encountered challenges measuring outcomes.

8.6.2.1. It is hard to measure outcomes

Five interviewees indicate that it is hard to measure social outcomes, as they could not capture the complexity and full value of their outcomes. As the following interviewees explain:

"We employ people who come out of prison……they started to pay their children an allowance, to pay back their victims, and then they started to believe me and donate money to communities … So, I found they have taken a huge step towards returning to normal life… the people we are working with, their life has completely changed, not just their lives, but lives of others, the problem is that it's hard to measure it directly" (Interviewee no.8).

"Number of jobs created is fairly simple. Then when you go to, what is the impact of the job? What does have a job mean to that person? How has it impacted their mental health or their well-being or their sense of inclusion and that kind of stuff? We more do that around interviews, and hearing feedback from the employees and their caregivers, which is slightly more complex, but I think, the next step after that, which is more complex, is the environmental outcomes. We can count how many plastics come back in, how many can be washed and reused, but how to measure environmental outcomes? That's more complex" (Interviewee no.6).

"There're so many complex challenges that affect young people at risk of homelessness, there's mental health challenges that they experience, there's a lack of strong social connectedness that other people would have that they just can't rely on. And there's a lot of past trauma and stuff there as well. I think it's harder to measure those weeks where, like, the young person just really loves coming into work, they really love working with their trainers. They've got just great relationships with all of our staff. It's a real kind of amazing outlet for them, something that they really benefit from. It's really hard to measure that when it's hard to capture that really good feeling at the time, because it is very fluid, and they might have some really challenging weeks as well. It's just hard. I think often social impact can often be pinned down to outcomes, but I think it's natural of like any work with a person with complex needs, is that it's very nonlinear. I'll even compare it to maybe like the work of a psychologist or something where you're working with someone and providing mental health support to them, and they'll have periods of time where they're doing really well in terms of their well-being and then that will drop and there's peaks and troughs at all kinds of stages. So, it's hard to measure those outcomes. But I think the outcomes are still really important" (Interviewee no.14).

8.6.2.2. It is hard to collect outcome data

Two managers point out that data collection for outcome measurement is beyond the capacity of social businesses, as their beneficiaries often move, making it difficult to find and contact them. Even if the staff find them, some of them are reluctant to talk about the changes in their lives. As one interviewee elaborated: "While any value gained from collecting data may lead to better decisions, we don't want to force them. We help those people, not to collect data to prove how good we are, just because of my beliefs" (Interviewee no.1).

One interviewee also mentions:

“We provide quantitative information, for example, we are giving X number of products to people in need. We also provide qualitative information in terms of we asked questions. We asked, for example: How does that impact your well-being? How does it impact your ability to go about your daily life? We are dealing with people who are experiencing poverty, there’s a lot of shame, there’s a stigma around it, so people are not necessarily wanting to talk about their experiences, and what is happening for them as well. And a lot of people don’t have the mental capacity at the time to even worry about doing a survey…There’s nothing in place for us to make sure people do fill out the surveys, because there’s no mandate there” (Interviewee no.11).

In this case, these two managers chose to give up the data collection and outcome disclosures, although they believe that outcome measurement and disclosure is imperative for demonstrating their accountability and performance.

8.6.3. The challenges of measuring impacts: Social impacts are unmeasurable, and the methods are imprudent

Three interviewees state that measuring social impact at the macro-level is unmeasurable. As one interview participant noted that: “We provide support to anyone who’s vulnerable in our society, because our mission is to reduce inequality, so it’s hard to measure our impact [reducing inequality]” (Interviewee no.16). Another interviewee has the same standpoint: “We provided job opportunities for 75 people with mental health issues, social impact is such a broad definition, how can we measure it?” (Interviewee no.5).

Five managers agree with the importance of social impact measurement, but they state that the existing measurement methods are imprudent. The following quotations explain:

“Measuring social impact is important. Absolutely. Anyone says that they can do it in a standardised approach [SROI] – I have no respect for that. Because it assumes that human beings can be diminished to a number. Human beings are complex, interconnected. So, if you do a standardised measure, then I think you don’t understand this work at all. SROI is not valid. The reason it’s not valid is the kind of things that they choose to value are not real. SROI methodology is thinking about willingness to pay for this, that or the other or cost savings here. They are not actual cost savings. So, it’s not real. It’s not measurement” (Interviewee no.12).

“There is not a common method in Australia either. Some people take a very financial approach and do SROI. We done it twice, but it has not provided any use to us. It is not a language that the general public understand well, and it has not actually been that useful for us in talking to funders. We would not go through that process again. So back to your point around a common methodology, I love a good framework, so I’d be super happy if we could land on a common one for everybody” (Interviewee no.19).

“I do think it [social impact measurement] is very important. We’ve had lots of discussions on improving our reporting of social impact. But social impact is very broad, it’s a global issue, I mean, it’s hard to measure it. We would be interested in this, if there's an appropriate method” (Interviewee no. 6).

The interview data reveals that, for those social businesses, they are willing to measure the impact, but there are no suitable methods and guidelines to refer to. This barrier results in limited disclosure in terms of social impact, as measuring impact is beyond their capacity. This finding supports some scholars' standpoints (e.g., Luke, 2016; Kroger & Weber, 2014): no agreed social impact accounting standards and no established unit(s) of impact measurement raised the challenge of how to measure and report any impact. Accordingly, these social businesses only report what they can measure. As interviewee no.17 indicated, "We would do it [impact measurement] based on our own objectives, our own understanding, and our own programmatic response to that".

8.7. Summary

The researcher interviewed 19 managers/founders of Australian and New Zealand social businesses to understand their perceptions on accountability and social impact, in order to get an in-depth understanding of accountability and social impact in practice.

The interview data reveals that interview participants have different understandings in terms of accountability and the definition of social impact. More specifically, different managers have different perceptions on to whom, for what and how social businesses are accountable. Theoretically, social businesses have an accountability to multiple stakeholders due to their hybrid nature. Ten interviewees agree with this standpoint; however, the remaining nine interview participants state two other perceptions, including social businesses have an accountability to upward stakeholders, and social businesses are accountable to customers and the government. In terms of for what social businesses are accountable, nine interviewees indicate that social businesses are accountable for blended value creation, including accountability for resource allocation, accountability for process (mission-related activities) and accountability for results. Six managers highlight that social businesses are accountable for financial output only. The remaining interviewees emphasise accountability for outputs and process. Accordingly, this research finds that different managers have different perceptions on to whom and for what social businesses are accountable, but financial sustainability is considered essential to purse social mission(s). The standpoints of interviewees imply that financial performance (i.e., stability and sustainability) is the core element in achieving social mission(s). In other words, the scope and scale of organisational mission depend on financial stability and sustainability.

Compared to accountability through disclosure, many interviewees indicate that accountability through active enquiry and accountability through action are the most important accountability mechanisms, as accountability as an ongoing process is discharged between the business and its stakeholders in which love, care and friendships is experienced through taking with stakeholders, observation, and a series of mission-related activities. The repeated practice of carrying out activities in a way that considers stakeholders' demands generate impact, via recognition of responsibility, interrelatedness and action.

In addition to different understandings regarding accountability of social businesses, the interview participants also have different perceptions on the definition of social impact. Some managers indicate that social impact is the products or services that are provided by social businesses. Nine interview participants point out that social impact refers to beneficiaries' changes resulting from the mission-related activities and programmes. Only five managers note that social impact means the contribution to our community or society.

Regarding the challenges of discharging accountability and measuring social impact, this research finds that four challenges many interviewees faced in discharging accountability and measuring impact, including: i) the main challenge in terms of discharging accountability is related to a lack of professionals, which lead to a low extent and quality of information disclosure; ii) it is hard to measure social outcomes;

iii) generating outcome data is a big challenge; iv) social impacts are unmeasurable and the methods are imprudent. This finding supports the arguments of prior literature (e.g., Luke, 2016; Kroger & Weber, 2014): no agreed social impact accounting standards and no established unit(s) of social impact measurement raise the challenge of how to measure and report social impact.

This chapter presents the interview results to understanding the interviewees' perceptions on accountability and social impact. In next chapter, the researcher combines the content analysis results and interview results to analyse the reasons for the low disclosure quality and develop a concise reporting framework for social businesses.

Chapter 9 Accountability challenges and proposed accountability framework

9.1. Introduction

The previous two chapters analysed the results of content analysis and semi-structured interviews. This research finds that the sample companies received low scores in many items, and some items, such as accountability for impacts, were not disclosed by many companies. The interview results show that managers have different perceptions on accountability and social impact. In addition, the interviewees indicate that they encountered some challenges in discharging accountability and measuring outcomes and impacts. Accordingly, the researcher combines the results of content analysis and semi-structured interviews together to analyse the reasons for the low disclosure quality, and thereby suggest a concise reporting framework for social businesses. The remainder of this chapter is organised as follows. In Section 9.2, the researcher combines the results of content analysis and interviews to understand the reasons for the low disclosure quality. A concise reporting framework is suggested in Section 9.3. In the final section, the researcher concludes this chapter.

9.2. The reasons for low accountability disclosure

As analysed in Chapter 7, social businesses mainly focused on reporting information on accountability for resource allocation, accountability for process, and accountability for social outputs; however, many companies did not disclose some items. For example, most sample companies did not report information regarding accountability for impacts; more than half of the sample companies did not disclose their financial outputs; the median, mean and standard deviation values revealed irregular disclosures under the category of accountability for outcomes. By combining the results of content analysis and semi – structured interviews (See Table 29), the researcher found five reasons behind this phenomenon (i.e., low disclosure quality):

i) Information regarding financial performance is only provided to upwards stakeholders and the government
ii) different understandings about the definition of social impact
iii) challenges experienced in measuring outcomes
iv) challenges experienced in measuring impacts
v) A lack of professionals, and differing perceptions on accountability mechanisms

Each reason is discussed in the following subsections.

9.2.1. Reasons for the low quality of overall disclosure: a lack of professionals, and differing perceptions on accountability mechanisms

The results of content analysis reveals that many social businesses in the sample scored below 50% in terms of the disclosure quality of five accountability categories. That is, many sample businesses did not provide comprehensive information. By interviewing 19 managers of Australian and New Zealand social businesses, the researcher found two main reasons for the low quality of overall disclosure:

1) A lack of professionals

The results of content analysis show that the sample companies scored relatively low in many items, the interviewees explained that this is because a lack of professionals. As discussed in Chapter 8, the top priority of these social businesses is to save costs, ensure the business survives and functions well, and meet social mission(s). Figuring out how to measure impact and report information is a secondary priority. If the cost of retaining a talent for impact measurement and information disclosure is high, they choose to limit disclosure to reduce the financial burden.

2) Differing perceptions on accountability mechanism

Different views on accountability mechanisms are also a reason for the low extent and quality of disclosure. Compared to disclosure, many interviewees indicate that the other two mechanisms (i.e., accountability through active enquiry and accountability through action) are the most important. For those interview participants, discharging accountability in social businesses exists outside of formal reporting, as undertaking mission-related activities and talking with stakeholders are powerful means for discharging accountability, which cannot be fully represented by reports and disclosures. By linking individual ethics, beliefs and feelings, talking with stakeholders and listening to their demands and concerns, enable managers in practice to realise the concept of accountability to stakeholders. In this way corporate missions and related activities are well undertaken over time by listening, talking and asking questions. Therefore, many managers of the sample companies focused more on active enquiry and actions than information disclosure.

9.2.2. Information regarding financial performance is only provided to upwards stakeholders and the government

The results of content analysis reveal that accountability for outputs has the highest ranking in terms of quality of disclosure, as most sample companies (90%) provided comprehensive information regarding social outputs. However, only 15 social businesses (37.50%) disclosed financial outputs. Therefore, the researcher talked with some interview participants to understand why they did not disclose financial information or why they provided limited information.

Thirteen interview participants indicate that they provide financial statements to their upwards stakeholders and the government. However, there is a preference not to disclose financial statements widely and publicly. The following quotations explain:

“We are obliged to provide a financial report to the tax office and our investors. I’m not quite understanding why they [the public] need it. If they ask for it, maybe I’ll be able to give them some numbers” (Interviewee no.15).

“We provided a financial report to the tax office every year. The website tells you [the public] what we do and tells you why we do it. You can very easily access our information...... [for financial report and data] my first question when somebody asked me, I get involved in that sort of conversation, is, why do you need to know that? For what purposes do you want to use it? How is it going to be used? Because I don't understand why or how you want to use it” (Interviewee no.13).

“There’s a lot of information and some financial numbers on the website and our Facebook. If people ask for it [financial statement], we’ll sign a confidentiality agreement first. Because the financial information is commercially sensitive for us” (Interviewee no.7).

“We provided a financial report to all the companies that work with us. I don’t think we can demonstrate accountability through a financial statement. I think accountability is process, this has always been really important that we do provide information very clearly on our website and social media [Facebook]” (Interviewee no.11).

Accordingly, the findings show that, for many interview participants, financial statements are utilised to communicate and demonstrate their financial performance with upwards stakeholders and the government.

9.2.3. Different understandings of the definition of social impact

According to Chapter 7, the category of accountability for impacts made up the smallest volumes and received the lowest disclosure score compared to the other four accountability categories. This is because the interviewees have different perceptions on the definition of social impact, which lead to differences in information disclosures.

As discussed in Chapter 8, the interviewees' perceptions on the definition of social impact correspond to the definition of output, outcome and impact respectively. Some interviewees indicate that social impact is the products or services that are provided by social businesses. For those managers/founders, their understandings regarding social impact correspond to social outputs, thus they only measured and disclosed social outputs. This also explained why some social businesses did not disclose outcomes and impacts.

The rest of the interviewees believe that social impact refers to beneficiaries' changes resulting from the businesses activities and programmes (i.e., social outcomes), and the contribution to our community or society (i.e., social impacts). However, the content analysis results reveal that some companies did not report social outcomes, and most businesses did not disclose any information regarding social impacts. This is because they encountered the challenges of measuring outcomes and impacts. The following subsections provide detailed discussions.

9.2.4. The challenges of measuring outcomes

Nine interview participants note that social impact refers to social outcome (i.e., beneficiaries' changes resulting from the business activities and programmes), however, the results of content analysis show that some social businesses did not report information in terms of accountability for outcomes. By discussing this issue with the interview participants, this research finds that some companies encountered challenges of measuring outcomes, which resulted in limited or no disclosure. The challenges in terms of measuring outcomes include: i) it is hard to capture the complexity and full value of social outcomes; ii) data collection for outcome measurement is beyond the capacity of social businesses (see Chapter 8). In this context, some social businesses have opted to forego data collection and outcome disclosure although outcome measurement and disclosure are important to demonstrate their performance and accountability.

9.2.5. The challenges of measuring impacts

Another topic throughout the interviews is social impact measurement method and disclosure, as the social missions of 23 sample companies (57.50%) are macro-level (e.g., reducing crime rates, poverty, etc.), but most companies did not disclose any information under this category (see Chapter 7). More specifically, the interview participants agree with the importance of social impact measurement and disclosure, however, they do not know how to measure it and they disagreed with the existing measurement methods such as SROI. In other words, for those social businesses, they are willing to measure the impact, but there are no suitable methods and guidelines to refer to.

As some scholars (e.g., Luke, 2016; Kroger & Weber, 2014) stated, no agreed social impact accounting standards and no established unit(s) of impact measurement raised the challenge of how to measure and report any impact. Accordingly, these social businesses only report what they can measure such as social outputs. In terms of social impact, they chose not to disclose.

Table 29. The reasons for low accountability disclosure

Categories	Items	Key findings of content analysis	Reasons for low quality disclosure according to the interview results
Resource allocation	Profit is reinvested in the company	Many social businesses reported this information, but the information was minimum coverage and vague	Financial reports and statements are only provided to upwards stakeholders and the government
	Funding used in the company	The information available was limited	Financial reports and statements are only provided to upwards stakeholders and the government
	Background of staff and employees and work content	Many social businesses provided detailed descriptions	
	Number of volunteers and work content	Some social businesses reported limited information	A lack of professionals and different perceptions on accountability mechanism
Process	The connection between the business model to corporate activities and its mission(s)	Most social businesses disclosed comprehensive information	
	Product delivery	The information available was limited	A lack of professionals and different perceptions on accountability mechanism
	Programmes/services delivery	Many social businesses disclosed comprehensive information	
	Environmental activities	Some social businesses provided detailed descriptions	A lack of professionals and different perceptions on accountability mechanism
	Justification and assessment for corporate activities	The information available was limited	A lack of professionals, and different perceptions on accountability mechanism

Categories	Items	Key findings of content analysis	Reasons for low quality disclosure according to the interview results
Outputs	Financial outputs	Some social businesses reported this information, but it was minimum coverage	Financial reports and statements are only provided to upwards stakeholders and the government
	Social outputs	Many social businesses disclosed comprehensive information	
	Effectiveness	Most social businesses did not disclose any information regarding this item	A lack of professionals and different perceptions on accountability mechanism
Outcomes	Outcomes measurement method	Some social businesses provided this information	• Different perceptions on the definition of social impact. • The challenges of measuring outcomes • A lack of professionals, and different perceptions on accountability mechanism
	Outcomes (benefits achieved for beneficiaries)	Half of the sample businesses reported their outcomes, but the information was not comprehensive	• Different perceptions on the definition of social impact. • The challenges of measuring outcomes. • A lack of professionals and different perceptions on accountability mechanism
	Challenges of measuring outcomes	No social business disclosed this information	A lack of professionals and different perceptions on accountability mechanism

Categories	Items	Key findings of content analysis	Reasons for low quality disclosure according to the interview results
Impacts	Impact measurement method	Most social businesses did not disclose it	• Different perceptions on the definition of social impact • The managers disagreed with the existing measurement methods
	The benefits for the community or society	Most social businesses did not provide any information in terms of their impacts	• Different perceptions on the definition of social impact • The challenges of measuring impacts
	Challenges of measuring impact	No social business reported this information	A lack of professionals and different perceptions on accountability mechanism

9.3. A concise reporting framework

Following the preceding discussion of the results of content analysis and semi-structured interviews, a variety of insights into social businesses are gained, with respect to the extent and comprehensiveness of information disclosure, and the interviewees' perceptions on accountability and social impact, in particular the challenges of discharging accountability and measuring social impact. These issues (e.g., different perceptions on the definition of social impact, the challenges of discharging accountability and measuring outcomes and impacts) are considered, together with the hybrid nature of social businesses, the researcher suggests a concise reporting framework for such organisations to demonstrate their accountability. The following paragraphs provide detailed discussions in terms of the concise reporting framework.

Many interviewees agree that social businesses are accountable for blended value creation to their multiple stakeholders, but the information available was limited especially financial performance. Importantly, based on the interview data, the sample businesses have financial statements, which are only available to upwards stakeholders and the government. Yet, social businesses' reporting of financial information through their own websites and social media was vague and limited in nature. Limited disclosure of financial information may raise questions about social businesses' accountability. In the absence of comprehensive disclosure of financial information, the public may wonder whether these companies have reinvested large amounts of profits into mission-related activities, and whether social businesses have generated enough revenue to carry out their social missions. Taking into consideration the challenge in reporting information (i.e., a lack of professionals), a basic summary of financial performance (i.e., profits, revenue, expenses) should be reported widely and publicly, in order to meet minimum levels of financial accountability. As Cordery et al. (2019) highlighted, for any type of organisations, reporting financial information is an important accounting practice to discharge their accountability.

The researcher acknowledges that social impact lacks a precise definition and common measurement method, but information regarding social performance is central to the discharge of accountability due to the blended value creation of social businesses. The following suggestions are provided by the researcher. First, a brief explanation regarding the definition of social impact should be given. In this way, multiple stakeholders can understand what social value the businesses aim to create. Second, some managers indicate that they are willing to measure and disclose social outcomes, but there are the challenges of measuring outcomes. Considering this issue, the researcher suggests that social businesses should provide narratives regarding the challenges of measuring outcomes. In this way, the information asymmetry would be reduced, and understandability would be enhanced. Third, the fact is that there is no common measurement framework or method available for managers who believe social impact involves contributing to communities or society. They also disagree with the existing measurement methods. In this context, it may be useful to disclose a brief statement. For example, we provide free food to vulnerable groups with the aim of reducing poverty. Last, a summary of resource allocation should be given. As ineffectual or unreasonable resource allocation and usage would lead to a variety of risks, such as mission drift and bankruptcy. The blended value creation of social businesses is manifest in the allocation of resources among activities that satisfy dual objectives. Overall, a succinct summary reporting of social performance (i.e., the definition of social impact, social outputs, effectiveness) should be given. A short narrative statement (e.g., the challenges of measuring outcomes) is important for managers who believe social impact means creating positive impacts on beneficiaries (social outcomes) and society (social impact).

Based on the above discussion, the researcher proposes a concise reporting framework for social businesses.

Figure 10. A concise reporting framework

A brief summary of mission statement → The aim of the social business
- The definition of social impact
- Information about the problem or social issue the business is trying to solve

A summary of financial information → Summary of revenue, profit, and expenses and other activity indicators

A summary of resource allocation → Summary of financial and human capital used

A summary of social value creation

- For those managers who believe social impact means the products or services that are provided by social businesses, information regarding social outputs should be provided. For example, how many families or vulnerable groups were supported? How many food parcels were provided? How many products were donated?
- A short narrative statement about effectiveness (i.e., the actual outputs versus the intended target)

For those managers who indicate social impact refers to beneficiaries' changes resulting from mission-related activities and social outputs, information regarding social outputs and social outcomes (e.g., number or percentage of beneficiaries indicate that their anxiety has been reduced; number of percentage of beneficiaries indicate that they have learned job skills; beneficiaries' stories about how their lives have changed) should be reported.
A narrative statement also can be provided if there are challenges of measuring outcomes.

For those managers who understand that social impact means a contribution to our society, information regarding social outputs and outcomes is necessary. Due to the lack of a common measuring method, a short narrative statement is also useful to explain the challenges of measuring impact.

9.4. Summary

Blended value creation of social businesses is imperative to consider when analysing social business accountability, as the core element of such organisation is to create social value by using market income. However, the findings reveal that information regarding all five accountability categories was limited and vague, which limit understandability regarding social business accountability. Given the fact that social businesses operate in a complex environment (for example, there is no legal structure for social businesses in Australia and New Zealand) and considering the challenges of reporting information and measuring impact, the researcher proposes a concise reporting framework for social businesses to facilitate their accountability to multiple stakeholders.

Social businesses are not defined by specific legal forms in Australia and New Zealand, but the intention to 'do good' does not mean that such organisations do not have an accountability to report comprehensive information. On the contrary, the findings suggest a need for regulatory involvement (e.g., Australian Accounting Standards Board, New Zealand Accounting Standards Board) to develop a reporting framework to supervise the reporting on financial and social performance. As accurate information on financial and social performance is an important accounting practice to discharging accountability (Bradford et al., 2017), therefore, a need exists for regulators to develop a reporting framework for social businesses to facilitate their accountability and thereby be more transparent in their interactions with a range of stakeholders. Furthermore, insights from the UK and French experiences could inform regulators in Australia and New Zealand. Specifically, the Community Interest Company legal form was introduced by the UK government in 2005. This legal form aims to provide social enterprises (including social businesses) with a unique corporate form as a means of clearly identifying such enterprises to their stakeholders (Cordes, 2016). According to the UK law, social enterprises are registered as a Community

Interest Company (CIC) and they should submit a CIC 34, which needs to include the following: first, a general description of activities and impacts of social enterprise; second, how the social enterprise communicates with its stakeholders as well as provides feedback to them; third, details of any transfer of assets, and any remuneration received by directors (Nicholls, 2010). In addition, from 2019, the Pacte Law changes the legal framework for French mission orientated companies. The law requires mission orientated companies to define the reason for existence and its social mission(s) (Segrestin, Hatchuel & Levillain, 2021). There is a specific committee to supervise the achievement of the companies' social missions, which is regularly evaluated and audited by an independent organisation (Segrestin et al., 2021). CIC and mission orientate companies are very important development, as these legal forms create a more favourable environment for the accelerated growth of social enterprise (including social business). It also opens the way for companies to become social enterprises or mission orientated companies to counter some of the excesses of capitalism (e.g., the pursuit of profit maximization leads to greed, poverty, and economic inequality). Accordingly, regulators and standard setters in Australia and New Zealand can gain important insights from the findings of this research and the legal forms in other countries such as the UK and France to develop legal forms and reporting guidance for Australian and New Zealand social businesses.

Chapter 10. Conclusion

10.1. Introduction

This chapter summarises the findings and provides the conclusion. It is structured as follows: Section 10.2 summarises the key findings of this study; Section 10.3 reviews the theoretical and practical contributions resulting from this study. Section 10.4 discusses the limitations of this study and suggests the future research areas. Finally, a summary of this research is provided in section 10.5.

10.2. The key findings of this study

Over the past 20 years, social businesses have gained increased attention among academics and practitioners. From an academic perspective, the hybrid nature of social businesses (i.e., organisations utilise a commercial business model to achieve social change) has attracted scholars focusing on the following issues: legitimacy, mission drift, social mission fulfilment, and accountability framework, etc. (e.g., Battilana et al., 2015; Connolly & Kelly, 2011; Doherty et al., 2014; Ebrahim et al., 2014; Pache & Santos, 2010). Meanwhile, there has been an explosion of approaches for evaluating social impact. From a practitioner perspective, at a time when social and environmental degradation is the epitome of the capitalist system, some of the stakeholders (such as government and the public) consider social businesses as a promising alternative that contributes to creating economic and social value (Connolly & Kelly, 2011). Therefore, social businesses need to start measuring and disclosing their performance. It is also extremely important for business founders and managers to be clear about what results they want to achieve.

Given that social businesses represent an emerging field and business category in which accepted standards and understanding are still evolving (Nichollas, 2009; Bradford et al., 2018; Connolly & Kelly, 2011), more empirical research is needed to better understand accountability and impact measurement in this new organisational setting (Doherty et al., 2014; Ebrahim et al., 2014; Luke, 2016). Therefore, drawing on the prior literature, accountability theory and the concept of blended value, this research explores how Australian and New Zealand social businesses discharge their accountabilities and measure social impacts. The analysis is performed by using two methods: content analysis of secondary data (including 2021 annual reports, 2021 impact reports, Facebook, and website information), and 19 semi-structured interviews. Content analysis helps to examine the extent and quality (i.e., comprehensiveness) of information disclosure under the five categories, while interviews assist in obtaining a better understanding of what challenges such organisations face in discharging their accountabilities and measuring impacts. Using these two methods of collection and analysis yields rich data to facilitate our understanding of accountability and impact measurement in the context of Australian and New Zealand social businesses.

By combining these two methods, the results of this research show that the websites and social media (i.e., Facebook) served as the platforms to communicate accountability for blended value creation to multiple stakeholders. The results of content analysis illustrate that the five accountability categories were reported generally by the sample of social businesses. However, the high standard deviations show significant differences in the extent and quality of disclosure among social businesses and between five accountability categories. For example, accountability for process has the highest ranking in terms of extent of disclosure; accountability for outputs has the highest ranking in terms of quality of disclosure; accountability for resource allocation has the second ranking about extent and quality of disclosure. Therefore, this research finds that social businesses mainly focused on information disclosure about accountability for resource allocation, accountability for process and accountability for social outputs. By contrast, some items were not disclosed by many social businesses such as financial output and social outcomes, in particular, most businesses did not disclose information regarding accountability for social impacts. That is, social businesses are accountable for blended value creation to their multiple stakeholders, but the information available was limited in terms of some items (such as financial performance, outcomes and impacts).

The interview data reveals the reasons why some items were not disclosed by many social businesses. First, this research finds that social businesses measure and report their impacts based on their own perceptions of social impact. The definition of social impact by all interview participants corresponds to the definitions of outputs, outcomes and impacts respectively. This also explains why some companies only measured and disclosed social outputs, because for those managers, they believed that social impact means the products or services that are provided by social businesses. Second, some interviewees indicate that social impact refers to beneficiaries' changes resulting from the business activities and programmes (i.e., outcomes), however, measuring outcomes is beyond their capacity, thus they chose to give up the data collection and outcome disclosures. Third, several interviewees point out that social impact is considered a contribution to the community or society. They are willing to measure their impacts, however, there are no suitable methods and guidance to refer to. Fourth, some sample companies did not report information about financial output, the interviewees explain that financial information is only provided to upwards stakeholders and the government. Finally, regarding the disclosure quality of five accountability categories, many social businesses did not provide comprehensive information, but a few did relatively well. There are two reasons behind this phenomenon: a lack of professionals and different views on accountability mechanisms. Several managers indicate that the main challenge in terms of information disclosure is related to a lack of professionals, which lead to a low extent and quality of disclosure. Compared with disclosure, many interview participants believe that the other two mechanisms (accountability through active enquiry and accountability through action) are the most important. Consequently, differing views on accountability and definition of social impact and the challenges these social businesses faced, resulted in differing extent and quality of information reporting especially limited disclosure of social impacts.

Overall, as hybrid organisations, social businesses have financial and social objectives at their core, which are the rationale for their existence. As a result, they are accountable for reporting to stakeholders about their blended value creation. However, the findings reveal that many social businesses disclosed limited information, but a few did well. Specifically, the sample businesses mainly focused on information disclosure regarding resource allocation (e.g., background of staff and employees and work content) and corporate activities (e.g., the connection between the business model to corporate activities and its mission(s), and programmes/services delivery) rather than financial outputs (i.e., revenue and profit), outcomes and impacts, which may raise concerns regarding accountability, financial sustainability, or whether social businesses create social value. This study acknowledges that accountability (including impact measurement and disclosure) is central to social businesses, yet the point here is that there is a need to understand the challenges that these organisations face. As Ebrahim et al. (2014, p.97) stated that, "At a time when questions about reforming our economic system remain acute, social businesses invite optimism as well as caution". They appear to provide a promising way to create financial and social value. Still, we need a greater understanding of the process and results of their blended value creation and the challenges encountered in this process, thereby allowing for promotion and realisation of social business accountability and impact measurement.

10.3. Contribution

The findings of this research will prove useful for regulators and standard setters, practitioners (e.g., managers of social businesses, accountants, auditors, etc.), and academics in the field of social business accountability and social impact measurement.

- Implications for academics in the field of social business accountability and social impact measurement

First, this research builds on the existing limited research (i.e., Luke, 2016; So & Staskevicius, 2015; Ebrahim & Rangan, 2010; Ebrahim et al., 2014; Connolly & Kelly,2011; Connolly & Kelly, 2020; Wry & Haugh, 2018; van Tulder et al., 2016; Bradford et al., 2017) to develop accountability categories and disclosure items. In addition, by analysing the results of content analysis and understanding the managers' perceptions on accountability and social impact, the researcher proposes a concise reporting framework for social businesses. Social business researchers could use the disclosure items and concise reporting framework to conduct further accountability analysis.

Second, as noted by some scholars (e.g., Doherty et al., 2014; Ebrahim et al., 2014; Bradford et al., 2017), there is little if any research investigating accountability of social businesses. This research provides empirical data regarding how social businesses discharge accountability and measure their impacts. For example, this study finds that social businesses mainly focused on reporting information about accountability for resource allocation, accountability for process (i.e., mission-related activities) and accountability for social outputs. However, communication on financial value creation (i.e., revenue and profit) and social value creation (i.e., social outcomes and impacts) was limited. The interview data further explains the reasons for the low disclosure quality. For example, differing views on accountability and definition of social impact and the challenges that these social businesses faced, resulted in reporting of the different extent and quality of information. There were especially limited disclosures of social impacts. Therefore, this research provides empirical data and evidence to support the assumptions of prior studies (i.e., Ebrahim & Rangan, 2014; Nicholls, 2009;

Ebrahim et al., 2014): the lack of definitional clarity on social impact and the limitation of the existing measurement methods leads to ambiguity and differences in social impact disclosure. Also, the absence of a legal structure and reporting framework also poses challenges to information disclosure.

Third, previous literature regarding social impact measurement has mainly focused on reviewing and analysing different impact measurement methods (e.g., Luke, Barraket & Eversole, 2013; So & Staskevicius, 2015), proposing impact measurement methods (e.g., Molecke & Pinkse, 2017), social performance indicators (e.g., Arena, Azzone & Bengo, 2015; Luke, 2016), or analysing social impact reporting practices (Nicholls, 2009). However, there is little research about how social businesses measure their impacts in practice. As noted by Nicholls (2009) and Doherty et al. (2014), empirical studies regarding social impact measurement and reporting are needed to push forward this research agenda. Therefore, this research responds to the call and sought to contribute to our understanding regarding social impact measurement in the context of Australian and New Zealand social businesses. The findings reveal that social impact was measured and disclosed by the sample companies according to their own definitions and capacities. In the process of measuring impacts, some social businesses encountered challenges. For example, the managers are willing to measure their impacts, but there are no suitable methods and guidelines to refer to. For some social businesses, data collection for outcome measurement is beyond their capacity, as their beneficiaries often move, making it difficult to find and contact them. Furthermore, prior studies proposed the impact measurement methods or instruments; this research finds that only a few social businesses used SROI, none of the remaining measurement methods such as outcome harvesting has been adopted by the sample companies.

Fourth, this research contributes to a holistic understanding of accountability logic in social businesses, by using the concept of blended value (Emerson, 2003) and understanding managers' perceptions on accountability. Specifically, while prior studies have mentioned hybrid organisations should be accountable for their dual objectives, the concept of blended value illustrates the logic behind the value creation of social businesses: financial and social value creations are interconnected, rather than separate. Therefore, this study clearly explains the characteristics of social businesses and the logic behind value creation based on the concept of blended value.

Fifth, this research utilises semi-structured interviews to understand the perceptions of managers or founders on accountability. In doing so, this research finds that the managers of social businesses have different perceptions on accountability mechanisms. previous literature (e.g., Emerson, 2003; Alter, 2007; Ebrahim et al., 2014) indicates that social businesses are accountable for blended value creation. That is, such organisations are accountable to their multiple stakeholders for creating blended value. This is done on the premise of socialising accountability, through disclosure, active enquiry and action to discharge their accountability. However, a large number of managers states that, compared to accountability through disclosure, the other two mechanisms (i.e., accountability through active enquiry and action) are the most important mechanisms for social businesses. As undertaking mission-related activities and talking with stakeholders are powerful means for discharging accountability, which cannot be fully represented by reports and disclosures. Therefore, this research provides a richer analysis of social businesses accountability mechanisms.

Last, previous literature (e.g., Cordery et al., 2019; Bradford et al., 2017) emphasised that, for any type of organisations, reporting financial information as an important accounting practice to discharge their accountability. However, the interview data reveals that, for most social businesses, financial information (e.g., financial statements) is only provided to upwards stakeholders and the government. There was a preference not to disclose information regarding financial performance widely and publicly.

- Implications for practitioners, regulators and standard setters

Regarding the practical implications, the researcher proposes a concise reporting framework for social businesses. Given the fact that there is no legal structure for social businesses in Australia and New Zealand, and the interviewees have different perceptions on accountability and social impact measurement (including the challenges of reporting information and measuring outcomes and impacts), the researcher proposes a concise reporting framework that can be used by social businesses to facilitate their accountability to multiple stakeholders.

The findings of this research provides insights for regulators and standard setters to develop the regulation or reporting guidance for social businesses. Specifically, there are no specific legal forms and common reporting frameworks for social businesses in Australia and New Zealand, however, the intention to 'do good' does not mean that such organisations do not have an accountability to report comprehensive information. On the contrary, the findings suggested a need for regulatory involvement (e.g., Australian Accounting Standards Board, New Zealand Accounting Standards Board) to develop a reporting framework to supervise the reporting on financial and social performance, as accurate information on financial and social performance is an important accounting practice to discharging accountability (Bradford et al., 2017). Therefore, a need exists for regulators to develop a reporting framework for social businesses to facilitate their accountability and thereby be more transparent in their interactions with a range of stakeholders. The findings of this research may facilitate standard setters and regulators to understand the status quo of information disclosure, the interviewees' perceptions on accountability and social impact, and the challenges of reporting information and measuring impacts, and thereby develop the regulation and reporting guidance for social businesses. In addition, the findings of this research also shed light on a need to develop legal framework in Australia and New Zealand in line with CIC and French Mission Orientated Companies, in order to create a more favourable environment for the accelerated growth of social business, to facilitate their accountability and thereby be more transparent in the interactions with their multiple stakeholders.

10.4. Limitations and future research suggestion

The limitations of this study point to several possible avenues for future research. First, this research analysed information disclosure for only one-year; future research could be extended to longer periods to examine the year-wise trend in accountability disclosure and impact measurement. Second, a low response rate resulted in the limited number of interview participants; future research could further investigate the challenges social businesses face in discharging accountability and measuring impact by interviewing a larger number of managers. Third, this research studied accountability and impact measurement of 40 Australian and New Zealand social businesses in different industrial groups; future research could perhaps focus on only one industry to gain insight into the phenomenon. Fourth, this research did not compare whether different business models may have faced different challenges of fulfilling accountability and measuring impact, which could provide an interesting direction for future research. Last, due to the Covid-19 pandemic, the researcher was unable to visit sample businesses to observe their activities and programmes. In other words, the researcher could not observe how social businesses discharge their accountability through action; future research could further investigate accountability of social businesses through observations.

10.5. Final thoughts

Governance of global issues, such as alleviating poverty, mitigating social exclusion, and combating climate change, has become the focus of attention of governments, enterprises, institutions and citizens. Social businesses are considered potential solutions to address social issues due to their financial and social objectives. For example, some social businesses provide job training and work opportunities for people with disabilities, while some businesses are waste recycling companies that operate through the collection, manual disassembly, and sorting of goods. Some of them are upcycled, refurnished and sold; some of them are broken down into individual components, to further become sellable products. The blended value creation of social businesses is the main reason why they have obtained increased attention, because the purpose of social businesses is to address social issues by using financially sustainable business models. It is also because of the blended value creation of social businesses that several scholars (e.g., Doherty et al., 2014; Luke, 2016; Grossi et al., 2021) call on the need for a greater understanding of how they are accountable for their financial and social objectives. Accordingly, this study aims to investigate how social businesses discharge their accountability and measure their social impact. Four related research questions are proposed to address this overarching research objective.

Guided by accountability theory, the concept of blended value creation, and the ‘middle-range’ thinking research paradigm, this research adopts content analysis and semi-structured interviews to answer the research questions. These research questions are answered and discussed in Chapter 7 and 8 of this study. Chapter 7 examines how Australian and New Zealand social businesses discharge their accountabilities and measure impact through reporting and disclosure. This chapter analyses the extent and quality (i.e., comprehensiveness) of information disclosure through 2021 impact reports, 2021 annual reports, websites and 2021 Facebook posts.

Chapter 8 explores the managers’ perceptions on accountability of social businesses and social impact, and what challenges or barriers the social businesses faced in discharging accountability and measuring impact.

This study provides empirical data and analysis for understanding accountability and impact measurement of social businesses. The findings of this research will offer insight for social business researchers, standard setters and practitioners.

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Appendix A. 40 Australian and New Zealand social businesses

Name	Background information	How does the company meet the criteria the researcher gave above
Ability Enterprises	Ability Enterprises provides employment opportunities to marginalised people (i.e., people with disability, indigenous Australians, refugees, and people living with mental illness) living in Queensland, Australia. All employees are paid full wages. The business operations span across maintenance, waste management and cleaning industries.	This enterprise has obtained the Social Traders Certification.[22]
Bama Services	Bama Services delivers landscape maintenance, services and construction across Queensland, Australia.	According to the disclosure, this company is the second type of Yunus Social Business: the company being owned by poor people. Profits flow to the poor people, which alleviates poverty. This is a way to solve a social issue. Bama Services is a 100% indigenous owned business. All profits are used in the company's development and supports indigenous team members.

[22] Social Traders Certification demonstrates that a business exists to create impact through trade by doing three things: i) having a defined primary social or environmental mission; ii) deriving a large amount of their income from trade; iii) investing resources (e.g., profits and human capital) into their mission.

Name	Background information	How does the company meet the criteria the researcher gave above
Bedford Group	The company employs people with disabilities in Australia, offering a range of services, such as packaging, landscaping and ground maintenance.	• Social mission of the company is to employ people with disabilities. • More than 75% of revenue is generated from commercial activities, and the remaining amount is gained through fundraising and governmental grants. • All profit is reinvested in the business to pursue the social mission – provide work opportunities for people with disabilities.
Can Do Catering	Can Do Catering is a catering business that was launched in 2015 in Christchurch, New Zealand.	• Can Do Catering employs people who have physical impairments and care needs, providing a food catering service in Christchurch. • Income is principally generated from their own business activities. • All profit is reinvested in the business.
Clean Force Property	Clean Force employs disabled people and people with mental illness for providing commercial cleaning services in Australia. 50% of employees either have a disability or are disadvantaged. A large amount of corporate revenue is generated from delivering cleaning services.	This enterprise has obtained the Social Traders Certification.

Name	Background information	How does the company meet the criteria the researcher gave above
Cleanable	Cleanable is a cleaning and property maintenance social business in Australia providing sustainable, paid employment to people living with disability.	This enterprise has obtained the Social Traders Certification.
Dignity	Dignity is a New Zealand social business that adopts a ‘buy one, give one’ business model to deliver free sanitary items for women in work and at school.	• Dignity delivers period equity through offering free period products to all people without access. • All revenue is generated from selling period products. • All profit is reinvested in the business.
Eat My Lunch	Eat My Lunch offers workplaces and individuals healthy and fresh breakfasts and lunches across Wellington, Hamilton and Auckland, and uses a ‘buy one, give one’ business model to provide free lunch for Kiwi kids in need.	• The mission of Eat My Lunch is to ensure that no kid goes to school hungry, so they can learn and participate in school. • A large amount of income is generated from selling products (e.g., lunches, salads, and gift boxes). • All profit is reinvested in the business.
Fruit2Work	Fruit2Work is an Australian social business that sells produce such as juice, yoghurt, vegetables, and dairy products, with the purpose of hiring people who are impacted by the justice system.	This enterprise has obtained the Social Traders Certification.

Name	Background information	How does the company meet the criteria the researcher gave above
Green Collection	Green Collect is an Australian social business that focuses on resource recycling and is committed to keeping redundant and wasted office items in the circular economy through a remake, recycle and reuse policy. All profits are used in resource recycling and create work opportunities for people who face barriers to employment.	This enterprise has obtained the Social Traders Certification.
Good Cycles	Good Cycles is an Australian social business, which is a city bike shop that employs disadvantaged young people. 100% profit is reinvested in the business.	This enterprise has obtained the Social Traders Certification.
For Change Co.	For Change Co. is a hospitality social business in Melbourne, offering quality coffee, snacks, sweet and savoury crêpes, etc.	• The mission of the company is to make lasting change to the lives of Australian young people who are at risk of or experiencing homelessness by providing free training (e.g., barista and customer service skills) and work opportunities. • Most revenue is generated through commercial activities (Cafes and Food Truck). • 100% profit goes towards supporting programmes alleviating youth homelessness.

Name	Background information	How does the company meet the criteria the researcher gave above
Lestil As Anything	Lestil As Anything is a restaurant that was established in 2000 in Melbourne, Australia.	• Lestil As Anything adopts “pay as you feel” providing food to anyone who drops in. The company also supports refugee and migrant people through employment, barista training and a hospitality course. • Most income is generated through their own business activities. • All profit is reinvested in the business
Make Give Live	Make Give Live started in 2016 in Auckland, New Zealand. The company sells knitwear such as hand-crafted wool beanies and gloves.	• Make Give Live utilises a ‘buy one, give one’ model to provide free knitwear for people in need. • The social mission is to improve the wellbeing of people in communities. • The company accepts donations, but a large amount of income is generated from selling knitwear online and in-store. • All profit is reinvested in the business.
Message Stick	Message Stick was established in 2003 in Australia. The company offers a range of professional services, such as software consulting and IT services.	Message Stick is the second type of Yunus Social Business and is owned by Aboriginal Australians. The company does not seek any donations, grants or sponsorship. All income is generated from offering professional services, such as audio conferencing, webcasting, managed event calls, video conferencing, etc. 100% of profits is reinvested in the company.

Name	Background information	How does the company meet the criteria the researcher gave above
Mr Foureyes	Mr Foureyes is an optometrist and eyewear store in Wellington that provides professional eye exams, prescription lenses, glasses and sunglasses.	• A ‘buy one, give one’ business model is adopted by Mr Foureyes to provide free glasses for Kiwi kids in need. • All revenue is generated from selling glasses online and in store. • All profit is reinvested in the business.
Mu’ooz Eritrean Restaurant	Mu’ooz is a restaurant in Brisbane, offering African, Eritrean food.	• The company aims to provide training and work opportunities to African refugees. • All income is generated from their own business activities • All profit is reinvested in the business
My Maintenance Crew	My Maintenance Crew is an Australian social business that provides maintenance, cleaning and fencing services through hiring Geelong’s young people (aged 17-25) who face barriers to employment. The company accepts funds, but over 50% of income is generated through providing cleaning and fencing services. All profits are used to address their social mission.	This enterprise has obtained the Social Traders Certification.

Name	Background information	How does the company meet the criteria the researcher gave above
NISA Clothing	NISA was established in 2017 in Wellington, New Zealand. The company sells fashion products such as swimwear, underwear, etc.	• NISA provides employment opportunities to people from refugee and migrant backgrounds. • All income is generated from selling products online and in store. • All profit is reinvested in the business, such as providing training for refugees.
Nundah Community Enterprises Cooperative	Nundah Community Enterprises Co-operative is an Australian social business, which is a café, catering, and property maintenance company, creating sustainable employment and training opportunities for people with mental illness, learning difficulties or intellectual disabilities.	This enterprise has obtained the Social Traders Certificaton.
Outlook	Outlook is an Australian social business that employs disabled people to provide a range of services such as E-waste recycling, landscaping, and recycled goods shops.	This enterprise has obtained the Social Traders Certification.
Soft Landing	Soft Landing is an Australian social business, which is a mattress recycling business. The company also provides training and employment to	This enterprise has obtained the Social Traders Certification.

Name	Background information	How does the company meet the criteria the researcher gave above
	people who experience barriers to work, including indigenous Australians, the long term unemployed, people experiencing mental health issues and those leaving the prison system (or with a criminal record). All revenue is generated through recycling businesses. 65% of revenue goes to wages; the remaining amount is used in the company.	
STREAT	STREAT runs six hospitality businesses in Australia with the purpose of providing working opportunities for homeless youth.	• STREAT aims to help youth homelessness to have a stable job and home. The company provides youth homelessness with pathways to employment through its six hospitality businesses. • Over 70% of revenue comes through their own earned business revenue. • All profit is reinvested in the business.
Substation 33	Substation 33 is an Australian social business. It is an electronic waste recycling company that operates through the collection, manual disassembly, sorting, and selling of electronic waste. Some of them are upcycled, refurnished	• Substation 33 aims to provide training and employment opportunities through the recycling of e-waste. • All revenue comes through their own commercial activities. • All money goes back into keeping corporate operations running and support the employees.

Name	Background information	How does the company meet the criteria the researcher gave above
	and sold; some of them, they break down into individual components, to further become sellable products.	
Thankyou Group	Thankyou Group is an Australian social business that sells consumer products such as bottled water, personal care, baby products, etc.	• The mission of Thankyou Group is to help end global poverty. • All revenue is generated from selling products. • All profit is donated to the charities to end global poverty.
The Cookies Project	The Cookies Project was launched in 2018 in Auckland, New Zealand. The company sells cookies online and selected New World stores.	• The Cookies Project is a self-funded social business that employs only Kiwis with disabilities to make cookies for sale. • Most of the income is generated from the sale of cookies. • All profit is reinvested in the business.
The Re-Creators	The Re-Creators is a social business based in Auckland, New Zealand. The company revives old or unwanted items into new materials or products for selling.	• The mission of the Re-Creators is to promote upcycling, reduce over-consumerism and protect our environment. • Most income is generated from their own business activities (e.g., selling products and offering various upcycling workshops and holiday programmes for children, adults and companies). • All profit is reinvested in the business.

Name	Background information	How does the company meet the criteria the researcher gave above
The Social Outfit	The Social Outfit is an Australian fashion company that operates a retail store and manufacturing workroom in Sydney.	• The purpose of The Social Outfit is to provide training and working opportunities for women from new migrant and refugee communities. • All revenue is generated from clothing sales. • All profit from the clothing sales is used in the company for supporting training and employment programmes in manufacturing, design and retail.
The Social Studio	The Social Studio was established in 2009 in Melbourne, Australia. It is a fashion label, shop, clothing manufacturer and digital textile printer that provides work opportunities for young refugee people.	• The Social Studio aims to create work and learning opportunities for refugees and new migrants. • Most income is generated through selling garments. • All money goes back into keeping corporate operations running and training programmes, and supporting the employees.
Vanguard Laundry Services	Vanguard Laundry Services is an Australian social business that offers a commercial laundry service.	• Vanguard Laundry Services is a self-sustaining social business that provides jobs for people who have experienced mental illness and struggle to get back into the workforce. • All revenue comes from commercial laundry. • All profit is used to reinvest into the social mission.

Name	Background information	How does the company meet the criteria the researcher gave above
Oaktree Devanning	Oaktree Devanning was established in 2002 in Canterbury, New Zealand. The core business is unloading containers.	• Oaktree Devanning aims to provide work opportunities and skill training for people with barriers to employment. • Income is principally generated from their own business activities. • All profit is reinvested in the business to pursue social mission.
Te Tuhi Café	Te Tuhi Café is a New Zealand social business that serves barista-made coffee and a range of homemade cabinet food.	• The mission of Te Tuhi Café is to provide training and paid employment for people with intellectual disabilities. • Income is principally generated from their own business activities. This business will be fully self-supporting within three years. • All profit is used to reinvest into the social mission.
Wilding & Co.	Wilding & Co. was established in 2014 in Queenstown, New Zealand. The company creates and sells handcrafted soaps, fragrances and cleaning products by distilling essential oils from wilding pines.	• Wilding & Co. aims to reduce the harm on the environment caused by wilding pines. The company turns these trees into commercial goods by distilling them into the finest essential oil. • All revenue is generated from selling commercial products. • All money is used to pursue its environmental mission.
Kilmarnock Enterprises	Kilmarnock Enterprises is a social business in New Zealand. The company provides a range of commercial services, including food packaging,	• The mission of Kilmarnock Enterprises is to create jobs for people with disabilities. • Income is principally generated from their own business activities.

Name	Background information	How does the company meet the criteria the researcher gave above
	shrink-wrapping, electronic waste recycling, labelling, etc.	• All profit is reinvested in the business to pursue social mission.
Wā Collective	Wā Collective is a New Zealand social business selling menstrual products.	• Wā Collective aims to end period poverty in Aotearoa. • Each cup they sell donates one for people who would struggle to have to access to menstrual products. • Income is principally generated from selling menstrual products.
Will & Able	Will & Able is a New Zealand social business that sells cleaning products (e.g., hand soaps, toilet cleaners, laundry liquids, etc.) online and in store.	• Will & Able aims to provide employment opportunities for people with disabilities. It also focuses on protecting our environment by using 100% recycled NZ milk bottles. • Most income is generated from sales. • All profit goes directly to address the mission such as creating more job opportunities for people with disabilities.
Frank Stationery	Frank Stationery is a New Zealand social business selling stationery across New Zealand.	• The company adopts "You Buy One We Give One" model. For every item of stationery consumers purchase, they donate a schoolbook to a kid in need. • Income is entirely generated from their own business activities.

Name	Background information	How does the company meet the criteria the researcher gave above
Community Power	Community Power is a New Zealand power company that shares its profits with charities to support our communities.	• The mission of Community Power is to improve the lives of people by sharing a portion of its profits (at least 50%) with charities. • Income is entirely generated from their own commercial activities.
Wildness	Wildness is a New Zealand social business that sells chocolates with eco-friendly zero waste materials.	• The mission of Wildness is to help prison inmates to return safely to society by empowering them with skills and providing job opportunities. • Income is entirely generated from their own business activities. • All profit is used to pursue the corporate mission.
27 Seconds	27 Seconds is a New Zealand social business selling wines.	• 27 Seconds aims to help solving modern day slavery. • Income is entirely generated from wine sales. • 100% of the profits is donated to organisations working to end modern slavery.

Appendix B. Coding instrument

Definitions:

1) Resource Allocation

Resources invested in the corporate activities/programmes, such sources of income, the number of volunteers or staff, including hours. This information may be:

Monetary (such revenue invested in the corporate activities)

Non-monetary (such as number of staff)

Graphical (e.g., pie/bar chart)

2) Activities

Concrete actions of the companies. This information may be narratives.

3) Outputs

Including financial position, products or services produced, products or services provided directly by a social business to a target population. This information may be:

Monetary (e.g., revenue)

Non-monetary (e.g., number of products provided to beneficiaries)

4) Effectiveness

The relationship between outputs and dual objectives. This information may be:

Monetary (e.g., financial recovery versus target)

Non-monetary (e.g., actual number of children assisted versus planned)

Narratives (e.g., explanation about corporate underperformance or overperformance)

5) Outcomes

Benefits achieved for beneficiaries at a micro-level. This information may be:

Monetary (e.g., increased income)

Non-monetary (e.g., customer/beneficiary satisfaction)

Narratives (e.g., beneficiaries' stories)

6) Impacts

Impacts as the macro-level benefits for the community or society. This information may be:

Monetary (e.g., reduced state welfare spending)

Non-monetary (e.g., increased level of education and health)

Rules for coding information:

- Every sentence of various documents is read and assessed for determining which index item to which it belonged.
- All disclosures must be clearly stated, not implied.
- Whenever the reporting included further information regarding blended value accountability, other than the ones proposed in the index, the researcher utilises emergent coding.
- In case of tables the researcher utilised a standard sentence of 15 consecutive words (Hooks & Van Staden, 2007; Becker, 2008).
- For figures, the researcher counted the narratives in each figure (Hooks & Van Staden, 2007).
- In terms of graphs the researcher counted each cluster of disclosures[23]. For bulleted points, each bullet point was considered as a sentence.

[23] For instance, 2 bar showing information for FY2021, equivalent to one sentence.

Appendix C. Interview Guide

The indicative questions for interviews

Interviewee Number: ________________

Date of Interview: __________________

Place of Interview: __________________

1. **Background of a social business**

- What are the objectives of your business?
- How do you achieve the economic, social objectives?
- Who are the main stakeholders?
- What is the main source of corporate income?

2. **What are managers' perceptions on accountability of social businesses?**

   This main question is supported by the following sub-questions.

- What does accountability mean to you?
- In your opinion, to whom is the business accountable for? And for what is the business accountable?
- How do you demonstrate accountability to your stakeholders?
- Do you have meetings with your stakeholders and if so, can you tell me about the meeting and who attends the meeting and what is discussed?
- What recommendations, if any, did your stakeholders give you?
- What recommendations did you implement?
- Which recommendations did not implement? Why?

- Are there any challenges or issues in discharging accountability? If so, what are they?

3. **What are managers' perceptions on social impact? This main question is supported by the following sub-questions.**

- In your opinion, what is social impact?
- How do you measure social impact? What measurement method does your business use now? Has this changed over time?
- Why did you choose this method?
- Do you think measuring and disclosing information about the social impact helps you demonstrate how you are accountable? Why?
- Are there any challenges or barriers in measuring social impact? If so, what are they?
- If your company does not measure social or environmental impact, why don't you measure it?

4. **The following questions are designed based on content analysis results (including corporate reports, website information, newsletters, Facebook, and Twitter).**

4.1. Interview questions on actual disclosures

- In terms of SROI, what does this ratio mean? And what does the social value mean?
- How do you measure the outcomes?
- What roles volunteers play at your company?
- Can you please tell me more details about working with the partners?

4.2. Interview questions are about information that the companies did not disclose

- Do managers take the views of stakeholders into account when making decisions? If so, could you please give me an example?
- Does your company currently disclose the inputs of businesses?
- Does your company currently disclose the activities of businesses?
- Does your company currently disclose the outputs of businesses?
- Does your company currently disclose the outcomes of businesses?
- Does your company currently disclose the impacts of businesses?
- Do you provide financial information to your multiple stakeholders?

5. Open-ended questions

- Are there any problems faced by the organisation now? what are they? What are the proposed solutions?
- Is there anything else that you would like to mention in terms of accountability and social impact?

Appendix D. Ethics Approval Letter

TE WĀNANGA ARONUI O TĀMAKI MAKAU RAU

Auckland University of Technology Ethics Committee (AUTEC)

Auckland University of Technology
D-88, Private Bag 92006, Auckland 1142, NZ
T: +64 9 921 9999 ext. 8316
E: ethics@aut.ac.nz
www.aut.ac.nz/researchethics

6 July 2021

Chris Van Staden
Faculty of Business Economics and Law

Dear Chris

Re Ethics Application: **21/200 Accounting and accountability of Australian and New Zealand social businesses**

Thank you for providing evidence as requested, which satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC).

Your ethics application has been approved for three years until 6 July 2024.

Standard Conditions of Approval

1. The research is to be undertaken in accordance with the Auckland University of Technology Code of Conduct for Research and as approved by AUTEC in this application.
2. A progress report is due annually on the anniversary of the approval date, using the EA2 form.
3. A final report is due at the expiration of the approval period, or, upon completion of project, using the EA3 form.
4. Any amendments to the project must be approved by AUTEC prior to being implemented. Amendments can be requested using the EA2 form.
5. Any serious or unexpected adverse events must be reported to AUTEC Secretariat as a matter of priority.
6. Any unforeseen events that might affect continued ethical acceptability of the project should also be reported to the AUTEC Secretariat as a matter of priority.
7. It is your responsibility to ensure that the spelling and grammar of documents being provided to participants or external organisations is of a high standard and that all the dates on the documents are updated.

AUTEC grants ethical approval only. You are responsible for obtaining management approval for access for your research from any institution or organisation at which your research is being conducted and you need to meet all ethical, legal, public health, and locality obligations or requirements for the jurisdictions in which the research is being undertaken.

Please quote the application number and title on all future correspondence related to this project.

For any enquiries please contact ethics@aut.ac.nz. The forms mentioned above are available online through http://www.aut.ac.nz/research/researchethics

(This is a computer-generated letter for which no signature is required)

The AUTEC Secretariat
Auckland University of Technology Ethics Committee

Cc: xianrui.zeng@aut.ac.nz; Mahmood Momin

Appendix E. The quality scores of social businesses

		Ability	Bama	Bedfor	Can do	Clean F	Cleana	Dignit	Eat my	Fruit2W	Green (	Good C	Forchai	Lestil A	Makegi	Messag	Mr Fou	Mu'ooz	My M	Nisa
urce allocatio	Profit is reinvested in the company	0	0	2	0	1	2	0	1	2	0	3	3	1	0	0	1	0	1	1
	Funding (e.g., philanthropic support; crowdfunding, or loans, etc.) is reinvested in the company	0	0	2	0	2	0	0	1	0	0	2	0	2	0	0	0	1	0	0
	Background of staff and employees and their specific work content	2	2	3	0	2	0	2	2	2	2	2	2	2	1	1	2	1	1	2
	Number of volunteers and work content	0	0	0	0	0	0	0	2	2	0	0	2	2	2	0	0	0	0	2
	Total	**2**	**2**	**7**	**0**	**5**	**2**	**2**	**6**	**6**	**2**	**7**	**7**	**7**	**3**	**1**	**3**	**2**	**2**	**5**
Process (13)	The connection between the business model to corporate activities and its mission (s)	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	1
	Products delivery such as shoes, glasses, food, etc.	0	0	0	0	0	0	0	0	2	0	0	0	0	1	0	1	0	0	0
	Services/programmes delivery such as job counselling and training	0	2	3	0	2	0	0	0	2	0	1	2	0	0	2	2	1	2	2
	Environmental activities such as renewables and recycling	1	0	0	0	0	0	2	2	0	2	0	0	0	0	0	0	0	0	2
	Justification and assessment for corporate activities: issues encountered in conducting mission-related activities and how the company solves them	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**2**	**4**	**7**	**2**	**4**	**2**	**4**	**4**	**6**	**4**	**3**	**4**	**2**	**3**	**4**	**5**	**3**	**4**	**5**
Outputs (9)	Financial outputs: how much revenue (or profit) is generated from corporate activities/programmes such as sale of products	1	1	3	0	0	0	0	0	0	0	3	2	1	0	0	0	0	0	0
	Social/environmental outputs: products or services provided directly by a social business	2	2	2	0	3	3	2	3	3	2	2	3	2	2	0	2	2	2	2
	Effectiveness (i.e., the actual outputs versus the intended target)	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**5**	**3**	**7**	**0**	**3**	**3**	**2**	**3**	**3**	**2**	**5**	**5**	**3**	**2**	**0**	**2**	**2**	**2**	**2**
Outcomes (6	Measurement method	0	0	1	0	0	1	1	1	1	0	1	1	0	0	0	0	0	0	1
	Changes resulting from the corporate activities/programmes (e.g., benefits achieved for beneficiaries such as improved beneficiaries' educational attainment and improved beneficiaries' health)	2	2	3	0	2	2	2	2	2	2	2	3	0	2	0	0	1	0	2
	Issues or challenges of measuring outcomes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**2**	**2**	**4**	**0**	**2**	**3**	**3**	**3**	**3**	**2**	**3**	**4**	**0**	**2**	**0**	**0**	**1**	**0**	**3**
Impact (6)	Measurement method	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0
	The macro-level benefits for the community or society (e.g., sustained drop in poverty, improvements in the ecological environment, etc.)	0	0	0	1	2	0	0	0	2	0	0	3	0	0	0	0	0	0	0
	Issues or challenges of measuring impact	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**0**	**0**	**0**	**1**	**3**	**0**	**0**	**0**	**2**	**0**	**0**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Overall (46)	11	11	25	3	17	10	11	16	20	10	18	24	12	10	5	10	8	8	15

		Nundah	Outlook	Softlan	Streat	Subst	Thanky	The C	The R	The So	The S	Vangu	Oaktr	Te Tu	Wilding	KILMAR	WACO	WILL &	Frank	COMMU	WILDN	27 SECONDS
urce allocatio	Profit is reinvested in the company	1	2	2	2	2	3	0	1	2	1	2	1	1	0	0	1	1	0	0	1	1
	Funding (e.g., philanthropic support; crowdfunding, or loans, etc.) is reinvested in the company	0	1	0	2	2	0	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0
	Background of staff and employees and their specific work content	1	2	2	3	2	1	2	2	2	1	2	1	0	1	1	2	2	1	0	0	1
	Number of volunteers and work content	0	1	0	2	2	2	1	1	2	0	1					1					
	Total	**2**	**6**	**4**	**9**	**8**	**6**	**3**	**5**	**8**	**2**	**5**	**2**	**1**	**1**	**1**	**4**	**3**	**1**	**0**	**1**	**2**
Process (13)	The connection between the business model to corporate activities and its mission (s)	2	2	2	2	2	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
	Products delivery such as shoes, glasses, food, etc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Services/programmes delivery such as job counselling and training	2	2	0	2	1	0	0	1	2	2	2	1	2	0	2	0	0	0	0	0	0
	Environmental activities such as renewables and recycling	2	2	2	2	0	0	0	2	1	0	0	0	0	2	1	0	0	0	0	0	0
	Justification and assessment for corporate activities: issues encountered in conducting mission-related activities and how the company solves them	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**7**	**6**	**5**	**7**	**3**	**0**	**2**	**5**	**5**	**4**	**4**	**3**	**4**	**4**	**5**	**2**	**2**	**2**	**2**	**2**	**2**
Outputs (9)	Financial outputs: how much revenue (or profit) is generated from corporate activities/programmes such as sale of products	3	3	0	3	1	3	0	0	0	0	2	0	1	0	1	0	0	0	0	0	1
	Social/environmental outputs: products or services provided directly by a social business	3	2	3	3	2	2	2	2	2	2	2	2	2	2	2	2	0	2	1	0	2
	Effectiveness (i.e., the actual outputs versus the intended target)	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
	Total	**6**	**7**	**3**	**6**	**3**	**5**	**2**	**2**	**2**	**2**	**4**	**2**	**3**	**2**	**3**	**2**	**0**	**2**	**1**	**0**	**5**
Outcomes (6	Measurement method	1	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
	Changes resulting from the corporate activities/programmes (e.g., benefits achieved for beneficiaries such as improved beneficiaries' educational attainment and improved beneficiaries' health)	2	2	2	2	1	2	2	2	1	2	2	0	0	0	0	2	2	0	0	0	0
	Issues or challenges of measuring outcomes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**3**	**2**	**2**	**3**	**1**	**3**	**2**	**2**	**1**	**2**	**2**	**0**	**1**	**0**	**0**	**2**	**2**	**0**	**0**	**0**	**0**
Impact (6)	Measurement method	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	The macro-level benefits for the community or society (e.g., sustained drop in poverty, improvements in the ecological environment, etc.)	0	0	0	2	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
	Issues or challenges of measuring impact	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**0**	**0**	**0**	**3**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Overall (46)	18	21	14	28	16	14	9	14	16	10	15	7	10	7	9	10	7	5	3	3	9

Appendix F. 40 Australian and New Zealand social businesses

Name	Country	Industry
Ability Enterprises	Australia	Administrative and Support Service
Bama Services	Australia	Construction and property maintenance
Bedford Group	Australia	Construction and property maintenance
Can Do Catering	New Zealand	Hospitality
Clean Force Property	Australia	Property Maintenance
Cleanable	Australia	Property Maintenance
Dignity	New Zealand	Retail
Eat My Lunch	New Zealand	Hospitality
Fruit2Work	Australia	Retail
Green Collection	Australia	Retail
Good Cycles	Australia	Retail
For Change Co.	Australia	Hospitality
Lestil As Anything	Australia	Hospitality
Make Give Live	New Zealand	Retail
Message Stick	Australia	Information Media and Telecommunications
Mr Foureyes	New Zealand	Retail
Mu’ooz Eritrean Restaurant	Australia	Hospitality
My Maintenance Crew	Australia	Construction and property maintenance
NISA Clothing	New Zealand	Retail
Nundah Community Enterprises Cooperative	Australia	Administrative and Support Service
Outlook	Australia	Retail
Soft Landing	Australia	Retail

Name	Country	Industry
STREAT	Australia	Hospitality
Substation 33	Australia	Retail
Thankyou Group	Australia	Retail
The Cookies Project	Australia	Retail
The Re-Creators	New Zealand	Retail
The Social Outfit	Australia	Retail
The Social Studio	Australia	Retail
Vanguard Laundry Services	Australia	Retail
Oaktree Devanning	New Zealand	Container Devanning
Te Tuhi Café	New Zealand	Hospitality
Wilding & Co.	New Zealand	Retail
Kilmarnock Enterprises	New Zealand	Retail
Wā Collective	New Zealand	Retail
Will & Able	New Zealand	Retail
Frank Stationery	New Zealand	Retail
Community Power	New Zealand	Electric power
Wildness	New Zealand	Retail
27 Seconds	New Zealand	Retail