

THE BENEFICIARY VOICE IN IMPACT MEASUREMENT FOR SOCIAL ENTREPRENEURSHIP

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AUTHOR'S DECLARATION

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ABSTRACT

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There has been a significant rise in the use of impact measurement in Canada's social entrepreneurship sector, but to what consequence? Using user-centered innovation and reflexivity theory, this paper explores the extent to which beneficiary voices are represented in the impact measurement frameworks set by powerful funders. Through investigating two case studies, I find that beneficiaries are being marginalized in the impact measurement process, limiting the practice of user-centered innovation. Further, I find that funders are using impact measurement as a legitimating tool, which means that this marginalization is having negative sector wide impacts including leaving the most vulnerable groups behind. This paper addresses the lack of research regarding the consequences of funder-led impact measurement practices in the social entrepreneurship sector and acts as a call to action for funding organizations to reconsider their impact measurement practices and significantly amplify the beneficiary voice.

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DEDICATION

This paper is dedicated to all those who are working to improve the lives of others, with open eyes and open hearts, and who truly journey alongside those they are serving.

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CHAPTER 1: INTRODUCTION

Society today is facing many significant challenges: climate change, poverty, and inequality are often top of mind. In response, in recent years, there has been increasing focus on social innovation and social entrepreneurship, “the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner” (Zahra et al., 2009).

As the use of the term “entrepreneurship” implies, social entrepreneurship theory often draws from commercial entrepreneurship theory. From many angles, social and commercial entrepreneurship are analogous; both types of entrepreneurship look to pursue an opportunity to create value through addressing a problem or need using innovative methods. However, social and commercial entrepreneurship also differ. First, the purpose of social entrepreneurship is to create social value, an improvement in the well-being of the intended beneficiaries (Bagnoli & Megali, 2011), while the purpose of commercial entrepreneurship is to fill an unmet need, resulting in increased utility for the consumer and economic profit for the entrepreneur. Additionally, the ecosystem in which social and commercial entrepreneurship exist are different. The commercial, for-profit sector is mature. The relationship between the commercial enterprise and customer is balanced in that the customer both pays for and receives the value created by the commercial enterprise. In contrast, the social entrepreneurship sector is still nascent. Funding organizations, such as foundations, play a large role in supporting the sector, which means that the value created by social purpose organizations is received by a different stakeholder group (beneficiaries) than the group funding it (intermediaries). An illustration of these differences is provided in Figure 2.

These distinctions are important. As argued by Nicholls (2010), in a nascent field such as social entrepreneurship, intermediaries are paradigm-building actors that have the resources to allow them to

shape the field to reflect their own norms and definitions. One implication of this legitimation process is the marginalization of non-resource-rich actors. Put plainly, intermediary organizations have tremendous power in shaping the social entrepreneurship sector and in doing so, may marginalize the perspectives and opinions of non-resource-rich beneficiaries. This presents a particular hazard in the field of social entrepreneurship because the ultimate aim of the sector is to improve the well-being of said beneficiaries. This paper seeks to explore whether beneficiaries are being marginalized in the social entrepreneurship sector through studying the extent to which beneficiary voices are represented in the impact measurement frameworks set by intermediary organizations. This focus area was selected for two reasons.

First, while there is increasing interest in social entrepreneurship, the sector also faces a number of challenges, including difficulty in measuring, and thus understanding, its social impact (Battilana & Lee, 2014). Many believe that without solving the challenges in impact measurement, the sector will continue to have difficulty in both attracting the financial resources required to scale and achieving the hoped-for gains in social welfare (e.g. Harding, 2004; Salamon, 2004). As such, there has been increasing interest in the development and implementation of impact measurement frameworks and methodologies. Such tools support organizational learning and thus have an operational consequence on the entities using them (whether they be intermediary or social purpose organizations). Improvements to impact measurement frameworks may help increase social welfare by enhancing organizational decision making and resource allocation.

Second, and more importantly, impact measurement can be used as a powerful tool by intermediary organizations to enact the process of legitimation on the sector. Those who have the ability to define what constitutes “success” are able to control the types of activities and organizations that receive support and funding. The impact measures defined by influential paradigm-building

intermediary organizations not only have significant operational impacts on individual social purpose organizations, but also on end user beneficiaries, other intermediary organizations and thus by extension, the entire social entrepreneurship sector. Impact measurement in this sense also represents a tool of power and control. Given that the purpose of social entrepreneurship is to improve the well-being of beneficiaries, the potential marginalization of their voice in impact measurement may represent a persistent negative force on the sector. Through exploring the possible marginalization of beneficiaries in the social entrepreneurship sector by looking at how beneficiaries are included in impact measurement processes, I hope to contribute towards a better theory of measurement for this field.

1.1 Organization of paper

This paper is organized into nine chapters. Chapter 1 is the introduction. Chapter 2 outlines existing literature on the topics of social entrepreneurship and impact measurement. There is limited research on both measurement models for intermediary organizations and on the resulting consequences of such measurement models on social purpose organizations. My literature review on the inclusion of the beneficiary voice in impact measurement models of intermediaries similarly yielded limited results. This research aims to contribute to these identified knowledge gaps.

Chapters 3 and 4 cover the theoretical framework and research question, respectively. This research is based on two main theoretical frameworks: user-centered innovation and reflexivity. User-centered innovation theory, borrowed from the commercial entrepreneurship literature, helps provide a way to understand the value of the beneficiary voice in social entrepreneurship. The theory of reflexivity is used to understand the relationship between intermediary and social purpose organizations and the consequence of measurement and evaluation practices on the social entrepreneurship sector. Combined, both these theories are used to explore and understand the beneficiary voice in impact

measurement models of intermediary organizations. In order to explore this topic, qualitative case-study methodology was used. The methodology is outlined in Chapter 5.

Chapters 6 and 7 describe the results and discuss the findings; Chapter 8 notes limitations to this research and outlines suggested areas for further study; and Chapter 9 concludes the paper and provides some recommendations for consideration.

CHAPTER 2: LITERATURE REVIEW

2.1 Social entrepreneurship

2.1.1 Growing interest in social entrepreneurship

Society today is facing many significant challenges: climate change, poverty, and inequality are often top of mind. These challenges are being faced by all countries, including Canada. In response, in recent years, there has been increasing focus on social innovation, defined as “innovative activities and services that are motivated by the goal of meeting a social need” (Phillips et al., 2015), as opposed to the goal of growing individual wealth. The hope is that through social innovation, new methods, approaches and tools can be conceived, implemented, scaled and ultimately mobilized to make progress on the persistent challenges facing society today. This interest is both global and local, as can be seen by the Canadian Federal Government’s Social Innovation and Social Finance Strategy (*Recommendations of the Social Innovation and Social Finance Strategy Co-Creation Steering Group*, 2018).

Social entrepreneurship in particular has been identified as a promising strategy (Alvord et al., 2004; Galera & Borzaga, 2009). There has been a rapid increase in interest in social entrepreneurship as a means to address social issues, both as a field of practice and as a public policy lever (Peattie & Morley, 2008). For example, the Ontario Government has developed an Ontario Social Enterprise Strategy. Ontario is home to approximately 10,000 social enterprises, generating an average of \$1.2 million in revenues, including \$0.9 million in sales and employing 38 staff (*Ontario’s Social Enterprise Strategy 2016-2021*, 2016).

2.1.2 Social entrepreneurship, defined

Broadly speaking, social entrepreneurship is generally understood as the pursuit of an opportunity to create social value (Phillips et al., 2015). The concept of “social entrepreneurship” as it is

commonly understood today has been described since the late 1990s (Defourny & Nyssens, 2010). However, there continues to be disagreement regarding the critical characteristics that distinguish social entrepreneurship from different types of social interventions (Dees, 2001).

Popular understanding of social entrepreneurship emphasizes the use of market-based mechanisms to solve social challenges. For example, from the Ontario Social Enterprise strategy, “*Social enterprises use business strategies to achieve a social or environmental impact*” (Ontario’s *Social Enterprise Strategy 2016-2021*, 2016) or from the US Social Enterprise Alliance: “*Social enterprises are organizations that address a basic unmet need or solve a social or environmental problem through a market-driven approach*” (Social Enterprise, n.d.). In academic literature that uses similar definitions (Boschee, 2001; Thompson & Doherty, 2006), the reliance on the for-profit business model to create positive social change is emphasized.

However, the majority of definitions of social entrepreneurship in academic literature emphasize the creation of positive social change, regardless of the organizational form or process that is used to create that change (Mair & Martí, 2006; Martin & Osberg, 2007; Oster et al., 2004). What is important in these cases is the entrepreneurship orientation, the act of finding novel solutions to societal challenges. In these definitions, non-profit organizations, or blended organizations (which may generate some of their own revenue but still rely partially on donations or grants) are valid organizational models, as long as there is a primary focus on the social mission. There are also other definitions that do not specify organizational form, such as Martin & Osberg (2007)’s definition which emphasize systems change and the creation of new equilibriums.

In all cases these definitions of social entrepreneurship are *process* oriented, meaning that they are focused on explaining what social entrepreneurship is by explaining how it is done. However, when we look at the history of the definition of social entrepreneurship, earlier definitions emphasize the

purpose of social entrepreneurship, with a focus on the beneficiaries. One example is Dees (2001) whose definition of social entrepreneurship emphasized heightened accountability to the constituencies served. Other early definitions of social entrepreneurship come out of non-profit literature, where social purpose businesses, such as restaurants that employ adults experiencing homelessness, were originally conceived of as mechanisms through which the disempowered are empowered (Emerson & Twersky, 1996).

The purpose of this research is to study user-centered innovation in the social entrepreneurship sector. Given that I am primarily concerned with the beneficiary-voice in social entrepreneurship, the form of the organization engaged in social entrepreneurship is not significant. As such, this paper is agnostic towards organizational model; for profit, non-profit and hybrid organizations can all be engaged in social entrepreneurship since they all purport to ultimately improve the lives of beneficiaries. This paper will use Zahra et al (2009)'s definition of social entrepreneurship, which states that social entrepreneurship encompasses all "the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner". Further, I will adopt the term "social purpose organization," which is used by the Impact Management Project, to broadly denote organizations engaging in social entrepreneurship (*Glossary*, n.d.). Social wealth, in this paper, can be taken to mean both social and environmental impact.

2.1.3 The social entrepreneurship ecosystem and the role of intermediary organizations

The social entrepreneurship ecosystem is made up of four main players: beneficiaries, the individuals or communities are recipients of the activity in the sector; social purpose organizations, the organizations engaged in the process of social entrepreneurship; intermediary organizations, the organizations who support the field of social entrepreneurship; and the ultimate funders, those who

provide funding to the intermediary organizations. This ecosystem is outlined in Figure 1.

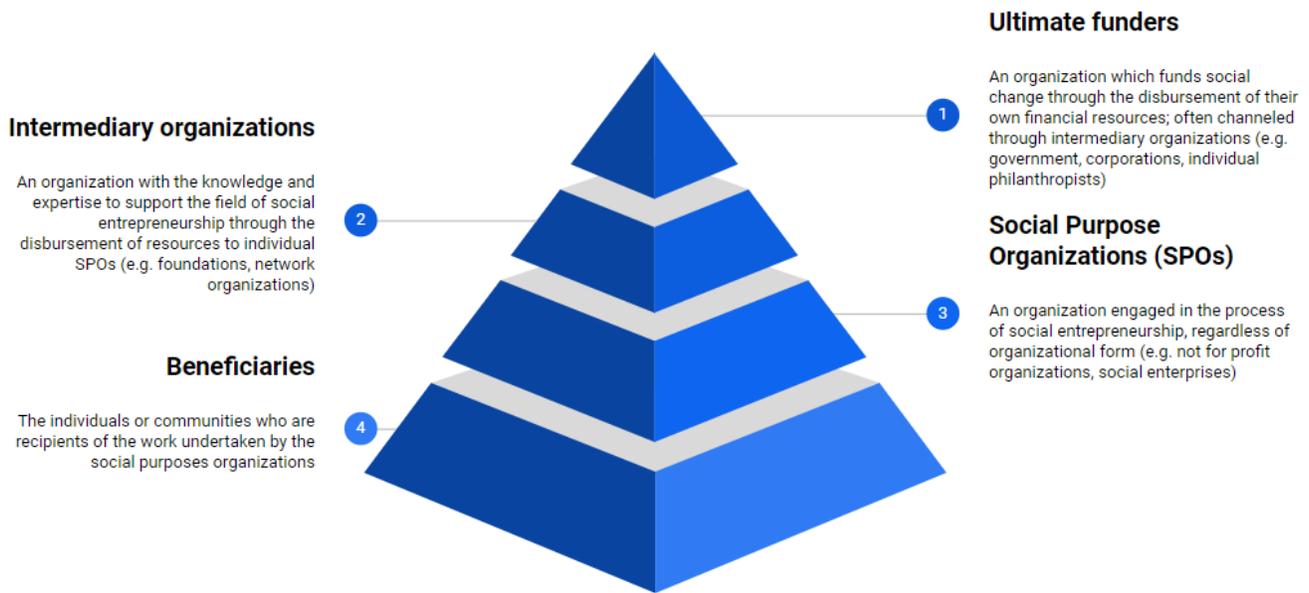


Figure 1. The social entrepreneurship ecosystem. This figure illustrates the main players in the social entrepreneurship ecosystem.

Social entrepreneurship literature has highlighted the critical role of institutions in supporting or inhibiting the sector, in both formal (e.g. the setting of regulations) and informal (e.g. the creation of norms or values) ways. In particular, radical social innovations are reliant on institutions to support and scale their solutions to address social needs (Moore et al., 2012). Social purpose organizations are also often dependant on institutions for coordination and provision of incentive systems (Phillips et al., 2015), stability (Urbano et al., 2010) and reproduction and dissemination of knowledge (Harrisson et al., 2012).

In the social entrepreneurship sector, intermediary organizations, in particular, have played an important role in promoting the idea of social entrepreneurship. They are considered “centres of excellence” with the knowledge and expertise to support the growth of the sector and are typically funded by government or other philanthropic organizations/individuals in order to execute on a specific mandate. They are also often responsible for sharing idealized stories of those who are “changing the

world” (Bornstein, 2004). Borrowing from Nicholls (2010)’s definition of “paradigm-building actors”, intermediaries are those that commit resources to supporting the field of social entrepreneurship and that have prominence in the academic literature. He outlines four categories of paradigm-building actors: government, foundations, fellowship organizations and network organizations. Examples of both well-known and local intermediaries include The Skoll Foundation, Ashoka, and the Centre for Social Innovation. Additional information about these, and other, popular intermediaries can be found in Section 5.4.

Nicholls (2010) argues that intermediaries are paradigm-building actors that have the resources to allow them to shape the legitimization of emerging fields, such as social entrepreneurship. Organizational legitimacy, in this context, is theorized in terms of the conformance of smaller individual actors to norms of larger institutional organizations. This conformance is how individual actors survive and thrive in a resource-constrained environment. Nicholls shows that in an emergent field such as social entrepreneurship, reflexive isomorphism suggests that large and powerful organizations can not only shape the field to reflect their own norms and definitions, but rather actively do so. Specifically, since the social entrepreneurship field is pre-paradigmatic, it allows resource-rich actors, being the intermediaries, to have power over the legitimization process.

Most importantly, Nicholl’s suggests that there are significant implications of this legitimization process, in particular, the marginalization of non-resource-rich actors in the legitimization process. Non-resource-rich actors could include the individual social purpose organizations/entrepreneurs themselves but most critically, their beneficiaries. As the ultimate aim of social entrepreneurship is to improve the well-being of a set of beneficiaries, the sidelining of these important voices in the legitimization process can be seen as a failure on behalf of the resource-rich intermediaries. Nicholl further imagines that over time, the exclusion of such voices may undermine and possibly destroy the legitimacy of social

entrepreneurship to the public. In an increasingly competitive and resource-constrained market, such legitimacy is critical to growth of the social entrepreneurship sector. Relatedly, research has also found that while social purpose organizations are reliant on institutions for knowledge, especially in the early stages (Kistruck & Beamish, 2010), the same institutions are reliant on social purpose organizations to keep them up to date (Harrisson et al., 2012). If this does not happen, then the lack of feedback may result in rigidity in the system, which may eventually lead to society being locked into a system that is actually ineffective (Phillips et al., 2015).

2.1.4 Challenges in social entrepreneurship

While there is interest and promise in the activity of social entrepreneurship, there also continues to be significant unresolved problems in this field which impede scaling: the politics of social entrepreneurship in various socio-cultural contexts, how to incentivize the flow of financial (and other) resources to the social entrepreneurship sector, and challenges in measuring impact (Huybrechts & Nicholls, 2012).

The first challenge relates to the fact that true and enduring social change requires more than the effort of a single social entrepreneur. No solution or problem exists in a vacuum. Thus, meaningful social change necessitates the involvement of many other actors, including local institutions, political actors at various levels, and partnerships with broader social and cultural movements. Understanding how social entrepreneurship fits into existing society, and how society can support social entrepreneurship, is critical to its ability to scale and create meaningful social change.

Second, in order to grow and effect large-scale social change, the social entrepreneurship sector needs financial and other resources. How to support the flow of such resources to the sector remains a challenge. There remains a lack of understanding regarding critical factors such as how social investment markets should be structured, or investor rationales for social investment (Nicholls, 2010b).

Some advocate for improved and standardized impact measures as they believe that relevant performance measures improve accountability and demonstrate return to investors (Harding, 2004; Salamon, 2004). This brings us to the third challenge, and a focus area for this paper, which is impact measurement and managing accountability (Tracey & Phillips, 2007).

2.2 Impact measurement

2.2.1 Impact measurement in the social entrepreneurship sector

In the past two decades, performance measurement in the social sector (including both the social entrepreneurship and non-profit sectors) has been a topic of much study (Arena et al., 2014). Interest in impact measurement has arisen due to an increasingly competitive market, demands and increasing expectations of funding bodies, and calls for improved and better-informed engagement by stakeholders. External stakeholders are demanding greater legitimacy, transparency and comparability while internal stakeholders are looking for more useful feedback in order to make more informed resource allocation decisions (Arvidson et al., 2010).

As outlined by Mulgan (2010), demand for impact measures has come from a number of stakeholders including: the public sector, who need to account for their spending decisions; venture capitalists, who want to see a return on their investments; foundations and donors, who want to direct their charitable giving to the most effective social programs; social purpose organizations, who want data to tell their impact stories more effectively; and end-user beneficiaries, who want to understand how, and if, the numerous organizations in this space serve their needs. Over the last 40 years, hundreds of metrics have been developed to try to address these needs (Mulgan (2010), however, a generally accepted methodology has yet to emerge. Examples of popular tools/methodologies include: social return on investment (SROI), cost-benefit analysis, life satisfaction assessment, and stated preferences (Mulgan, 2010).

Many (e.g, Arena et al., 2014; Gibbon & Dey, 2011; Luke et al., 2013) have suggested that the use of impact measurement provides numerous benefits to social purpose organizations such as improved resource efficiency, better decision making, increased effectiveness of operations, improved accountability, and increased transparency. Further, impact measurement is acknowledged as being important to encourage capital flows into the social entrepreneurship sector. The current lack of relevant performance information has discouraged investment in the sector by investors, banks, donors and other funders (Alexander et al., 2010; Harding, 2004; Salamon, 2004). Yet while the need for performance measures is widely accepted (Luke et al., 2013), relevance, usefulness and legitimacy of existing metrics have been questioned (Gibbon & Dey, 2011). Measurement of social value is notoriously difficult, but without such measures, the credibility of social purpose organizations can be questioned.

The growth of impact measurement is an important trend that has significant impacts on organizational accountability and governance. Espeland & Sauder (2007) argue that this proliferation of quantitative social metrics can cause broad changes, both intended and unintended, in the sectors where they are applied including changing work relationships and the reproduction of inequality. As such, the area warrants greater academic attention.

There are significant, unresolved challenges in impact measurement. One key challenge in the development of a standardized set of impact measures is that the social enterprise sector is extremely diverse (Herman & Renz, 1997). Social purpose organizations operate in many different industries, in varied geographies with vastly differing geo-political characteristics and social norms, have differing organizational structures, and can have vastly different missions. Further, each social purpose organization is accountable to a non-homogenous set of stakeholders, all of whom have differing, and possibly competing, interests (Kerlin, 2006). Social purpose organizations also have the additional

challenge of balancing both economic (e.g. financial profit) and social (e.g. community benefit) objectives (Luke et al., 2013).

More specifically, the development of individual impact metrics is challenging because they often attempt to meet too many objectives at once (Pathak & Dattani, 2014). The complexities inherent in trying to measure social impact, such as determining deadweight, displacement and attribution factors, require significant use of assumptions which decrease the perceived accuracy of the measures. Further, many social purpose organizations work in sectors, such as arts and culture, where impacts such as increased sense of belonging, or community connectedness, are difficult to quantify.

Circling back to Nicholls (2010)'s paper, the rise of impact measurement could be considered evidence of his suggestion that one of the most common narratives being pushed by intermediaries is the idealization of for-profit business models as the preferred organizational model for social entrepreneurship. The notion that "return" can be calculated on social projects is based on standard for-profit thinking, which utilizes metrics such as return on investment (= profit/investment cost). Such metrics are assumed to provide gains in efficiency and marketization. Thus it is not surprising that the common complaints about impact measurement mirror those heard in financial reporting: that they do not measure "true" impact, that they miss important contextual information, and that they are asking the wrong questions (Ruff & Olsen, 2016).

2.2.2 Impact measurement as a legitimating tool of intermediaries

It is often cited that the primary function of performance measurement is to demonstrate organizational legitimacy for external stakeholders (Arvidson et al., 2010; Luke et al., 2013). This is particularly important for the social entrepreneurship sector as external support and funding are critical to its success. However, different stakeholder groups evaluate legitimacy in different ways (Sonpar et

al., 2010). Intermediaries are one such stakeholder group, and, as outlined above, are arguably the most resource-rich and powerful in the social entrepreneurship sector.

In order for individual social purpose organizations to access the support provided by intermediaries, the individual social purpose organization typically must collect data and meet a minimum threshold for a set of impact measures, set by the intermediary, based on their measurement model. In this context, measurement models, made up of both economic and social indicators, represent an intermediary's definition of successful social entrepreneurship. The models create a shared understanding of an organization's objectives and reinforce the values and behaviours desired by those who set the measures (Feldman, 1976, 2002; Gomez, 2009; Jones, 1986; Saks & Ashforth, 1997). Such models therefore represent a control system which incentivizes certain behaviours and outcomes (Battilana & Lee, 2014). As such, I suggest that performance measurement, specifically impact measurement, is one of the legitimating tools used by intermediaries to impose their norms on the sector; in particular, the idealization of for-profit business models as the preferred organizational model.

2.2.3 Impact measurement models used by intermediaries

While there is academic literature on various types of impact measurement models used by social purpose organizations (e.g. ESG, SROI, balanced scorecard, etc.), there is limited research specifically on the selection and development of measurement models used by intermediaries. This distinction is important as the goals and operations of an intermediary organization are often broader than for an individual social purpose organization.

There are several impact measurement frameworks for intermediaries in existence. An example of one such framework is the European Venture Philanthropy Association's (EVPA) framework. This framework was recommended by both the province of Ontario's Social Enterprise Impact Measurement Task Force Expert Group as well as the European Union's Social Entrepreneurship Sub-group on Impact

Measurement (GECES Sub-Group). However, there is tremendous diversity in the purpose, perspective and organizational form of intermediaries. Like individual social purpose organizations, this diversity has resulted in a plethora of bespoke measurement models. There has not yet been a converging of intermediaries using a common measurement framework.

There is also limited research on the impact of measurement models of intermediaries on individual social purpose organizations. At a broader level, there is agreement in the literature that impact measurement is a resource intensive process for social purpose organizations, often with limited benefit compared to the resource cost (Luke et al., 2013). Thus one can extrapolate that given the resource-intensity of collecting and reporting impact measures, the measurement models required by intermediaries may make up a significant portion of what an individual social purpose organization chooses to measure. This has consequences on the efficacy of the social purpose organization itself. While performance measurement serves as organizational legitimacy for external stakeholders, it also provides the individual social purpose organization information to support strategic and rational decision-making (Nicholls, 2009). Through their prescribed measurement models, intermediaries may indirectly restrict the type of feedback received by social purpose organizations and thus impact their operational decision-making, and potentially, efficacy.

2.3 The importance of the beneficiary voice

At this point, it is important to loop back to Nicholls (2010)'s suggestion that the marginalization of non-resource rich actors (beneficiaries) in the legitimation process may result in significant consequences such as an undermining of the growth of the sector, or the establishment of a sector that is ultimately ineffective. The centrality of beneficiaries to the notion of social entrepreneurship is crucial. This can be seen by reviewing the history of the definition of social entrepreneurship, taking a broader

look at the notion of impact measurement, and applying the theory of user-centered innovation to the social entrepreneurship sector.

The primary purpose of social entrepreneurship is to create positive social value. Clearly, the desire to positively improve the lives of a set of beneficiaries is implied. As outlined earlier, while current definitions of social entrepreneurship emphasize the process through which social impact is created or the characteristics of the individual entrepreneur, early definitions of social enterprise emphasized the experience of, and impact on, the beneficiaries. Thus the original concept of social entrepreneurship was rooted in empowering the disempowered, or, in other words, prioritizing the experience of the beneficiaries.

In order to determine the success of a social enterprise, its social impact must be measured. The challenge in defining specific impact measures was discussed in Section 2.2.1, however, at a broad level, there is consensus around how to define the more general idea of social impact. Social impact is commonly understood as a social purpose organization's "social effectiveness", which is the degree to which the social purpose organization has improved the well-being of the intended beneficiaries (Bagnoli & Megali, 2011). Social impact is also sometimes defined as the resulting change to a community's living conditions, health, knowledge, status or skills (Ebrahim & Rangan, 2014; McLoughlin et al., 2009). Both these definitions show that the beneficiary experience is central to the definition of social impact.

Finally, as will be explained in Section 3.1 below, similarly to how user-centered innovation is fundamental to the success of commercial entrepreneurship, beneficiary-centered innovation is critical to the success of social entrepreneurship. In for-profit business literature, research consistently shows that successful products are those that appropriately respond to user needs, and user-centred innovation is the process through which user perspectives are obtained by the organization (Osterwalder & Pigneur,

2010). Applied to the field of social entrepreneurship, the user is the beneficiary and the organization is both the social purpose organization and intermediary organization. Since success for both these organizations is based largely on the perspective of the beneficiary (measured in terms of improvement in well-being), inclusion of users in the innovation process is critical. Social entrepreneurship can only be successful if beneficiaries are appropriately included in the innovation process.

Thus it is clear that beneficiary voices should be included in the impact measurement frameworks set by intermediary organizations. There is currently limited literature on the inclusion of the beneficiary voice in impact measurement models set by intermediary organizations in the social entrepreneurship sector. The scant existing literature is typically in the format of a report created by think-tank type organizations. For example, research performed by the Center for Effective Philanthropy (Buteau & Buchanan, 2011) showed that when funding organizations assess the performance of programmatic work, only 19% and 16% of funders use beneficiary focus groups or surveys, respectively. They also concluded that organizations who fund social interventions “often ignore the stakeholders who matter most, the intended beneficiaries”. However, research has been done regarding amplifying the voice of beneficiaries in impact measurement for non-profit organizations, mainly in the area of community development and development aid. Such literature is broadly supportive of the inclusion of beneficiary voices. Some of the ideas raised in this tangential area of work are considered in Chapter 7: Discussion, below.

2.4 Summary

In conclusion, this paper seeks to explore whether or not beneficiaries are being marginalized in the social entrepreneurship sector through studying the extent to which beneficiary voices are represented in the impact measurement frameworks set by intermediary organizations. There is limited research on both measurement models for intermediary organizations and on the resulting impact of such

measurement models on social purpose organizations. My literature review on the inclusion of the beneficiary voice in impact measurement models of intermediary organizations similarly yielded limited results. This research aims to contribute to these identified knowledge gaps.

The theoretical concepts of user-centered innovation and reflexivity will be used to understand this phenomenon, as explained in the next part, Chapter 3: Theoretical Framework.

CHAPTER 3: THEORETICAL FRAMEWORK

There has been some criticism that research in the field of social entrepreneurship tends to be atheoretical (Dacin, Dacin, & Tracey, 2011). As such, this paper seeks to set its foundations primarily on two theoretical frameworks: user-centered innovation, which is well-developed in the commercial (for-profit) entrepreneurship literature, and organizational reflexivity.

User-centered innovation is an open and collaborative process where users participate in the development of solutions to meet their needs. Related to this is the theory of organizational reflexivity, which is the act of reflection and modification of organizational behavior as a result of that reflection. In the context of this research, I am interested in the feedback loops between beneficiaries, social purpose organizations, and intermediaries, in order to understand whether and how beneficiaries are being marginalized in the social entrepreneurship sector.

I contend that social entrepreneurship is, in many ways, analogous to commercial entrepreneurship. Therefore, theories from the commercial entrepreneurship literature about what makes commercial enterprises successful have value in the social entrepreneurship sector as well. At its core, both types of entrepreneurship involve recognizing an unmet need/problem, developing a solution and implementing a solution through an organization. Through this process, value is generated for society, and a benefit is created for the entrepreneur. In commercial entrepreneurship, that benefit is economic profit, which is what the commercial entrepreneur seeks to maximize (C. A. Campbell, 1992). In social entrepreneurship, the benefit is social profit. In both cases, the expertise of the end-user (being the customer in commercial entrepreneurship, and beneficiaries in social entrepreneurship) is critical to ensuring that the need/problem is addressed and value created (Osterwalder & Pigneur, 2010). I posit that social change as entrepreneurial enterprise will be most successful if the expertise of the end-user is front and centre.

3.1 User-centered innovation

Of primary significance is the theoretical framework of user-centered innovation. In for-profit business literature, four decades of research have consistently shown that organizations improve their innovation performance by being oriented towards users (Foss et al., 2011). Users are defined as “*firms or individual consumers that expect to benefit from using a product or a service*” (Von Hippel, 2005). As outlined by Von Hippel (2005), traditional innovation processes address these needs in a closed way, internally identifying and filling the need by designing and producing new products or services. The user’s only role is to have a need. In contrast, user-centered innovation processes are open and collaborative. Users can participate in the innovation to develop exactly what they need and want, rather than relying on an organization to act as their (generally imperfect) agent. Bogers & West (2012) articulate the difference between user-centered innovation and traditional firm/organization-centered innovation as follows: the questions and findings in the innovation process “*revolve around the utility gains for the user, rather any pecuniary benefits [to the firm]*”.

3.1.1 User-centered innovation in commercial entrepreneurship

The importance of user input and collaboration in innovation and organizational performance has been recognized by commercial business for many years, and such interest has also been reflected in the academic literature (Greer & Lei, 2012; Osterwalder & Pigneur, 2010). Innovation has been shown to be a critical in gaining and sustaining competitive advantage and numerous studies have demonstrated that innovative firms demonstrate higher market share and market value, higher profits, and greater market longevity (Foss et al., 2011). In order to improve their innovation performance, commercial enterprises strive to capture and utilize external knowledge, especially that of end users, the value of which has been well-established in the literature (Trott & Hartmann, 2009). While each of the various stakeholders in a commercial enterprise provide expertise that adds to the value of the product or service

being created (e.g. suppliers provide expertise on inputs, manufacturers provide expertise on design, etc.), the end user is the expert on the problem/need to be filled and thus the most important stakeholder in the innovation process (Osterwalder & Pigneur, 2010). The importance of users in the innovation process has been acknowledged in both the customer-oriented marketing literature and customer-driven innovation literature, which is broadly supportive of links between market-orientation (a construct that includes customer-orientation), innovation, and organizational outcomes (such as new product success) (Foss et al., 2011).

Involving users improves the applicability, acceptance and adoption of the innovation, thereby reducing development risk, increasing long-term profitability, enhancing competitive advantage, and improving user well-being (Wilkinson & De Angeli, 2014). For example, product design literature has found that successful innovations in the technology sector often come from firms who place heavy emphasis on learning from and collaborating with their customers (Lichtenthaler, 2008). Literature from other industries, such as electronic gaming (Bo Jeppesen & Molin, 2003) and surgical equipment manufacturing (Lettl et al., 2006) similarly conclude that customer participation is critical to successful innovation.

Aspects of user-centered innovation have been explored in varying disciplines under numerous guises including customer-driven innovation, customer-focused marketing, design-thinking, co-production, participatory design, open innovation, and others. While a detailed literature review of all these approaches is beyond the scope of this paper, there are some agreed-upon foundational beliefs. First is the notion that the perspectives of users are valuable to the innovation process, whether it be generating new ideas or developing current thinking, and that with appropriate methods and tools to express themselves, users are able to share their feedback and participate in articulate ways (Sanders, 2002). Second, in the context of user-centered innovation, a product is only considered successful if it

meets users' needs and expectations, and thus requires consideration of not only user experiences, but also an understanding of their contextual environment (Nielsen, 1993).

3.1.2 User-centered innovation in social entrepreneurship

3.1.2.1 Applicability

Theories of user-centered innovation are applicable to social entrepreneurship. The role of innovation in problem solving has received significantly less attention in the social issue space than in the market-based technical and political space (Krlev et al., 2014). However, literature has shown that collaboration with, and learning from, users is of particular importance for radical or complex innovation (Pittaway et al., 2004). At its core, social entrepreneurship aims to solve complex social issues in novel ways.

Applying user-centered innovation to the field of social entrepreneurship, one would assume that the “user” is the beneficiary and the “firm” is the social purpose organization. However, given the nature of the social entrepreneurship ecosystem as described in Section 2.1.3, intermediary organizations play a large and critical role in the sector, defining operational norms and expectations which are followed by the social purpose organizations. As such, the “firm” in this case will be defined as the intermediary organizations. Further, unlike commercial entrepreneurship which seeks to maximize economic profit (Jensen & Meckling, 1983), social purpose organizations seek to maximize social profit. Social profit, or social effectiveness, which as described earlier, is defined by Bagnoli & Megali (2011) as “the degree to which the social enterprise has improved the well-being of the intended beneficiaries”. Since success for a social purpose organization is based solely on the perspective of the beneficiary (measured in terms of improvement in well-being), inclusion of beneficiaries in the innovation process for social entrepreneurship is even more critical than in the commercial entrepreneurship sector. This echoes Bogers & West's (2012) description of user-centered innovation, which, as described above,

should revolve around gains for the *users* rather than to the organization. A summary of this comparison is provided in Figure 2 below.

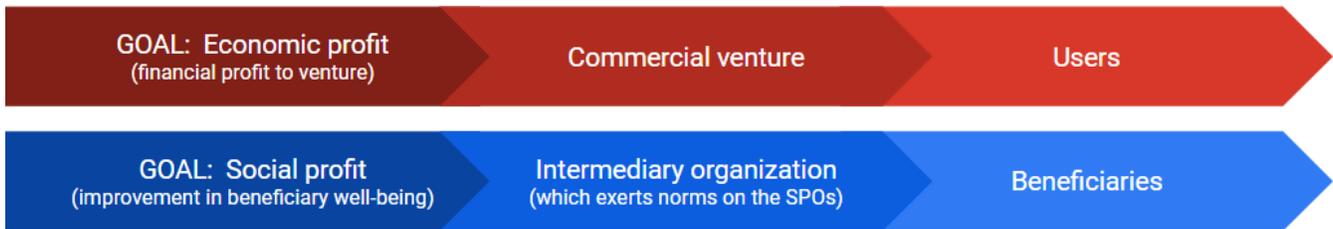


Figure 2. A comparison of commercial entrepreneurship and social entrepreneurship. This figure compares and contrasts the goals and organizations in each form of entrepreneurship.

3.1.2.2 User-centered innovation in the social entrepreneurship literature

User-centered innovation processes for intermediaries (and social purpose organizations) are those processes where the beneficiary perspective is included in management decision-making. While the literature on user (beneficiary)-centered innovation in social entrepreneurship is limited, two related topics of interest in the literature are presented below.

3.1.2.2.1 Design thinking

Of the various manifestations of user-centered innovation, the design thinking approach has gained some traction in the social entrepreneurship, or social change, sector. The approach has primarily been spearheaded by the design company, IDEO, through their provision of a free, online “human centered design toolkit” to assist individuals and organizations in the use of design thinking. IDEO has been championing the use of design thinking for social change as early as a decade ago. IDEO asserts that design thinking can lead to practical, real world solutions “*that create better outcomes for organizations and the people they serve*” (Brown & Wyatt, 2010).

Design-thinking, a design process where the user is placed at the centre of innovation, has gained legitimacy among business, government and social purpose organizations (Kimbell, 2011). One of the most widely disseminated definitions of design-thinking is Brown & Wyatt's (2010) reframing of problem solving as an empathy-based human-centered activity. Here, it is believed that those tasked with innovation should be primarily focused on both understanding and interpreting the perspectives of end users. A solution is deemed successful not only if it is commercially viable and technically feasible, but also desirable and valued by the end users. As demonstrated through numerous management case studies (e.g. Kimbell, 2011; Martin, 2009), design-thinking has the potential to increase user satisfaction and effectiveness, and therefore economic profit, for commercial businesses.

The design thinking process as championed by IDEO involves three stages: inspiration, ideation and implementation. While there is debate regarding the theoretical grounding for these particular stages (Johansson-Sköldberg et al., 2013), at a high level, the critical difference from traditional innovation processes is the intense focus on the human experience. Ethnographic research techniques such as participant observation and interviews are encouraged, and the suggested iterative ideation approach requires rounds of feedback from end users. Clearly, design thinking as an innovation process is user-centered.

Despite interest in design thinking for the purpose of social change, these concepts, if adopted, have mainly been used at the social purpose organization level. Intermediary organizations have traditionally neither sought out or had the contact with beneficiaries required in order to implement design thinking as described above.

3.1.2.2.2 Co-production

The concept of user-based innovation in the context of social outcomes has been studied in the public services sector since the 1970s under the term co-production (Bovaird, 2007). While the research undertaken in this paper is in the social entrepreneurship sector (and intended to be at the level of the intermediaries and not social purpose organizations), understanding the movements that have been influential in the social services sector provides important context as both sectors seek to enable social change and serve similarly disadvantaged populations.

Co-production is generally understood as the active involvement of users in the process of producing public services, alongside professional service providers. Annala et al. (2018) define institutional co-production as production that is *“characterized by a mix of activities that both public agents and citizens contribute to in the provision of public services. The former are involved as professionals or “regular producers”, while “citizen production” is based on efforts of individuals or*

groups to enhance the quality and/or quantity of services they receive". Research has found that the benefits of co-production include (1) more service and program options for users (2) mobilization of resources that would not otherwise be available, and most importantly for this research, (3) the transference of power from social service organizations to the end users (Bovaird, 2007). Further, a study by Hamukwala et al., (2008) has found that effective beneficiary participation in projects run by non-governmental organizations leads to improved project effectiveness. Research has also identified challenges including differences in values which leads to conflict, dilution of public accountability, and user burnout, but it has been acknowledged that appropriate governance mechanisms exist to mitigate such risks (Bovaird, 2007).

While the concept of co-production has been in existence for decades, there is clearly much more work to be done to embed the philosophy into the social services sector. User-centeredness was identified as one of the key research themes by the European Innoserve Consortium's 2014 Promoting Innovation in Social Services: An Agenda for Future Research and Development (Dhal et al., 2014), and one that received particular attention from stakeholders during the consultation phase. Here, the concept of user-centeredness focused on the *"paradigmatic shift towards the user: user involvement in (re)shaping processes, the shifting roles and functions of actors, and rethinking and developing competences of actors, users and volunteers."* As emphasized by the researchers, *"the very newness of a user-centred approach means that the realization of this ambition...is deficient and that much room for improvement remains."*

3.2 Reflexivity

The second fundamental theory to this research is the theory of reflexivity, which is the act of reflection and modification of behavior as a result of that reflection. Reflexivity, the concept of which dates back more than a century, can be applied at both the individual and group levels in numerous

contexts (Woolgar, 1988). Various disciplines, such as social work, psychology and organizational behaviour have advanced thinking around critical reflexivity. At the individual level, the practice of reflexivity is one of intentional introspection in order to improve a behaviour to achieve a desired outcome (Wendel et al., 2018). At the institutional level, reflexivity is a social process that is practiced collectively, but with the same goal of organizational introspection in order to achieve an outcome.

3.2.1 Organizational learning

Widmer et al., (2009) relate the concept of reflexivity to the discipline of organizational learning. In the organizational learning literature, the act of reflection is frequently mentioned as a critical factor in organizational and team learning. Reflection includes behaviours such as exploration, questioning, reviewing of past events, and analysis (West, M.A. et al., 2000) and is necessary in order for an organization to recognize that due to environmental changes, current operating methods may not longer be effective (Tjosvold & Tjosvold, 1998). The literature agrees that organizational, and team, reflexivity is related to the creativity, innovation and effectiveness of organizational output (Widmer et al., 2009).

The practice of organizational learning must also include structures and processes that facilitate the reflection and engagement needed to foster both individual and group learning (Serrat, 2017). Studies have shown that effective integration of user knowledge require both supportive organizational designs (Lei & Slocum, 2002) and other mechanisms in order to ensure that user insights are assimilated appropriately (Prahalad & Ramaswamy, 2000). In the social entrepreneurship sector, one such mechanism is impact measurement. At its simplest form, impact measures used by a social purpose organization enable organizational learning. Impact measures, being key success factors, are determined, external information is collected on a periodic basis for each of these measures, and such information is reflected and acted upon by the social purpose organization.

However, as discussed earlier, the nascency of the social entrepreneurship sector means that intermediaries have a significant influence on the development of the direction, activities and processes in the sector. As such, impact measurement is not a tool limited to only to the beneficiary and social purpose organization relationship, but must be considered within the sector as a whole. This includes intermediaries, who use it as legitimating tool. Organizational learning in this sense relates not only to what and how social purpose organizations learn about their impacts and the resulting changes to their operations as a result of that feedback, but also how intermediaries learn about their own impacts, the impact of the social purpose organizations they support, and the resulting changes to their own enabling activities. This results in both intended and unintended behaviour modification at both the intermediary and social purpose organization levels, with resulting impacts on the entire sector. This phenomenon is explained in the next section, Section 3.2.2.

3.2.2 Reflexivity, reactivity and measurement

Given the proliferation of performance measurement in all aspects and sectors of society today, the concept of reflexivity has been studied in the context of evaluation and measurement. People and organizations are reflective beings who react to their environment, including responding to measurement systems that are imposed on them. As such, metrics themselves are reflective. A reflective measure is one that “modifies the phenomenon under study, which changes the very thing that one is trying to measure.” (D. T. Campbell, 1957). This sociological viewpoint categorizes reflexivity as a methodological problem in experimental research and has been widely discussed (Espeland & Sauder, 2007). Although there are various definitions of reactivity in the literature, the basic idea is always the same, being “individuals alter their behavior in reaction to being evaluated, observed, or measured” (Espeland & Sauder, 2007). Thus reactivity is a form of reflexivity.

This reactivity in response to measurement occurs outside of experimental research settings as well. In the case of this paper, we are interested in how social purpose organizations (and the wider social entrepreneurship sector) react to the measurement schema being imposed by paradigm-building intermediary organizations. The concept of reactivity is useful in this case because it acknowledges the tension between two perspectives about measurement: first, as a “valid, neutral depictions of the social world” and second, “as a vehicle for enacting accounting and inducing changes in performance” (Espeland & Sauder, 2007). In the first meaning, reactivity is considered a threat to the integrity of the measure. In the second, reactivity is purposely utilized to encourage adoption of certain behaviours. The theory of reactivity is useful in the context of this research because the traditional view of impact measurement is based on the first perspective; reported impact measures provide information about the effectiveness of an SPO’s operations which can then be used to improve decision-making. However, the second meaning of reactivity speaks to the use of impact measurement not as a simple *reporting* tool, but rather a *legitimizing* tool, which is used by paradigm-building intermediaries to enact their norms and values onto the sector. Given the rise of the “professionalization” of social-impact work, including impact measurement in social entrepreneurship, this tension is one that warrants analysis.

Espeland & Sauder (2007) developed a framework for understanding the reactivity of social measures. As this framework is useful in understanding how impact measurement may be utilized by intermediary organizations as a legitimating tool, a summary of their framework is presented here.

First, Espeland & Sauder proposed that there are two mechanisms which generate the reactivity of such measures, or in other words, patterns that shape how people make sense of things: self-fulfilling prophecy and commensuration. Here, self-fulfilling prophecy is defined as “processes by which reactions to social measures confirm the expectations or predictions that are embedded in measures or which increase the validity of the measure by encouraging behavior that conforms to it” (Espeland &

Sauder, 2007). This mechanism shapes reactivity of social metrics in a number of ways. For example, an SPO who reports poor impact metrics may receive less funding from an intermediary organization, which then limits the SPO's ability to improve their operations, resulting in poorer impact metrics. Or, two SPOs with otherwise comparable effectiveness may have their minor impact difference magnified due to the quantification of their impact, resulting in one SPO receiving greater advantage (visibility, support, etc.) than the other, turning what was a marginal difference in impact between the two SPOs into a significant difference.

Commensuration also produces reactive responses to social metrics. It shapes the distribution of attention and relevance of information in a sector by simplifying information and decontextualizing knowledge, creating standards for sameness and difference, and changing the terms under which organizations make decisions. This is done by creating a set of metrics which represent a narrow viewpoint of a complex idea and making the vast remaining related information irrelevant. While this simplification makes accessing and processing information easier, it often also has the effect of making it seem more authoritative since it masks assumptions, uncertainty and discretion inherent in information (March & Simon, 1958). This can, for example, encourage an SPO to focus its operations on maximizing one particular impact metric at the detriment of possibly maximizing actual (total, unquantifiable) impact.

Espeland & Sauder's (2007) framework also proposed three effects of reactivity: resource redistribution, a redefinition of work, and the development of gaming strategies. The first effect of reactivity to social metrics, resource redistribution, is intuitive. If the social metrics have consequence for an organization, the organization will naturally seek to redistribute its resources to optimize their performance of those metrics. The second effect, redefining work, is also a metric optimization technique. This entails organizations hiring employees with different skills and backgrounds in order to

improve their organizational performance in areas related to the social metrics. The final effect, the development of gaming strategies, is defined by Espeland & Sauder (2007) as “manipulating rules and numbers in ways that are unconnected to, or even undermine, the motivation behind them... [it] is about managing appearances and involves efforts to improve ranking factors without improving the characteristics the factors are designed to measure”.

Thus reactivity, as a form of reflexivity, is a response to measurement and evaluation (Davis et al., 2012; Espeland & Sauder, 2007; Lamont, 2012) and has consequences on organizations. These consequences have been explored in the audit literature, especially the question of whether audits actually do result in greater efficiency and quality as promised, or if they instead exacerbate the problems they are trying to solve. It is acknowledged that audit is an active, and not a passive act, representing a particular perspective about governance and accountability. It actively builds the environment in which audit occurs, meaning that it intentionally creates an environment that is auditable. Power (1994) argues that this is the most influential consequence of audit because it means that audit ultimately shapes the narrative of the problem in order to reinforce the audited metrics as the solution. Research on the application of audit and accountability frameworks into other sectors, such as higher education, has found that audit often has coercive functions and provides a disguise for the intentions of those in power (Shore & Wright, 2000).

While the consequences of measurement and evaluation practices have been explored in other sectors such as the non-profit sector (e.g. Hwang & Powell, 2009), the impact of such practices on the social entrepreneurship sector have yet to be investigated. The literature above suggests that impact measurement frameworks set by intermediaries may result in similar reflexive effects at the SPO level, encouraging resource redistribution or gaming strategies which work against the very objective of the sector, being increased beneficiary well-being. Further, given that these impact measurement

frameworks are set by paradigm-building intermediaries, these effects will occur at a wider sector level. As suggested by the literature, this therefore reinforces the notion that impact measurement is being used as a legitimating tool, a tool of power and control, by intermediary organizations.

3.3 Summary of theoretical framework

The primary objective in the social entrepreneurship sector is social impact. Since social impact is defined as improvement in the well-being of beneficiaries (Bagnoli & Megali, 2011), user-centered innovation theory tells us that inclusion of beneficiaries in the innovation process is critical. Smith et al. (2012) also show us that organizational learning is important for outcome achievement. Thus in considering how the innovation process can include, and even amplify, the beneficiary-voice, we look to see how such learning is practiced. One such tool to facilitate organizational learning is impact measurement, specifically, the impact measurement frameworks set by paradigm-building intermediary organizations. Figure 3 illustrates the relationship between impact measurement and social impact as conventionally understood, that is, that impact measurement improves social impact (defined as an improvement in the well-being of beneficiaries).



Figure 3. Conventional understanding of the relationship between impact measurement and social impact. This figure illustrates the relationship between impact measurement and social impact as conventionally understood, that is, that impact measurement improves social impact.

However, reactivity and reflexivity suggest that impact measurement frameworks have negative unintended consequences such as resource redistribution and the development of gaming strategies. Given the dominance of paradigm-building intermediaries, these consequences occur not only at the level of individual SPOs, but also across the entire social entrepreneurship sector. Thus impact

measurement frameworks are not only an organizational learning tool, but also a legitimating tool used by intermediary organizations to enact their values and norms on the sector. Figure 4 illustrates that this reflexive impact mediates the relationship between impact measurement and social impact. Given that impact measurement frameworks are often set by paradigm-building intermediary organizations, the effect on social impact is actually amplified. Reflexivity theory suggests that unless appropriately mitigated, the reactive effect of measurement results in reduced organizational outcomes.

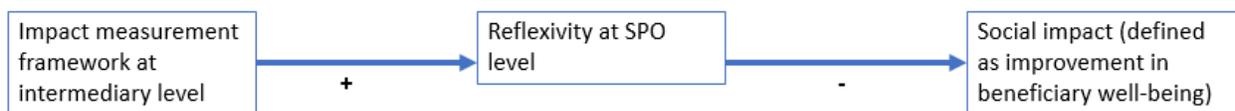


Figure 4. The impact of reflexivity on the relationship between impact measurement and social impact. This figure illustrates that the reflexive impact of measurement mediates the relationship between impact measurement and social impact by amplifying the effect and reducing social impact

Finally, circling back to the role of beneficiaries, user-centered innovation theory tells us that inclusion of beneficiaries in the innovation process is critical to achieving organizational outcomes. In the context of social entrepreneurship, the inclusion of the beneficiary voice in the design of impact measurement frameworks should increase social impact, as social impact is defined as improvement in the well-being of beneficiaries. Figure 5 illustrates the inclusion of the beneficiary voice as a moderating variable in the model. It shows that increased beneficiary input into the impact measurement framework at the intermediary level decreases the negative effect of impact measurement on social impact.

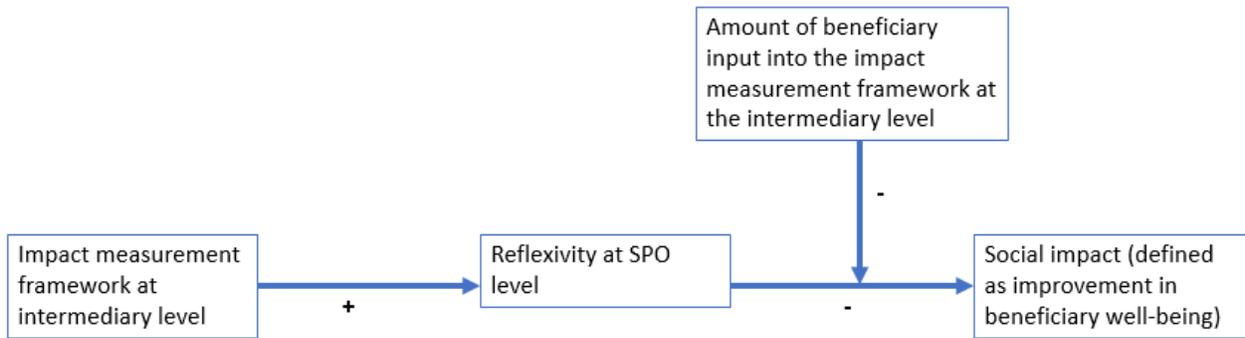


Figure 5. The impact of the inclusion of the beneficiary voice on the relationship between impact measurement and social impact. This figure illustrates that increased beneficiary input into the impact measurement framework at the intermediary level decreases the negative effect of impact measurement on social impact.

CHAPTER 4: RESEARCH QUESTION

The growing social entrepreneurship sector is faced with a number of challenges, including a rapidly growing interest in measuring social impact and the associated difficulties in doing so. This interest is driven by a belief that without solving the challenges in impact measurement, the sector will continue to have difficulty in both attracting the financial resources required to scale and achieving the hoped-for gains in social welfare.

However, in attempting to address the challenges in impact measurement, the nature of the social entrepreneurship ecosystem must be taken into consideration; in particular, the presence and power of resource-rich intermediary organizations who have the ability to shape the sector to their own norms and values. One of the main legitimating tools used by intermediaries is their impact measurement frameworks. Reactivity of SPOs to these frameworks causes a reflexive effect. As a result, the attributes of such frameworks (e.g. who sets the measures, who gets to provide feedback, how data is collected and how the results are shared) impact not only the operations of individual social purpose organizations, but also the wider sector.

Nicholls (2010) suggests that through the process of legitimation, the voices of non-resource-rich actors (such as beneficiaries) may be marginalized. This potential marginalization of the beneficiary voice is concerning because user-centered innovation theory tells us that the inclusion of users in the innovation process is critical to the achievement of organizational outcomes (Foss et al., 2011; Osterwalder & Pigneur, 2010). This is especially true in the social entrepreneurship sector where success is defined as improvement in beneficiary well-being (Bagnoli & Megali, 2011; Brown & Wyatt, 2010; Pittaway et al., 2004).

Given the reflexive effects of intermediary-led impact measurement frameworks in the social entrepreneurship sector, inclusion of beneficiary voices in such frameworks is a critical component of

implementing user-centered innovation. Therefore, a beneficiary-centered measurement model supports user-centered innovation practices (Widmer et al., 2009). This can improve the efficacy of not only individual social purpose organizations, but through the legitimation activities of intermediaries, the social entrepreneurship sector as a whole. As such, this paper seeks to explore whether or not beneficiaries are being marginalized in the social entrepreneurship sector through studying the extent to which beneficiary voices are represented in the impact measurement frameworks set by intermediary organizations. Through this research, I hope to contribute towards a better theory of measurement for the social entrepreneurship sector.

CHAPTER 5: METHODOLOGY

5.1 Overview of research methodology

This research seeks to study user-centered innovation in the social entrepreneurship sector through exploring the extent to which beneficiary voices are included in impact measurement frameworks of intermediary organizations. Given that the interactions between intermediaries, social purpose organizations and beneficiaries are complex, the importance of context in understanding attitudes and perspectives, and the exploratory nature of this research, a multiple-case study approach was selected. Case study methodology is a well-established qualitative research methodology in social sciences research (Eisenhardt, 1989b). Case studies use a variety of data sources to explore a specific topic of interest within its own context, allowing for the topic to be explored through a variety of perspectives which allows for a greater depth of understanding (Baxter & Jack, 2008). According to Yin (2003), case study methodology is best suited for (1) how or why research questions (2) when you cannot manipulate the behaviour of the research subjects (3) research topics where you believe contextual factors are relevant (4) research topics where the boundaries between the topic of interest and the context are unclear. As such, this paper's research question is well-suited to this methodology.

As diagrammed in Figure 6, two case studies were developed. Each case study included one intermediary and three social purpose organizations. In order to determine which organizations to include, purposive sampling, which is consistent with the tenets of qualitative research, was used (Eisenhardt, 1989b; Flyvbjerg, 2006; Yin, 2003). Since the sample size is small, each of the cases in this study was purposely selected "to maximize the utility of information from small samples" (Flyvbjerg, 2006, p. 230), with an emphasis on including cases that would be information-rich (Patton, 2014; Yin, 2003). In determining the number of cases to select, the focus was on depth of exploration versus breath.

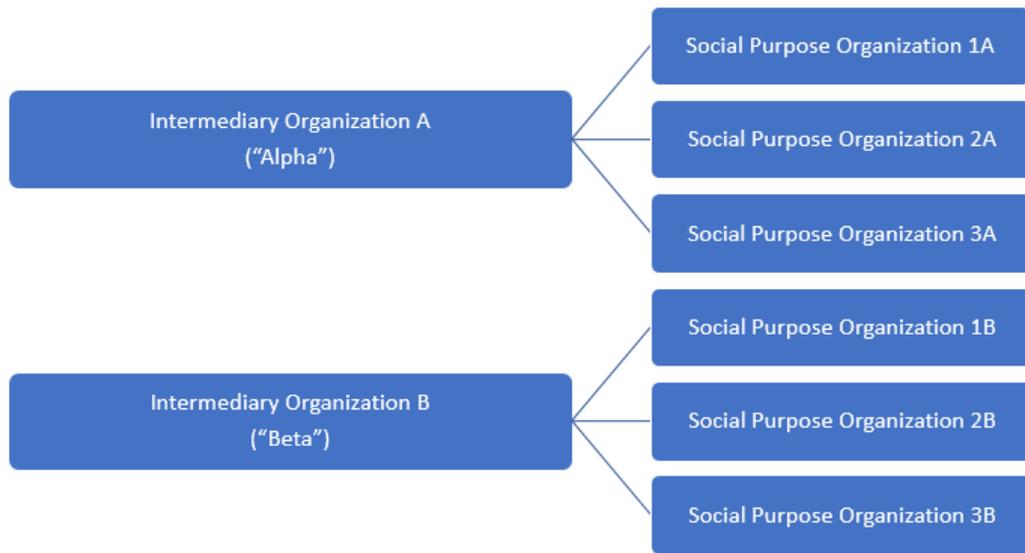


Figure 6. Outline of case study methodology. This figure illustrates the two case studies and the organizations involved in each case study.

The aim of this research is to study the effect of not only intermediary organizations on the social entrepreneurship sector, but specifically the effect of *paradigm-building* intermediary organizations. Nicholls (2010) defines paradigm building actors as those who have “*prominence in the literature and debate around social entrepreneurship and [those who have] committed resources to developing the field. Their paradigm-building objectives are often made explicit in statements on websites or are implicit in actions they take such as enacting supporting legislation for social entrepreneurs.*” Given that the social entrepreneurship sector in Canada is small, there is a very limited number of true paradigm-building actors available to choose from for inclusion in this study. Since this research is exploratory in nature, utilising a single case-study method was considered. However, it was determined that additional paradigm-building intermediaries could be identified if the social entrepreneurship sector was divided into smaller sub-sectors. This would allow me to investigate the legitimating activities of intermediary organizations at different scales. Ultimately, two intermediary organizations were selected. Alpha (part of Case A) is a paradigm-building intermediary for the Canadian social entrepreneurship

sector. Beta (part of Case B) is a much smaller intermediary organization and a paradigm building intermediary in a subset of the social entrepreneurship sector (being employment-related social purpose organizations). This sample size of two cases was deemed sufficient given the exploratory nature of this research.

To achieve the intended objectives of this research, semi-structured in-person interviews were held with representatives from the intermediaries and social purpose organizations. The purpose of the intermediary interviews was to understand how the intermediary approaches impact measurement. The purpose of the social purpose organization interviews was to understand the impact of the measurement frameworks on the social purpose organizations themselves. In both cases, I also strove to gain an understanding of the interviewee's attitudes and perspectives of impact measurement, whether or not beneficiary voices were included or considered in the impact measurement process, and the potential consequence of such impact measurement frameworks on the beneficiaries themselves.

The purpose of qualitative data collection methods such as in-depth interviews is to obtain the interviewee's own narrative and voice. Since there is significant diversity in the nature of both intermediaries and social purpose organizations, allowing for interviewees to present their own experiences and opinions was critically important. Semi-structured interviews, allowing for open-ended questions, provide the researcher with information-rich responses about the interviewee's perceptions, feelings and experiences (Glaser & Strauss, 1967) which can then be analyzed. In order to enable such analysis, interviews were audio recorded, professionally transcribed, and input into the qualitative data analysis software NVivo.

Analysis of qualitative research data is an iterative process (Denzin & Lincoln, 2017; Eisenhardt, 1989b), based on abductive reasoning (Charmaz, 2014), using comparative analysis (Glaser & Strauss, 1967). Under this approach, as the collected data (in this case, interview transcripts) is analysed, themes

and patterns emerge and are refined as they are critically evaluated and compared against relevant information in the data set (Bowen, 2008; Miles & Huberman, 1994). Broadly speaking, researchers can approach looking for themes and patterns in two ways: with an existing framework in mind, or without. For this research, I chose to allow patterns and themes to emerge from the data rather than imposing a pre-determined framework prior to the analysis. As themes and patterns emerged (both within and between cases), these themes and patterns were reconsidered in an iterative way. Once no new changes to the identified themes and patterns were noted through the process, the themes and patterns were solidified as my results. These results were then interpreted and compared to existing literature for contextualization.

5.2 Rigour in qualitative research

Qualitative research methodology is a blanket term that includes several approaches which share common characteristics and principles (Bogdan & Biklen, 2006). It is described as being naturalistic, holistic, interpretive and reflective (Denzin & Lincoln, 2017) and is often, like this study, exploratory in nature. In this context, it is an emergent type of research design where the researcher consciously stays open to the development of insights which may or may not have been previously considered (Marshall & Rossman, 2015). These insights are developed through various means of data collection, such as interviews, direct observation, surveys or focus groups, and through various sources of evidence, such as physical artifacts, documentation, and archival records (Yin, 2003).

There exist some unique challenges to qualitative research which can pose questions regarding the rigour of the study. As an example in the context of this research, when performing semi-structured interviews, it is I who decides which questions to ask, what areas of discussions should be probed further, and when to stop (Bowen, 2008; Corbin & Strauss, 2014). Essentially, I act not only as the interpreter of data, but also as the data collection instrument (Patton, 2014). As such, my own

experiences, biases, knowledge and even personality have the potential to impact both the collection and analysis of the data.

Initially, when assessing the rigour of qualitative research, the concepts of validity and reliability were borrowed from quantitative research (LeCompte & Goetz, 1982). Validity referred to the “truthfulness” of findings and reliability to the stability of findings (Altheide & Johnson, 1994). However, given the interpretation required for qualitative research, it was determined that these terms were incompatible with qualitative research (Whittemore et al., 2001).

In their seminal work from the 1980s, Guba and Lincoln (1981) replaced the notions of reliability and validity with a parallel concept of “trustworthiness”. This concept was then broken down into four aspects: credibility, transferability, dependability, and confirmability and strategies for addressing each of these aspects were suggested (Guba & Lincoln, 1981). While originally intended as guidelines (and not orthodoxy), their framework has been foundational to the development of standards that are used to evaluate the quality and rigour of qualitative research today (Morse et al., 2002). In order to address concerns raised regarding the rigour of qualitative research, I employed various validation strategies as outlined in Appendix A. What follows is further detail on one of the most significant criticisms, confirmability.

5.2.1 Confirmability and reflexivity

One particular criticism of qualitative research is confirmability. Tobin & Begley (2004, p. 392) state that confirmability is “concerned with establishing that data and interpretations of the findings are not figments of the inquirer’s imagination, but are clearly derived from the data”. It refers to the degree to which the results of qualitative research are neutral and could be confirmed or corroborated by other researchers. Studies suggest that one of the strategies critical to addressing confirmability is reflexivity (Bowen, 2008; Lincoln & Guba, 1985)

While reflexivity is discussed as a component of the theoretical framework of this research, in this instance, I am concerned with the practice of reflexivity at the researcher level. Here, reflexivity is conceived as the practice of being mindful about how one, as a researcher, influences and is influenced by the research process (Corbin & Strauss, 2014). It requires a constant awareness and examination of one's own motives and the effects of one's actions on participants and the research process. Reflexivity has a profound effect on the research, which is described by (Berger, 2015) as a "shift in the way we understand data and their collection". As such, reflexivity influences not only data collection, but the analysis and interpretation of results.

I intentionally engaged in reflexivity to understand the biases, motivations, experiences and values I brought to the study. This included not only acknowledging my beliefs, positions and ideologies, but also continually reflecting on my identity and values to understand how my interactions with interview participants, and interpretations of their responses, may be impacted.

5.2.1.1 Bracketing

The process of mitigating bias by deliberately acknowledging researcher worldviews and preconceptions is known as "bracketing" (Moustakas, 1994) and is an established critical aspect of performing qualitative research. As described by Morrow (2005, p. 254), bracketing is the process of "making one's implicit assumptions and biases overt to self and others". As such, a summary of my own biases, motivations, experiences and values is presented in Appendix B in order to allow examination.

5.2.1.2 Strategies for addressing conformability

In order to counter the potential impacts my identity and values may have on my interactions with and interpretation of the data, several actions were taken. First, the research methodology, including sample selection criteria and development of the semi-structured interview guide, were

reviewed by my graduate supervisor and another senior external professional, both with in-depth knowledge of the social entrepreneurship sector. The research methodology went through several iterations of review before being finalized. The agreed-upon questions and interview script developed for data collection were sent to research participants in advance, which minimized my ability to alter the course of the interviews due to my own biases or areas of interest. After sharing the purpose of my research, I also largely allowed participants to guide the conversation. This empowered them to share with me the areas which they believed were most important to discuss, versus being forced only to respond to my own list of critical factors.

Second, apart from one organization, interviews were performed in person. This allowed me to build rapport and observe the body language of the research participants, which provided me with more contextual information regarding their responses. While such cues remain subjective, the additional information reduced my need to interpret meaning and intent based on responses alone. Any subjective interpretations obtained from sources of information such as tone of voice or body language were separately noted in my interview notes (as described further below) in order to be considered.

Third, all interviews were audio recorded, professionally transcribed, and input into the qualitative data analysis software, NVivo (Version 12), to facilitate the coding process. The transcripts were analyzed on a line-by-line basis in order to develop the code from which themes and patterns emerged. This was done iteratively and each time, I made sure to specifically seek out and highlight disconfirming evidence, if it existed. This process forced a methodical approach to coding the data. In reporting the results (see Chapter 6) direct quotes from research participants were included to add credibility to the conclusions.

Finally, throughout the research process, I engaged in reflexivity through documenting my reactions and emotional responses to my work, and subsequently, reviewing such documentation in

order ascertain whether or not my biases were impacting my interpretation or analysis. For example, although participant interviews were audio recorded and transcribed, I separately took notes during the interviews. These notes contained my observations regarding the participants' body language or tone of voice, my own reactions and feelings (which arose in relation to my values and ideologies), and any insights or connections I made during the data collection process. Later, when coding the data and performing the thematic analysis, I referred back to these notes in order to help clarify whether or not my interpretations were impacted by my own biases.

5.3 Research ethics

Canada's Tri-Council Policy Statement (*Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans*, 2018) states that research involving living human participants requires ethics review by a Research Ethics Board (REB) before research can commence. As this study necessitated interviews from intermediary and social purpose organizations, REB approval was required. Ethical approval for this study was obtained from Ryerson University's REB in February 2019, prior to the commencement of data collection. Please see Appendix I for a copy of Ryerson University's REB approval letter. In order to obtain approval, this study had to demonstrate compliance with the guidelines established by Ryerson's REB.

A key ethical consideration for research that makes use of interviews is informed consent and participant confidentiality (Corbin & Strauss, 2014; J. Creswell & Creswell, 2018). Researchers must ensure that research participants provide voluntary, informed, and ongoing consent (*Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans*, 2018). In order to meet these criteria, all participants were provided with a research consent agreement prior to the date of the interview. The agreement covered aspects such as what participation involved, potential risks and benefits, conflicts of interest, how confidentiality and anonymity would be maintained, and how their data would be stored,

managed and destroyed. A copy of the consent agreement is provided in Appendix C. At the start of the interview, I provided an overview of the agreement and required a signed copy before the interview could commence. I reminded the participants that their consent to participate was voluntary and could be withdrawn at any time during the process with no repercussions. Participants were also told that they had the option of fully or partially skipping questions and had full control over the information they wanted to disclose. Participants were offered the option to review the audio recordings or transcripts, if they should choose.

Participant confidentiality and anonymity were also a concern, not only to maintain respect for the participants, but also to avoid any unintended consequences. This was managed through a number of actions. First, the names of the organizations and individuals who participated were known only to myself and my supervisor. I met with each organization individually, thereby ensuring that participants were not made known to each other. Second, participants were assigned an identification code and all saved data files utilized the code and not the name of the participant/organization. Third, the names of the intermediary and social purpose organizations and individual participants have not been disclosed in this study. Instead, pseudonyms have been used, and care has been taken to ensure that identifying information is removed.

5.4 Case selection criteria

The purpose of this research is to study user-centered innovation in the social entrepreneurship sector. Specifically, I was interested in exploring whether or not beneficiaries are being marginalized in the sector through studying the extent to which beneficiary voices are represented in the impact measurement frameworks set by paradigm-building intermediary organizations. To investigate this, a purposive sample of two cases was selected. Each case was made up of one intermediary and three

social purpose organizations that were supported by the intermediary. In order to respect case confidentiality, the cases are identified with the pseudonyms A and B.

As discussed in Section 2.1.3, the nascency of the social entrepreneurship sector means that intermediaries have a significant influence on the development of the direction, activities and processes in the sector. As such, the selection of case studies was driven based on characteristics of intermediaries. As discussed earlier, borrowing from Nicholls (2010) definition of “paradigm-building actors”, intermediaries are those that commit resources to supporting the field of social entrepreneurship, either explicitly or implicitly engage in sector-shaping activities, and that have prominence in the academic literature. In selecting my two paradigm-changing intermediaries, I considered the first two of Nicholl’s criteria only. The third criteria, prominence in the academic literature, was not considered given the very limited amount of research on intermediary organizations in the Canadian social entrepreneurship literature. Nicholls further outlines four categories of paradigm-building actors: government, foundations, fellowship organizations and network organizations. Examples of both well-known global and local intermediaries are outlined in Table 1 below.

Table 1 – Examples of intermediary organizations

| <i>Examples of intermediary organizations</i> | | |
|--|---|-----------------------------|
| Intermediary | Mission | Type of organization |
| <u>The Skoll Foundation</u> (Global) | The Skoll Foundation drives large-scale change by investing in, connecting, and celebrating social entrepreneurs and innovators who help them solve the world’s most pressing problems. | Foundation |
| <u>Ashoka</u> (Global) | Ashoka identifies and supports the world's leading social entrepreneurs, learns from the patterns in their innovations, and mobilizes a global community that embraces these new frameworks to build an "everyone a changemaker world." | Fellowship |
| <u>Schwab Foundation for Social Entrepreneurship</u> (Global) | In partnership with the World Economic Forum, the Schwab Foundation for Social Entrepreneurship is a leading global platform that accelerates outstanding models of social innovation. Working together, we help | Fellowship |

| | | |
|--|--|----------------------|
| | scale solutions to support millions of vulnerable and low-income people in need. | |
| Toronto Enterprise Fund (Local) | The Toronto Enterprise Fund is committed to building an enabling environment for employment social enterprises to thrive. | Foundation |
| The Ontario Trillium Foundation (Local) | The mission of the Ontario Trillium Foundation is to build healthy and vibrant communities throughout Ontario by strengthening the capacity of the voluntary sector, through investments in community-based initiatives. | Foundation |
| Centre for Social Innovation (Local) | Social innovation refers to the creation, development, adoption, and integration of new and renewed concepts, systems, and practices that put people and planet first. Members of the Centre for Social Innovation work across sectors to create a better world. We accelerate their success and amplify their impact through the power of coworking, community and collaboration. | Network organization |
| The McConnell Foundation (Local) | The McConnell Foundation is a private Canadian foundation that develops and applies innovative approaches to social, cultural, economic and environmental challenges. We do so through granting and investing, capacity building, convening, and co-creation with grantees, partners and the public. | Foundation |

In selecting my case studies, I considered the criteria as outlined in Table 2 below.

Table 2 - Criteria for the selection of intermediary organizations

| <i>Criteria for the selection of intermediary organizations</i> | |
|---|--|
| Criteria | Purpose of criterion |
| Type of intermediary | The intermediary organizations selected had to be a paradigm-building intermediary, as outlined above. Further, I attempted to include at least two types of intermediaries in my sample. As this study is exploratory in nature, I did not attempt to have representation from all types of intermediaries. However, in order to provide a diversity of perspectives, I intentionally avoided having two case studies that were the same. |
| Number of social purpose organizations the intermediary has supported | This study sought to obtain perspectives on the beneficiary voice in impact measurement through conversations with both intermediaries and social purpose organizations. In order to ensure adequate participation at the social purpose organization level, selected intermediaries had to have supported a number of social purpose organizations over the past two years. In practice, I sought out intermediaries that had supported at least 50 social purpose organizations over a two-year time period. |

| | |
|--|---|
| Publicly available listing of social purpose organizations supported | In order to facilitate sample selection at the social purpose organization level, the intermediaries selected had to have a publicly available listing of at least some of the social purpose organizations they support. As discussed in Section 5.5 below, while recommendations were requested of the intermediaries regarding which social purpose organizations to interview, I also independently selected social purpose organizations from the public listings in order to remove potential bias with respect to recommendations on the part of the intermediaries. |
| Impact measurement maturity level | I looked for intermediaries who had demonstrated an interest in, and engagement with, impact measurement to ensure that participants were adequately informed to be able to provide information-rich responses. Intermediaries who did not have an (internally or externally) published impact measurement framework were excluded from the sample. |

In order to select the two intermediaries on whom I would conduct this research, I requested referrals from individuals who are knowledgeable about the sector, including my graduate supervisor. During my first few interviews with intermediaries, I further requested referrals for other potential intermediary research participants. This sampling strategy is called the snowball, or chain, method and helped to identify “cases of interest from people who know people who know what cases are information-rich” (Miles & Huberman, 1994, p. 28). When I received a referral, I independently reviewed the referred organization’s website to determine suitability prior to adding the referral to the list of potential research participants.

Based on the criteria above, six intermediaries were initially interviewed for consideration. From the six intermediary organizations, two intermediaries were selected. A summary of the intermediary organizations interviewed for consideration is presented in Table 3 below.

Table 3 - Intermediary organizations initially interviewed for consideration in this research

| <i>Intermediary organizations initially interviewed for consideration in this research</i> | | |
|--|----------------------------------|--|
| Sample | Type of Intermediary | Included in final sample? |
| A | Foundation | Included |
| B | Foundation/ Network Organization | Included |
| C | Network Organization | Excluded – after discussion, was not determined to meet the definition of a “paradigm-building” intermediary |
| D | Network Organization | Excluded - logistical difficulties in interviewing related social purpose organizations |
| E | Foundation/ Network Organization | Excluded - inability to complete initial interview due to scheduling conflicts |
| F | Network Organization | Excluded – has moved into advocacy work and no longer supports individual social purpose organizations |

Interviews were held at the intermediary level first. In each interview, I asked the intermediary if they had recommendations regarding which social purpose organizations I should conduct my follow-up interviews with. The purpose of asking for recommendations was to obtain the intermediary’s opinion regarding which social purpose organizations were more interested in, and engaged with, the topic of impact measurement. This would help me to select interviewees that could provide me with “information-rich” responses. However, the social purpose organizations I selected were not solely based on the intermediary’s opinions. I also selected social purpose organizations from the publicly available listing of social purpose organizations, considering the criteria outlined in Table 4 below.

Table 4 - Criteria for the selection of social purpose organizations

| <i>Criteria for the selection of social purpose organizations</i> | |
|---|--|
| Criteria | Purpose of criterion |
| Type of social purpose organization | As discussed in Section 2.1.2, social purpose organizations can take various organizational forms, including for profit (social enterprise), non-profit, or hybrid (most frequently seen as a non-profit with a revenue generating side operation). In order to ensure diversity of views, I attempted to include at least one of each type of social purpose organization in my total sample. Diversity was not always possible within a specific case study as some intermediaries were focused exclusively on a specific subset of social purpose organizations. A summary of the types of social purpose organizations selected for each case study is presented in Table 5 below. |
| Partnership stage | One of the goals of the social purpose organization interviews was to understand the impact of the intermediary's impact measurement framework on the operations of the social purpose organization. The maturity of the relationship between the social purpose organization and intermediary, termed the partnership stage, would have significant influence on this impact. For example, social purpose organizations new to the intermediary could potentially have adjusted their operations to increase their chances of being funded by the intermediary, but would not have had the chance to adjust their operations as a result of meeting or not-meeting agreed-upon targets. As such, I generally looked to include social purpose organizations in a more mature partnership stage as the impact of the intermediary's measurement framework on the social purpose organization would likely be greater. However, in order to ensure diversity of views, I did include one social purpose organization with a newer relationship with their intermediary. |
| Impact measurement maturity level | Unlike the sample selected for intermediaries, at the social purpose organization level, I was interested in hearing from social purpose organizations along the entire impact measurement maturity level. This included social purpose organizations who had demonstrated interest in, and engagement with, impact measurement (e.g. as evidenced by the development of their own impact measurement framework) as well as social purpose organizations who had not yet seriously considered impact measurement for their organization and simply adopted the model provided by the intermediary. I strove to obtain a diversity of maturity levels across my sample selection. |

In total, two case studies were developed (Case study A and Case study B) as shown in Figure 7. Each case study was comprised of one interview with the intermediary and one interview each with three social purpose organizations supported by the intermediary. Table 5 below outlines the composition of each of the case studies.

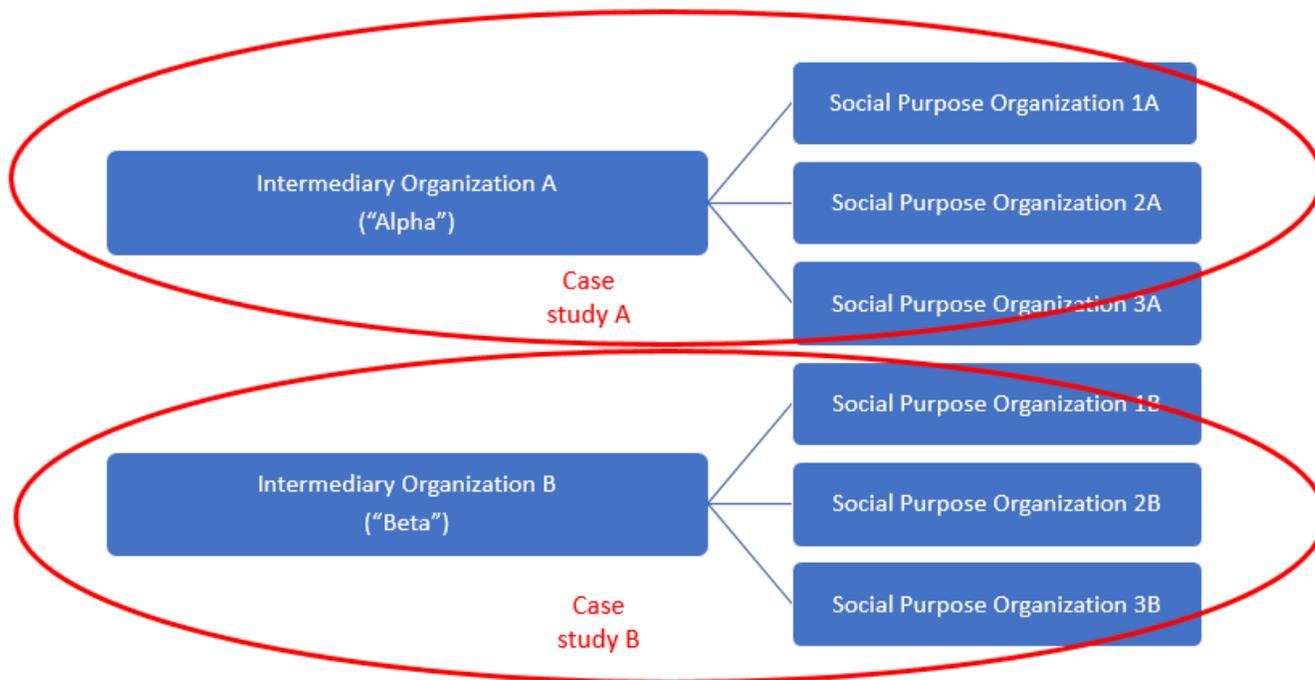


Figure 7. Composition of case studies. This figure illustrates the composition of organizations included in each case study.

Table 5 - Composition of organizations included in case studies

| <i>Composition of organizations included in case studies</i> | | | | |
|--|--|--|--|--|
| | Intermediary type | Social purpose organization #1 type | Social purpose organization #2 type | Social purpose organization #3 type |
| Case Study A | Foundation | Hybrid | Non-profit | Hybrid |
| Case Study B | Foundation/ Network Organization | Social enterprise | Social enterprise | Social enterprise |

5.4.1 Recruitment of research participants

Once the sample selection (for both intermediaries and social purpose organizations) was made, potential participants were solicited via email and telephone. I sent an introductory email (see Appendix D), introducing myself, the research study and its benefits and risks. The potential participants were also provided with the consent agreement (see Appendix C) as an attachment to the email and asked to send a signed copy back in the case they agreed to participate. If a response was not received within seven days, a follow up reminder email or phone call was initiated. If a response continued not to be received, I stopped contacting the participant and selected an additional sample using the criteria as outlined above.

5.5 Data collection

In total, eight interviews were completed. Intermediary interviews were completed over a four-week period in March and April 2019. Social purpose organization interviews were completed over an eight-week period between September and November 2019. With the exception of one social purpose organization interview which was held via conference call, all interviews were held in person either at the organization's offices, or in a private meeting room at Ryerson University, in Toronto, Ontario. Each interview was semi-structured in nature, approximately 45-60 minutes long, and were audio-recorded using my mobile phone to enable transcription, coding and analysis. A semi-structured interview format enabled me to set a basic framework for interview topics, but also allowed me to pursue novel or interesting threads of conversation (Denzin & Lincoln, 2017). This approach to interviewing was based on Seidman (2006, p. 9) who asserted that the purpose of "in-depth interviews is not to get answers to questions, nor to test hypotheses, and not to "evaluate" as the term is normally used. At the root of in-depth interviewing is an interest in understanding the lived experience of other

people and the meaning they make of that experience”. Interviewees received a high-level list of questions in advance in order to help them prepare. The list of questions is provided in Appendix E.

I took notes during the interview on my laptop computer. Since the interviews were audio-recorded, the purpose of the note-taking was to record observations about myself (e.g. reactions, emotions) and the research participant (e.g. non-verbal cues such as tone of voice or body language) during the interview, as well as to make note of connections between what I was hearing in the current interview compared with previous interviews. Immediately after each interview, these notes were expanded upon to include themes that I felt might be emerging from the interviews, new questions or lines of inquiry I wanted to investigate, and patterns that I felt I might be seeing. This process was useful as it allowed for iteration between data collection and preliminary analysis.

The audio recordings were then saved, renamed using a pre-determined code in order to protect participant confidentiality, and professionally transcribed. Once the professional transcriptions were received, I reviewed the transcriptions in detail to ensure accuracy and completeness.

In some instances, research participants provided me with documentation to support my discussion (either in hard copy, or visually, during the interview). This documentation was always either a copy of an impact measurement framework or an example of impact measurement reporting. Sometimes the documentation provided was also available publicly, on the organization’s website. The purpose of the documentation was to provide an illustrative example of a point that the research participant was making in the interview. As such, the documentation was treated simply as an expansion of an idea already captured in the interview transcripts, as opposed to a stand-alone piece of data to be analyzed separately. Any hard copy documents received were electronically scanned and renamed using a predetermined code, in order to protect the anonymity of the participants.

For a complete table of data collected, please see Appendix H.

5.6 Data analysis

In this study, data comprised of direct quotations from interviews with participants about their knowledge, opinions, experiences, and feelings. Marshall & Rossman (2015) define qualitative data analysis as the “process of bringing order, structure and meaning to the mass of collected data”. It involves seeking out a relationship between categories of data, developing themes, and noticing patterns in order to increase one’s understanding of a phenomenon (AlYahmady & Al Abri, 2013). In order to be effective, rather than being prescriptive and rules-based, the researcher must be flexible, observant, and interact with the data collected (Corbin & Strauss, 2014). This method of analysis has been acknowledged to lead researchers to gain a deeper understanding of the question under study rather than simply analyzing data on a large scale.

Given that this research is exploratory in nature, a grounded theory approach was used to study the data. This means that the research was focused on the interpretive process by analyzing the “the actual production of meanings and concepts used by social actors in real settings” (Glaser & Strauss, 1967). The purpose of grounded theory is not to test an existing theory, but rather to allow theoretical concepts to emerge from the data and analysis (Glaser & Strauss, 1967) in order to gain new understanding about relationships between social actors and how those interactions actively construct reality (Suddaby, 2006). Through discussing their impact measurement frameworks, I sought to better understand the relationship between intermediaries, social purpose organizations and beneficiaries. In general, the aim of qualitative data analysis is to creatively organize, identify patterns in, and elicit themes from data in a rigorous manner. However, no systematic rules exist for doing this. As such, many believe that “data analysis is the most complex and mysterious of all the phases of a qualitative project” (Thorne, 2000). Thus while flexibility and creativity is involved in qualitative data analysis, there must be some rigour and logic to the process.

This paper will utilize the framework created by Houghton et al. (2015) to guide my qualitative data analysis process. The table summarizes Morse's (1994) four stages of analysis and Miles & Huberman's (1994)'s four strategies for analysis. These strategies are well-accepted and have been influential in case study research (Yin, 2003). The table is reproduced below (see Table 6), and the following discussion will be organized based on the four stages of analysis as presented in the first column of the table.

Table 6 - Stages of data analysis

| <i>Stages of data analysis</i> | | |
|--|--|---|
| Stages of analysis (Morse, 1994) | Analysis strategies (Miles & Huberman, 1994) | Purpose |
| 1 Comprehending | Broad coding | Initial analysis and sorting that is not specific to content but points to the general domains in which codes can be developed inductively. |
| 2 Synthesising | Pattern coding Memoing | The development of explanatory ideas to create more meaningful analysis. |
| 3 Theorising | Distilling and ordering Testing executive summary statements | The creation of themes that tie together different pieces of data into a recognisable group of concepts, 'building towards a more integrated understanding of events, processes and interactions in the case' (Miles and Huberman, 1994). |
| 4 Recontextualising | Developing propositions | The formalizing of themes and patterns, and synthesis into a coherent set of explanations. |

Note. Adapted from Houghton et al. (2015)

5.6.1 Step 1 Comprehending

The cornerstone of qualitative analysis is coding of text-based data. Miles & Huberman (1994) define codes as “tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study”. The process of coding involves pursuing meaning from the words, phrases or paragraphs shared by participants. To aid in the practical aspects of coding, the

qualitative data analysis software, NVivo (Version 12), was used. Interview transcripts were uploaded into NVivo which allowed for coding and subsequent pattern and thematic analysis to be done electronically. NVivo also enables review and re-coding of data and themes, electronic searching for specific phrases or patterns, and visual analytic tools such as word clouds.

Coding was done on an iterative basis. Initial coding took place once interview transcripts were received, checked for accuracy and uploaded into NVivo. This meant that all interviews were reviewed at least twice prior to the start of any coding. As additional interviews were uploaded and coded in NVivo, I went back and reviewed previous interviews and codes and made adjustments based on new emerging ideas or patterns. My approach to coding was to initially generate as many codes as I could identify, with the intention of reducing and collapsing the codes as I worked to extract meaningful themes in Step 2 of the data analysis. This process took place over four weeks in November and December 2019.

5.6.2 Step 2 Synthesising

This step involved aggregating codes together to form larger ideas, or themes. Themes can be conceptualized as a group of codes that share a common idea and are derived from patterns such as "conversation topics, vocabulary, recurring activities, meanings, feelings, or folk sayings and proverbs" (Taylor & Bogdan, 1984). It is the process of "bringing together components or fragments of ideas or experiences, which often are meaningless when viewed alone" (Leininger, 1985, p. 60). The identification of themes comes analysis of the codes and enables the formation of a comprehensive picture of the phenomenon under research.

Similar to the process of coding, themes were developed in an iterative way. Preliminary ideas for themes emerged during the interview process (as recorded in my interview notes) and throughout the coding process. These initial themes were recorded in a separate document in order to be reflected

upon. Once interview coding was complete, the codes themselves were reviewed in order to identify patterns and themes. As appropriate for grounded analysis, themes and patterns were allowed to emerge directly from data. The preliminary themes identified earlier in the process were also considered for inclusion. These themes were coded in NVivo as theme nodes. Unlike case nodes, the theme nodes were not linked to individual attributes, as themes were identified across research participants.

5.6.2.1 Case study analysis

As this research makes use of multiple case studies, the identification of themes and patterns must be approached in a specific way. Multiple case study research makes use of two types of analysis: “within-case analysis” and “cross-case analysis” (J. Creswell & Creswell, 2018; Eisenhardt, 1989b; Miles & Huberman, 1994). Within-case analysis looks for patterns and themes within a single case setting (J. Creswell & Creswell, 2018) while cross-case analysis looks for patterns and themes across different cases in order to identify differences and similarities (Eisenhardt, 1989b). In the context of this research, both within-case and cross-case analysis took place as outlined in Table 7 below. Additional details regarding how the analysis was conducted can be found in Sections 6.1 and Chapter 7 of this paper.

Table 7 - Types of analysis

| <i>Types of analysis</i> | | |
|--------------------------|-------------------------|--|
| Analysis # | Type of analysis | Purpose of analysis |
| Analysis #1 | Within Case A | To understand how the impact measurement framework set by the intermediary organization reflects, and impacts, the relationship between the intermediary organization, social purpose organizations and their beneficiaries. |
| Analysis #2 | Within Case B | |
| Analysis #3 | Between Case A & B | To understand similarities and differences between the two cases, focused at the level of the intermediary organizations and their impact on the social entrepreneurship sector. |

Note that an analysis was not done between the social purpose organizations within each case, or between cases. This is because the purpose of this research is to understand how the impact measurement frameworks set by the intermediary organizations impact the social purpose organizations, and their beneficiaries. It is the *interaction* between the intermediary and social purpose organizations that is of interest (and which is explored within each case study), not the individual social purpose organizations.

The thematic analysis was performed over a two-week period in January 2019. A summary of the Nvivo theme tree that was developed can be found in Appendix F.

5.6.3 Step 3 Theorising

While the identification of themes is an important step in the qualitative research process, the exploration of themes as stand alone ideas leaves out a critical piece of the exploration of the phenomenon. The inter-relationship between themes must also be explored and clarified for the analysis to be complete (Ayres, Kavanaugh, & Knafl, 2003). Thus once themes were identified, the themes themselves were analysed to understand how they may be connected.

Similar to the development of the themes themselves, preliminary ideas regarding the connection between themes was explored while the stand-alone themes themselves were being developed. These preliminary ideas were recorded in a separate document and re-considered during the theorising stage. Connections between themes was also discussed with my supervisor, who provided additional ideas. This step was performed over a two-week period in January 2019. The results of this work is presented in Chapters 6 and 7, Results and Discussion, respectively.

5.6.4 Step 4 Recontextualising

The purpose of the final step of the analysis was to build a valid argument for choosing the themes, based on review of literature. Specifically, the themes and theories were compared to the

theoretical frameworks identified in Chapter 3, being user-centered innovation and reflexivity. Given that this is grounded research, themes and theories were allowed to emerge from the data that I may not have had familiarity with, or that I had not previously researched when performing my literature review. As such, such emergent themes and patterns were discussed in-depth with my graduate supervisor who was able to point to further theories or literature for exploration in order to assist me in the development of a coherent set of explanations. The results of this work is presented in Chapter 7, Discussion.

CHAPTER 6: RESULTS

6.1 Organization of Results

In order to address user-centered innovation by exploring the inclusion of beneficiary voices in impact measurement frameworks, results will be presented as follows:

First, a summary of each case study will be presented. The summary will outline the nature of the intermediary and social purpose organizations (SPOs) within the specific case study and provide a high-level overview of the relationship between the two.

Second, I will describe the extent to which beneficiary voices are included in the intermediary's impact measurement framework. In order to present the description in a logical manner, this paper will be using the Common Approach to Impact Measurement's Common Foundations framework (Common Approach to Impact Measurement, 2019a). The Common Foundations framework are practices that describe how to do impact measurement. They represent a minimum standard for impact measurement practices without prescribing a particular tool or approach. The five practices that make up the Common Foundations are as follows:

1. Plan Your Intended Change
2. Use Performance Measures
3. Collect Useful Information
4. Gauge Performance and Impact
5. Report on Results

More information on the Common Approach to Impact Measurement's Common Foundations framework can be found in Appendix G.

Third, I explored the use of impact measurement frameworks as a legitimating tool. In Section 2.2.2, I suggest that impact measurement is a legitimating tool used by intermediaries to shape the social entrepreneurship field to reflect their own norms and definitions. As argued by Nicholls (2010), one implication of such a legitimization process is the possible marginalization of non-resource-rich actors,

which may include the SPOs and beneficiaries. Over time, the lack of such voices may either result in a system that is ultimately ineffective, or possibly destroy the legitimacy of social entrepreneurship to the public.

Using the reflexivity and reactivity theory outlined in Section 3.2.2 of this paper, I will investigate the reflexive effects of the intermediary-led impact measurement frameworks. For each case study, I will present the key themes arising from exploring how the impact measurement frameworks imposed on the SPOs impacted the SPO, and the attitudes and opinions held by the research participants on the same topic. In particular, the following two questions will be answered: (1) What are the attitudes of both the intermediary organization and social purpose organizations towards impact measurement? (2) How do the impact measurement frameworks set by intermediaries impact the SPOs?

Fourth, I explored the notion of user-centered innovation as represented through the impact measurement process. In Section 2.3, I argue that since social impact is defined as improvement in the well-being of beneficiaries, user-centered innovation theory tells us that inclusion of beneficiaries in the innovation process is critical. Inclusion of beneficiaries in the innovation process, at its simplest, means the inclusion of their perspectives in the development process and a definition of success that revolves around whether or not the beneficiaries' needs and wants are met. Since impact measurement is one of the primary tools to support the collection of such information, exploring the degree to which beneficiaries are included in impact measurement is a useful proxy to understanding the extent to which user-centered innovation is practiced in this sector.

For each case study, I will present the key themes arising from exploring attitudes and opinions held by research participants regarding the inclusion of beneficiaries in the impact measurement process. For example:

- Did research participants believe that beneficiary perspectives are valuable to the innovation process? Did research participants agree that with appropriate methods and tools, beneficiaries are able to participate in articulate ways? Is there an acknowledgement that the beneficiary perspective is necessary to understanding the contextual environment, and that such an understanding is critical for SPOs to be successful?
- Do the questions and findings in the current impact measurement process revolve around utility gains for the beneficiary or to the intermediary?

An illustrative summary of these four steps is presented in Figure 8 below. After analysing the two cases (Sections 6.2 and 6.3), I will perform a cross-case analysis in Section 6.4 order to identify similarities and differences between each case study.

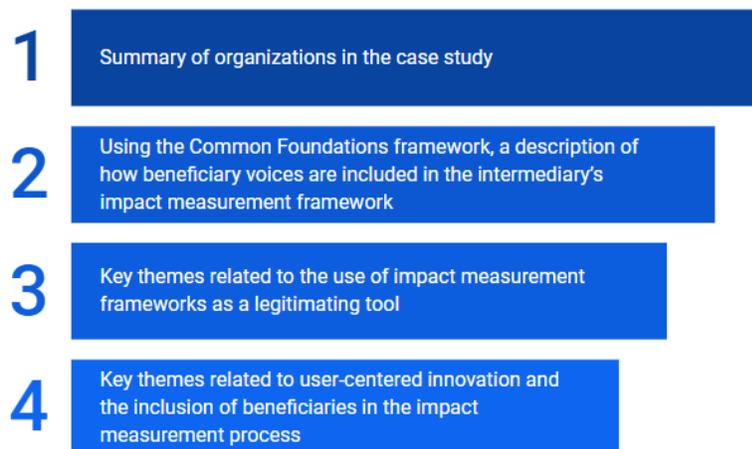


Figure 8. Organization of Chapter 6: Results. This figure illustrates the four steps used to analyze the results of this research.

Note that quotes from research participants are provided throughout this section of the paper.

Quotes have been edited for clarity.

6.2 Results for Case Study A

6.2.1 Summary

Case study A was a large Canadian foundation (“Alpha”). Alpha provides grants to non-profit organizations who are actively working on their wide-ranging priority areas (such as building community and encouraging active lifestyles). They are well known in Canada’s social innovation sector and their practices are generally known as “best practice”.

Alpha has a robust and mature impact measurement model, aligned with a pre-existing research-based impact measurement framework. As described by Alpha: *“It’s about a whole new approach to using the kind of information and data that’s available to a funder like us. And having the support of a truly evidence-based approach to the work we do, through various stages of the grant-making process. So that’s everything from actually tracking internal performance metrics related to our grant-making processes and practices to how we manage the relationships with applicants and grantees that we fund and then how monitoring and how reporting gets done; so, it’s a very robust integrated measurement model from tip to tail.”*

They have developed their own sets of impact measures and require all SPOs who receive funding (“grantees”) to submit detailed data on an annual basis (at minimum). In order to facilitate this process, they have partnered with a research organization and have developed information technology systems to gather and aggregate the data. Some aggregate results are made publicly available on an annual basis. Alpha also employs dedicated impact measurement employees in order to support this work.

Alpha believes that their focus on impact measurement is beneficial while acknowledging that they are still learning how to operationalize this focus in the most effective way: *“I think we’ve made great strides... We’ve made a major shift in focus in adapting to a more evidence-based, outcomes-*

oriented approach. We've seen some really great results in terms of how that approach has supported better decision making on [our] part. I think we're still in the adjustment process in terms of how this is working for applicants and grantees."

Three social purpose organizations who receive funding from Alpha were interviewed (SPO1A, SPO2A and SPO3A). All three social purpose organizations were non-profit organizations who, in addition to receiving funding from other granting organizations/private donors, also operate a revenue generating business. Each of these social purpose organizations had received grants from Alpha in prior years and had experience in working with Alpha.

SPO1A is a 10-year-old non-profit organization working to build the capacity of community groups to animate public spaces. They have an annual budget of approximately \$2 million dollars. In addition to receiving funding from Alpha, SPO1A receives funding from a variety of sources including private and corporate foundations; the municipal, provincial and federal governments; and private donors.

SPO2A is a 30-year-old non-profit organization working to meet neighbourhood food needs. They have an annual budget of approximately \$2 million dollars. SPO2A is primarily funded through private donations from individuals, foundations, and corporations.

SPO3A is a 10-year-old non-profit organization that uses art to foster civic engagement. They have an annual budget of approximately \$1 million dollars. They are primarily funded through a revenue-generating operation, and also receive other grants and donations from the federal and provincial government, as well as private donors.

In general, the SPOs interviewed felt that they had a good working relationship with Alpha, although disagreements about impact measurement were raised (as noted in Section 6.2.3.3.2 below). Alpha was described as being "*knowledgeable*", "*flexible*" and "*supportive*". As an example, SPO2A

explained: “[Alpha] has been very flexible in terms of how money is allocated. Like if you go and waver from your budget or you waver from your project plan, or you come across some new thing in the course of starting this program that you think, ‘Actually, we should probably shift gears a little bit and go into this area,’ they’re okay with that. They don’t care, which is good because if you have more of a shorter leash, it could be really problematic.”

6.2.2 Beneficiary inclusion in impact measurement

As a paradigm-building intermediary organization with the expertise and resources available to support impact measurement, Alpha had considered, at least partially, how to include the beneficiary voice in impact measurement. They believe that beneficiary feedback is important but recognize that their current impact measurement framework has only just scratched the surface of including the beneficiary voice. As described by Alpha, “*I think you need to get to the beneficiary part of the equation to really [understand your impact] ... We are just trying to push the horizons out to include beneficiary feedback in what we gather because historically, we haven’t had that.*”

Inclusion of the beneficiary voice in Alpha’s impact measurement process is outlined below, using the Common Approach’s Common Foundations framework as described in Section 6.1 above.

6.2.2.1 Plan Your Intended Change

Alpha’s impact measurement framework is based off a well-known existing impact measurement framework which measures a population’s overall health and wellbeing. The existing framework was developed by a Canadian academic institution based off of a series of public consultations. The selection of the framework was made by Alpha. Beneficiaries were not specifically included in the framework selection process.

In order to advance positive change in health and well-being, Alpha identified a number of priority areas. These priority areas were selected through working with the academic institution that

developed the existing framework. Not all areas included in the research framework were selected as an area of focus for Alpha. No beneficiaries were included in the decision-making bodies selecting the focus areas.

6.2.2.2 Use of performance measures

Alpha developed their own set of impact measures and required all grantees to report on the measures on a regular basis. The determination of the measures was largely a top-down process, driven from Alpha's need to aggregate the results of their operations. Beneficiaries were not included in the determination of the impact measures. Grantees were not provided with flexibility in reporting and were required to report metrics even if they disagreed with the metric or had difficulty determining a response. For example, in response to the question: "Did [Alpha] give you leeway in deciding which tool to use?", SPO2A's response was "*No, no, no, we had to do it. And we had to use their evaluation portal.*" Alpha's lack of flexibility was an intentional choice; aggregation of impact data was a primary concern for Alpha and allowing flexibility in impact measurement by the SPOs would have compromised that objective.

The selected impact metrics are publicly available online, as well as their stated definitions. However, two of the SPOs interviewed noted that the definitions for each metric were sometimes ambiguous, and often intended to be applied across a diverse set of SPOs which caused confusion. As articulated by SPO2A: "*The definitions that [Alpha] gives are not really clear, so everyone's interpreting that in their own way in the context of their very different work.*"

6.2.2.3 Collect useful information

As a large intermediary, Alpha's data collection systems are fairly rigid. In addition to pre-selecting the impact metrics, Alpha imposed a data collection process (schedule and system) that was

required to be adhered to by grantees. For example, grantees had to access an online portal in order to submit their impact measurement data.

Most of the pre-determined impact measures were intended to be collected at the level of the grantee and reported by the grantee organization. This included, for the most part, activity measures such as number of programs held and number of attendees. However, in some cases, Alpha did attempt to collect information from the beneficiary level. This was done through the use of survey instruments that were designed by a third-party research organization. As explained by Alpha: *“We reviewed over 400 different survey tools and used the ones that we felt were the most likely to get kind of measurable results that we’re looking for; valid, tested, evidence-based...It was quite an extensive research project to come up with those particular tools.”* The surveys were required to be administered by Alpha’s grantees to their beneficiaries on an annual basis.

All three SPOs made comments regarding the nature of the survey instruments, indicating that they felt that the survey instruments were either not appropriate or not dignifying to the beneficiaries (e.g. asked sensitive or triggering questions). For example, SPO1A explained: *“[There] are these surveys that go down to the people that you technically impact and that you’re supposed to be administering verbatim.[But]they are sometimes completely inappropriate for what the program that you’re running.”* SPO2A noted *“Whoever designed this did a very bad job.”* SPO2A’s dislike of the survey instrument was evidenced by SPO2A deciding to avoid asking beneficiaries the survey questions and choosing to have their own staff fill out the surveys based on informal conversations the staff had with the beneficiaries instead.

6.2.2.4 Gauge Performance and Impact

There were mixed responses when the SPOs were asked whether or not they utilized the data that they submitted to Alpha. SPO1A looked at the data but did not find it incrementally useful compared to

the data it was already tracking, SPO2A found the data extremely useful for decision-making, and SPO3A did not make use of the data at all. For example, SPO3A stated that *“the most useful information that we’re collecting is usually [qualitative information] from reflections because we use that information as important planning tools in terms of how we adapt our process so that we’re best supporting our stakeholders”*. It is important to note that in the case of SPO2A, Alpha’s funding was intended specifically for an evaluation project that SPO2A had previously identified and would have pursued regardless of Alpha’s support.

At the intermediary level, Alpha did engage with their grantees regarding their data. This included conversations to better understand the context behind reported results, and also to verify the accuracy and completeness of the data. Each SPO was assigned a program officer who was responsible for reviewing the data submitted by the SPO and performing periodic check-ins. As explained by SPO3A: *“So, we sent numbers to [Alpha]. We spoke to our program officer for our six-month check in. Our program officer... had to bring [a specific issue] back to his supervisor multiple times. I had three or more calls with them where we talked through this issue...”*

The collected data was not shared with beneficiaries, who therefore were not provided the opportunity to provide additional contextual information. However, the collected data is shared with Alpha’s grant-making teams, who are made up of a diverse set of individuals, some of whom have received grants from Alpha in the past and thus are closer to the level of the beneficiary. Impact data is also shared with Alpha’s board of directors. Alpha stated that their intent is to use the impact information mainly for learning, and not accountability, purposes. However, in practice, the impact information is considered for decision making purposes.

6.2.2.5 Report on Results

On an annual basis, Alpha prepares a public report which includes some aggregated activity measures. Impact metrics related to changes in beneficiary well-being are not currently publicly reported. This is because Alpha has only recently started collecting this information and long-term sustainable changes in well-being often take a number of years to materialize.

The impact metrics for specific SPOs are not published unless the SPO is highlighted as a case study. Individual SPOs have the agency to publish their own impact measures (whether or not they are the same as the ones provided to Alpha). Alpha's annual report is made available online and is written in a format that is consistent with standard corporate reporting.

As Alpha's granting decisions and impact reports are made public, beneficiaries have access to the information. Data is not currently available to ascertain whether or not beneficiary stakeholders access the information. There does not exist a program or mechanism to encourage beneficiary consumption of the data (e.g. translation of the report into multiple languages, a mandatory "reporting back" process through the grantees to the beneficiaries, etc.).

At the SPO level, none of the research participants provided reporting specifically back to their intended beneficiaries. Impact data collected by the SPOs (for their own purposes, or for an intermediary) were typically published in internal reports (e.g. for the Board) with highlights as part of a public annual report. The impact data was seen to be most useful for storytelling or advocacy purposes. For example, in describing what they planned to do with their impact data, SPO2A explained: *"We're also going to write a white paper at the end of this to bring out to agencies and government...to say "...these are the reasons why [our beneficiaries need our help]."*

6.2.3 Impact measurement as a legitimization tool

6.2.3.1 Intermediary organization attitudes toward impact measurement

Overall, Alpha favoured the movement in the social entrepreneurship and philanthropy sectors towards impact measurement. They believed that impact measurement introduced rigour into the sector and improved accountability and transparency. This belief sometimes alluded to ideas of control. For example, *“We’ve come a long way from the days where grants were simply seen as gifts that were a leap of faith; ‘as long as I trust you as an organization and the mission you have, I’m going to give you this money’...[Donors] are now more mission-driven and they want to know what difference their investments are making. And so, I think that’s part of the longer-term structural shift that’s occurring the world of philanthropy where it’s much more about transparency. It’s much more about being purposeful about what difference is this going to make and what will that look like. I think there’s more rigor and I think there’s more transparency and with that comes a different kind of accountability. It’s not just accountability for money not going to waste. In other words, you know you said you were going to spend \$500 on catering. You just spent \$490 on catering. It’s not about that kind of accountability. It’s actually accountability for delivering the results that you intended to.”*

Alpha appeared to view their impact measurement framework as both the genesis and consequence of a renewed, narrower mission. This resulted, and continues to result in, tangible impacts on the types of organizations that receive support from Alpha. As articulated by Alpha, *“The challenge in the space is that there are many, many more needs than there are resources to address those needs...We’re very intentional about the trade-offs we were going to have to be prepared to make and what those would look like. [This type of] approach to granting is not everywhere yet - the notion that you can be selective about what to fund or not. So, there’s no question...There’s no question that who’s getting funded and what has changed.”* This statement again alludes to notions of control, where Alpha

intentionally decides what types of SPOs get funded and which do not. This suggests that it is not human need that drives resource allocation, but rather the organization's own motivations. Impact measurement in this regard may therefore come from a desire to demonstrate influence and power rather than a desire to learn and improve.

However, Alpha also noted that as an intermediary organization, they were ultimately beholden to their own funders. As such, there was a clear desire on the part of Alpha to collect and report aggregated impact measures in order to both justify and prove to their funders that their investments were resulting in the changes that the funder desired. As part of the learning process for Alpha, they concluded that aggregation necessitated a narrowing of mission: *“If you want to be able to report more meaningfully on the aggregate results of your work, you can't be all things for all people.”* Being able to aggregate impact data was specifically identified as a significant priority for Alpha.

6.2.3.2 Social purpose organization attitudes toward impact measurement

In general, there were mixed views at the SPO level regarding the value of impact measurement. While all SPOs acknowledged that increasing impact measurement is a trend in the sector, some SPOs were more skeptical than others regarding the benefit of this trend. As questioned by one SPO, *“Do we need to actually quantify the good in the world that creates?”* One noted benefit of the impact measurement trend was improved rigour at the SPO level: *“I'm a big fan of [Alpha's] process. I recommend it to people all the time because I think that it forces you through the logic of good program design”*. Another SPO believed that the true value in impact measurement was the ability to translate those metrics into stories to engage stakeholders: *“Well, the thing is honestly, I feel like the most value of this kind of stuff for organizations is if you can leverage it for a storytelling for engaging a broader constituency with the mandate.”*

6.2.3.3 The impact of impact measurement frameworks on social purpose organizations

All three SPOs agreed that the impact measurement framework imposed by Alpha had tangible impacts on their organizations and the social entrepreneurship sector more broadly.

6.2.3.3.1 Impact on mission

All three of the SPOs interviewed commented that the focus on impact measurement (by Alpha, and by the sector at large) was having tangible impacts on the type of work SPOs choose to pursue. As articulated by one SPO: *“As a smarter fundraiser, what you would do is you would do your research and read through [funding applications] diligently and then decide what works for you and where you want to invest.”* As intermediary organizations such as Alpha continue to narrow their focus and define their desired impact measures, three resulting consequences were described by the SPOs. First, existing organizations outside of those areas of focus will experience greater financial stress. As noted by SPO1A, *“Well, we could be having more success if financial institutions were not all focused on youth. If everybody tomorrow decides that they want to be focused entirely on financial literacy, then, we’ll be out of business. It definitely impacts us. Most of the funders that we talk to, they absolutely get [our mission], and they think it’s a great idea, and that there should be more of it, but dot, dot, dot... ’we only fund something else’.”* It is important to note that this is not necessarily an inherently negative consequence. Some research participants argued that such a narrowing is beneficial and represents a movement to improve the efficiency and efficacy of resources dedicated to social change. Other research participants believed that the inherent complexities of measuring impact means that organizations who are legitimately creating positive and effective social change are left out unfairly. For example, as articulated by SPO1A, *“I think there are not very many non-profits in the social isolation space, because of [the difficulties in measuring impact].”*

Second, SPOs themselves may chose to orient their work in a specific way in order to be more palatable to funders, as was experienced by SPO3A: *“We don’t really consider ourselves as an arts organization...our end goal is to have people feel that they have the agency to be a part of shaping their community. But with these metrics...we kind of have to align ourselves as some category of organization otherwise we couldn’t apply to any funders because they’re like ‘what are you?’ So, it’s simpler...It’s been easiest for us to align ourselves as an arts organization because then we can apply to the arts councils but then you have to speak their language and use their metrics. I think a lot of people just view us as an arts organization because it’s the most visible sign of impact but that’s not necessarily where our mandate lies and it’s not necessarily where we feel like we’re having the most impact.”*

Finally, concerns were raised about the capacity of SPOs to engage with intermediaries around impact measurement. SPOs worried that larger and more established SPOs are likely to find it easier to access funding from an impact-focused intermediary, compared to smaller or newer SPOs who may not have the resources, expertise, or data to meet the impact measurement needs of the intermediary. This concern was acknowledged by Alpha as well: *“There’s been some change in who’s finding it easier to access our granting dollars versus not. It would likely skew, at least in the early years, to larger, more established organizations who have the capacity, who have the evidence, to demonstrate the success of prior work that can be taken to scale. So, while we want and encourage that, we have raised the bar in terms of what’s required to score well on our assessments. We have seen a bit of a skewing in that direction.”*

6.2.3.3.2 Impact on operations

All three SPOs made note of the resource intensity of measurement and evaluation. There were differing views regarding whether or not such measurement provided a benefit to the SPO and/or intermediary. This assessment of cost-benefit was largely driven off of whether or not the SPO felt that

the data they were required to collect was relevant (e.g. reflective of their actual impact) and accurate (e.g. if it could be measured at all), and whether or not they believed that the data was being used by either themselves or Alpha for decision making purposes.

SPOs that felt that the assigned impact metrics were not reflective of actual impact were, not surprisingly, of the belief that the cost of data collection and report was greater than the benefit. For example, *“I feel like the amount of human power required to get [Alpha] accurate numbers...the cost benefit isn’t worth it. My team is spending so much time collecting this information. I don’t even see the value in us dedicating this time to pulling all this data when we have our own internal (more useful) information.”* Other SPOs that felt that the data they were tracking was relevant and accurate, were generally supportive despite the resource cost.

There was a general belief that Alpha did use the data that the SPOs were reporting, however, there was a lack of clarity regarding exactly how the data was being used. As noted by SPO1A: *“It’s a bit opaque in terms of, as a funder, whether they do a return on investment kind of calculation.”* Two of the SPOs believed that Alpha’s main purpose in collecting the impact data was to justify their own operations. As articulated by SPO1A, *“[Alpha] wants to be able to claim that they have not just contributed to this [social] change...They want to be able to take credit for it.”* Another SPO felt that Alpha was more concerned about presenting a simple and easy to understand year end report to Alpha’s own funders, instead of engaging in the messy and complex work of trying to explain how impact is actually created. As explained by SPO2A, who had engaged in a lengthy disagreement with Alpha regarding a key impact metric, *“At the end of the day, the people who are viewing the metrics, they don’t even necessarily want the information to be accurate. They just want an easy story to tell.”*

There were a number of concerns regarding the accuracy of impact measurement and the resulting implications on decision-making, despite the fact that Alpha does not impose minimum impact

targets for their SPOs. While outlining all such concerns is beyond the scope of this paper, concerns noted in the academic literature (as outlined in Section 2.2), such as complexity, challenges regarding the long-term nature of social change, and difficulties with attribution, were raised. In particular, SPOs were worried that in the current climate of austerity, their future funding may be impacted if decisions are made based on impact information that the SPOs believed were inaccurate or incomplete. For example, as articulated by one SPO, *“in the grand scheme of things, if things need to be cut, no one is going to be reading the narrative and our quotes from participants in our application for operating funds. They’re going to be looking at a big spreadsheet and being like ‘who has like the most impact here?’ ...But so much of our impact can’t really be measured quantitatively or you’re losing such a large piece of the impact when you omit the qualitative.”* As another example, Alpha provides funding to SPOs based on certain priority areas and impacts are also reported per priority area. While this provides a clean measurement and evaluation structure for Alpha, it also results in the lack of recognition of SPOs who may have impacts in more than one priority area since SPOs are only funded from, and can report impacts in, one priority area. One SPO worried that this may result in Alpha making resource allocation decisions based on incomplete data.

6.2.3.4 Initial conclusions regarding use of impact measurement as a legitimating tool

The results above suggest that Alpha is using impact measurement as a legitimating tool in the social entrepreneurship sector. First, Alpha was intentional about its use of impact measurement and in addition to having a positive attitude towards it, outwardly encouraged the adoption of the practice. They firmly believed that a move towards a more data-driven, quantitative, impact-focused approach would result in better information, better decision making and ultimately, improved social welfare: *“What we’ve been trying to do is encourage more common or shared approaches to measurement so that we can all benefit from a broader information base that we can drive better insights from because*

we can have faith in the quality of the data. So, again, it's always going to be an intricate balancing act to find ways to enable grantees to do what they think works best for their beneficiaries while enabling both intermediaries and funders to help through shared insights around what we're learning from the work that's going on."

Alpha's impact measurement framework was designed based on these principles and as a large intermediary organization, they have the ability to impose their framework and perspectives onto the sector, regardless of the support of the sector. The concerns with both Alpha's specific impact measurement framework, and impact measurement more broadly, as described in Section 6.2.3.3 above, are acknowledged by Alpha. However, such concerns are interpreted as an operational challenge to be solved as opposed to a philosophical challenge to Alpha's approach. As stated by Alpha: *"Having access to data is a huge benefit for figuring out how to get better at what you're doing. In our case, as the funder, and the grantee organizations' case, presumably everybody wants to learn how to improve. But you know the culture of our sector, especially when it comes to funding, is still very much tied to those old accountability regimes...I don't know that there are many non-profits out there who don't want to get better at measuring and reporting on their results and impact but there is, I would say, still a lot of resistance to the level or the degree of standardization that's needed to really get good data to work"*.

In recognizing the resistance to impact measurement, Alpha has been careful to be transparent about their expectations, specific measurement tools and decision-making criteria, going as far as to share detailed information about each of these areas on their public website. They recognize that there remains much to learn about how to be an impact-focused intermediary organization. Their characterization regarding impact measurement is that *"it is about a learning process more than it's meant to be for accountability purposes"*. However, they also acknowledge that impact data does factor

into their decision making. Alpha believes that this shift to a more impact-focused system will require a focus on building trusting relationships with grantees and acknowledges that this will take time.

The second argument for why I believe Alpha is using impact measurement as a legitimating tool is because it is clear that Alpha's focus on impact measurement is having operational impacts. These impacts occur directly on the SPOs that it supports, and also indirectly on the SPOs who they do not support. First, as described in Section 6.2.3.3.2 above, there is an acknowledgement that Alpha's approach currently favours larger and more established SPOs with the capacity to engage in impact measurement. This is particularly important when considering the beneficiary voice, as beneficiaries may not have the capacity to engage with the intermediaries on this topic. This issue was acknowledged by SPO1A who addressed the issue by creating their own micro-grant program where *"there is no impact measurement...[Organizations who apply] do not need to speak sophisticated language or perform a business case analysis, because we're trying to reach people who don't have the capacity to access funding like [Alpha's]"*.

Second, a focus on impact measurement favours SPOs who are far along enough in their work where measurable results can be attained within a shorter time period. Foundational work such as capacity-building is penalized because measurable impacts take much longer to materialize. Higher-need beneficiaries receive less support as they require greater investment and take longer to show measurable results. For example, one SPO provided an example of a climate change project they were looking to fund. As they explained: *"We had this conversation with [an intermediary] that was looking for greenhouse gas reduction targets. It was a really interesting conversation because [the intermediary] acknowledged that get a very small percentage of the population engaging in their programs and their grant programs. They don't see participants who are diverse or coming from Neighborhood Improvement Areas, so they've got this kind of climate change conversation with a very*

narrow slice of [the population]. They were like, 'You guys are really engaged with the sort of grassroots folks who are community activists. We want to engage them in the climate change conversation. Can we give you a grant?'. We said 'Absolutely. The first step is a conversation. Maybe an event like a climate change festival. Is that going to roll up to your metrics?'. They replied 'No.' In my opinion, are you ever going to be able to engage communities like that through an activity that has an immediate greenhouse gas reduction? No. So you're leaving them out of the conversation entirely because you're starting too far ahead. [The intermediary] could not wrap their heads around that. They couldn't back off wanting hard, quantifiable impact measurement." This example demonstrates that Nicholl's concern that legitimization activity will marginalize non-resource-rich actors (such as beneficiaries) may be true.

6.2.4 Beneficiary inclusion in the innovation process

6.2.4.1 Intermediary organization perspective on user-centered innovation

As described in Section 6.2.2 above, Alpha acknowledges that feedback from beneficiaries must be included for impact measurement to be meaningful, and has recognized that the beneficiary voice has been missing from their impact measurement framework. As Alpha explains: *"I think [beneficiary feedback] is absolutely crucial because it goes right through the heart of what is it that we're actually here to accomplish. You know, our goal as a foundation is not to put [\$X million] a year into [social change initiatives]. That's easy to do, right?...It's much more about what difference are these investments having in the community, and for people. And we hope that our grantee organizations share that aspiration in terms of the actual impact for people as supposed to just looking for money to keep the lights on."* However, although Alpha recognizes that direct contact with beneficiaries is valuable, it appears that Alpha's interpretation of the role of beneficiaries in impact measurement is centered mainly

around how to obtain feedback directly from beneficiaries, as opposed to using impact measurement as a tool to collaborate with and learn from beneficiaries.

For example, Alpha's main mechanism for including beneficiaries in the impact measurement process is the administration of surveys to understand the impact of their activities on beneficiaries, as opposed to using the surveys as a tool to allow beneficiaries to participate in decision making. This is largely driven by Alpha's desire for rigorous, objective data which would help them "prove" the impact that their activities are having on improving social health and well-being. As Alpha explains: *"But really, in terms of capturing the beneficiaries voice; those kinds of pre and post survey tools or some solution like that we think is pretty essential - and to do it in a way that has some rigor behind it so that we can have faith in the quality of the data because...you do have to pay attention to the quality of the data, how it was gathered. Especially when it comes to trying to aggregate."* The beneficiary surveys used by Alpha are described in Section 6.2.2.3 above. However, although Alpha has spent considerable resources developing and implementing their beneficiary surveys, their attitude regarding the reliability and relevance of such data is still somewhat negative. As they explain: *"Part of the challenge here is, of course, we're all kind of stuck in the reality of working with self-reported results largely based on surveys. It's not like having like real time data capture that's not about self-reporting or perceptions or whatever but rather real [objective] data."*

To address their desire for more objective data, Alpha has been working on projects to get access to administrative data so that they can get information about beneficiaries without having to "burden" the beneficiaries directly: *"What we're really hoping is that we can find some approaches or methods that may not require that extra level of burden around yet another survey being administered to beneficiaries. Right? So, that's one of the reasons we've been doing work with some other folks around getting better access to administrative data which is a much more objective way to measure some of the*

clients and results that we're looking for." This example shows that Alpha is primarily concerned with understanding the impact of Alpha's activities on beneficiaries, as opposed to including beneficiaries directly in the social change process.

When asked whether beneficiaries have been able to speak into determining the outcomes that are being measured as opposed to just being a vehicle for feedback, Alpha replied, *"I would say we're just getting to the point where we're looking at a way to engage those beneficiary perspectives to get feedback about the way the process is working or not."*

Further, with respect to the needs assessment part of the innovation process, Alpha appears to hold a traditional view, where the beneficiaries' role is to have a need, as opposed to determining their own needs. This is evidenced by Alpha's approach to reviewing grant applications: *"Our applicants do have to demonstrate that there's a need in the community for what they're proposing to do; so that's partly where we would get a sense of what the community, the beneficiaries for any particular initiative, what extent is their demonstrative need. I don't know that there's been any major breakthroughs around using beneficiary feedback directly as a demonstration of need. It is expressed through [socio-economic data such as] high school drop out rates."* However, there was some recognition on the part of Alpha that this may not result in the identification of the most important needs within communities. As such, they have developed a small fund to support early stage community mobilization work: *"[We believe] one way to get [beneficiary feedback] is to actually fund community mobilization work at the early stages so that the voices of beneficiaries and lived experience become part of the design and delivery of whatever the services that's being proposed. And that's partly what we try to do through our new funding stream - support early stage work and encourage the involvement of beneficiaries in that."*

While there is recognition on the part of Alpha that beneficiary involvement in decision making capacities is important, they acknowledged that they are at the beginning stages of what they perceive to

be a journey to integrate the beneficiary voice in their process. As they explain: *“We haven’t, at this stage, formally structured that sort of lived experience piece into the governance model. I think that’s still, that’s kind of the next way... let’s say we’re now at a point in time where that horizon is shifting again to focus on how do we better engage intended beneficiaries at different stages of the grant making process. So, there has been an interesting kind of trajectory that I’d say the funding world and the sector has been on in that regard but... There haven’t been too many breakthroughs yet that I’m aware of at the beneficiary end of the spectrum”*.

6.2.4.2 Social purpose organization perspectives on user-centered innovation

The SPOs interviewed had a different perspective on the role of beneficiaries in their organizations and the wider social entrepreneurship sector. When asked to describe how they knew how their particular organization was making an impact, all three SPOs described some variation of utility gains to the beneficiary, as defined by the beneficiary. SPO2A described how their beneficiaries measure their own well-being using an existing framework, determine their own goals, and periodically re-visit the framework to update their assessment and set new goals. Impact is both defined and assessed by the beneficiary themselves. SPO1A and SPO3A both explained that they learned about the impact their activities were having on beneficiaries based on individual conversations with the beneficiaries themselves. In these conversations, the beneficiaries shared the impact of the SPO’s programs in their own words. Both SPOs acknowledged that such data is qualitative and anecdotal, but, in combination with increasing activity metrics, is what ultimately gave them the most confidence that their programs were creating meaningful social impact. For example, in response to the question “How confident do you feel in the impact that [your organization] is having? Where did that confidence come from?”, SPO1A answered, *“It comes from the program participants and from the feedback that we get*

from them. Not from any kind of evaluation metrics. It's the number of people that come out, and the feedback that they give us and that they keep coming out."

One theme that came out of all the SPO interviews was the idea that beneficiaries should be allowed to determine and measure their own impact. This is in direct contrast to Alpha's perspective as described above. The SPOs uniformly believed that well-being is a highly-personal and subjective assessment. As described by SPO2A: *"At the end of the day, it comes down to you and your perspective, right? For example, health is very personal. Stress is personal. There's not really a way for us to objectively look at it that isn't coming from the individual. And frankly, it wouldn't be helpful to [our organization]. We want to look at trends and have some consistency among our data, but I don't think we can be like, "Okay, you think your mental health is really bad but I am telling you it's good."* This does not mean that the SPOs did not value being able to quantify impacts. Rather, the SPOs felt that the beneficiaries needed to be able to determine what impacts were important to them and perform their own self-assessments. In order for such data to be useful to the SPO, there was an acknowledgement that the self-assessment tool used had to be research-based and had to be administered consistently, using a consistent scale.

This type of thinking characterizes the fact that the SPOs generally felt that impact measurement should be used to not only obtain feedback from beneficiaries, but as a way to engage and collaborate with beneficiaries. In addition to using impact measurement as self-assessment tools for the beneficiaries, impact measurement results were also seen a tool to *"engage a broader and more diverse group of stakeholders and network"*, meaning, as a way to have conversation within a community about community needs and to empower the community to address them. As articulated by one SPO: *"Put some of the dictating of the solutions in the hands of the people who are indicating that there's a problem. [For example, ask] 'You feel isolated. What would make you feel less isolated?' Come up*

with a list of 10 things that can be used to drive investment, so that we invest dollars in the things that people say will cure their problems, as opposed to [investing in where] WE think that there's a problem... it is empowering in terms of solutions.”

Each of the SPOs also provided examples of how they include beneficiaries in their own decision-making structures. This included having beneficiaries sit on advisory councils, having beneficiaries participate in program design, hiring beneficiaries into staff positions and including beneficiaries in decision-making committees. Exploring these mechanisms at the SPO level is beyond the scope of this paper, however, these ideas will be revisited in Chapter 9: Recommendations & Conclusions below.

6.2.4.3 Initial conclusions regarding beneficiary inclusion in the innovation process

As an intermediary organization, it is clear that Alpha is just beginning to consider how to build the beneficiary perspective into its operations. User-centered innovation theory is characterized by an open and collaborative process where users can participate in the innovation to develop exactly what they need and want. This is not yet being done at Alpha. This can most clearly be seen in the marginalization of the beneficiary voice in their impact measurement framework. Alpha appears to consider beneficiaries to be a vehicle for feedback as opposed to a key stakeholder to collaborate with. This may be part of the reason why operationally, Alpha has yet to include beneficiaries in program design or decision-making committees in a structured way. To refer back to Bogers & West (2012), the questions and findings in Alpha's process revolve around determining utility gains to the firm (being Alpha, who is concerned with improvement in social well-being as defined by the research-based impact framework they have chosen to adopt) as opposed to utility gains defined by the beneficiaries.

6.3 Results for Case Study B

6.3.1 Summary

Case study B is a 20-year old Canadian organization (“Beta”) that supports organizations that train and hire individuals who face barriers to employment. Beta is significantly smaller than Alpha but is a well-known and influential in their particular sub-sector of social entrepreneurship.

Beta has a well-developed impact measurement model, developed in house and aligned with a pre-existing research-based impact measurement framework. As their organization seeks to support employment-related social enterprises, their impact measurement framework aims to measure both the financial sustainability of the social enterprises they fund (e.g. the strength of the business) as well as the social impact those social enterprises have (e.g. how the lives of the beneficiaries have been improving).

They have developed their own sets of impact measures and require all grantees to submit detailed data on a semi-annual basis (at minimum). High level impact results are made publicly available on an annual basis, and more detailed impact data is provided to Beta’s funders. The collection and analysis of the impact data is the responsibility of dedicated employees.

Three social purpose organizations who receive funding from Beta were interviewed (SPO1B, SPO2B and SPO3B). All three social purpose organizations were non-profit social enterprises, meaning that their main operation was a revenue generating business. Each of these social enterprises required funding in order to maintain operations and received funding from Beta as well as other granting organizations. Each of these social purpose organizations had received grants from Beta in prior years and had many years of experience in working with Beta.

SPO1B is social enterprise run out of a non-profit organization that supports women who have been victims of violence. The 10-year old social enterprise provides women with employable skills and helps them to secure a job in order to provide them with some financial independence. The non-profit

organization has an annual budget of approximately \$4 million dollars. Outside of the revenue generated by their social enterprise program, SPO1B is primarily funded by the municipal, provincial and federal governments.

SPO2B is a 10-year old non-profit social enterprise working to close the digital divide. Their main source of revenue is a retail operation where they employ a small number of full time and part time employees. While they hope to be independently financially sustainable, they remain reliant on grant funding from Beta, federal and provincial government, and corporations.

SPO3B is a 25-year-old non-profit organization that aims to provide training and employment opportunities for individuals who face barriers to employment. They have an annual budget of approximately \$3 million dollars. Approximately half of their funding comes from their various revenue-generating operations. Their remaining budget comes from grants from Beta and other intermediary organizations, as well as the federal and provincial government.

In general, the SPOs interviewed felt that they had a good working relationship with Beta, although disagreements about impact measurement were raised (as noted in Section 6.3.3.3 below). For example, SPO2B stated, *“We like our relationship with [Beta]. We found that they've been very supportive of what we're doing.”*

6.3.2 Beneficiary inclusion in impact measurement

As a 20-year-old intermediary organization focused on a narrowly defined social change issue (and thus beneficiary group), Beta has spent considerable time considering how to include the beneficiary voice in impact measurement. They have worked to integrate the beneficiary voice in not only their impact measurement framework but also in their operational processes. Inclusion of the beneficiary voice in Beta's impact measurement process is outlined below, using the Common Approach's Common Foundations framework as described in Section 5.1 above.

6.3.2.1 Plan Your Intended Change

Beta's impact measurement framework is made up of two main components: an in-house developed framework to measure the economic performance of the SPO as a business (e.g. number of target individuals employed, total revenue, etc.), and a social impact framework to measure the impact of the SPO on the intended beneficiaries (e.g. improvement in overall health or housing). The social impact framework is based off well-known existing impact measurement framework for understanding poverty and the work of poverty reduction, originally developed by the UK's Department for International development. The selection of the framework was made by Beta. As they stated, "...we really developed our systems in isolation from anyone else." Beneficiaries were not specifically included in the framework selection process.

Beta seeks to combat poverty through the employment of individuals who face barriers to employment and supports organizations with this mandate. As such, they perceive the determination of priority impacts as very straightforward: they want to increase the number of individuals (who face barriers to employment) who are employed. As explained by Beta: "*There are so many metrics that people are trying to decide between. And I think the one good thing about employment social enterprises is that in terms of the key metrics, in terms of jobs, money paid, wages - it's very simple for the employer and relatively easy to collect.*"

They are therefore primarily concerned with ensuring that the SPOs they support are financially viable social enterprises. When asked, "Is it accurate to say that the first level of decision-making is whether or not the business part of your grantee's organizations is sustainable or not...and then the second part would be how the grantee actually supports its participants?" Beta answered "*Absolutely*".

6.3.2.2 Use of performance measures

As described in further detail both above and below, Beta developed their own set of impact measures and requires all the social enterprises they fund (“grantees”) to report on the measures on a semi-annual basis. The determination of the measures was largely a top-down process, driven from Beta’s need to report on the results of their work to their own funders. Grantees work with Beta to set annual targets for key business metrics, often coming to a negotiated agreement through discussion. Targets are not set for social impact metrics. Grantees are not provided with flexibility in reporting and were required to report metrics even if they disagreed with the metric or had difficulty determining a response. Beneficiaries were not involved in the selection of the specific metrics or targets.

6.3.2.3 Collect useful information

Beta’s data process is very standardized. In addition to pre-selecting the impact metrics, Beta imposed a data collection process (schedule and system) that was required to be adhered to by grantees. Grantees are required to submit data every six months, by a predetermined deadline, using an Excel template developed by Beta.

As discussed earlier, two types of data were requested by the Beta. The first was information about the financial sustainability of the social enterprise itself which included information about costs, wages, revenue, growth projections, and number of employees. The second was information about the well-being of the intended beneficiary group, being the target individuals employed by the SPO. Grantees were required to submit information about changes in the individuals’ circumstances in health and well-being, housing, involvement in the criminal justice system, and financial circumstances.

In order to collect the data about beneficiaries, Beta instructed their grantees to collect such information through informal conversation. As described by Beta: *“We tell them when we onboard new employment social enterprises. We tell them that our expectation is not that they would ask these*

questions at the individual in a formal setting; but that they should gather the data that we are asking for informally through conversations.” As such, beneficiaries are not asked to fill out a survey on a semi-annual basis, although, upon first entering employment with an SPO, individuals are required to provide some initial information regarding their circumstances (if they currently receive social assistance, for example).

Beta uses this approach to collecting beneficiary data because *“it is our belief, and usually it's also the belief of the enterprise itself, that we don't want to do anything that further marginalizes people. So asking people about their mental health, or even their physical health. Asking them about their criminal works...and their housing. We don't consider those to be appropriate unless it is to help them.”* This approach, the collection of beneficiary data through informal conversation rather than formal surveying, raises questions regarding ethical data collection practices, data privacy, and data ownership. While such topics are beyond the scope of this paper, they were raised by a number of research participants and suggested as potential area of future research in Section 9.1.3.

6.3.2.4 Gauge Performance and Impact

Beta requires each grantee organization to provide them with projections for key impact measures. Each projection is determined by the individual grantee and discussed for reasonability with Beta. In this sense, Beta believes that they are acknowledging the unique circumstances of each SPO and the beneficiary population the SPO is looking to serve. As an illustration, Beta explained how they recognized that working with individuals with intellectual disabilities would require greater supervision and thus Beta would have different expectations regarding overhead for those particular grantee organizations.

In general, the SPOs felt that Beta’s attitude towards the projections was reasonable. While the projections were targets, not meeting the targets did not appear to be a stressor for the SPOs. For

example, SPO1B explained the process as follows: *“If we do not meet our targets...we have to report that and we have to say why we haven’t gotten there. Also, we need to say what we are going to be implementing to fulfill that target by the end of the year...Sometimes what we do is also we consult with them and say, ‘This is where we are at, do you have any suggestion[s]?’ So, we work together.”*

There were mixed responses when the SPOs were asked whether or not they utilized the data that they submitted to Beta. SPO1B found the data *“kind of useful”* in order to see trends within their organization and outside of the data submitted to Beta, only tracked a small handful of additional impact measures. SPO3B had a similar attitude. When asked, *“If you were to break down to percentages in terms of [the impact measures’] usefulness to you versus usefulness to [Beta], what would you answer?”*, SPO3B answered, *“Maybe 20% for us and 80% for them.”* SPO2B was also fairly indifferent to the usefulness of the data. They perceived the primary usefulness of the data they collected to be to access other funding (as other intermediary organizations often asked for similar data). It is important to note that in all cases, the financial and business-related metrics being submitted to Beta were frequently already being tracked by the SPOs themselves for their own financial reporting and management purposes. As such, the comments above relate mainly to metrics other than the common metrics between both organizations.

The collected data was not shared with beneficiaries, who therefore were not provided the opportunity to provide additional contextual information. However, as Beta provides not only funding but mentorship support to their grantees, the collected data was reviewed in detail by Beta in order to make decisions and provide advice to their grantees about how to improve their operations. The aggregated impact data is shared with Beta’s management and their funders.

6.3.2.5 Report on Results

On an annual basis, Beta prepares a “year in review” summary which provides four high level aggregated measures such as number of individuals employed. The published measures are only activity measures and changes in beneficiary well-being are not currently publicly reported. The impact metrics for specific SPOs are not published unless the SPO is highlighted as a case study. Individual SPOs have the agency to publish their own impact measures (whether or not they are the same as the ones provided to Beta).

Outside of the small handful of publicly available metrics, which could in theory be accessed by anybody (including beneficiaries), no other impact data is shared. There currently does not exist a program or mechanism to enable beneficiaries to access either the personal data that is collected about them as individuals, or in aggregate, in terms of overall changes in beneficiary well-being.

At the SPO level, none of the SPOs provided reporting specifically back to their intended beneficiaries. Impact data collected by the SPOs (for their own purposes, or for an intermediary) were typically published in internal reports (e.g. for the Board) with highlights as part of a public annual report. The impact data was seen to be most useful for storytelling or advocacy purposes. Beta recognized that beneficiaries were being left out of the reporting component of their impact measurement framework: *“So our original intention when we sit out on this path was to share the information with everybody. That hasn't happened. It's partly to do with resources to be able to translate a research report into something that uses plain language that's actually helpful to people. We just haven't had the resources to be able to do that.”*

In addition to their regular impact measurement activities, Beta occasionally engages in academic research, including longitudinal studies. This research typically requires the cooperation of grantees and beneficiaries. While the aggregated results of such research are publicly shared, one

grantee, SPO3B shared that they had asked for disaggregated data for their own operations specifically and never received it. This speaks to the general need for intermediaries to consider ensuring that there is a benefit of reporting and data collection to not only themselves, but to those who have provided them with the data.

6.3.3 Impact measurement as a legitimization tool

6.3.3.1 Intermediary organization attitudes toward impact measurement

Beta's focus on impact measurement was driven largely by two motivations. The first, and most significant, was a need to "prove" their value to their own funders. As Beta articulated, *"For the most part we use the information to report up - back to our funders and donors - to tell them what a great job we're doing. 'Hey, look [at this favourable statistic]!' And if we are reporting that on a regular annual basis then it's a stat that everybody likes."* The desires of their own funders drives their selection of impact measures as well. As they explain, *"That's an example of funder driven metric; just stats that we definitely make sure are reporting on because our funders are wanting that."*

The second motivation for impact measurement at Beta stemmed from their need for data in order to track their own goals (e.g. number of beneficiaries supported) and to make decisions regarding future funding. Impact measurement data was also used order to support their SPOs. As an intermediary, Beta does not just provide monetary resources to their grantees; they also provide business coaching and mentoring. In order to do this effectively, Beta needs to understand how the SPOs are faring, both operationally and socially. Impact measurement data helps provide Beta with these insights.

Despite deriving utility from the information they collected, Beta did agree that the process was onerous (*"It's so time consuming to collect this information."*) and characterized it as *"an intense kind of evaluation"*. They worried about how they would be able to continue to focus on impact measurement, which they perceive as valuable, given their plans to grow and support a greater number of SPOs.

Beta also understood that impact measurement processes are burdensome on their grantees, especially those who receive support from more than one intermediary organization. As they articulate, *“Some of the social enterprises that we support - we're not the only funder. There are other funders that are asking for either similar or different information to measure impact. And that's a huge burden on these relatively small organizations...And so I would like us to be involved in a broader movement to try and reduce the amount of work that our social enterprises have to do.”*

6.3.3.2 Social purpose organization attitudes toward impact measurement

At the SPO level, there was clear consensus that the focus on impact measurement was increasing. There were not clear positive or negative attitudes toward impact measurement, but rather just an acceptance that this was the reality and a necessary activity in order to obtain the support and resources the SPOs required in order to keep operating. For example, SPO2B felt that impact measurement, in general, was a nice to have as opposed to a key operational practice. As they articulated: *“So much of our time is spent on operations; like getting through the day-to-day. We're not always at that point where we can articulate our impact... It's not so much that we're not interested. And that I wasn't interested or I'm not interested in that. It's just that there were so many practical concerns I was dealing with.”* However, SPO2B collected performance data because they recognized it was necessary in order to apply for funding. As they explained: *“Part of why we build [our performance measures] up was to have this information so we can go for applications. We'll be able to kind of do it. But getting into the larger applications where we're trying to maybe go for funding that is larger, [they need] the real impact, which is a little bit more challenging.”*

There was also acknowledgement that a key driver of impact measurement was the need for intermediary organizations to justify the results of their work to their own funders: *“I recognize that they need reporting and that they need to justify to their funders and just to the general public”*. This need

for Beta was further illustrated by an SPO who mentioned how Beta “*always want a story*” and the difficulty with “*trying to come up with a story they can use all the time.*”

SPO3B further expanded on this point, noting that unless Beta was able to provide favourable results, Beta itself may be at risk of not receiving funding which would have significant trickle-down implications on the SPOs themselves. Thus while the SPOs each had disagreements with Beta regarding facets of their impact measurement framework, there was also an understanding that Beta’s ability to make changes was, in some ways, constrained.

6.3.3.3 The impact of impact measurement frameworks on social purpose organizations

All three SPOs agreed that the impact measurement framework imposed by Beta had tangible impacts on their organizations and the employment social enterprise sector more broadly.

6.3.3.3.1 Impact on mission

All three of the SPOs interviewed commented that the focus on impact measurement (by Beta, and by the sector at large) was having tangible impacts on the type of work SPOs choose to pursue. As SPO3B explains “*I think [impact measurement] is important...I think its sort of a requirement if we're going to get funding sadly from anyone, whether that's even the federal government. I think that social impact is key.*”

It is clear that all SPOs perceived there to be increased interest from intermediary organizations on measuring impact. A number of resulting consequences were described by the SPOs. First, as SPOs align themselves with various intermediaries, given the narrowing of the focus areas of intermediaries, the SPOs themselves found that they have also had reprioritize their impact areas in order to ensure that they meet the impact expectations set by the intermediaries that fund them. This is of consequence because many SPOs perceive that they have more than one type of impact (e.g. two different types of social impact, or social and environmental impact). SPO2B explains this as follows: “*[Once you get*

funding from an intermediary] you're suddenly putting all these additional artificial barriers to your growth - and impact - that you could have in other areas. So if you are funded by [Beta], you are putting in the idea of being an employment social enterprise and those related impacts above the other impacts that you may have and think that are important. Because that core, that foundational core funding, is necessary for the enterprise to exist, and therefore dictates [which impacts we focus on]." This type of thinking clearly results in operational consequences for the SPOs.

Second, the focus on impact by intermediaries had some SPOs reconsidering their mandate and mission. There was a willingness from some SPOs to change their mission and mandate specifically to be more palatable to intermediaries. This would typically require a narrowing of scope in order to target a specific beneficiary group that is popular among intermediaries. For example, in reflecting back on their own mandate, SPO2B surmised *"We would really want to have an impact that ties into like, for example, corporate responsibility mandates. Corporations have sustainability mandates and we need to know how we can fit into them... We don't have the same kind of impact story of like, 'we only give to kids'.... We're so gentle like, 'No, no. We're just giving to anybody, to people who come and need our help, right?' Maybe we need to focus on our mission statement a bit more to kind of hit those [funding mandates]."*

6.3.3.3.2 Impact on operations

All three SPOs interviewed stated that funding from Beta was essential to the continued sustainability of their organization. Without Beta's funding and support, each of the SPOs worried about their ability to continue. This perspective coloured the intensity of the impact of Beta's measurement framework, and agreed-upon targets, at the SPO level. For example, when asked about Beta's targets, SPO3B was able to recite each target and current actual projection for their three separately funded operations.

All three SPOs made note of the resource intensity of measurement and evaluation, however, given the long-term nature of the relationship between each of the SPOs and Beta, there was general acceptance of the process. For example, SPO1B explained: *“It’s very straightforward although it’s time consuming”* and SPO2B shared: *“It’s very easy. They don’t require too much. I think it takes me to write the report, it might take me like a week. It’s like a week of doing other things.”* A sentiment echoed by more than one SPO was that the reporting requirements set by intermediaries (such as Beta) were not scaled to the amount of funding received by the SPO. As explained by SPO1B: *“We’re very grateful to [Beta] but, for like a \$30,000 grant to us, considering the amount of time we have to spend on doing the report, we might as well have done a million-dollar application.”*

The impact measures set by Beta had clear operational impacts on the SPOs. While each of the SPOs noted strong working relationships with Beta and a willingness on Beta’s behalf to work with the SPOs, there was also an underlying recognition of the seriousness and importance of the impact measurement targets. For example, SPO2B explained that in order to meet one of the targets set by Beta, SPO2B had to hire individuals they otherwise would not have hired, because those individuals possessed certain attributes that were important to Beta. SPO2B felt that their organization would have been more effective in terms of both economic and social impact if different hiring decisions could be made. As another example, SPO3B explained that as a result of Beta’s impact measurement framework (and the increasing interest in impact measurement more generally), they have found that their organization has moved from helping beneficiaries with more significant mental health issues, to those with less significant mental health issues. They explain this as follows: *“One of the things that we’ve found over the years is...as we’ve been pressed more and more by funders, what happens at [our organization] is that we get people who have less significant mental health issues because [we’re pushed] to hire people who can move fast. So if they’re on too much medication and that medication*

really knocks them out, they can't perform quickly enough. So [the focus on impact measurement] has somewhat changed who we employ because they have to now be able to perform at a somewhat higher level...As we get pushed and pushed, then we end up looking for the person who just has episodic depression but is great the rest of the time.” The clearest statement of operational impact as a result of Beta’s impact measurement process came from SPO2B: “*When [Beta] gives me a target, like we suggest one and they [agree], I have to spend time now just trying to meet those targets. It's not something that comes naturally out of what we're doing.*”

There were differing views regarding whether or not such measurement provided a benefit to the SPO and/or intermediary. Given that the many of the key metrics were business metrics already being tracked by the SPOs for internal purposes, there were fewer concerns with respect to usefulness. The prevailing attitude towards Beta’s impact measurement framework was that the reporting was simply a requirement of receiving funding, and as a result, was treated as a task that needed to be done. There was an understanding from all SPOs that the data was important to Beta and concerns about meeting the agreed upon targets.

Given the less-subjective nature of the data being collected, there were not a significant number of concerns regarding the accuracy of the impact measures. There were some comments about how not all metrics seemed to account for the uniqueness of each SPO and their particular set of beneficiaries (for example: “*There are unique challenges in my industry that [Beta] is not necessarily adjusting for.*”) but for the most part, there were few disagreements regarding the relevancy and accuracy of the business-related impact measurements.

There were surprisingly few comments regarding the social impact metrics. When discussing the usefulness of Beta’s impact measurement framework, the conversation revolved largely around the business-related metrics. This was likely driven by the fact that Beta did not require their grantees to set

social impact targets thus the SPOs perceived these metrics to be less important to Beta and therefore, themselves. Two SPOs did mention the challenge of gathering social impact metrics given that real change in well-being often occurs after the beneficiary leaves the SPO. Keeping track of beneficiaries in order to obtain longitudinal data was beyond the capabilities of the SPOs.

6.3.3.4 Initial conclusions regarding use of impact measurement as a legitimating tool

The results above suggest that Beta is using impact measurement as a legitimating tool in the social entrepreneurship sector. First, Beta's attitudes and perspectives towards impact measurement acknowledge the power that they wield. In the social enterprise sector, there is clearly a power difference between intermediary and social purpose organizations. A resource-rich intermediary's power over their less-resource-rich grantees is how they are able to impose their norms onto an emergent sector. In the case of Beta, this power was explicitly recognized by Beta: *"When you're in the situation of power, you must consider whether something you say becomes considered to be the expectation as opposed to just a [suggestion for] better way of doing the work that they're doing... We are always aware of that. We are a funder and often the primary funder... although definitely not a hands-off funder. There is always a power dynamic of being a funder. So that's something that we are aware of. We know the people, these enterprises we are funding, are also aware of this"*. While Beta understands this power dynamic, it is clear through speaking with the SPOs that Beta does impose their own definition of success onto their grantees.

Beta is an intermediary with a very clear perspective on how they wanted to create social impact. They strongly believe that the best way to improve the well-being of individuals is to provide them with employment. As such, they actively worked with their grantees to realize this vision. This laser focus was demonstrated through their impact measurement framework and setting of key targets. As an important intermediary in the narrow employment social enterprise space, Beta has the ability to impose

their framework and perspectives onto this particular sub-sector, regardless of the support of the sector. Organizations who do not agree with Beta's philosophy or approach are simply considered not the right fit and not funded by Beta. Beta recognizes that there are other ways to create social impact but are focused working with organizations who are interested in their approach and aligned with their philosophy.

In recognizing some of these issues, Beta has worked to develop open and honest relationships with their grantees. All SPOs interviewed mentioned good working relationships with Beta and that they have raised their concerns with Beta. However, there were also comments that Beta can listen to their concerns but not make changes.

Second, it is clear that Beta's focus on impact measurement is having consequences on the sector. One of the most significant consequences is a bias to employ individuals who face barriers to employment as a result of having specific needs, but who are not "*too needy*", as described in Section 6.3.3.3.2. Individuals who need additional support slow down an SPO's ability to meet employment targets. Therefore, higher-need beneficiaries receive less support as they require greater investment and take longer to show measurable results.

Further, SPOs can be reliant on intermediary organizations for funding to continue their operations. This means that sometimes, securing funding is of greater importance than implementing the requirements of such funding. As described by SPO2B: "*When we're doing our funding package, it's more important that we get some sort of funding and then deal with the consequences later. Because if [Beta] said no to our funding request, that has a more dramatic impact on the sustainability of the organization.*" This highlights the power an intermediary's impact measurement framework has over the operations of a SPO. The intermediary organization has the ability to determine what the impact

measures are, and set targets, and the SPO will work to met those expectations regardless of their opinion because their need for that support is so great.

The operational impacts of Beta’s impact measurement framework suggest that impact measurement is being used as a legitimating tool in the social entrepreneurship sector. Further, in looking at the example above, it appears that Nicholl’s concern that such legitimation will marginalize non-resource-rich actors, such as beneficiaries, may be true.

6.3.4 Beneficiary inclusion in the innovation process

6.3.4.1 Intermediary organization perspective on user-centered innovation

As a general statement, Beta recognizes the importance of the beneficiary voice to achieve their mission and works to understand and serve their intended beneficiaries. They believe that beneficiary involvement and input is critical to their efficacy as an organization.

In designing their impact measurement processes and instruments, Beta is very cognizant of considering the beneficiary experience. For example, they acknowledge that *“participants don't like to be researched”*. They also recognize that from the beneficiary perspective, *“tons of research is being done and [the beneficiaries] are not seeing any value coming out of it... they feel like there's folks out there, big brother out there, gathering a lot of data on them. And what are [those organizations] doing with that data? They're not putting more resources into them.”* Further, as explained in Section 6.3.2.3 above, Beta has designed their collection of beneficiary data to be done informally, through conversation, rather than through a survey or other data collection instrument. This was done intentionally, as Beta explained, *“It is our belief, and usually it's also the belief of the enterprise itself, that we don't want to do anything that further marginalizes people.”* In this vein, Beta has been involved in some initiatives to standardize and reduce the burden of impact measurement: *“I would like*

us to be involved in a broader movement to try and reduce the amount of work that our social enterprises have to do. And also to reduce the number of surveys that participants have to respond to.”

As another example, a number of years ago, Beta was involved in leading a large government research study on the impact of employment social enterprises on beneficiaries. In designing the study and data collection instrument, Beta attempted to include beneficiaries in various stages of the process. They explained this involvement as follows: *“When we designed the evaluation, we actually brought in the enterprise managers to help us with the design. And we also brought in the participants to help us with the design. So we made it as participatory as possible. We got a lot of input from both the managers and the participants into the questionnaire itself.”* Further, Beta sought to include beneficiaries in the data collection process as well: *“Rather than have a person like a trained researcher go out and do all the interviews, we actually hired community people from the social enterprises. And then we do training for them and provide them with support. And then they are the ones that go out and do the interviews. So that the people being interviewed feel -- the idea is that the people being interviewed feel like they're being interviewed by a peer, rather than a university researcher.”*

Beta acknowledged that they are still on the journey to integrating the beneficiary voice into their impact measurement processes. As described in Section 6.3.2.5, Beta admitted that beneficiaries do not get access to the data that is collected about them, nor is any form of reporting provided back to them: *“So I think as we move forward into the future, whatever [impact measurement] system we decide to adopt we should definitely be looking at how that can be fed back to the actual participants in a way that's useful to them. I think that's the challenge, like what is useful to them...as opposed to what's useful to us.”*

However, it is also important to note that while Beta works to be beneficiary centered throughout the impact measurement process, the core of Beta’s impact measurement framework revolves around a

definition of success that omits the beneficiary experience. As explained by Beta: *“So for us the way we make social impact, if you will, is by funding and supporting employment social enterprises that are training and hiring people with barriers to employment. And in essence the more successful the social enterprises are as businesses in terms of the more sales that they are making, the greater their capacity to pay a significant portion of that in wages to people with barriers to employment... So when we're measuring impacts, we have two key components. We measure sales and how much is being paid by them to people with barriers to employment. So at its most basic, those are the core numbers.”* This definition of success can be contrasted with the perspectives of Beta’s grantees, and their beneficiaries, as outlined in Section 6.3.4.2 below.

Outside of their impact measurement framework, Beta’s beneficiary focus was demonstrated in other ways. For example, beneficiaries are included on some decision-making committees (including grant review committees) and Beta ensures that those beneficiaries are paid and appropriately supported in order to participate effectively. When asked if they found that perspective to be helpful, Beta responded: *“Yes, we have definitely...In the last pitch session, the person that we had was extremely helpful in pointing out some of the flaws in the employment model that people were presenting - as well as the strengths.”*

Additionally, given Beta’s coaching and mentorship model of support, their knowledge of the employment social enterprise sector and the beneficiary experience is pushed down to their grantees. In this way, they believe they have been able to actually help their grantees create a more beneficiary-centered operation. For example, Beta described a situation where they help an organization set up a social enterprise bakery: *“If somebody wants to start a bakery, one of the first questions we ask is, ‘Well, are your [intended beneficiaries] going to be able to get up at 3:00am in the morning and work? And is it safe for them to do so?’”* As another example, Beta explained that that when they provide initial

funding to an organization, they mandate that the organization sets up an advisory committee, “*but then in our description of the composition of an advisory committee, we also include the fact that participants [beneficiaries] can be a part of that...and that this is what we believe the advisory committees should be...*”. While Beta does not mandate the inclusion of a beneficiary on advisory committees, they do suggest that their grantees consider it. Beta further commented, “*And one of the things we need to do in the future is really help ensure that if there is someone on a committee, they definitely have a voice. Because there's really no point [otherwise]. Tokenism is counterproductive.*”

6.3.4.2 Social purpose organization perspectives on user-centered innovation

The SPOs interviewed had a slightly different perspective on the role of beneficiaries in their organizations and in the wider social entrepreneurship sector. When asked to describe how they knew how their particular organization was making an impact, all three SPOs described some variation of utility gains to the beneficiary, as defined by the beneficiary. In each case, the SPOs explained that they learned about the impact their activities were having on beneficiaries based on individual conversations with the beneficiaries themselves. In these conversations, the beneficiaries shared the impact of the SPO’s programs anecdotally. The impact of a program as explained by the beneficiary was not always what Beta presumed to be the primary benefit of employment social enterprises, which is skills training and employment income that allows for increased financial independence. While beneficiaries often acknowledged that benefit, when asked how the SPO made an impact on their lives, they spoke mainly about other types of impacts. For example, both SPO1B and SPO3B stated that their beneficiaries felt the primary benefit was the provision of structure in a beneficiary’s life and the creation of “*a sense community.*”

The SPOs acknowledged that such data is qualitative and anecdotal, but, in combination with increasing activity metrics, is what ultimately gave them the most confidence that their programs were

creating meaningful social impact. For example, in response to the questions “How confident do you feel in the impact that [your organization] is having? Where did that confidence come from?”, SPO3B answered, *“I’m confident because over the years I do get to know most of the people who work in the social enterprises. I can see the difference it makes and I can see that there’s community that forms amongst them and they will tell us what difference it’s made in their lives.”* When asked “Is that as equally meaningful to you as the hard data and the numbers?”, SPO3B answered, *“Yes, it is meaningful to me since it gives me all the details and the emotional impact and social impact.”*

As such, it is clear that from the beneficiary perspective, impact categories may be prioritized differently. Interestingly, Beta itself acknowledged this difference: *“I would say that probably the social category is more important to most participants than any other category. ...The increased sense of empowerment and social networks and ends up being as important as the money in many cases. It doesn’t hurt to be earning an extra income. But that is not always the most important thing for many of the people that I’ve spoken to over the years.”* However, Beta’s view is that the social impact would not be achievable without a primary focus on having a financially sustainable social enterprise:

“[Beneficiaries] would recognize that they’re not going to have that social part if they don’t have the business part too.” Thus while they understand that beneficiaries may value the social impacts (e.g. relationships, networks, etc.) more than other attributes, Beta continues to intentionally choose to focus on the financial metrics.

With respect to Beta’s impact measurement framework, two of the SPOs stated that they felt Beta’s required social impact reporting was, at times, inappropriate. For example, although grantees are instructed to collect data in an informal manner from their beneficiaries, SPO2B still felt it was sometimes difficult, sharing, *“Is it appropriate to communicate with them just to get some impact statement from them? Like that’s not helpful. They’re not going to want to do that.”* In reflecting on

previous questionnaires sent by Beta, SPO3B recalled survey instruments that they believed were not dignifying to beneficiaries: “*I just thought of some really offensive questionnaires. [Questions like] ‘How often do you think that you're no worth? Do you think you're worth something? From yes to no. How often do you feel badly about yourself? How often are you depressed? How often do you consider suicide?’ Just horrible questions.*” This contrasts with Beta’s perspective, who feel that they have worked hard to ensure that their survey instruments and data collection processes are as dignifying as possible to the beneficiaries.

Each of the SPOs also provided examples of how they include beneficiaries in their own decision-making structures. This included having beneficiaries or those with lived-experience in staff and management positions, sitting on the Board or other decision-making groups, and having beneficiaries participate in program design. Exploring these mechanisms at the SPO level is beyond the scope of this paper, however, these ideas will be revisited in Chapter 9: Recommendations & Conclusions below.

6.3.4.3 Initial conclusions regarding beneficiary inclusion in the innovation process

As an intermediary organization, Beta has clearly considered and attempted to operationalize the beneficiary perspective into their processes and systems. There is acknowledgement that the beneficiary perspective is important to understanding the contextual environment in which Beta operates, as well as an understanding that such a perspective is critical to the success of Beta’s grantees as well as Beta itself. This was demonstrated through the various mechanisms Beta has established to include the beneficiary voice, such as including beneficiaries on decision making committees. Through my conversations with Beta, it was clear that Beta believes that the beneficiary perspective is valuable and that with appropriate methods and tools, beneficiaries are able to participate in articulate ways. This could be seen through, for example, how Beta supports beneficiaries who sit on decision making

committees by meeting with those beneficiaries beforehand and assigning a staff member to specifically support their participation.

However, Beta's impact measurement framework did not appear to exhibit the same level of beneficiary-centeredness. As explained by the SPOs, beneficiaries viewed the primary benefit of employment social enterprises to be social connectedness. In contrast, Beta viewed the primary benefit to be financial independence. While the same organizational structure and programs leads to both outcomes, this difference is important. Beta explained that they use impact data to make decisions regarding which organizations to support. As such, programs who show strong financial results are prioritized over those who may show weaker financial impacts but stronger social impacts. That being said, Beta has acknowledged this tension. When asked if they could provide an example of a grantee who has been let go specifically due to weak social impacts, they were able to provide one example. This, however, was recognized as outside the norm.

6.4 Summary of Results

As outlined in Section 2.1.3, literature suggests that through the process of legitimation, the voices of non-resource-rich actors (such as beneficiaries) may be marginalized. Through developing two case studies, Case A and Case B, this paper sought to explore whether or not beneficiaries are being marginalized in the social entrepreneurship sector through studying the extent to which beneficiary voices are represented in the impact measurement frameworks set by intermediary organizations. In order to address the research question, the following section summarizes the results from Case Study A and Case Study B, organized as a series of observations in response to the following questions:

1. Is information from impact measurement frameworks being used for organizational learning at the intermediary level?

2. Is there evidence that these intermediary organizations are using impact measurement as a legitimating tool?
3. Are the voices of beneficiaries being marginalized in the impact measurement process?

6.4.1 Is information from impact measurement frameworks being used for organizational learning at the intermediary level?

Impact measurement can be a mechanism that enables organizational learning at both the SPO and intermediary levels. To determine if this is happening at the intermediary levels, I looked at whether and how impact data is reflected and acted upon by Alpha and Beta.

While both Alpha and Beta used the impact measurement data submitted by their SPOs, how they used the data differed. In the case of Alpha, impact measurement data was largely used for organizational learning, as opposed to for decision making. This is because Alpha perceived that they were only in the beginning stages of impact measurement and did not feel that they had enough useful data to hold their grantees accountable for specific targets. Instead, the impact data was used by Alpha to better understand the impact of their grantees' programs and the sector. That being said, while Alpha stated that they were not yet using impact data for decision making, the SPOs interviewed had a different perspective. One SPO believed that Alpha may be using the data for granting decisions already, while the other two SPOs believed that future granting decisions would be based on impact data. All SPOs mentioned some level of concern or worry about not meeting pre-set targets, despite Alpha's flexibility and understanding. Regardless, while Alpha may not be using the impact data for current decision making, the intent is that the organizational learning resulting from the collection and analysis of the data will have consequences for Alpha's future operations.

In the case of Beta, Beta did use the collected impact measurement data for decision making purposes, including decisions regarding who to fund, and how much funding to provide. Grantees

worked with Beta to set targets for key impact metrics and were held accountable to meeting those targets, within reason. Impact measurement data were not the only source of information available to Beta for decision making, however, it was clear that they are an important and influential source of information for organizational learning.

Both Case A and B demonstrated that data collected through the impact measurement frameworks were being used for organizational learning purposes. While the information collected through the impact measurement frameworks were not the only source of data being used by intermediary organizations to make resource allocation decisions, the impact data were clearly an important source. This is important because if the impact measurement frameworks are incorrect (for example, are inaccurate or are missing relevant data), then the organizational learning based off such information may result in ineffective decision making. Further, the resource allocation decisions being made by intermediaries have an impact on the SPOs and wider sector, as is explained in the next section, Section 6.4.2.

6.4.2 Are intermediary organizations using impact measurement as a legitimating tool?

Earlier in this paper, I suggest that impact measurement can be a legitimating tool used by intermediary organizations to enact their norms and values onto the social entrepreneurship sector. Section 2.2.2 of the literature review explains that impact measurement models reinforce the values and behaviours desired by those who set the measures through creating a shared understanding of an organization's objectives. Such models therefore represent a control system which incentivizes certain behaviours and outcomes.

In both Case A & B, it is clear that the impact measurement frameworks of intermediary organizations have an operational impact on the SPOs in the sector, meaning that we can see that the frameworks have incentivized certain behaviours and outcomes. The frameworks specify which impacts

are important to the intermediaries and in order to access their support, SPOs must prioritize those impacts. We saw in both Case A & B examples of how this has resulted in small operational changes (e.g. the hiring of one individual over another), programming changes (e.g. the creation of one program over another) and even adjustments in mission (e.g. the intentional focus on one type of impact over another) by the SPOs. These examples are consistent with Espeland & Sauder's (2007) three effects of reactivity to social metrics: resource redistribution, a redefinition of work, and the development of gaming strategies.

Of course, SPOs have the option of not working with intermediaries with whom they do not align, however, as the social enterprise sector more broadly moves in the direction of increased impact measurement, there may be fewer options for SPOs. This trend of increasing impact measurement was noted by SPOs from both cases and is also acknowledged in the literature. This echoes the work of Strathern (2002) who suggests that audit operates as “an arranged production of information” that confirms its own efficiency (by determining what should be measured), transforming measures into targets and ultimately incentivizing behaviour to meet those targets.

In considering the choices available to SPOs regarding intermediary support, the influence of paradigm changing actors is important to consider. While it is true that SPOs have choice regarding where to gain support (most significantly, funding), the increasing interest in impact measurement could be reducing the variation in the pool. Paradigm-changing actors, by definition, are leaders in their sector. Other intermediary organizations look to these organizations for guidance and best practice and leaders in the paradigm-changing institutions often leave and move to other institutions in order to implement such practices more widely. Nicholls (2010) asserts that this type of activity, legitimation activity, is greater and more influential in emerging sectors such as social entrepreneurship.

This paper looked at impact measurement specifically, and within the sector, impact measurement itself is a complex and nascent practice. As such, the influence of paradigm-building actors may be even more pronounced as their knowledge of impact measurement likely far surpasses the knowledge of other intermediary organizations. As paradigm-changing intermediaries set the tone for impact measurement and other intermediary organizations adopt their practices, the variation in impact measurement attitudes available to SPOs will shrink. This phenomenon was noted by SPOs in both case studies. The SPOs explained that virtually all of the funders now require similar, yet slightly different, impact metrics and that it was trend that they believe will increase over time. A number of SPOs further outlined their concerns with how this trend will impact their work and the communities that they serve. This concern was echoed by Nicholl who suggested that such legitimation will marginalize non-resource-rich actors, such as beneficiaries, and it is this question which we will turn to next.

6.4.3 Are the voices of beneficiaries being marginalized in the impact measurement process?

Given that impact measurement frameworks appear to be acting as a legitimating tool in the social entrepreneurship sector, the design of such frameworks becomes important. In particular, this study is concerned with whether or not the voices of beneficiaries are included in the impact measurement process.

Alpha and Beta both sought to include the beneficiary voice in the design of their impact measurement frameworks. However, Beta was able to do this to a greater degree than Alpha. In Alpha's case, beneficiaries were still generally considered a *vehicle* for feedback as opposed to the central stakeholder around whom the impact measurement framework should be designed. This attitude mirrors the general attitude of the sector, in that most conversations regarding inclusion of the beneficiary voice in impact measurement appear to center around getting feedback from beneficiaries in order to understand the impact of an SPO's programs *on* them. This can be seen through the numerous

organizations working to gain access to administrative data and developing tools to improve beneficiary data collection. Using the commercial sector as an analogy, this would be similar to surveying customers to see if they liked a new product. In contrast, an impact measurement framework that is user-centered would not simply look at beneficiaries as a feedback mechanism. Instead, at its core, the framework's impact metrics would be set *by* the beneficiaries who would get to define the impact that they want to see. Again, using the commercial sector as an analogy, it would be similar to having customers define the attributes of a new product that they would like, and then subsequently being surveyed to see if the new product meets their pre-defined criteria.

In the case of Beta, Beta exhibited greater consideration of the inclusion of beneficiaries in the design of their impact measurement framework. This can be seen by Beta's consideration of the beneficiary experience in data collection, Beta's original intention of reporting impact data back to beneficiaries, and Beta's acknowledgement that the beneficiary perspective may be different than theirs. However, at its core, Beta's impact measurement framework is still driven by Beta's own needs, and Beta's definition of impact and success.

One possible explanation for this difference may be the difference in the breadth of each of Alpha and Beta's missions. Alpha's intended beneficiaries were widely defined while Beta's was much narrower. It may be easier to design an innovation process around a more narrowly defined user than it is to do so for a broadly defined user. For example, Beta's more narrowly defined mission may allow them to more easily obtain participation from a meaningful sample of users that would represent the lived experience and perspectives of their intended beneficiaries, thereby allowing them to tailor their programs and approach accordingly. Alpha, with a very widely defined beneficiary group, would have a much harder time soliciting representative feedback and also implementing those perspectives into their programming. With a more broadly defined intended beneficiary, it is also possible that various

beneficiary subsets may have conflicting needs and wants. Alpha does, however, break down their funding into various streams which are each focused on different types of impacts. Thus while one singular beneficiary voice may not be reasonable, a number of more narrowly defined beneficiary subgroups could be identified and processes implemented to include those users.

Regardless, it is clear that both Alpha and Beta's impact measurement frameworks are not centered around the beneficiary experience. Nicholl's concern that the legitimization process may possibly result in the marginalization of non-resource-rich actors may be true. Beneficiaries are not only non-resource-rich actors, but are also often not unified. This is important because stakeholder groups are typically able to better advocate for their needs and grow support for their requests if they are clearly defined and well-organized. This presents a challenge to beneficiaries as they can be a diverse and broadly defined group. Future researchers may want to consider studying how beneficiary groups organize and advocate for their needs in the social entrepreneurship sector, the factors necessary for success, and importantly, how intermediary organizations can support and amplify their voice.

6.4.4 Summary of Results Conclusion

To conclude, the results above demonstrate that while intermediaries are getting limited data from beneficiaries, beneficiaries are not included in the design of their impact measurement frameworks. The results also show that intermediary organizations, while acknowledging the value of beneficiary feedback, do not consider themselves to be accountable to beneficiaries. There was a demonstrated lack of interest in developing impact measurement frameworks that are centered on the beneficiary perspective. These results are important because, as argued in Chapter 3, user-centered innovation theory tells us that the inclusion of the beneficiary voice in the design of impact measurement frameworks is necessary in order to maximize social impact. This is particularly true for paradigm-building intermediary organizations given that the reflexive effects of their impact measurement

frameworks have unintended consequences not only at the level of individual SPOs, but also across the entire social entrepreneurship sector.

CHAPTER 7: DISCUSSION

The results presented above suggest that beneficiaries are being marginalized by the impact measurement frameworks set by intermediary organizations. This potential marginalization of the beneficiary voice is concerning because user-centered innovation theory tells us that the inclusion of users in the innovation process is critical to the achievement of organizational outcomes. This is especially true in the social entrepreneurship sector since success in this sector is defined as improvement in beneficiary well-being.

To explore these results, I will first consider them in the context of two foundational theories in business and economics literature: stakeholder theory and agency theory. I will then consider the implications of the results, organized as a series of observations in response to the following questions:

1. What do these results tell us about user-based innovation in the social entrepreneurship sector?
2. What challenges exist in implementing user-based innovation practices in the social entrepreneurship sector?
3. What role can intermediary organizations play in supporting user-based innovation?

7.1 Foundational theories

7.1.1 Agency theory

A natural starting point for the interpretation of these results is through an agency perspective, which is recommended when studying problems that have a cooperative structure (Eisenhardt, 1989a). Agency theory is a theory that attempts to address the principal-agent problem, which occurs when an agent (e.g. an individual or organization) is able to make decisions and take actions that impact a principal (e.g. another individual or stakeholder). The relationship between agent and principal is considered a problem when moral hazard exists; when the needs/wants of the agent do not line up with

the needs/wants of the principal. Applied to this research, the agent is the intermediary organization and the principal is the beneficiary. My results show that the perspectives of intermediaries and beneficiaries differ on various factors, most importantly, on what constitutes successful social impact.

In commercial entrepreneurship literature, the primary way in which the principal-agent problem is addressed is through the development of an incentive structure that rewards the agent for making decisions that align with the needs/wants of the principal. Jensen & Meckling (1976) provide a very well-known example of this, suggesting that corporate executives should be measured and rewarded based on their ability to increase share price, which is the main need/want of their primary stakeholders, being shareholders.

This same thinking has been applied to the social entrepreneurship sector, the efficacy of which is being questioned by my research. My results show that currently, intermediaries are being measured and rewarded based on their ability to meet the needs of a specific stakeholder, the ultimate funder. The needs/wants of beneficiaries are not currently being included in impact measurement frameworks. However, user-centered innovation theory suggests that the principal in the social entrepreneurship ecosystem should be the beneficiary and consideration of their needs/wants will maximize social impact. This is further explored in sections 7.2 through to 7.4.

7.1.2 Stakeholder theory

Another way these results could be interpreted is through the lens of stakeholder theory. Stakeholder theory is a theory of organizational management that posits that long term organizational success depends on the consideration of the needs of various stakeholders that impact, or who are impacted by, organizations (Freeman, 1984). This consideration includes both stakeholder identification and determination of stakeholder salience, in order to inform organizational decision making. It is often

contrasted with Milton Friedman's (1962) shareholder theory that states that an organization's main responsibility is to a single stakeholder, being the shareholders (or owners).

The results of this study showed that the needs and perspectives of one stakeholder group, beneficiaries, are being marginalized in the social entrepreneurship sector. The needs of other stakeholders, such as intermediary organizations and ultimate funders, are being given significantly greater weight. Using stakeholder theory, it could be argued that decision making at the intermediary level adjudicated the needs and claims of various stakeholders and determined that the current model produces an optimal result. However, the results also showed that this exclusion of the beneficiary voice is leading to reduced social impact across the social entrepreneurship sector. As such, I believe that the results provide evidence that the current assessment of stakeholders may not be correct.

Mitchell, Agle and Wood's (1997) stakeholder salience theory provides a framework for understanding how organizations prioritize competing stakeholder claims. Applying this framework to these results provides one perspective in understanding why the beneficiary voice is being marginalized in the social entrepreneurship sector. Mitchell et al. (1997) suggest that stakeholder salience is made up of three attributes: urgency, legitimacy and power. Stakeholders with greater degrees of all three attributes are considered more salient. Urgency is the time-sensitivity or criticalness of a stakeholder's claim, legitimacy is the degree to which society deems the needs of stakeholder as proper or desirable, and power is the degree to which the stakeholder can impose their will on the organization. As a stakeholder, the needs of beneficiaries have legitimacy, and in some cases, urgency, but as a stakeholder group, lack power. This can be contrasted with intermediaries and ultimate funders who yield enormous power (as they control the resources) and also convey legitimacy and urgency as a result of their ability to be well-organized and advocate for their needs and desires.

This paper argues that user-centered innovation practices should be adopted in the social entrepreneurship sector in order to maximize social impact. While the needs and claims of other stakeholders in the social entrepreneurship ecosystem should be considered, user-centered innovation theory in the commercial entrepreneurship literature is clear that the needs of a single stakeholder group, users, is of primary importance to innovation success (Osterwalder & Pigneur, 2010). Using stakeholder salience theory, the power imbalance between stakeholders described above suggests that we should consider ways to amplify the power of beneficiaries in order to maximize social impact. This is explored further below.

7.2 What do these results tell us about user-based innovation in the social entrepreneurship sector?

This paper sought to explore user-based innovation in the social entrepreneurship sector through studying the extent to which beneficiary voices are represented in the impact measurement frameworks set by intermediary organizations. In both Case A and B, it appears that beneficiaries are being marginalized in the impact measurement process. As impact measurement is a key mechanism for enabling organizational learning, the diminished importance of beneficiaries in impact measurement frameworks decreases their ability to participate in the innovation process.

Intermediary organizations can include the beneficiary voice in innovation through other mechanisms outside of impact measurement. For example, Beta includes beneficiaries on some decision-making committees. However, this paper argues that inclusion of the beneficiary voice in impact measurement is particularly important not only because it provides a critical source of information to enable organizational learning, but also because impact measurement frameworks act as a legitimating tool and thus impact the sector as a whole. This reflexive and reactive effect was shown to have taken place in both Case A & B.

Finally, turning back to Bogers & West's (2012) definition of user-based social innovation, it is important to understand how intermediary organizations define success. In an organization practicing user-based innovation, success is defined as utility gains to the user, as opposed to utility gains to the firm. In the social entrepreneurship sector, this would mean that success should be defined as utility gains to the beneficiaries, as defined by the beneficiaries, as opposed to utility gains to the intermediary, as defined by the intermediary. As both Case A & B demonstrate, success is currently being defined by the intermediaries, who are, in large part, influenced by the perspectives and needs of their ultimate funders. The beneficiaries' perspective on what constitutes success, while sometimes noted (such as in the case of Beta), are not designated as a key impact metric. As a result, it appears that intermediary organizations' impact measurement practices are a barrier to the practice of user-centered innovation in the social entrepreneurship sector.

7.3 What challenges exist in implementing user-based innovation practices in the social entrepreneurship sector?

While the commercial entrepreneurship and social entrepreneurship sectors are similar in some ways, they are not the same. One of the main differences is the presence and power of intermediary organizations. As described in Section 3.1.3, in a nascent sector such as social entrepreneurship, intermediary organizations have the ability to exert their will on SPOs.

In the commercial sector, the end-user has a mechanism for holding the firm accountable for meeting his/her needs and wants. If the firm creates a product or a service that does not meet the needs or wants of the user, the user simply does not purchase it. The act of a non-purchase impacts the firm's objective, which is to create economic profit. User-centered innovation practices have been shown to increase the user acceptance of a product and thus positively impact the firm's achievement of their profit-making objective (Osterwalder & Pigneur, 2010).

In the emerging social entrepreneurship sector, the power of intermediary organizations creates a different accountability structure. First, unlike in the commercial sector, the end-user, the beneficiary receiving the benefit from the SPO, does not have a built-in mechanism for holding the SPO accountable for meeting his/her needs. This is because the beneficiary does not pay for the benefit that they are deriving. Instead, the SPO is funded by intermediary organizations and is reliant on the intermediary organizations for continued operations. Thus, the SPO is accountable not to their beneficiaries, but to the intermediary organizations who support them. When considering the power intermediaries have over their funded SPOs, in a way, the intermediary acts like the firm, and the SPOs are the vehicle through which the firm achieves its objective, which is social impact. Alpha's perspective on their grantees is consistent with this viewpoint: *"I think you need to get to the beneficiary part of the equation to really know [what your return on investment is]. But....from a certain vantage point, that's also a disruption and potentially a threat to grantee organizations because it does kind of shift the balance of accountability and transparency. Traditionally...the emphasis from a grant making perspective was on funding the right organizations. We now need to shift to not worrying so much about what the organization is. It's about what are they going to accomplish in their community, how that fits within our mission and how we measure the true results that the work is having in the community. It does shift [the power dynamic]. Some organizations out there don't necessarily want to you know let you in behind the curtain."*

This accountability system was clearly demonstrated through both Case A & B where SPOs provided examples of operational changes they made which may not have served their beneficiaries but were done in order to appease their funders. Further, the lack of a mechanism through which beneficiaries can hold the SPOs accountable was demonstrated through the general lack of integration of the beneficiary voice in intermediary impact measurement frameworks. While this was seen more

clearly in the case of Alpha, the beneficiary voice was also not fully integrated into Beta's impact measurement framework either.

Additionally, while Alpha and Beta were responsible for the distribution of funds, they were also beholden to an organization who was the source of their own funding (e.g. a government ministry or large non-profit). As shown in the two cases, demonstrating impact to these "ultimate funders" was a driving force behind the development of their own impact measurement frameworks. This was recognized by not only Alpha and Beta, but often by the SPOs as well. This acknowledgement of the importance of meeting the needs of those who assess you (thus in this case, Alpha and Beta's need to demonstrate accountability upward) has been noted by Power (1999). He argues that doing well in audit is about understanding those needs and managing your performance accordingly.

Through discussions with Alpha and Beta, it did not appear that their ultimate funders were heavily involved in the design of the impact measurement frameworks, but the ultimate funders did have specific objectives that Alpha and Beta needed to demonstrate. For example, one of Beta's funders was specifically interested in the link between poverty reduction and housing, and thus asked for information regarding changes in housing at the beneficiary level. For the most part, however, it appeared that the ultimate funders had broad mandates which they gave to the intermediaries to execute. The intermediaries were seen to be organizations with the expertise and experience to do this and thus were given control over their operations, including how to determine and measure success. As such, the current accountability system in the social entrepreneurship sector is one where SPOs are accountable to intermediary organizations, and intermediary organizations are accountable to their ultimate funders. This contrasts with the commercial sector where the end-user (customer) both pays for and receives the benefit of a firm's product.

As explained earlier, at the core of user-centered innovation theory is the notion that firms are successful if they define success as utility gains to the user rather than to the firm. Or, in the other words, if firms are accountable to their end-users. As is demonstrated above, this does not appear to be the case in the social entrepreneurship sector. While each organization in the social entrepreneurship sector purports to be beneficiary-centered, decisions that are made are often done in order to appease those who fund them. When the desires of funders are in line with the desires of beneficiaries, this is not a problem. However, we have seen in both Case A and B that this is not always the case. And when there is disagreement, the desires of the funder often trump those of the beneficiaries. This echoes the work of Neyland & Woolgar (2002), who argue that auditing ultimately maintains the legitimacy of the bodies who require the audit. Such bodies, in this case, funding organizations, employ audit and evaluation as a governance tool to regulate the decisions and actions of individuals. However, like Neyland & Woolgar, and others such as Hwang & Powell (2009), this paper questions the widespread support for performance measurement and wonders if the adverse effects of current practice may be causing unanticipated harm.

A social entrepreneurship sector that is first and foremost accountable to beneficiaries requires a different impact measurement approach. In particular, considering the legitimating power intermediary organizations have in the sector, there must be increased intermediary attention to the voice of the beneficiary. Nicholls (2010) argues that the process of legitimation is an active, and not a passive process, meaning that paradigm-changing actors purposely try to influence the norms in the sector. He further contends that “*Although institutional accounts of legitimacy acknowledge the relevance of legitimating actors, there is little analysis of their role or function in the larger legitimating process. In a sense, such theorizing has desocialized organizational legitimacy by seeing it as a systemic rather than individualized process*”. In other words, intermediary organizations must take responsibility for the

consequences of their actions. The current marginalisation of the beneficiary voice in social entrepreneurship is not a circumstance that “just happened” but is rather the result of the specific activities of intermediary organizations. However, and importantly, while intermediary organizations may be perpetuating the marginalization of beneficiaries, they can also be the solution.

7.4. What role can intermediary organizations play in supporting user-based innovation?

The learnings from Case A & B suggest some possible options for intermediary organizations looking to support more user-based innovation processes.

First, intermediary organizations can implement user-centered innovations practices in their own organizations. This may include appointing beneficiaries on decision-making bodies, including beneficiaries in program design, and amplifying the beneficiary voice in their impact measurement frameworks. Additionally, given their role as social change experts, intermediary organizations can also advocate for beneficiary needs to their ultimate funders.

Second, given the unique nature of the social entrepreneurship sector, intermediary organizations hold power over the SPOs who they support. It is the intermediary organizations to whom SPOs are accountable. As such, intermediary organizations can encourage the implementation of user-centered innovation processes at the SPO level. This can be done in a number of ways including requiring (and supporting) SPOs to include beneficiaries in decision-making committees and program design, but also prioritizing impact measures defined by beneficiaries and holding SPOs accountable for meeting certain targets.

Perhaps one of the most significant ways intermediary organizations can support an effective social entrepreneurship sector is doing precisely this: ensuring that user-centered innovation is practiced and holding SPOs accountable to their beneficiaries. If beneficiaries are unable to hold the SPOs accountable on their own, perhaps it is the intermediary’s role to do so on their behalf. Alpha provides

commentary on this as follows: *“I think what we’re seeing in philanthropy is going to be not just about how are grantees holding funders accountable, not just funders holding grantees accountable, but it’s now going to be how our grantees being held accountable by the beneficiaries. And that sort of triangulation in how we manage those relationships going forward, I think. It is really important. And to me, the solution is collaborative approaches where you bring together the funder, the grantee, the beneficiaries because at the end of the day, if the focus is on outcomes, it should be the same. We should all be trying to accomplish the same thing.”* While Alpha’s interest in collaborative approaches to achieve the same outcome are positive, Alpha’s lack of acknowledgement of another set of accountabilities, being intermediary organizations being held accountable by beneficiaries, shows that intermediary attitudes with respect to user-centered innovation still have a long way to go.

CHAPTER 8: CONTRIBUTIONS, LIMITATIONS & FUTURE RESEARCH

8.1. Contributions to research

This paper explored user-centred innovation in the social entrepreneurship sector through studying the extent to which beneficiary voices are represented in the impact measurement frameworks set by paradigm-building intermediary organizations. Such research is essential in building a better theory of measurement for the social entrepreneurship sector.

My findings indicate that beneficiaries are being marginalized in the impact measurement process and limiting the practice of user-centered innovation. Since intermediary organizations are using impact measurement as a legitimating tool, this marginalization is having negative sector-wide impacts. In their quest to achieve the greatest impact metrics, intermediaries may be leaving the most vulnerable groups behind. This is unacceptable. The purpose of social entrepreneurship is to improve the well-being of beneficiaries. The beneficiary perspective must be prioritized; and this includes in the design of impact measurement frameworks. This study contributes to research in two ways.

From a theoretical standpoint, this study addresses the lack of research regarding the consequences of intermediary-led impact measurement practices in the social entrepreneurship sector. It connects the disciplines of user-centered innovation, reflexivity and reactivity, and institutional theory through looking at measurement and evaluation practices. In particular, it shows how measurement and evaluation, when controlled by paradigm-changing actors, can become a powerful legitimating tool in a nascent sector such as social entrepreneurship. This research also demonstrated that including the beneficiary voice in impact measurement is critical to the implementation of user-centered innovation practices, as is consistent with organizational learning theory.

From a practical standpoint, this study demonstrates the importance of user-centered innovation in social entrepreneurship, highlights the risks of the growing impact measurement trend, and

underscores the power held by intermediary organizations in shaping the sector. It provides concrete examples of the consequences to the increasing adoption of impact measurement frameworks and highlights how the current accountability structure of the sector incentivises certain behaviours, some of which harm beneficiaries. Sections 7.4 and 9.1 lay out practical ideas for amplifying the beneficiary voice in both impact measurement and at the intermediary organization level. While studying the efficacy of each of the ideas is beyond the scope of this paper, many of the ideas appear promising and increased adoption of such practices will help determine which practices are most effective. Most importantly, it is hoped that this research causes intermediary organizations to more thoughtfully consider their role in amplifying the beneficiary voice.

8.2. Limitations and future research

However, all research has limitations and these limitations can represent useful areas of future research. This section summarizes key limitations and suggests ideas for future research.

8.2.1 Areas of future research arising from the results of this study

First, the purpose of this research was to investigate user-centered innovation theory in social entrepreneurship, particularly at the level of intermediary organizations. Given the growing interest in impact measurement, the beneficiary voice in impact measurement frameworks of intermediary organizations was selected as the proxy through which to do this. However, as impact measurement is simply a proxy, it is not a perfect representation of the presence of user-centered innovation practices within an intermediary organization. There are other forces that impact the impact measurement trend that are unrelated to user-centered innovation. It would be useful to further investigate the user-centered innovation in social entrepreneurship through a mechanism other than impact measurement. It is hoped that this research helps to drive interest in that direction.

Second, the legitimation activity resulting in fewer options for funding for SPOs suggested in Section 6.4.2 of this paper may be of interest as a future area of research. It would be helpful to know, for example, if and how paradigm-changing intermediary organizations impact the norms and values of not only SPOs (as was considered in this study) but rather of other, smaller, intermediary organizations. This could be investigated by studying the impact measurement frameworks of various intermediary organizations to understand how they were developed, how they have changed, and their similarities and differences to the frameworks of paradigm-changing intermediaries over a defined period of time. The process of legitimation itself may also be an interesting area of future research. Precisely how is legitimation happening in the social entrepreneurship sector? For example, is it the influence of a small number of experts who work at various large paradigm-changing organizations over their career? Is it through the creation and dissemination of thought leadership and white papers? Understanding the process of legitimation in the sector may yield useful insights that could be applied to amplifying the beneficiary voice.

Third, Section 6.4.3 suggested that one of the causes of marginalization of beneficiaries is due to the fact that they are not only non-resource-rich actors, but are also often not well organized. Future researchers may want to consider studying how beneficiary groups organize and advocate for their needs in the social entrepreneurship sector, the factors necessary for success, and importantly, how intermediary organizations can support and amplify the beneficiary voice. This exploration could be focused specifically in the impact measurement space (for example, the interest some intermediaries have expressed in supporting the creation of a “national beneficiary voice”), or more broadly in the social entrepreneurship sector.

Fourth, Section 7.3 outlines the differences in accountability structures between the commercial sector and social entrepreneurship sector. The non-cyclical nature of accountability in the social

entrepreneurship sector makes it difficult for beneficiaries to hold SPOs and intermediaries accountable for meeting their needs. How this accountability can be built into the social entrepreneurship sector would be a useful area of future research. Sections 7.4 and 9.1 propose some ideas that could be used as a jumping off point for future study. Relatedly, another area of future study may be addressing beneficiary accountability not at the level of intermediary or social purpose organizations, but rather at the level of the ultimate funders (those who fund the intermediaries). These ultimate funders are generally either a government agency, an individual, or a corporation and are accountable to different stakeholder groups. The integration of the beneficiary voice at this level may yield fruitful results.

8.2.2 Areas of future research arising from methodological limitations

From a methodological perspective, a number of limitations exist which also suggest further areas of research. First, although multiple cases and multiple data collection techniques used in this research provide an opportunity for rich description and in-depth understanding, the findings of this research offer limited generalizability (Naumes & Naumes, 2006, Yin, 2009) due to the purposive selection of the cases. The observations and insights provided in this thesis are what I observed in these two cases. To the extent the contextual factors of other cases might be different, the observations may or may not be replicated. Thus, it would be useful to perform similar research on other paradigm-building intermediary organizations in the social entrepreneurship sector.

Relatedly, it would be interesting to compare the results of the legitimation activity of various paradigm-building intermediary organizations. How aligned are the attitudes and values perpetuated by each of the organizations? How do the differing norms and values interact in the sector and how (and if) does one set of values become the dominant ideology? Answers to these questions can inform both the activities of intermediary organizations, as well as policy makers, as we collectively strive to improve the efficacy of the social entrepreneurship sector.

Finally, this research was conducted exclusively in Canada. The findings of this research may or may not be applicable to other geographies with different social, political and economic contexts. It would be interesting to replicate this study in other jurisdictions with a nascent social entrepreneurship sector. In particular, it would also be interesting to replicate this research with other large intermediaries who have an ability to impact the sector across multiple geographical boundaries.

CHAPTER 9: RECOMMENDATIONS & CONCLUSIONS

9.1 Recommendations

Through the research process, I was able to identify several opportunities to amplify the voices of beneficiaries in impact measurement frameworks. While it is beyond the scope of this paper to evaluate each of the ideas, they are presented here for consideration and to encourage further research.

9.1.1 Impact measurement as a legitimization tool

In terms of addressing the use of impact measurement as a legitimization tool, SPO research participants believed that the perspectives and attitudes of intermediary organizations around impact measurement needed to be changed. Section 6.4.2 outlined how the attitudes held by intermediary organizations around impact measurement have practical consequences on the mission and operations of SPOs. Therefore, a change of perspective in order to orient impact measurement around beneficiaries may result in social innovation processes that are more user-centered. Research participants proposed some possible alternative perspectives for consideration, largely centered around shifting the goal of impact measurement from accountability to organizational learning.

First, the goal of impact measurement should be shifted away from accountability and towards learning, where impact measures are not seen as a target to be met with possible punitive consequences, but rather as a feedback vehicle in order to enable organizational learning. This perspective aligns with Espeland & Sauder (2007) who note the tension between validity and accountability and remark on how measures are meant to be both an objective depiction of the world while simultaneously acting as an aspirational tool. As articulated by Strathern (1996), “when a measure becomes a target, it ceases to be a good measure.” Decreased emphasis of the accountability aspect may reduce some of the reactive implications in the sector.

Relatedly, the focus of impact measurement should be re-oriented to the *process* instead of the *ends*. Given the complexities inherent in measuring social impact, we should consider that we may never be able to truly measure the social impact of an organization. Perhaps organizations should look to maximize the value from the impact management process (e.g. as a method of engaging stakeholders, for organizational learning, etc.) instead of seeing the end result as the most, or only, value in impact measurement.

Third, impact measurement frameworks should be designed to provide more useful information to organizations. Most current impact measurement frameworks are designed to measure what is already being done. This tends to perpetuate existing systems as actions that can be taken as a consequence of collected data are often simply tweaks to the existing program. In the vein of using impact measurement as a learning tool, impact measurement frameworks should be designed in a way that challenges an organization's base assumptions as opposed to simply reinforcing their existing work.

Fourth, the resource-intensity of impact measurement should be reduced. All research participants agreed that impact measurement is a resource-intensive process. However, the intermediary organizations interviewed were generally of the belief that more data is better. Given the resource constraints at the SPO level, perhaps impact measurement frameworks could be designed using a minimum baseline approach, where intermediaries look to capture the minimum amount of data in order to advance their learning.

Finally, the sector should move away from desiring attribution of impact. Impact could be redefined not as a singular result that can be exclusively attributed to a certain organization or set of actions, but rather as a *contribution* to an overall impact. Cabaj (2014) summarizes this idea nicely, "Rather than try to definitively prove the causal relationship between intervention activities and results, program

designers should simply acknowledge that the intervention is only one of many factors behind a community change and seek to assess the relative contribution of the intervention.”

9.1.2 Impact measurement practices

As this research explored research participant experiences with impact measurement at an operational level, a number of operational beneficiary-centered “best practices” were observed or suggested. These practices were largely consistent with the suggested approach provided by the Common Approach’s Common Foundations framework (see Appendix G for more details) and are thus summarized using that framework in Table 8 below.

Table 8 - Observed beneficiary-centered impact measurement practices

| <i>Observed beneficiary-centered impact measurement practices</i> | |
|---|---|
| Practice | Recommendations |
| Plan Your Intended Change | <ul style="list-style-type: none"> - Include beneficiaries in defining the problem and determining how the extent of the problem should be measured. - Include beneficiaries in the development of the solution/ program/ intervention. To measure the efficacy of the solution, use the same methodology that was used to measure the problem. - SPOs should ensure that their mission statements (and thus purpose) are oriented to the beneficiary perspective. Resulting beneficiary-centered impact measures will then also be aligned to the SPO’s mission. |
| Use Performance Measures | <ul style="list-style-type: none"> - Ensure that beneficiary perspectives are not just considered, but rather prioritized in defining what success will look like, the determination of criteria for judging performance, and how different indicators should be weighed against each other - Where possible, utilize existing, widely accepted, and research-based frameworks that prioritize the beneficiary perspective. - The metrics selected must be useful for all key stakeholders, including the beneficiaries and SPOs. Usefulness is defined as having the potential to impact a future action as a result of having the information. |
| Collect Useful Information | <ul style="list-style-type: none"> - Include beneficiaries in the development of data collection plans and the execution of said plans. For example, beneficiaries can review survey questions for appropriateness, act as surveyors, and be involved in interpreting survey responses. |
| Gauge Performance and Impact | <ul style="list-style-type: none"> - Include beneficiaries in helping to interpret the data collected. This can help you better understand contextual factors behind the data results. Beneficiaries should also be prioritized in speaking into the development of recommendations and/or determination of actions that come out of the impact data. This should include not only potential programming changes, but also changes to the impact measurement framework being used. |
| Report on Results | <ul style="list-style-type: none"> - To the extent possible, results and ensuing actions should be made publicly available to all stakeholders. - Particular care should be taken to ensure that beneficiaries are able to understand and engage with the reported results, and that their needs and preferences are considered. This may include preparing a separate results report using language more suited to the beneficiary group, translating the report into different languages, or utilizing different means and modes of communication. - Beneficiaries should have access to their own data. Policies should be developed to ensure that beneficiary data is kept secure. Clarifying ownership of beneficiary data must be considered. |

Additionally, SPO research participants noted that while the beneficiary voice may not always be well represented in their impact measurement frameworks, the beneficiary voice was present in other

aspects of their operations. For example, beneficiaries being included in governance and decision-making bodies, with appropriate support to be an effective, contributing member; or involving beneficiaries in program design, from inception through to execution and monitoring. Intermediary organizations, who generally have not adopted these practices, should take these ideas under consideration.

9.1.3 The unique role of intermediary organizations

In considering the role of intermediaries as paradigm-changing actors in the social entrepreneurship sector, their role in not only adopting beneficiary-centred innovation and impact measurement practices themselves (as outlined above), but supporting the sector in adopting such a perspective, should be considered. For example, intermediary organizations could:

- Help build the capacity of SPOs to engage beneficiaries in impact measurement through training or resources (e.g. providing funding to translate impact reports into multiple languages or facilitating the collection of data).
- Require SPOs adopt an impact measurement framework that meets a minimum number of beneficiary-centred practices.
- Act as a beneficiary data aggregator and impact translator, or a centre of excellence, working with various stakeholders (including beneficiaries) to define and measure social impact. This could remove the burden of calculating impact from resource constrained SPOs who could, for example, simply be required to submit existing activity-based data instead of being responsible for calculating impact.
- Fund projects researching how the beneficiary voice can be amplified in impact measurement. Specific examples of ideas raised by research participants that were thought to be worthy include: the creation of survey and other data collection instruments that are dignifying to

beneficiaries; the creation of a national beneficiary voice that can articulate beneficiary needs and provide input regarding which types of issues and interventions should be funded; research and policy creation to address concerns around privacy, security and ownership of beneficiary data; and development of a methodology to quantify beneficiary data that is typically qualitative in nature.

9.2 Conclusion

The findings of this paper are a call to action for intermediary organizations to reconsider their impact measurement practices and significantly amplify the beneficiary voice. Through exploring user-centred innovation by studying the impact measurement frameworks set by intermediary organizations, I found that beneficiaries *are* being marginalized in the impact measurement process. More seriously, I found that impact measurement is being used by intermediary organizations as a legitimating tool which means that the marginalization of beneficiaries is occurring throughout the social entrepreneurship sector.

The impact measurement practices adopted by intermediary organizations have reduced the ability of resource-constrained social purpose organizations to remain user-centered in their work. As such, while well-intentioned, intermediary organizations are ultimately perpetuating an ineffective social innovation system by leaving beneficiaries out of the conversation. This is directly in opposition to the intended goal of social entrepreneurship, which is to improve the well-being of beneficiaries. This contrast, purporting to improve the lives of beneficiaries while simultaneously creating systems that marginalize their voices, must be resolved in order for real progress on social welfare to be made.

As paradigm-changing actors, intermediary organizations have a responsibility to advocate for, and actively encourage, beneficiary-centered innovation processes in the social entrepreneurship ecosystem. Given the increasing interest in impact measurement and the capability of impact

measurement to act as a legitimating tool, amplifying the beneficiary voice in impact measurement should be a primary area of focus. We must acknowledge that impact measurement is a tool of power and control, and those who wield such power must be held accountable for its consequences.

APPENDICES

Appendix A – Validation strategies

| <p>Aspects of “trustworthiness” *from Lincoln & Guba (1985)</p> | <p>Validation strategies used in this research *strategies come from J. W. Creswell & Poth (2018)</p> |
|---|--|
| <p>Credibility – The degree to which there is confidence in the truth of the research results.</p> <p>Guba & Lincoln (1989) claimed that the credibility of a study is determined when coresearchers or readers are confronted with the experience, they can recognize it.</p> | <ul style="list-style-type: none"> - Corroborating evidence through triangulation of multiple data sources – Methodological and data triangulation was ensured through employing multiple methods of data collection, from different sources of information. For example, this research was designed as a multi- (and not single-) case study, and for each case study, three (and not one) social purpose organizations were interviewed. Additionally, in order to verify accuracy of the information provided by interviewees, I corroborated facts by referring to public sources of information (e.g. the organization’s website) and also requested documentation evidencing the impact measurement frameworks used. |
| <p>Transferability - The degree to which the results of qualitative research have applicability in other contexts.</p> | <ul style="list-style-type: none"> - Generating rich, thick descriptions – I employed the use of thick, detail-rich descriptions of the research setting, research participants, patterns and themes, and results in order to enable readers to make their own decisions regarding the transferability of these results. This can be seen in the liberal use of direct quotations in Chapter 6, Results. In order to enable this, interview notes and transcripts were reviewed soon after primary data collection in order for contextual elements not to be missed. - Selection of cases to have maximum variability – Within the constraints of small samples, and as elaborated on in the Methodology section of this paper, I selected both intermediary and social purpose organization participants with the aim of maximizing diversity (in type of organization, beneficiaries served, industry/ sector, maturity level). |

| Aspects of “trustworthiness” *from Lincoln & Guba (1985) | Validation strategies used in this research - *strategies come from J. W. Creswell & Poth (2018) |
|---|--|
| Dependability – The degree to which the results of the qualitative research are consistent with the data presented and can be repeated. | <ul style="list-style-type: none"> - Review and debriefing of the research process and data – I sought and obtained an external check of my work, on a regular basis, from my graduate supervisor. My supervisor played the role of “devil’s advocate” and asked hard questions in order to improve the rigour of this research. - Creation and maintenance of an audit trail – Extensive documentation related to the research process was created and maintained, including detailed descriptions regarding the research process. This includes not only data sources such as interview notes and transcripts, but also documentation of my personal thoughts and insights, as well as details regarding choices I made in the design and analysis of the data. |
| Confirmability – The degree to which the results of qualitative research are neutral and shaped not by the researcher’s own biases or motivations, but rather by the perspectives and voices of the research participants. | <ul style="list-style-type: none"> - Making note of disconfirming evidence – I attempted to provide a realistic assessment of what I was learning, acknowledging the existence of confirmation bias. To do this, I intentionally sought out and made note of disconfirming evidence and refined my analyses as appropriate. I ensured such negative evidence was specifically included in the Discussion section of this paper. - Clarification and disclosure of researcher bias – I intentionally engaged in reflexivity to understand the biases, motivations, experiences and values I brought to the study. A summary of this reflexivity is included in the Methodology section of this paper. Practically, for example, I ensured that there was documentation of the various choices made during interviews in order to be able to understand the potential impact on research findings. I also intentionally looked for and considered negative evidence. |

Appendix B – Personal Reflection (Bracketing)

(see section 5.2.1.1 Bracketing for context)

I am a child of first-generation immigrants, and was born and raised in Toronto, Ontario, Canada. Both my parents grew up economically disadvantaged and their perspectives significantly shaped my upbringing. I have a background in business and have worked in the corporate sector for over 10 years. Professionally, I am a Chartered Professional Accountant (CPA, CA) and sustainability professional. I continue to teach corporate social responsibility mainly at the graduate and executive education levels. Outside of my professional pursuits, I have engaged in various capacities with a number of issues including ethical trade, climate change, and community building. I have three young children.

I am a strong supporter of sustainable development and believe that businesses and corporations have to a critical role to play in achieving long term sustainability. I feel that there are numerous social and environmental externalities that are being ignored by our capital markets and that a reprioritization of long-term impacts over short-term profit is necessary. While my training as a CPA, CA has taught me the usefulness of quantitative analysis, my involvement with community-based organizations has led me to strongly value the perspectives and lived-experiences of individuals.

Specifically, with respect to this research, I do not have any personal relationships with the individuals or organizations who were interviewed. While I believe in the potential of social entrepreneurship, I am not active in the sector as an entrepreneur or funder. I have, in very limited instances, provided mentoring (mainly from a business or measurement standpoint) to social enterprise start-ups. My interest in the topic of impact measurement and the beneficiary voice arose based on my own experiences working in community building, my expertise in impact measurement, and

conversations that I have had on this topic with individuals in my corporate social responsibility network.

Appendix C – Research Consent Agreement

RESEARCH CONSENT AGREEMENT

GENERAL DETAILS

Title of Research Project: Stakeholder roles in measurement models of social enterprise

Principle Investigator: Lindsay Colley, MScM Candidate, Lindsay.colley@ryerson.ca

Supervisor: Dr. Alison Kemper, Associate Professor, Alison.kemper@ryerson.ca

This research study is being conducted by Lindsay Colley and Alison Kemper from the Ted Rogers School of Management at Ryerson University. If you have any questions or concerns about the research, please feel free to contact either Lindsay or Alison using the contact information above.

PURPOSE OF THE STUDY:

You are being invited to participate in a research study. Please read this consent form so that you understand what your participation will involve. Before you consent to participate, please ask any questions to be sure you understand what your participation will involve.

This study is designed to explore impact measurement for social enterprises through looking at the institutionalization of social entrepreneurship through the measurement models of enabling organizations.

We are recruiting two types of organizations for participation in this study.

ENABLING ORGANIZATION PARTICIPANTS

We are recruiting a minimum of three and a maximum of four enabling organization participants.

Potential participants must come from an enabling organization, defined as any organization that enables social entrepreneurs to achieve their mission. This includes award granting organizations, fellowship organizations, incubators, venture philanthropy or capitalist firms with interest in social enterprises, and funding organizations.

Individuals being interviewed must be employees or directors of the enabling organization with some authority or knowledge about how the organization determines which social enterprises to accept and how the organization evaluates the success of their portfolio.

SOCIAL ENTERPRISE ORGANIZATION PARTICIPANTS

We are recruiting a minimum of nine and a maximum of 16 social enterprise organization participants.

Potential participants must come from a social enterprise organization, defined as an organization that address a basic unmet need or solve a social or environmental problem through a market-driven approach. The social enterprise organization must further have a relationship with a participating enabling organization (see above).

Individuals being interviewed must be employees or directors of the social enterprise organization with some authority or knowledge about the impact measurement process used in their organization.

Potential participants who do not meet the criteria above are ineligible for participation in the study.

This research is in fulfillment of the thesis requirement for Lindsay Colley, graduate student.

WHAT PARTICIPATION MEANS:

If you volunteer to participate in this study, you will be asked to participate in a 60 minute in-person, telephone, or Skype interview to discuss your organization's perspectives on how to measure the success of social enterprises. Examples of questions that will be asked include:

- How does your organization measure impact?
- What gaps do you see in your existing measurement model?

For the purposes of analysis, the interviews will be audio-recorded and then transcribed. You have the right to review/edit the recordings and transcripts should you desire. Please contact Lindsay Colley, researcher, at Lindsay.colley@ryerson.ca to make arrangements.

Enabling organization participants will also be asked to provide a copy of their organization's measurement model for how they measure the success of organizations within their organization's portfolio.

Details regarding the confidentiality, storage and security of research files (including audio and transcript files) is provided below.

The final results of this study can be accessed via the below link once the thesis is completed, in approximately January 2020:

<https://digital.library.ryerson.ca/>

POTENTIAL BENEFITS OF THE STUDY:

Impact measurement continues to be challenge for social enterprises. This research aims to contribute towards a better theory of measurement for social enterprise in order to support more effective decision making and capital allocation.

Further, as there has been limited research on the measurement models of enabling organizations for social entrepreneurship, it is anticipated that this research will enable future research in this topic.

I cannot guarantee, however, that you or your individual organization will receive any direct benefits from participating in this study.

WHAT ARE THE POTENTIAL RISKS TO YOU AS A PARTICIPANT:

There are very low potential risks associated with this study.

ENABLING ORGANIZATIONS

You may feel uncomfortable providing your personal opinions about the measurement models used by your organizations, especially if your personal opinion is critical of your organization. You may also feel uncomfortable disclosing information you perceive to potentially be competitive or confidential in nature, such as future modifications to the measurement models or the direction of your organization.

Your identity and responses will be confidential and no information contained in the final research report will be individually or organizationally attributable.

In the case you feel uncomfortable, you may skip answering a question or stop participation, either temporarily or permanently. You are free to withdraw your consent to participate and may discontinue your participation at any time without consequences. The investigator will destroy data collected if you decide to withdraw.

SOCIAL ENTERPRISE ORGANIZATIONS

You may feel uncomfortable providing your personal opinions about the measurement models used by your organizations, especially if your personal opinion is critical of your organization, or of the enabling organization whose model you have to follow. You may also feel uncomfortable disclosing information you perceive to potentially be competitive or confidential in nature, such as future modifications to the measurement models or the direction of your organization.

Your identity and responses will be confidential, will not be shared in any way with your partner enabling organization, and no information contained in the final research report will be individually or organizationally attributable.

In the case you feel uncomfortable, you may skip answering a question or stop participation, either temporarily or permanently. You are free to withdraw your consent to participate and may discontinue your participation at any time without consequences. The investigator will destroy data collected if you decide to withdraw.

CONFIDENTIALITY, DATA STORAGE AND DISSEMINATION:

Your privacy will be maintained at all times. Your identity and organization will neither be disclosed to any person/entity nor included in the published reports or presentations.

Measures that will be undertaken to maintain confidentiality, through data collection and storage practices are as follows:

- Instead of naming and identifying research files using individual or organizational names, study codes will be assigned to all research files (e.g. audio-recordings of interviews, transcriptions, organizational measurement models, etc.). A separate document that links the study code to subjects' identifying information will be stored in a separate password protected file.
- All hard copy documents will be digitized and then securely shredded by a professional shredding company.
- All digital research files, including private organizational measurement models, audio recordings, interview transcripts, analyses and other data will be encrypted and password protected
- Access to all research files will be restricted to only the main researcher and research supervisor
- Identifying information about the participants involved in the research (e.g. names, organizations, etc.) will not be disclosed to others including colleagues, friends, or family
- All information will be stored on the secure Ryerson Google drive via the researcher's computer, which is password protected. Further, the researcher's computer has an encrypted hard drive, uses anti-virus software and anti-malware regularly, keeps up to date with Windows updates and uses secure browser plugins

Identifying data will be retained for up to two years post-completion of this study. After two years, all data will be securely disposed of.

The final results of this study can be accessed via the below link once the thesis is completed, in approximately January 2020:

<https://digital.library.ryerson.ca/>

VOLUNTARY PARTICIPATION AND WITHDRAWAL:

Participation in this study is completely voluntary. You can choose whether to be in this study or not. If any question makes you uncomfortable, you can skip that question. You may stop participating at any time and you will still be given the incentives and reimbursements described above. If you choose to stop participating, you may also choose to not have your data included in the study. Your choice of whether or not to participate will not influence your future relations with Ryerson University or the investigators (Lindsay Colley and Alison Kemper) involved in the research.

QUESTIONS ABOUT THE STUDY:

If you have any questions about the research now, please ask. If you have questions later about the research, you may contact Lindsay Colley (Lindsay.colley@ryerson.ca) or Alison Kemper (Alison.kemper@ryerson.ca)

This study has been reviewed by the Ryerson University Research Ethics Board. If you have questions regarding your rights as a participant in this study please contact:

Research Ethics Board
 c/o Office of the Vice President, Research and Innovation
 Ryerson University
 350 Victoria Street

Toronto, ON M5B 2K3
416-979-5042
rebchair@ryerson.ca

Please reference file number 2018-441.

RESEARCH STUDY: STAKEHOLDER ROLES IN MEASUREMENT MODELS OF SOCIAL ENTERPRISE]

CONFIRMATION OF AGREEMENT TO PARTICIPATE IN THE STUDY:

Your signature below indicates that you have read the information in this agreement and have had a chance to ask any questions you have about the study. Your signature also indicates that you agree to participate in the study and have been told that you can change your mind and withdraw your consent to participate at any time. You have been given a copy of this agreement. You have been told that by signing this consent agreement you are not giving up any of your legal rights.

Name of Participant (please print)

Signature of Participant

Date

CONFIRMATION OF AGREEMENT TO BE AUDIO-RECORDED:

I agree to be audio-recorded for the purposes of this study. I understand how these recordings will be stored and destroyed.

Signature of Participant

Date

Appendix D – Recruitment Message

[SENT VIA EMAIL]

SUBJECT: Invitation to participate in research study about impact measurement for social enterprise.

Hello!

My name is Lindsay Colley. [ONLY IF CONSENT IS OBTAINED FROM THE REFERRER]

You were referred to me by [XXX]. I would like to invite you to participate in a research study about impact measurement for social enterprise.

I am CPA and graduate student at Ryerson University researching social entrepreneurship under the guidance of my supervisor Dr. Alison Kemper. This research is being done as part of my graduate studies for the partial completion of my Master's degree.

Our research aims to contribute towards a better of theory of measurement in this field by looking at the institutionalization of social entrepreneurship through the measurement models of enabling organizations. Enabling organizations are defined as any organization that enables social entrepreneurs to achieve their mission. This includes award granting organizations, fellowship organizations, incubators, venture philanthropy or capitalist firms with interest in social enterprises, and funding organizations.

Participation involves a 60-minute interview to discuss your organization's perspectives on how to measure the success of social enterprises. The interview will be audio-recorded to allow for transcription. If you are an enabling organization, you will also be asked to provide a copy of your organization's impact measurement model.

Your files, identity and responses will be kept confidential and secure. No identifiable or attributable information will be disclosed in the final report. For the interview, you do not have to answer any questions you do not want to. You are free to withdraw your consent to participate and may

discontinue your participation at any time without consequences. More detailed information about this research can be found in the attached consent agreement.

We hope that you agree to participate! If so, please let me know your availability for a 60-minute interview within the next few weeks. A scanned copy of the signed consent agreement must be received prior to the interview. If you have any questions or concerns, don't hesitate to contact me at Lindsay.colley@ryerson.ca

Kind regards,

Lindsay Colley

[ATTACH CONSENT FORM]

Appendix E – High-level interview questions provided to participants

| Type of organization being interviewed | Interview questions |
|---|---|
| Intermediary | <ol style="list-style-type: none"> 1. How does your impact measurement framework support your work, from intake through to evaluation? (I've looked through the information available online already, so this is more about your own thoughts on this) 2. How do you feel about your existing impact measurement framework? Does it do what you want it to do? 3. Do you think your impact measurement framework matches up with the frameworks of the social enterprises that you support? What about what the end-user beneficiaries want? 4. Where do you see impact measurement going for your organization? What role do you see impact measurement having in meeting your future goals? |
| Social purpose organization | <ol style="list-style-type: none"> 1. How do you understand how you are being evaluated by (name of intermediary), or conversely, how the (name of intermediary) measures success? 2. What has your experience with (name of intermediary)'s impact measurement process been like? 3. How do you think (name of intermediary)'s impact measurement framework connects to, and impacts, your mission? 4. If you had the ability to make changes to (name of intermediary)'s impact measurement process, what would you suggest? 5. Where do you see impact measurement going for your organization? What role do you see impact measurement having in meeting your future goals? |

Appendix F – NVivo Theme Tree

| Name | Files | References |
|--|-------|------------|
| 1 - Impact measurement | 8 | 85 |
| Intermediary Attitudes | 2 | 31 |
| Acknowledgement of own intermediary power | 1 | 1 |
| Acknowledgement that intermediaries as a group haven't worked together | 1 | 1 |
| Allows intermediary to be more focused, missional | 2 | 7 |
| Has operational and decision-making impacts | 2 | 6 |
| Is about learning and not accountability | 1 | 1 |
| Focus on IM must be accompanied by increased transparency | 1 | 1 |
| General positive attitude about impact measurement | 1 | 2 |
| 3I-Perspective-movement towards impact measurement is a big shift | 1 | 2 |
| Is about justification to own funders | 2 | 10 |
| IM necessary for aggregation | 1 | 4 |
| IM useful for storytelling | 1 | 2 |
| Justification of work to funders | 2 | 3 |
| Sees role in moving SPO resistance | 1 | 2 |
| Thinks its burdensome on itself | 1 | 1 |
| To meet own goals | 1 | 1 |
| Understands difficult for SPOs | 2 | 3 |
| Understands that LT impacts are hard to measure | 1 | 2 |
| Therefore, focused on activity measures | 1 | 1 |
| SPO Attitudes | 7 | 54 |
| Acknowledgement of intermediary role | 5 | 11 |
| General negative attitude | 5 | 30 |
| Disagrees with intermediary's approach | 4 | 5 |
| Approach is too capitalistic | 1 | 1 |
| Feels intermediary metrics are too standardized | 1 | 1 |
| Focus is too short term | 2 | 2 |
| Ideas about what intermediary does with data | 3 | 6 |
| Causes some stress because intermediaries are not always transparent | 1 | 1 |
| Intermediary uses data for CYA purposes only | 1 | 2 |
| Intermediary wants to claim credit | 1 | 2 |
| 3-Perspective-most intermediaries are not big enough to move impact needle | 1 | 1 |
| Not sure what intermediary does with information | 1 | 1 |
| Intermediary did research but did not share data back to SPOs and SPOs wanted it | 1 | 1 |
| Quantification not possible; too challenging; results in bad decision making | 3 | 15 |

| | | |
|--|---|----|
| Will measure impact based on ease of tools available as opposed by outcome | 1 | 1 |
| Too complex for SPOs | 1 | 3 |
| Measurement burden should not be at SPO level | 1 | 1 |
| General positive attitude | 6 | 13 |
| Forces rigour on SPOs which is good | 1 | 1 |
| Agrees with intermediary's metrics | 1 | 2 |
| But thinks that it is missing some aspects | 1 | 1 |
| Impact measurement is a nice to have, not must have | 1 | 1 |
| It's important to know what works | 1 | 1 |
| Knowing our impact is a good thing | 3 | 6 |
| Measure certain measures specifically for the purpose of grants | 1 | 1 |
| Useful for storytelling | 2 | 3 |
| 2 - Impact of impact measurement on SPOs | 1 | 5 |
| Intermediary perspectives | 1 | 5 |
| How we operationalize our mission | 1 | 2 |
| Impacts application process and resource allocation decision | 1 | 1 |
| Is about learning, not accountability | 1 | 2 |
| SPO perspectives | 0 | 0 |
| Missional impacts | 5 | 11 |
| Extremely aware of intermediary's impact targets | 1 | 2 |
| Impact on direction, areas of focus for SPO | 4 | 9 |
| Operational impacts | 6 | 27 |
| Impacts how SPO approaches fundraising and grants | 3 | 7 |
| Impacts programming decisions - e.g. who they hire | 2 | 3 |
| No operational changes | 1 | 1 |
| Resource intensive, burdensome | 5 | 12 |
| Collecting data only for intermediary; not using data myself | 1 | 2 |
| Data accuracy requires a lot of work, but will do it because worried about how intermediaries use the data | 1 | 2 |
| Intermediary imposed systems are difficult | 2 | 2 |
| Resource intensive, not burdensome | 3 | 4 |
| Resource intensive, not burdensome because we would have done this on our own (we want this) | 2 | 2 |
| 3 - User-centred innovation - beneficiary inclusion | 2 | 30 |
| Intermediary attitudes | 2 | 30 |
| Acknowledges beneficiaries are over researched | 1 | 2 |
| Acknowledges beneficiary perspective may be different than their own | 1 | 1 |
| Acknowledges lack of beneficiary voice | 1 | 1 |
| Agrees beneficiary voice is valuable | 2 | 16 |
| Agrees beneficiary voice is valuable and has operationalized this | 1 | 11 |
| Believes beneficiaries should be allowed to measure themselves | 1 | 1 |
| Beneficiaries in program design | 1 | 1 |
| Beneficiaries on decision making bodies | 1 | 2 |

| | | |
|---|---|----|
| But must be appropriately supported | 1 | 2 |
| Get managers to fill out surveys because not dignifying | 1 | 1 |
| Have beneficiaries and not researchers do the research | 1 | 1 |
| Not just surveys; also focus groups | 1 | 1 |
| Suggest to SPOs to have beneficiaries on advisory committee | 1 | 1 |
| Thinks beneficiaries should get value out of data collected, but they are not there yet | 1 | 1 |
| Used beneficiaries in evaluation design | 1 | 1 |
| Agrees should be in governance model but not there yet | 1 | 2 |
| Agrees ultimately accountable to beneficiaries | 1 | 2 |
| Encourages SPOs to think about beneficiaries | 1 | 1 |
| Interested in how SPOs are engaging with beneficiaries | 1 | 1 |
| Perceives beneficiaries as a vehicle for feedback only | 1 | 7 |
| Challenging to design effective feedback tools | 1 | 2 |
| Beneficiary concerns about data ownership and privacy | 1 | 1 |
| Feels self-reported data is not objective | 1 | 2 |
| Unsure if beneficiaries even want to engage in data | 1 | 1 |
| Concerned with rigour in beneficiary data | 1 | 1 |
| Has not considered beneficiary voice in decision making, determining need | 1 | 1 |
| Top down approach to collecting beneficiary data | 1 | 1 |
| Wants direct contact with beneficiaries | 1 | 1 |
| Perceives SPO resistance to including beneficiary voice | 1 | 1 |
| SPO attitudes | 7 | 40 |
| Operational beliefs | 7 | 25 |
| Allow beneficiaries to measure themselves | 3 | 7 |
| Beneficiaries are included in advisory councils | 1 | 1 |
| Beneficiaries should be on staff | 1 | 1 |
| Hard or shouldn't keep in touch with beneficiaries after out of the program | 1 | 1 |
| Measurement tools are OK | 1 | 2 |
| Measurement tools not OK (not dignifying) | 5 | 12 |
| Have beneficiaries ask the question | 1 | 1 |
| Have third party fill out survey and not beneficiary | 3 | 5 |
| Intermediary asks SPOs to be a third part to ask beneficiary | 1 | 1 |
| Worries that asking beneficiaries for data is not appropriate | 1 | 1 |
| Reporting not beneficiary centred | 1 | 1 |
| Perspectives | 6 | 15 |
| Impact should be defined from beneficiary perspective | 4 | 6 |
| Measurement leaves out most vulnerable because extra work needed | 1 | 1 |
| Measurement tools should help beneficiaries focus on the positive | 1 | 1 |
| Purpose of measurement is to engage more beneficiaries | 1 | 2 |
| Qualitative debriefs with beneficiaries most important | 1 | 1 |

| | | |
|--|---|----|
| Success defined as beneficiary opinions and continued participation | 3 | 4 |
| Thinks beneficiaries would define success differently | 1 | 1 |
| 4 - Recommendations | 8 | 60 |
| Do not measure impact | 4 | 5 |
| Go back to activity measures | 1 | 1 |
| Have SPOs measure activity and the intermediaries worry about impact | 1 | 2 |
| Measure engagement instead of activity | 1 | 1 |
| Measurement as needs assessment versus impact | 1 | 1 |
| Ensure SPOs and Intermediaries are aligned in metrics | 3 | 3 |
| Make it more about learning for SPOs than accountability | 2 | 2 |
| Improve beneficiary data collection | 4 | 16 |
| Beneficiaries should own their own data and make use of their data | 1 | 1 |
| Do not collect data from beneficiaries directly (use admin data) | 1 | 1 |
| Solution - capture beneficiary voice in pre-post tools | 1 | 1 |
| Solution - collect beneficiary experience data informally | 2 | 6 |
| Solution - collect survey data in an informal way via a case manager | 2 | 4 |
| Solution - compensate beneficiaries for their data | 1 | 2 |
| Solution - involve beneficiaries in data collection | 2 | 3 |
| Solution - stay in touch with beneficiaries | 1 | 2 |
| Improve flexibility of approach | 2 | 3 |
| Solution - maybe have different approaches per funder | 1 | 1 |
| Include beneficiaries in decision making bodies | 3 | 6 |
| Include beneficiaries in evaluation design phase | 2 | 3 |
| Impact measures should benefit the beneficiary | 1 | 1 |
| Beneficiaries do a self-assessment | 2 | 3 |
| Impact measures should be understood by beneficiaries | 1 | 1 |
| Invest in standardized systems | 2 | 2 |
| Involve beneficiaries in program design phase | 2 | 4 |
| Solution - ask beneficiaries how to solve the problem | 1 | 2 |
| Solution - how many programs have beneficiaries helped shape | 1 | 1 |
| Longitudinal study - with academic rigour | 1 | 1 |
| Measure the program the same way you measure the problem | 1 | 1 |
| Move towards SDGs | 1 | 1 |
| PFC and advocacy groups | 1 | 1 |
| Shared purpose | 1 | 1 |
| Simplify | 3 | 6 |
| Do not change metrics year over year | 1 | 1 |
| Example - microgrants with no quantitative measures | 1 | 2 |
| Use a framework | 1 | 2 |
| Support SPOs in collecting beneficiary data | 3 | 4 |
| Fund SPOs to hear from beneficiaries | 2 | 2 |
| Provide expertise to SPOs to enable them to measure impact | 1 | 1 |
| Work with SPO to figure out data collection that makes sense | 1 | 1 |

| | | |
|--|---|---|
| Technology enabling beneficiaries to hold grantees and funders accountable | 1 | 1 |
| Use beneficiaries to solve problems | 1 | 2 |

Appendix G – The Common Foundation to Impact Measurement

The Common Approach is a collaborative two-year project which arose from the Ontario Social Enterprise Strategy 2016-2021 (Common Approach to Impact Measurement, 2019a). The purpose of the project is to address challenges in impact measurement for social purpose organizations, with a particular emphasis on balancing the need for standardization with the need for flexibility. The project, led by Carleton University’s Sprott School of Business, is owned by a community of organizations including academics, investors, non-profits, social purpose organizations, and others. It is funded by the Ontario Ministry of Economic Development, Job Creation and Trade and Employment and Social Development Canada.

The Common Foundations framework, developed through the Common Approach project, are practices that describe how to do impact measurement. They represent a minimum standard for impact measurement practices without prescribing a particular tool or approach. In a sense, they represent a set of principles which, when adhered to, provide some assurance that an organization’s impact measurement framework is of a sufficient quality and comparability.

The five practices that make up the Common Foundations are outline in Table 1G below.

Table 1G

| <i>The Common Foundations of Impact Measurement</i> | | |
|---|---|--|
| Practice | Description | Stakeholder considerations |
| Plan Your Intended Change | Have a clear understanding of how, and why, your work will bring about change. | Be aware of the changes that matter most to your stakeholders. Include differing perspectives when defining how and why your work will bring about change, and get feedback on any potential unintended results (both positive and negative). By involving stakeholders in planning your intended change you will uncover differing assumptions, expectations and ideas that give the strongest possible basis for measuring impact. |
| Use Performance Measures | Performance measures help you to assess how well your work is carried out, and what | Where possible, involve stakeholders in the selection of your performance measures. Involve them in defining what success will look like from their perspective, what criteria or standards they |

| | | |
|------------------------------|---|--|
| | effects it has, informing you of both how to create impact, and what changes have occurred. | have for judging your performance, and what the priority should be between different indicators. By involving stakeholders, you can ensure the performance indicators you choose closely reflect the results you hope to achieve, and that the basis for measuring your impact is widely accepted. |
| Collect Useful Information | Gather and analyze data, considering what information you collect, how it is collected, and how often it is collected. | Where possible, share your data collection plans and ask people for their thoughts. Ideally, give your stakeholders options about how they will contribute and choose methods that will enable everyone to fully participate regardless of background, confidence or experience. By involving your stakeholders you will ensure the data you collect is as full and accurate as possible. |
| Gauge Performance and Impact | Assemble and analyze your data, then present it in a reasonable and credible context in order to gain insights about what works and how well you are doing. | Involve your stakeholders in helping you to make sense of the information you collect. Where possible, bring people together to discuss your findings, review results and explore the reasons behind these. Give them the opportunity to check whether your results are consistent with those you set out to achieve, and to identify lessons or make recommendations. By involving your stakeholders you can ensure that the information you collect is widely understood and becomes actionable. |
| Report on Results | Openly report a balanced account of your work, and the difference it makes, in ways that are appropriate to your stakeholders. | Take time to consult with your different audiences in advance to ensure that your reporting methods reflect their needs and preferences. Get feedback to ensure the information you present is clear, user friendly, and useful. Make efforts to ensure that communication becomes a two-way process, using appropriate channels. By reporting regularly and publicly you will establish trust, transparency, and accountability among your stakeholders. |

Note. Adapted from The Common Foundations of Impact Measurement (Common Approach to Impact Measurement, 2019b)

The Common Approach’s Common Foundations framework was selected to use as a basis for describing results for a number of reasons. First, the Common Approach is a project rooted in academia, working in conjunction with practitioners, which provides for both academic rigour and practical applicability. In developing the Common Foundations, over 500 impact measurement standards, guides, tools and frameworks were reviewed (Common Approach to Impact Measurement, 2019a). Second,

given that the case studies selected for this research are geographically located in Canada, the utilization of a framework funded and supported by a Canadian provincial government ensures cultural consistency and increases the relevancy of the work I am doing. Finally, and most importantly, the intent of the Common Approach is to provide a bridge between the many existing impact measurement frameworks and standards. The purpose of this study is not to provide an opinion on the different measurement models being used by intermediaries, but rather to understand the extent to which beneficiaries are included. The Common Foundations, developed by the Common Approach, are flexible enough to be applied to all intermediaries, including the two case studies described in this research.

Appendix H – Summary of Data Collected

Data Collection Table

| Organization Number | Organization type | Number of formal interviews | Number of informal discussions | Materials reviewed |
|---------------------|-------------------|-----------------------------|--------------------------------|--------------------|
| 1 | Intermediary | 1 | 1 | 2 |
| 2 | SPO | 1 | 0 | 1 |
| 3 | SPO | 1 | 0 | 1 |
| 4 | SPO | 1 | 0 | 1 |
| 5 | Intermediary | 1 | 0 | 2 |
| 6 | SPO | 1 | 0 | 1 |
| 7 | SPO | 1 | 0 | 0 |
| 8 | SPO | 1 | 0 | 1 |
| 9 | Intermediary | 1 | 1 | 0 |
| 10 | SPO | 1 | 0 | 1 |
| 11 | SPO | 1 | 0 | 0 |
| 12 | SPO | 1 | 0 | 0 |
| 13 | Intermediary | 1 | 0 | 0 |
| 14 | Intermediary | 1 | 0 | 0 |
| 15 | Intermediary | 0 | 1 | 0 |

Types of Materials Reviewed

| Type of material | Purpose and relevance |
|--|--|
| Impact measurement framework - high level overview | To understand impact measurement framework |
| Impact measurement framework - details | To understand impact measurement framework |
| Impact measurement template - blank | To understand operational consequences of impact measurement framework |
| Impact measurement template - filled-out | To understand operational consequences of impact measurement framework |
| Communications regarding impact measurement | To understand impact measurement perspectives and attitudes |
| Websites | To understand public communications regarding impact measurement |

Appendix I – Research Ethics Board Approval



To: Lindsay Colley
Ted Rogers School of Management
Re: REB 2018-441: Stakeholder roles in measurement models of social enterprise
Date: February 12, 2019

Dear Lindsay Colley,

The review of your protocol REB File REB 2018-441 is now complete. The project has been approved for a one year period. Please note that before proceeding with your project, compliance with other required University approvals/certifications, institutional requirements, or governmental authorizations may be required.

This approval may be extended after one year upon request. Please be advised that if the project is not renewed, approval will expire and no more research involving humans may take place. If this is a funded project, access to research funds may also be affected.

Please note that REB approval policies require that you adhere strictly to the protocol as last reviewed by the REB and that any modifications must be approved by the Board before they can be implemented. Adverse or unexpected events must be reported to the REB as soon as possible with an indication from the Principal Investigator as to how, in the view of the Principal Investigator, these events affect the continuation of the protocol.

Finally, if research subjects are in the care of a health facility, at a school, or other institution or community organization, it is the responsibility of the Principal Investigator to ensure that the ethical guidelines and approvals of those facilities or institutions are obtained and filed with the REB prior to the initiation of any research.

Please quote your REB file number (REB 2018-441) on future correspondence.

Congratulations and best of luck in conducting your research.

A handwritten signature in black ink, appearing to read "Patrizia Albanese". The signature is written over a dashed horizontal line.

Dr. Patrizia Albanese, PhD
Chair, Ryerson University Research Ethics Board

The Following protocol attachments have been reviewed and approved.

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