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A study of the UK social enterprises' accountability:

Could social enterprises and their accountability provide an avenue to an alternative capitalism?

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Abstract

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Keywords: Social enterprises, accountability, blended value accounting, capitalism, accounting for marginalized parties

Purpose: The study's purpose is to investigate accountability in social enterprises. This is to answer the main thesis question of whether social enterprises and their accountability could provide the world with an alternative form of capitalism where humanitarian crises are better addressed.

Methodology: The study applies a qualitative approach based on inductive process. It is based on interpretivist and constructionist considerations. The empirical investigations are illustrated in the form of case studies reflecting a convincing sample. Data and researcher triangulation methods are applied.

Theoretical perspectives: To high extent the study depends on discussion of social enterprises, accountability, blended value accounting tools, legal reporting requirements for the UK social enterprises, and the system oriented theories.

Empirical foundation: Empirical data was collected through formal and informal channels of accounting. The formal channel represents annual reports, and the informal channels include websites, social media and a SROI report.

Conclusions: Social enterprises' accountability creates a more comprehensive reality. This is through responding to environmental and social crises, ensuring that resources are used in ethical and wise manner, and accounting for social performance and impacts. The idea of accounting to empower disadvantaged parties has been raised. Social enterprises are seen to be opportunity owners that may facilitate the transition to an alternative capitalism where accounting can play the role of catalyst.

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1. Background

During the third millennium while humans claim civilization and development, nearly half of the world population - more than 3 billion people - live on less than $2.50 a day, 35% of women worldwide have experienced either partner violence or non-partner violence in their lifetime, and 22,000 children die each day due to poverty (DoSomething.org, n.d.). Such problems exist in both poor zones as well as the most 'developed' countries. For instance, in the Great Britain - the seventh largest economy in the world - due to austerity almost half of the UK population is suffering from financial insecurity (Oxfam, 2013; Fagge, 2011), two women are killed every week only in England and Wales by existing or former partners (Moses, 2008), and approximately four million children and adults suffer from improper nutrition (Oxfam, 2013).

Meanwhile, the world does not seem to pay enough attention to fighting injustices and inequalities, and to empowering disadvantaged people. Many business organizations around the world do not take real actions to consider their social responsibilities. For instance, Abercrombie and Fitch refused to send clothes to non-profit organizations when being asked to support poor people. One of its managers stated that *"Abercrombie and Fitch doesn't want to create the image that just anybody, poor people, can wear their clothing. Only people of a certain stature are able to purchase and wear the company name"* (Levinson, 2013). The neglection of humanitarian crises is also witnessed at the level of ordinary people. For instance, in the UK, families waste around one-fifth of all the food they purchase instead of giving it to people in need. (Penguin, 2009 through Feeding the 5000)

In the European Social Business Forum held in Lund, Sweden, in May 2014, the humanitarian crises caused by injustices and inequalities have been raised. Professor Muhammad Yunus, Nobel Peace Prize Laureate stated that most of current problems are caused by human selfishness that drives people to seek for profit maximization even at the expense of the most marginalized parties. He stated that *"money has become people's God, and people worship it"*, therefore, crises and suffering are in increase. He suggested the social business as an avenue to fight humanitarian suffering and as a creative alternative. In comparison, traditional charities provide people in need with only short term aid and do not enable them to find a sustainable dignified and decent livelihood. According to him social business takes a basis of a charity, however it depends on business methodology to generate income to be used for the benefits of marginalized people. He highlighted the difference between charities and social enterprises by stating that *"a charity dollar has one life. A social business dollar can be invested over and over again".*

2. Introduction

The International Accounting Standards Board's conceptual framework defines the objective of reporting as to satisfy information requirements of *"existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity"* (IFRS, 2013). It is evident that IASB (which accounting standards are adopted in 130 countries) perceives accounting as an informative tool mainly for the providers of financial capital which is claimed to be the main resource to the entity (IFRS, 2014). This narrow financial capital oriented view privileges capital providers and raises the threat that they would be the most powerful and hence they might assert their power to achieve their own interests regardless of other stakeholders' needs (Broadbent, 2002). Furthermore, as Ghoshal (2005) argues the value creation does not only require financial capital providers, but it also requires other contributors, for example, employees as providers of human capital. As a result, it is illogical and unfair to exclude different stakeholders and their contributions by only considering financial capital providers as the main information users and the main contributors of resources to the entity.

It is noticed that radical critical accounting scholars such as Tinker believe that the main aim of accounting is to support and legitimize unfair social structure and to be the weapon for the powerful groups that they could use to oppress under-privileged groups (Deegan, 2009; Owen, Gray and Bebbington, 1997). There are variations in radical critical scholars' definitions of the under-privileged groups, for example, women and labor. However, they are relatively more consistent in defining the powerful groups as the capital owners or financial capital providers. (Deegan, 2009; Tinker and Neimark, 1987) This gloomy based view of accounting and the role it plays could be seen as an outcome of only including capital providers as the main users and their contributions as the main resources.

The literature of most of the radical critical accounting scholars (notably Tinker) is mainly based on a gloomy-driven partial analysis of profit driven organizations, thereby mainly focusing on dark sides of humans and organizations (Owen, Gray and Bebbington, 1997; Ghoshal 2005). Moreover, their studies are rather limited in their focus and disregard 'value driven' organizations and the accounting model they may provide. It is seen that social enterprises that are value driven organizations could provide a more elated accounting model rather than the gloomy model introduced by most of the radical critical accounting scholars.

Social enterprises are globally growing organizations on a rapid basis, and they are forming a recent and interesting phenomenon especially due to being relatively uncovered by academic research (Manetti, 2014; Connolly and Kelly, 2011; Nicholls, 2010a). They are mainly characterized by being value driven, combining economic missions with social missions, generating profits through creative means mainly to serve people and communities in need, as well as having more stakeholder oriented perspective, and promoting accountability and transparency (Nicholls, 2006; Brouard and Larivet, 2010; Connolly and Kelly, 2011). For such characteristics, Social Enterprise Coalition in the UK (2011a) is convinced that social enterprises do not only represent new means of doing business, but also a vision of how business will be performed in the future. Due to the characteristics of social enterprises and the opportunities they offer to improve business practices by carrying social missions, it is not unreasonable to expect that they may provide a 'better' accounting model.

The expectation that social enterprises will provide a better model of accounting is accompanied by inspiration from Gray, Brennan and Malpas (2013). They argued that the collapse of capitalism is thinkable due to the critical challenges it faces which include *"financial crises…, growth of inequality, ecological crisis and any number of tensions over population, religion, imperialism and/or terrorism"* (p. 2). Due to these challenges along with the study's motivations stated in the background, and departing from the expectation regarding social enterprises' accounting model, this study is concerned with analyzing social enterprises, and discovering their accountability in terms of how they discharge and construct it. Through studying social enterprises' accountability, it is aimed to answer the main thesis question of *'whether social enterprises and their accountability could provide the world with an alternative form of capitalism where humanitarian crises are better addressed'*.

To further clarify, the main purpose of this study is to study accountability in social enterprises. Social enterprises accountability is expected to create a more comprehensive reality, to adopt more stakeholder oriented view and to take wider responsibilities than accumulating value for financial capital providers (Gray et al., 1987; Hines, 1988). The wider responsibilities in our view have to include responding to not only financial crises, but also to environmental and social crises, as well as illustrating whether resources are used in the most 'wise' and 'ethical' fashion (Broadbent, 2002). By reaching the study's purpose we may find an alternative capitalism and accounting model that could facilitate handling many of the world challenges. It is important to clearly acknowledge that this study does not aim to analyse the dominant capitalist system, and it only aims to highlight a potential opportunity social enterprises could provide for a more humanized capitalism.

For the sake of achieving the purpose of the study, the research is intended to be conducted by considering particular questions as guiding criteria. The questions are: (1) *to whom social enterprises are held accountable?* (2) *Who are the most powerful stakeholders to social enterprises?* (3) *Do social enterprises account for resources other than the financial capital and respond to issues other than the financial crises?* (4) *Why do they provide information?* (5) *What are the common patterns and the exceptions in their disclosing? What are the possible reasons for the potential common patterns and the exceptions?* However, since the study's purpose and goal could be considered as broad, it is acknowledged that the study may include observations that are not limited to following the guiding criteria, but serve to reach the study's purpose.

2.1. The study's outline

This study is structured in 9 chapters. The first three chapters after the background and introduction illustrate three main points of departure for the study. They are: (1) the literature review that presents an extensive discussion for social enterprises to discover them and sensitize the researchers as well as the readers with the recent phenomenon that social enterprises form, (2) the study's focus, (3) and theories. These three chapters are followed by the chapters of: the methodology, the case studies and a discussion for cases, the study's conclusion, and finally the researchers' reflections on the study.

Firstly, to start with the literature review, it aims to present social enterprises' emergence, ambiguities, aspects with a focus on the social capital. The emergence of social enterprises is discussed from different perspectives to explain the reasons of the origin of social enterprises and their attempt to cover new arising demands from the failures of the current social system. In addition the emergence of reporting in social enterprises is also illustrated. Such discussions are provided to not only reduce ambiguities associated with the recent phenomenon the social enterprises and their accounting form, but also to assist in suggesting how social enterprises may provide a new alternative of capitalism in the study's conclusion.

Furthermore, the literature review also covers how different scholars perceive the concept of accountability along with its limits. Covering this area is of importance to sensitize the researchers with the concept of accountability as well as its limits in order to facilitate the conduct of the research and reaching its purpose. The literature review includes the specific challenges that social enterprises face regarding the accountability and reporting which provide knowledge of issues to be considered when studying accountability in this study. Two accountability frameworks for social enterprises developed by different scholars are presented to provide insight into the area of social enterprises' accountability. At the end of the literature review chapter the concept of Blended Value Accounting is discussed which will help the researchers to raise the potential opportunities social enterprises may provide for an alternative capitalism in the study's conclusion.

Secondly, the study's focus is presented in a separate chapter. This is to identify the study's definition of social enterprises and accountability. The choice of the UK and three social enterprises operating in its jurisdiction is presented as a scope for the study. Hence it is of importance to clearly identify the legal reporting requirements on the UK social enterprises in general and on the selected social enterprises to be investigated in this study. This is to allow the researchers to be able to differentiate between legal and voluntary reporting provided by the selected social enterprises as well as to reduce the complexities associated with the legal requirements.

Thirdly, the system oriented theories are discussed in the following chapter. They are intended to be used to sensitize the researchers with the disclosing practices in general and in the social enterprises context in particular. They are also expected to facilitate the understanding of rationales behind voluntary disclosures.

After the three chapters of the literature review, the study's focus, and the system oriented theories, the methodology the study applies is discussed. This is followed by three case studies for each selected social enterprise. Lastly the study's conclusion as well as reflections will be presented.

For further clarification the following figure illustrates the study’s outline.

1. Background
2. Introduction
3. 1st point of departure: literature review
4. 2nd point of departure: study’s focus
5. 3rd point of departure: system-oriented theories
6. Methodology
7. Case studies
8. Conclusion
9. Reflections

Figure 1: The study’s outline

3. First point of departure: literature review

3.1. The emergence of social enterprises

Although social enterprises are forming a relatively recent phenomenon that arose in the early 1990s (Defourny, Nyssens, 2006) it has its origin since the Industrial Revolution (Connolly, Kelly, 2011). Newly created industries improved the lives of many people, but they also produced new problems that need to be faced and overcome. People gained the knowledge to *"split the atom, walk on the moon"* (Skoll, 2006, p. v) but the poverty, diseases and violence have not diminished. However, particular individuals and concepts emerged to tackle such challenges. Social enterprises represent a considerable attempt to improve the quality of lives involving the social value creation process where *“[m]ission-related impact becomes the central criterion, not wealth creation. Wealth is just a means to an end for social entrepreneurs”* (Dees, 1998, p.2) Furthermore, social enterprises aim to find new innovative ways for solving social problems or inequalities in the communities and the society (Skoll, 2006).

The emergence of social enterprises can be explained by various perspectives. Manetti (2014) elucidates the growth of social enterprises by the New Public Management (hereafter NPM) which is inspired by neo-liberalism as a pro-market ideology that considers the private organizations (whether profit or nonprofit) to be more effective when it comes to the provision of public services to the citizens (Rakić and Rađenović, 2011; Hood, 1991 and 1995). Social enterprises have thus assumed the role of providers of public services and assistance for citizens (Manetti, 2014). Similar stance, although from a different perspective, is adopted by Dart (2004) who connects the origin of social enterprises with the renewed pro-business and pro-market values in the society through the concept of moral legitimacy. social enterprises are deemed morally legitimate because of their reference to valid entrepreneurial organizational models in the environment.

This view is contrasted by Social Enterprise Coalition (2010) that claims that the society perceived loss of faith in the traditional business oriented community that should strive more to deal with social problems instead. However, the main limitation of studies mentioned here and in the previous paragraph is the use of the single market factor in the explanation of the emergence of social enterprises while other factors are disregarded. This drawback is addressed by Hubert (2011) who associates the development of social enterprises in EU with the pressing societal needs that are on the increase due to factors like climate change, ageing population, increased migration, growing unemployment rates and poverty. Similarly, Nicholls (2006) explains the emergence of social enterprises in terms of the increased challenges in environment and health, as well as economic inequality and the inefficiency of government to deliver public services or to compete for the scarce resources. At a time of limited resources, such crucial challenges create demands for new solutions.

Furthermore, Nicholls (2006) connects the emergence of social enterprises with the social market failures. Social enterprises target and respond to needs that have not been satisfied by public or private sectors. Unmet needs may be deemed *"as failures in the social market of public goods"* (Nicholls, 2006, p. 15). Social market failures could exist at various levels that are: (1) failure on the grassroots level where the activities in the community are necessary due to insufficient support from institutions; (2) failure on the institutional level which requires the social enterprise to use more resources to undertake broader large-scale social activities as a result of changes in the social conditions; (3) failure on the political level that represents the state and its inability or undesirability to deliver public services; (4) failure on the spiritual level that represents the diminished influence of the church and religion in a society where the social enterprises strive to revive the faith and its role in the community; (5) failure on the philanthropic level addresses the lack of philanthropic resources for the social sector which became a driver for the new ways of addressing social needs in the society.

3.2. Social enterprises' ambiguities

Due to its recent emergence and variety in organizational forms in different countries, the concept of social enterprise is difficult to identify (Hubert, 2011; Austin, Stevenson and Wei-Skillern, 2006). Furthermore, the concept has not been properly defined neither the usages of this term has been consistent (Certo and Miller, 2008; Austin, Stevenson and Wei-Skillern, 2006; Nicholls, 2006; Dart, 2004).

No consensus has been reached among the scholars regarding the type and number of diverse sectors the social enterprises operate. Pearce and Kay (2003) state that social enterprises operate within the third sector, other scholars relate them to the for-profit sector (Dees and Anderson, 2003), or corporate social entrepreneurship (Austin, Leonard, Reficco and Wei-Skillern, 2004) while others lastly argue that social enterprises are cross-sector organizations operating within diverse boundaries (Connolly and Kelly, 2011; Austin, Stevenson and Wei-Skillern, 2006), thereby assuming hybrid forms (Dart, 2004; Nicholls, 2009). However, even the suggested hybrid forms may differ. Dart (2004) and Connolly and Kelly (2011) view social enterprises as operating within for-profit and non-profit sectors. In addition, Defourny and Nyssens (2010) consider the hybrid form and include the social sector as a third boundary that the social enterprises may cross by its activities.

3.3. Social enterprises' aspects

Various scholars contribute to the under-researched concept of social enterprises by presenting their main characteristics. The feature that dominates among characteristics is the primacy of social mission (Hubert, 2011; Brouard and Larivet, 2010). Besides the main features Hubert (2011) emphasizes the presence of trading income and the provision of services. However, he overlooks the innovative approach the social enterprises commonly undertake. As a result, Brouard and Larivet (2010), after having provided the evolution of the definition of social enterprise, suggest that social enterprises are organizations or projects with a social mission whose assets are used for community benefits, with varying degrees of innovation, social transformation and financial self-sufficiency, and with different legal forms.

The social aspect of the social enterprise receives varying perspectives from different scholars although the core social elements are fundamentally consistent. The social mission is central to all the objectives and activities undertaken by the social enterprise. Nicholls (2006) identifies social aspects in three different perspectives which are: (1) context in which the social enterprise operates that might be public welfare, environmentalism, aid, etc., (2) the processes the social enterprise is engaged in such as involving key stakeholders, (3) and the outcomes and impacts of social enterprise which may relate to increased employment rates, improved public welfare or poverty alleviation. Spear and Bidet (2003) capture the social aspect of social enterprises within five elements. Firstly, Social enterprises are considered an activity launched by a group of people pertaining to the community or having in common a need or an aim. Secondly, the decision-making power in social enterprises does not depend on the owners of capital but rather is distributed among other stakeholders. Thirdly, the social enterprise is of a participatory nature thereby embracing a stakeholder oriented view and democratic principles. Fourthly, since the earned profit may be distributed only in a limited manner or not distributed at all, the motive of profit maximisation in social enterprises is not as it is in the traditional business.

The social aspects of social enterprises are expressed in the array of fields social enterprises may be engaged in, for instance, health, education, social integration, and the environment (Hubert, 2011). Social enterprises offer innovative approaches within these fields to pursue their mission and strengthen their social impact (Connolly and Kelly, 2011). Furthermore, social enterprises may be differently classified into three categories based on the nature of their social mission. Firstly, social enterprises provide solutions to urgent social needs (e.g. work insertion for minorities or handicapped, health issues, education, community help). Secondly, on a broader level social enterprises address social and environmental challenges of the society as a whole, and thirdly, they may create systemic changes that relate to essential modifications in attitudes, values, policies, processes or services (for instance, to induce people to change their behaviour regarding recycling and encourage them to accept to carry more social responsibility) (Hubert, 2011).

The entrepreneurial and business aspects of social enterprises are also important. The factors that contribute to these aspects are: (1) the production and the sale of commodities, high level of autonomy suggesting the independence of other organizations in managing their initiatives, (2) high degree of economic risk in assuming the full responsibility for financial resource accumulation efforts, (3) and minimum level of paid employees who usually receive lower payments and rarely being offered equity incentives. Furthermore, social enterprises are involved in business activities to generate profits to be reinvested into the social mission at the first place. (Spear and Bidet, 2003; Austin, Stevenson and Wei-Skillern, 2006)

The commercial and entrepreneurial aspects lead to the fact that social enterprises' variety of funding offers an important driver for their diversity. Nicholls (2006) considers social enterprises as a subset of social entrepreneurship, and that social enterprises attempt to be fully self-sufficient, independent on grants, and rely on their own generated income flows. This view has been highly criticized by Brouard and Larivet (2010) who consider the *"social entrepreneurship as a subset of social enterprises"* (p. 31). They argue that not all social enterprises include the commercial and entrepreneurship element. Another perspective on the issue of funding is presented by Demonstrating Value (2010) that identifies financial goals by being varying between self-sufficiency, contribution (mixture of business revenues and grants) and profitability.

3.4. Social capital in social enterprises

Social capital represents an inseparable element of social entrepreneurship. Similarly like in other concepts of social enterprises such as its legal form, main characteristics or sources of financial capital, the scholars are in disagreement about its stable definition. However, they unambiguously claim its importance for social enterprises (Mulgan, 2006; Sekkesaeter, 2014; Myers and Nelson, 2010; Austin, Stevenson and Wei-Skillern, 2006). Mulgan (2006) suggests the inconsistencies in defining the social capital when one part of scholars perceives it as an attribute of human capital. On the other hand, other scholars embed social capital in social relationships among diverse actors and individuals.

Social enterprises are constantly encouraged to form partnerships across distinct sectors with business organizations, governments, and non-governmental organizations, individuals and other parties to help them to serve the mission better (Myers and Nelson, 2010). This is often to collect financial capital necessary for undertaking the projects and activities. Social enterprises need to gather funds and grants from numerous sources and partners which requires high capabilities in networking and managing diverse relationships with different expectations of accountability (Austin, Stevenson and Wei-Skillern, 2006). Social capital is indispensable part of relationships among partners which *"comprises the trust, norms and mutual obligations"* (Myers and Nelson, 2010, p. 272). In addition, social capital encourages provision of information and learning and increases legitimacy. (Maurer and Ebers, 2006)

Therefore, social capital consists of the structure of relationships and the resources achieved through these relationships. The relationships can be in the form of tight and intensive collaborations as well as extensive relationships spread across diverse organizational networks. (Myers and Nelson, 2010) It is acknowledged that the social enterprises focus on creating the greatest social impact possible what can be often best achieved when collaborating with different partner organizations. Social enterprises are aimed to create the greatest social value for the society without taking into consideration whether the social impact is created by social enterprise alone or within collaboration. The most effective way to serve the mission is preferred, hence mostly engage with partners and in networking, without considering any self-interest or potential competitive advantages arising in case the mission is served by social enterprises alone. (Austin, Stevenson and Wei-Skillern, 2006) Furthermore, the resources obtained through partnerships are not to be perceived only in financial terms; they can also include access to information, opportunities, social support or benefits. (Myers and Nelson, 2010).

3.5. The emergence of reporting in social enterprises

Formerly organizations within the social sector were considered to be legitimate because of only being perceived as value-driven promoters of social missions, so they were assumed to be operating in honest and equitable manners (Nicholls, 2009; Connolly and Kelly, 2011). Due to that mainstream perception there were no considerable pressures on these organizations to report on their financial and operating performance, usage of donated funds, and social impacts resulted from their interventions. (Clotfelter, 1992; DiMaggio and Anheier, 1990; Edwards and Hulme, 1995; Forbes, 1998). Nowadays the situation has interestingly changed since questions arise regarding these organizations' accountability. This means that claims of serving social missions are no longer sufficient; therefore, organizations within the social sector are required to promote accountability (Connolly and Kelly, 2011).

There are three main rationales behind the emergence of demands for accountability in the social sector. Firstly, NPM is seen to be among important drivers for the change. As referred previously in the light of NPM private sector is more efficient and effective than the public sector (Rakić and Rađenović, 2011; Hood, 1991 and 1995). This perception drove social sector organizations not only to imitate business organizations' best practices, but also the reporting mechanisms as appropriate tools for maintaining their legitimacy in the NPM era (Nicholls, 2009). Secondly, social enterprises are influenced by the NPM norm to connect the performance to results; therefore, it became important to report the results of their activities (Hood, 1995). Thirdly, it is assumed that social enterprises' unique nature of having a combination of social and commercial objectives makes applying business organizations reporting practices even more urgent compared to 'purely' social oriented non-profit, charities and NGOs.

3.6. Accountability

Under this section, it is seminal to discover how various scholars identified and discussed accountability in order to facilitate achieving the study's purpose regarding social enterprises' accountability. Within this section various perspectives on accountability in general and its limitations are illustrated. Furthermore, a specific attention is paid on accountability frameworks developed for social enterprises. This is expected to sensitize the researchers as well as readers of the accountability especially in social enterprises context.

The concept of accountability is not defined in a consistent way among the scholars and several differing points of view are encompassed in its definitions. (Kam, 2008). Gray, Bebbington and Collison (2006) stress the presence of the rights of society and *"the relationship between the accountable organization (the accountor) and the accountee*" (p. 334) as a crucial factor for accountability. Other scholars like Gray, Owen, and Adams (1996, p. 38) define accountability as *"the duty to provide an account... or reckoning of those actions for which one is held responsible"* thereby suggesting the notion of responsibility into the accountability. Two responsibilities are involved in the suggested accountability models which are the responsibility to perform particular actions and the responsibility to account for these actions. Similarly, the notion of responsibility is emphasized by Edwards and Hulme (1996) who consider accountability as the means for reporting to authorities and being responsible for actions. However, Edwards and Hulme disregard other stakeholders different from authorities in their definition. In a broader sense definitions discussed here do not provide *"the sources of accountability and what the actors are held accountable for"* (Wang, 2009, p. 6).

Therefore, Wang (2009) addresses these deficiencies by arguing that accountability has two components. First component concerns the sources of accountability in which the actors with higher authority hold actors with lower authority accountable. Second component reflects the values that actors with lower authority are expected to achieve to be considered accountable. Another different viewpoint regarding accountability is connected with the commitments and expectations to provide explanations, justifications, and reasons for the taken actions or purposes (Gray, Brennan and Malpas, 2013).

3.6.1. Limits of accountability

Nowadays the attention of the public towards the organizations' accountability is generally on the increase due to two diverse issues. Firstly, numerous scandals that have lastly occurred within the profit sector diminished the trust of stakeholders towards the balances and accounts of organizations. Secondly, the issues of corporate social responsibility are more frequently highlighted and emphasized. Both issues lead to the wider expectations of the public regarding organizations' performance. (Kam, 2008; Tinker and Neimark, 1987)

These two issues increased the necessity to be accountable. On the one hand, accountability may create competitive advantages for organizations (Epstein, Birchard, 2000). Furthermore, Gray (2007) emphasised the significance of social accounting due to its ability to demonstrate the repercussions caused by seeming economic well-being of the society. Social accounting in his view provides opportunity for *"more benign forms"* (p. 179) of organization's operations. On the other hand, Messner (2009) presents a rather critical approach to the extension of accountability that may be seen relatively in conflict with the ethics. He claims that extending the accountability beyond financial accounting practices by encompassing social and environmental reporting may be burdensome for the actors. Such high demands for accountability collide with the limitations of accountability that an actor faces when giving accounts of herself/himself. The limits concern opaque, exposed and mediated character of the actors.

Firstly, ambiguous or opaque nature of an actor limits the accountability in the way that sometimes an actor herself/himself is not fully conscious of the choice of her/his own actions thereby creating difficulty to provide a full account of the action. Secondly, exposed nature refers to the fact that the actor is required to give an account, and that information demands force her/him to account to meet these demands. However, demands precede the accounts and even deciding to be silent and not meeting the demand is considered as an account. Lastly, mediated nature refers to the conflicting demands of different stakeholders that make it difficult and inefficient for the actor to meet all stakeholders' expectations. Therefore, in contrast to previously mentioned competitive advantage that could be gained by accounting for social issues, the ethical branch of stakeholder theory that encourages to account for and respond to all stakeholders equally may create confusion or competitive disadvantage (Jensen, 2001). It is believed that these three limitations (opaque, exposed and mediated limitations) may raise ethical dilemmas regarding the construction of organizations' accountability since accountability demands cannot always be met, moreover, any account is deemed imperfect.

Messner's critical views regarding limitations of accountability were touched upon by Gray, Brennan and Malpas (2013). They argue that the 'perfect' accounting that meets all requirements and expectations does not exist due to *"partiality and fallibility of our knowledge and our capacities…, the complexity of relationships, commitments and the limitless array of accounting possibilities"* (p. 14). For these reasons they argue that accounting has to fail to meet all expectations and requirements, however, they believe that such failures are forming a significant motivation to continue providing accounts and held accountable.

3.6.2. Accountability and reporting in social enterprises

Since social enterprises are differentiated from business organizations by having the primacy of social missions, it is not unreasonable to expect that people would have higher expectations towards them to meet authorities' reporting requirements as well as to serve their missions and performance (Connolly and Kelly, 2011; Nicholls, 2009). As mentioned previously social enterprises form a youthful sector, therefore, their accountability has not received proper attention from the academic milieu. In this subsection accountability in social enterprises is conceived as specific due to several reasons discussed below and mainly raised by Wang (2009).

First, social enterprises' hybrid nature that combines economic and social objectives complicates the accountability. Complications arise due to accumulating financial and human resources of multiple origins. Resources of financial character include donations, grants, government subsidies, profit from commercial activities, membership fees, and so forth (Nicholls, 2009). On the other hand, human resources include volunteers, members, full-time and part-time employees, board, and so forth. The providers of the resources with the different characteristics possess various expectations of social enterprise's accountability, and hence they complicate it (Edwards and Hulme, 1995).

Connolly and Kelly (2011) touch upon confusions that might occur due to stakeholders' variations. According to them, social enterprises are held accountable to upward as well as downward stakeholders. Upward stakeholders consist of financial capital providers as well as regulators and oversight agencies. On the other hand, social enterprises also account to their downward stakeholders such as beneficiaries and public (Connolly, Kelly, 2011). According to Edwards and Hulme (1995), various capital providers and stakeholders with different demands and expectations, not only might lead to confusions but also to over-accounting or under-accounting to particular stakeholders.

Second, social enterprises are required to not only account for their financial performance but also for their social impacts. Such requirement raises the limitations of the mainstream accounting practices that fail to capture the richness of social dimensions of companies' performance and impacts (as explained in the introduction). social enterprises are expected not to be limited by the mainstream accounting practices, but to report to capture economic, social and environmental performance and impacts (Nicholls, 2009; Connolly and Kelly, 2011; Demonstrating Value 2010; Manetti, 2012; Arvidson and Mckay, 2010). However, such reporting may create challenges due to the fact that social enterprises tend to focus on financial issues and social mission at the same time which could be in certain circumstances accompanied by tensions. social enterprises could perceive the trade-offs as necessary to handle tensions (Wang, 2009).

Lastly, NPM which could be seen as 'dominant' and as a reason for the emergence of both social enterprises and their reporting (see *3.1. The emergence of social enterprises* and *3.5. The emergence of reporting in social enterprises*) illustrates *"that inputs should be linked through to the output and that they should be measured in monetary terms"* (Broadbent, 2002, p. 440). Therefore, social enterprises are expected to measure their social and/or environmental performance and impacts; such expectations further complicate the accountability of social enterprises (Austin, Stevenson and Wei-Skillern, 2006). It is argued that promoting accountability through quantifying social and/or environmental impacts may be complex, impractical, unreliable and unethical. For example, it is difficult to monetize people's feelings of safety or women empowerment. Even if social enterprises found a ‘proper’ method for monetizing such impacts, how they could monetize an impact of saving of a person’s life? Such impact is perceived as priceless, and any attempt to monetize it could raise ethical considerations. (Mulgan, 2006; European Venture Philanthropy Association, 2008)

It is significant to state that scholars disagreed on the consequences of such relatively new requirements to promote accountability within the social sector organizations. On the one hand, Manetti (2012) argued that promoting accountability could be expensive and burdensome for social enterprises that would be concerned to comply with reporting requirements rather than to use their capabilities for accomplishing their social missions. On the other hand, other scholars are optimistic about the role accountability could play in the social sector. They believe that accountability could be fruitful for social sector organizations which could use it for various aims, for instance, legitimizing, managing people’s impressions, involving stakeholders, improving organizational performance and learning, and enhancing the credibility, reputation, trust and integrity (Conolly and Kelly 2011; Nicholls, 2009; Slim, 2002; Brown and Moore, 2001).

3.6.3. Accountability frameworks in social enterprises

Only few scholars have attempted to investigate how accountability is discharged in social enterprises. Two accountability frameworks for social enterprises are discussed to provide a deeper understanding of the accountability concept in social enterprises. Both frameworks emphasise the multiplicity of stakeholders although in a different way and the distinction between economic and social performances.

Connolly and Kelly (2011) developed an accountability framework and suggested three different accountabilities for a social enterprise: legal, constructive and voluntary (see appendix 1). A social enterprise has to fulfil the legal requirements that are mainly focused on enhancing upward accountability to regulators, funders, donors and oversight agencies. This is to achieve legitimacy from upward stakeholders by demonstrating the efficiency in the use of financial resources, as well as complying with legal and regulatory demands, and with agreements set in funding contracts or to place suitable control mechanisms.

However, legal accountability is not sufficient since it meets information needs of only upward stakeholders and may not provide enough information about social enterprise's non-financial performance and social impact. Therefore, constructive accountability is aimed at holding a social enterprise accountable downwards to beneficiaries, public and media more for the social and environmental performance and impact by implementing tools such as the balanced scorecard or social return on investment (these tools and other will be discussed in details in *3.7. Blended Value Accounting*.

Constructive accountability is *"driven by moral, competitive or market expectations rather than legal obligations"* (p. 233). Such accountability is important for social enterprises to achieve legitimacy and is indeed conceived as more significant since the primary aim of social enterprise is the fulfilment of social mission. A social enterprise may respond within the constructive accountability to changes in the society´s values and expectations that have not yet been incorporated in the legal requirements. Furthermore, a social enterprise can be voluntary accountable to downward stakeholders by creating and adopting own suggestions for practice achieved by learning and continuous strive for improvements in the performance. New practices may be gradually encompassed in constructive or even legal accountability. It is important to mention that the main limitation of this framework is that it is not empirically tested (Connolly and Kelly, 2011).

It is seen that although Connolly and Kelly's (2011) framework contributed to the field by identifying types of accountability and stakeholders, and mechanisms to address stakeholders; it is claimed that the framework is unreliable in determining the disclosures in relation to upward and downward stakeholders. This is due to the disagreement with their classification of the disclosures related to stakeholders. For instance, claiming that the social enterprises' disclosures regarding performance target only the downward stakeholders instead of the upward and downward stakeholders. It is seen that upward stakeholders are also concerned about the social enterprises' performance which may be conducted by the financial capital they provided.

Wang (2009) suggested an accountability framework consisting of two dimensions (see appendix 2). The matrix distinguishes internal stakeholders (employees, executives, board of directors, volunteers) and external stakeholders (donors, investors, public), as well as expected values by these stakeholders that vary between social and economic. The matrix suggests that internal stakeholders consider themselves accountable for mission and want to contribute to social value creation process. Moreover, they are also interested in information about financial and economic performance of a social enterprise to know how social activity contributes to financial sufficiency. On the other hand, a social enterprise gains legitimacy from external stakeholders by accomplishing social objectives. In addition, the external stakeholders expect social enterprises to perform efficiently on the markets since social enterprises also engage in entrepreneurial activities. The major challenge is to determine the balance between interests of stakeholders and the values they expect. Such balance is dynamic since the expectations may modify and change along with the accountability requirements. A possible limitation of the matrix is the failure to distinguish between legal or voluntary accountability thereby lacking the dimension of scope of accountability. Both frameworks by Wang (2009), and Connolly and Kelly (2011) emphasises the learning dimension as an essential condition for maintaining and enhancing of accountability

3.7. Blended Value Accounting

As explained previously under the subsection of *3.6.2. Accountability and reporting in social enterprises*, social enterprises have challenges regarding accountability and reporting. Blended Value Accounting (hereafter BVA) that is usually associated with social enterprises' context could be seen as 'appropriate' model to assist in handling these challenges.

According to Emerson (2003), who first coined the term, BVA is a quantitative-monetary model which is used to monetize the social impacts besides accounting for the economic results. The basic logics behind BVA are that all organizations should not regard social and economic values in contrast, but rather as interconnected. That means that organizations can create both social and economic values without sacrificing one for the benefits of the other. It is argued that both social and economic results contribute in a holistic manner to the creation process of the superior blended value (Emerson, 2003 and 2006). The following figure presents BVA logic and positions economic, social and blended values:

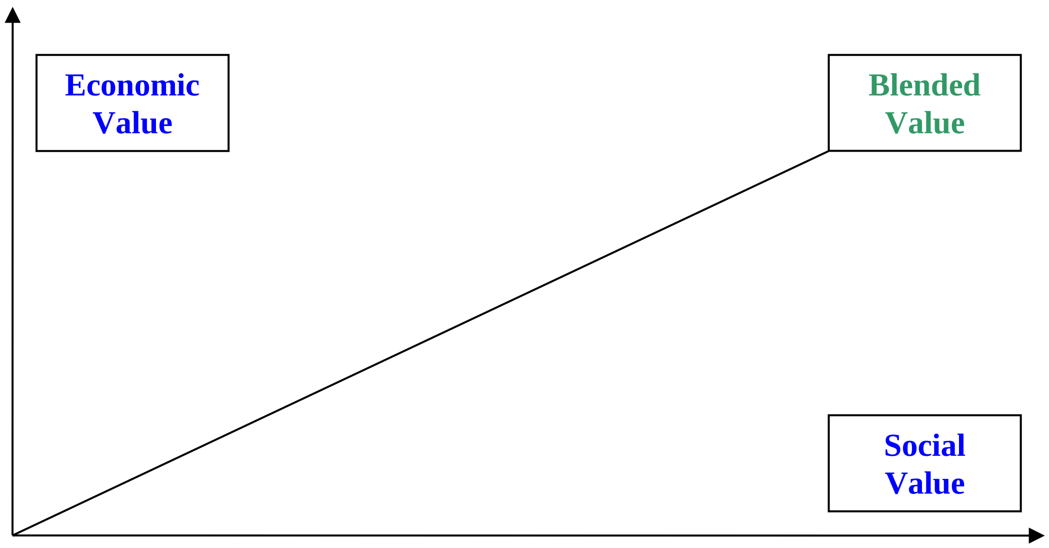


Figure 2: Blended Value

Source: Emerson (2006)

Emerson (2006) is optimistic regarding the role BVA and its philosophy can play. He argues that although for-profit companies tend to underperform socially and not-for-profit companies underperform economically, the gap between for-profit and not-for-profit organizations is seen to be diminishing. Such diminishing is reflected by the phenomenon of the growth of *"not-for profits economic worth and for-profit companies [that] have social and environmental impacts"* (p. 394). Emerson (2006) states that *"[w]e must strive to realize our traditional notion that somehow for-profits consist of the 'bad guys' and the not-for-profits of 'the good guys' is simply wrong since both organizational forms have the potential to create and maximize all components of value"* (p. 395). According to him, the philosophy of BV and its accounting is growing and carries a hope for better business practices and hence a better world.

BVA model claims to provide social enterprises with valuable benefits (Manetti, 2012; Nicholls, 2009; Palmer and Vinten, 1998; Emerson, 2006). Firstly, BVA allows social enterprises to produce disclosures that provide their stakeholders with 'faithful representation' not only regarding their financial performance and impacts, but also the social performance and impacts. social enterprises' disclosures are expected to help stakeholders in their decision making and to allow them to compare between various social enterprises, for example, a donor would be able to review social enterprises' disclosure, determine the most efficient and effective social enterprise and then donate to it. Secondly, BVA enables social enterprises to develop their internal management information systems, in order to track data and support decision making process. Thirdly, BVA can be perceived as a source of internal control, hence it allows stakeholders to compare between projected performance and actual performance, and then identify rooms for improvements. Lastly, BVA can facilitate dialogue between social enterprises and their stakeholders in order to legitimize social enterprises and to stimulate social change.

There are different tools within BVA model. The following table represents BV tools and a brief description of each. However, the table is not exhaustive and only includes the most frequently used tools. It is necessary to state that there are variations in what BV tools different social enterprises use.

Blended value tools	Description
The double bottom line reporting	It is considered as a profit and loss presentation that aims to provide meaningful information to the social enterprises' stakeholders regarding the company's financial and social performance and impacts. (Demonstrating Value, 2010)
The triple bottom line reporting	Similar to the previous tool, however, it adds the environmental performance and impacts to be accounted for besides the financial and social performance and impacts. (Deegan, 2009)
Annual report of financial accounts[1]	It includes a balance sheet, consolidated statement of financial activities (profit and loss account), and a cash flow statement. It may include voluntary disclosure for further information. (Nicholls, 2009)
The report of social return on investment[2] **(hereafter SROI)**	It is an adjusted cost-benefit analysis that can be used by the social enterprise to review its inputs, outputs, outcomes and impacts made and experienced by its stakeholders. It measures the social returns generated from the social enterprise's investments in monetary values through different monetization methods. The monetization of social impacts is performed through financial proxies selected by the social enterprise that add monetary values on the impacts. For example, if the SROI ratio mentioned in the SROI report is '1:3' that means that every £1 invested generates social benefits that are financially worth £3. (Nicholls, 2009; Arvidson, McKay and Moro, 2011; Manetti, 2014; European Venture Philanthropy Association, 2008)
CIC 34	It was introduced by the UK government in 2005. According to the UK law only social

[1] This BV tool is to be used as a source of disclosure in the study

[2] This BV tool is to be used as a source of disclosure in the study

Blended value tools	Description
	enterprises registered as Community Interest Company (CIC) are required to submit this report to the registrar of Companies. It has to include the following: (i) a general description of the social enterprise's activities and impacts, (ii) how the social enterprise consults its stakeholders and how it provides them with feedbacks, (iii) any remuneration received by directors, (iv) and details of any transfers of assets other than for full considerations such as donations to external parties. (Nicholls, 2009 and 2010; CIC Regulator, 2014)
Enhanced social audit	It is a longitudinal tool that focuses on reporting progress towards social enterprise's mission objectives within core activities. It has to include internal performance assessment and a description of stakeholders' characteristics. (Nicholls, 2009)
Trustees Report	It states company's objectives and progress made to achieve them, as well as its structure, governance, and management arrangements. It may include a brief financial view and a note of future objectives. (Nicholls, 2009)
Balanced scorecard	It is a hybrid performance measurement tool that combines both financial and non-financial measures to capture the company's performance better. It aims to translate company's vision and strategy into measurable objectives. It has four main perspectives which are: (i) financial, (ii) customer, (iii) internal business process, (iv) and learning and growth. It is seen as a significant move towards more stakeholder orientation. (Norreklit and Mitchell, 2007; Rahman and Hussain, 2012)

Table 1: Blended Value tools

4. Second point of departure: the study's focus

4.1. The study definition of social enterprises

Despite the ambiguities in the concept of social enterprise (see *3.2. Social enterprises' ambiguities*), there are three commonly accepted elements across all definitions (Austin, Stevenson and Wei-Skillern, 2006). These elements are selected as a basis for social enterprises' definition in this study. The first element considers the social problem that is the central driver for social enterprises and which is addressed in an innovative way (Austin, Stevenson and Wei-Skillern, 2006; Brouard and Larivet, 2010). The second element is the main aim of social enterprises which is to create social value, rather than benefits for owners (Austin, Stevenson and Wei-Skillern, 2006; Brouard and Larivet, 2010; Connolly and Kelly, 2011). Lastly, social enterprises perform business activities to generate profits to be principally reinvested into the achievement of their social missions (Connolly and Kelly, 2011; Hubert, 2011).

To conclude, the social enterprises have a social problem as a central driver and address it in an innovative way, create social values rather than benefits for owners, and engage in business activities to generate income to be used in the social mission.

4.2. The study definition of accountability

Literature review has offered a wide range of perspectives on the concept of accountability and its role in social enterprises. The review provides the possibility to generate the definition of the accountability to be used for the specific purpose of this study. Several aspects need to be taken into consideration when defining the accountability, i.e. general aspects of accountability blended with the unique aspects of social enterprises. The point of departure is the accountability model presented by Gray, Owen and Adams (1996) who delineate the accountability as the responsibility to perform particular actions and to account for these actions. Characteristics to be incorporated in the definition of accountability in social enterprises are the primacy of social mission, as well as two main common features of the two accountability frameworks presented. The common features are the multiplicity of stakeholders, and reporting for social and economic performance, i.e. BVA tools.

Therefore, in this study the accountability is defined as the responsibility for undertaking actions that contribute to the accomplishment of social mission and to account for these actions. Wang (2009) claimed that actors with higher authority hold actors with lower authority accountable. However, social enterprises are held accountable not only upwards but also downwards. Another aspect to be considered is the double-bottom line reporting. In comparison with commercial organizations, reporting in social enterprises regarding social impacts is not only a supplement to financial reporting but a fundamental component of reporting practices and demands for accountability. Social enterprises demonstrate heightened accountability to the stakeholders and for the outcomes and impacts produced (Dees, 1998).

To conclude, in this study the accountability for social enterprises is defined as the responsibility for undertaking actions that contribute to the accomplishment of social mission and to account for social and economic performance to its stakeholders.

4.3. The selection of the UK for the study

Due to the ambiguities around the concept of social enterprises (see *3.2. Social enterprises' ambiguities)*, it is necessary to position the study within a well-defined jurisdiction to alleviate complexities of the research. Moreover, it is not feasible in this study to provide cross-national comparisons of the accountability phenomenon in social enterprises. The unfeasibility arises from important differences that influence social enterprises and their accountability, for instance the differences in the legal environments between various jurisdictions (Hubert, 2011). In such a way any differences arising from their distinct disclosure practices might be more associated with the organization itself rather than with different economic, social, legal, cultural or political contexts.

In this study it was decided to choose the UK as a scope for the research because the UK represents the most advanced environment for social enterprises (Nicholls, 2009; Office of the Third Sector, 2006). The advancement of the UK could be approved by considering three facts. Firstly, the UK invested in social enterprises 732 million up to 2010; such high amount of investment has not been recognized anywhere else in the world (Nicholls, 2010a). Secondly, the UK has the broadest social enterprises' sector network in the world consisting of supporting organizations, institutions or research centres (Nicholls, 2010). Thirdly, the UK represents the only country in the world that aimed to develop *"the social enterprise sector per se as its key objective"* (Nicholls, 2010, p. 395). In addition to the advancement of social enterprises' environment, the UK is considered as a country with one of the most powerful capitalist systems where Thatcherism provided a major assistance to NPM (Drewry, 2005). Therefore, it is of interest to discover whether the UK social enterprises could raise an opportunity for a 'better' capitalism in the country with such a powerful capitalism.

Furthermore, it is believed that by grounding this study in the most developed environment for social enterprises in the world the research would offer the most opportunities for uncovering the accountability of social enterprises. Studying the most advanced context may provide findings regarding accountability to be likely used as a 'best practice' example for social enterprises across the world.

4.4. The legal reporting requirements for the UK social enterprises

In the UK social enterprises could take seven different legal forms (Gov.UK, 2013). The legal form can be a/an: (1) charity, (2) Industrial and Provident Society, (3) limited company (whether a public limited or limited by guarantee or shares), (4) Unincorporated Voluntary Organization, (5) and Community Interest Company (CIC). The UK law requires all forms of social enterprises to issue annual reports in compliance with UK GAAP but with the exception of the social enterprises registered as Unincorporated Voluntary Organizations that are not legally required to provide any information (Nicholls, 2009).

In the UK the legal and obligatory reporting requirements on social enterprises vary mainly depending on the social enterprise's form. Table 2 illustrates how the obligatory annual reporting requirements on social enterprises differ in the light of the social enterprise form of incorporation. It is significant to state that the annual reporting requirements represented in this table are obliged for all forms of social enterprises in the UK as a whole.

Forms of incorporation	Annual reporting requirements
Charity	Annual report to Charity Commission to include public benefit statement and consolidated financial accounts a
Industrial and Provident Society (IPS)	Financial accounts to companies house b, c
Company limited by guarantee	Financial accounts to companies house c
Company limited by shares	Financial accounts to companies house c
Public limited company	Financial accounts to companies house c
Unincorporated voluntary organization	None
Community Interest Company (CIC)	Financial account and CIC34 d report on activities to companies house

Table 2: The relationship between the legal reporting requirements and the forms of incorporation

a See Table 3 and 4

b IPSs can also be charities and would then be required to submit a Trustees' Report as well as financial accounts.

c Registered companies can submit unaudited financial accounts if they satisfy two or more of the following: (1) aggregate turnover must be £5.6 million net (£6.72 million gross) or less; (2) the aggregate balance sheet total must be £2.8 million net (£3.36 million gross) or less; (3) or the aggregate average number of employees must be 50 or few.

d See table 1

Source: Nicholls, 2009, p. 760

Social enterprises to be investigated in this study are registered as companies limited by guarantee and also as charities (namely Oxfam, The Fairtrade Foundation and the Wise Group). However, there is another factor than the form of incorporation that affects the obligatory requirements imposed on them. The factor is the income during the financial period achieved by the charity. In tables 3 and 4 the relationship is illustrated between the income generated by the charity in a particular financial period with the mandatory content of the annual report. Table 3 is applicable for all charities registered only in England and Wales which are required to send their annual reports to the Charity Commission (the regulator of charities in England and Wales). These charities include two of the social enterprises to be investigated in this study which are Oxfam and the FairTrade Foundation.

Income of the financial period	Charity Information (basic register information/annual update) a	Reporting serious incident declaration b	Financial information c	Summary information return (SIR) d
£10K or less	*			
>£10K-£25K	*			
>£25K-£500K	*	*		
>£500K-£1M	*	*	*	
>£1 million	*	*	*	*

Table 3: The relationship between the reported income and the mandatory content of annual report in charities registered in England and Wales

a It includes contact and trustee details, where the social enterprise operates and a short summary of the social enterprise activities. It also consist of other information, such as, income and expenditure, is specific to the financial period covered by the return.

b The incident could be (1) fraud, theft or a loss of significant amount of money, (2) a large donation from unknown source, (3) any links with terrorism, (4) or any suspicions, allegations and incidents of abuse or mistreatment of vulnerable beneficiaries.

c Figures to illustrate the income, spending and assets of the charity.

d An easily accessible summary of social enterprises' key aims, activities and achievements. It can also give information about factors that have affected performance and also point readers to sources of more detailed information, such as the Trustees' Annual Report and accounts or their own website.

Source: Nicholls, 2009, p. 761; Charity Commission, n.d.

More simple requirements are presented in table 4 which is only for charities registered in Scotland and which are required to send their reports to the Office of the Scottish Charity Regulator (OSCR). These charities include two of the social enterprises to be investigated in this study which are Oxfam and the Wise Group.

Income of the financial period	Annual Return	Supplementary Return (SMR) [a]	Monitoring	A signed copy of annual accounts [b, c]
<£25K	*			*
>=£25	*	*		*

Table 4: The relationship between the reported income and the reports required from charities registered in Scotland

[a] To include financial information, fundraising information, payments to trustees, transactions with charity's trustees.

[b] The sign has to be by one of the charity trustees on behalf of other trustees.

[c] The accounts have to include a trustees' annual report, the Scottish Charity number (SC0xxxxx), and comparative figures for the previous period.

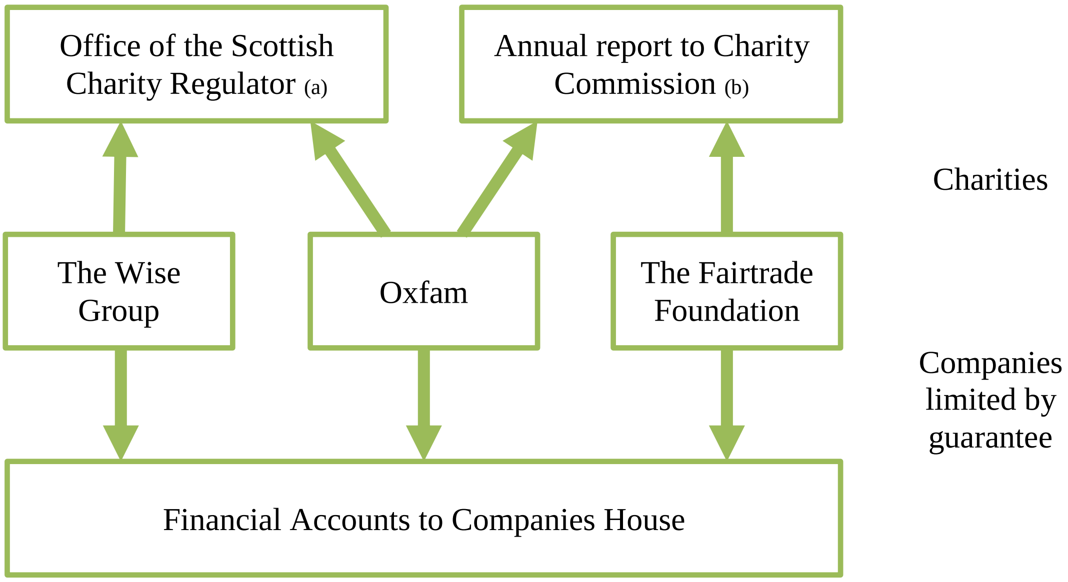
Source: OSCR, n.d.

4.4.1. The legal reporting requirements on the selected social enterprises for investigation

In order to avoid the complications of the legal annual reporting requirements on the different forms of social enterprises with various incomes, it is of importance to clearly identify the legal reporting requirements on the social enterprises to be studied. All the selected social enterprises to be investigated are companies limited by guarantee, hence they are required to prepare their financial statements in accordance with the Companies Act 2006 (issued by the Parliament of the United Kingdom) to send financial accounts to the Companies House (Legislation.gov.uk, 2006).

Since all of them are also registered as charities, they are all recommended to comply with the Statement of Recommended Practices (SORP). Moreover, the FairTrade Foundation is required to send annual report to the Charity Commission. The Wise Group is required to send its Annual Return, SMR and a signed copy of annual accounts to OSCR. Oxfam which is registered as a charity in England and Wales as well as Scotland is required to send its annual report to the Charity Commission, as well as Annual Return, SMR and a signed copy of annual accounts to OSCR. Furthermore, since all the selected social enterprises are categorized by reaching income above £1M, the maximum information is required in their annual reports to the regulators as represented in tables 3 and 4.

The following figure represents the legal reporting requirements for the selected social enterprises:



(a) To include Annual return, Supplementary Monitoring Return and a signed copy of annual accounts
(b) To include Charity Information, reporting serious incident declaration, financial information and Summary Information Return (SIR)

Figure 3: Legal reporting requirements for the Wise Group, Oxfam and the Fairtrade Foundation

5. Third point of departure: system oriented theories

In this study the system oriented theories are to play a crucial role in explaining social enterprises' voluntary disclosures. System oriented theories refer to *legitimacy theory*, *stakeholder theory* and *institutional theory*, and they all regard the organization as a part of a wider social system. In the light of these theories the organization *"is assumed to be influenced by, and in turn to have influence upon the society in which it operates"* (Deegan, 2009, p. 320). Furthermore, within these theories disclosures represent a strategy that aims to influence the relationship between the organizations and the society (Deegan, 2009). These theories are seen to be appropriate to serve the study's purpose through raising the role the information and disclosures play in the relationship between organizations and the social system (Gray, Owen and Adams, 1996). They are also expected to facilitate explaining why companies use particular disclosure techniques (Deegan, 2009). In this chapter, each theory will be discussed with an emphasis on its relationship with social enterprises context, and then a subsection will be presented about how they will be applied while analyzing social enterprises' disclosures.

System oriented theories are derived from the broader political economy theory, which is defined by Gray, Owen and Adams (1996, p.47) as *"the social, political and economic framework within which human life takes place".* According to their definition it is meaningless to scrutinize an economic phenomenon in isolation from the political, social and institutional framework to which the economic phenomenon is related (Deegan, 2009). The political economy theory regards disclosures to be able to *"transmit social, political, and economic meanings for a pluralistic set of reports recipients"* (Guthrie and Parker, 1990, p. 166). In the light of the political economy theory, corporate disclosures should be neither considered as neutral nor representationally faithful documents, but rather as outcome of interchange processes between various parties in organization's internal and external environments (Guthrie and Parker, 1990; Hines, 1988).

Political economy theory is classified into two streams, which are the *classical* and *bourgeois* streams of the theory (Gray, Owen and Adams, 1996). The former is related to literature of philosophers such as Karl Marx who are characterized by concerning *"sectional interests, [and] structural conflict"* (Gray, Owen and Adam, 1996, p. 47). As referred to in the introduction, radical critical accounting scholars such as Tinker who are influenced by this stream, perceive accounting as a tool -among other tools- that is being used by powerful groups in the society to oppress underprivileged groups(Deegan, 2009). On the other hand, the bourgeois political economy does not emphasise structural conflicts, but it rather concerns the interactions between various groups in the world which is perceived as *pluralistic* (Gray, Owen and Adams, 1996). According to Deegan (2009), two of the system oriented theories which are the legitimacy theory and the stakeholder theory are related to the bourgeois political economy conception, while institutional theory can be labeled by either a classical or a bourgeois term of political economy theory.

5.1. Legitimacy theory

According to Deegan (2009), the legitimacy theory asserts that organizations intend to ensure that the society perceives them as legitimate, so they *"seek to ensure that they are perceived as operating within the bounds and norms of their respective society"* (p. 323). They argue that the bounds and norms of the society are not constant, but rather dynamic and changeable. The change of society's bounds and norms results from the change of people's expectations regarding organizations' performance and output, for instance, to what extent people believe or not that an organization's performance and outputs benefit the society. It is seen that the media is a significant catalyst for changing people's expectations (Deegan, 2009).

The social contract concept is seminal for the legitimacy theory. The concept is used to represent society's expectations regarding how an organization should conduct its operations (Deegan, 2009). In the light of the social contract, the society expects that companies' benefits for the society would exceed its social and environmental costs, so the society accepts to provide companies with the right to exist and the authority to own and utilize its resources (Mathews, 1993; Jeurissen, 2004). Therefore companies ensure to be perceived as performing within the limits of the social contract (Jeurissen, 2004).

Since people's expectations are dynamic, it is significant for organizations to be responsive to any change in the expectations in order to obtain or maintain legitimacy (Deegan, 2009). Responds may take the form of disclosures that aim to not only communicate the reality, but also to create it (Hines, 1988). Through such disclosures organizations would be able to educate the society of the claimed changes in performance and impacts. Another mean is through affecting the public notions and hence their expectations towards the organization. The failure to respond to the dynamic societal expectations may create a *legitimacy gap*, which could adversely affect the organization. (Deegan, 2009) This means that if an organization failed to meet society's expectations, the people might penalize the organization through different means that would harm the value creation process of the organization, for instance, by organizing consumer boycotts against the organization's commodities.

5.1.1. The legitimacy theory in social enterprises

By embracing the legitimacy theory into social enterprises' context, it has been demonstrated that survival of social enterprises depends on the extent of legitimacy that the social enterprises aim to maintain (Dart, 2004; Nicholls, 2010a). Dart (2004) highlighted types of legitimacies in the context of social enterprises. According to him, social enterprises have three forms of legitimacies, which are the pragmatic, moral, and cognitive legitimacies. Firstly, the pragmatic legitimacy is the most basic form of legitimacy, and it is obtained if the public believes that the social enterprises provide the society with benefits. It could be paraphrased as *"if we get anything out of this, then we consider it legitimate"* (Dart, 2014, p. 416). Social enterprises obtain the pragmatic legitimacy mainly through disclosing information regarding the social impacts resulted from their interventions. Secondly, the moral legitimacy, which is considered as an origin for social enterprises' evolution and connects social enterprises with promarket political ideological values. Social enterprises may provide information about their commercial activities and partnerships with business organizations for being morally legitimate. Thirdly, the cognitive legitimacy which is the most fundamental and self-sustaining once achieved (Suchman, 1995). It refers to the public perception toward the social enterprise that nothing wrong occurs in its structure and nature. social enterprises are seen to provide information regarding how they use their resources in order to be perceived as cognitively legitimate.

Moreover, Sarpong and Davies (2014) examined the range of activities, strategies and practices that help the social enterprises to gain the legitimacy. Three managerial practices have been discovered to be used by social enterprises to enhance their legitimacy which are cross-sector partnerships, community engagement and capability building, and compassionate enterprise narratives (Sarpong and Davies, 2014).

Cross-sector partnerships refer to the creation of relationships and networks between social enterprises and organizations from diverse sectors such as business or government. Legitimacy arises mainly from symbolic bonds between the social enterprises and actors who are highly important, credible or legitimate. Continuous interaction with these individuals provides social enterprises with goodwill, credibility and support. Second strategy within cross-sector partnerships to acquire legitimacy involves social media such as Facebook, Twitter or YouTube. Social enterprises are engaged in online social networking to communicate their activities and to listen to people's opinions about their activities and about their partners. Frequently, the names or logos of relatively highly legitimate partners are placed on the social enterprise's social account. This serves like an act of confidence from the partners in a social enterprise and in its values. The partners' stakeholders are thereby aware of the support for the social enterprise. In such manner, the social enterprise may capture part of legitimacy pertaining to the partners (Sarpong and Davies, 2014).

Community engagement and capability building relates to the ability and degree of social enterprise´s initiative in involving the community and stakeholders in the activities in order to support and develop the common capabilities of stakeholders (Sarpong and Davies, 2014). Social enterprises need to evaluate and make sure they correctly determine the needs of the intended beneficiaries and the community. Therefore, keeping the close contacts with communities is desirable (Dees, 1998). The involvement of community and stakeholders emphasises the pragmatic legitimacy discussed above. As a consequence of engagement of community and stakeholders into undertaking its activities, the social enterprises develop good mutual relations and gain support for its activities (Sarpong and Davies, 2014).

Compassionate and emotional enterprise narratives are perceived as convincing communication and stories used by social enterprises to communicate the social mission, the impact and their accomplishments to the stakeholders in order to raise their credibility towards them. Furthermore, the narratives enable the social enterprises to highlight their unique and distinct character and their position and image in the society *"as a champion of social equality"* (Sarpong and Davies, 2014, p. 15). The stories may help the social enterprise to gain the support from the people who may identify themselves easier with the social enterprise (Sarpong and Davies, 2014).

The abovementioned discussion for the theory in general and in the social enterprises' context enables us to identify disclosures used as techniques for legitimizing. These disclosures are related to the social enterprise's key achievements, strengths, awards, partners and collaborations, impacts, the ethical and wise use of resources, and excuses for the poor performance that might be regarded to external factors. Moreover, the social enterprise could depend on visualization in terms of images and videos to reflect its social impacts in a more emotional and convincing manner. It is important to state that these disclosures will serve only as guidance and it is highly probable and desirable to identify new techniques for legitimizing while investigating social enterprises accountability. By considering these types of disclosures and techniques as means for legitimizing, it is aimed to answer the questions from the study's guiding criteria, which are *'Why do they provide information?'* and '*What are the common patterns and the exceptions in their disclosing?'*. The former question is to be answered through identifying the disclosures aiming to legitimize social enterprises, while the latter is addressed by identifying the common and specific legitimizing techniques.

5.2. Stakeholder theory

Stakeholder theory and legitimacy theory are not conceived as two contrasting theories but rather as overlapping and intertwined concepts that complement each other (Gray, Kouhy and Lavers, 1995). Although legitimacy theory concerns the expectations of the society as a whole, the stakeholder theory distinguishes the expectations of particular stakeholder groups within the society. Therefore, instead of a single social contract of an organization with a society there are distinct social contracts established among an organization and its stakeholder groups. (Deegan, 2009)

The notion of stakeholders can be conceptualized in many ways such as primary or secondary stakeholders or broad or narrow view of stakeholders. For the purpose of the study a clear definition of stakeholders is necessary in order to clarify the breadth of the concept and the range of stakeholders considered while conducting the analysis. The research regarding social enterprises calls for the broad view of stakeholders as defined by Freeman's (2010) definition as *"any group or individual who can affect or is affected by the achievement of the organization´s objectives"* (p. 46). The stake is not specified in Freeman's definition which provides the opportunity to involve essentially anyone as a stakeholder (Mitchell, Agle and Wood, 1997). This view is consistent with the social enterprises and their social missions which aim to target the beneficiaries and the community consisting of diverse stakeholder groups which can have an impact on or be influenced by the social enterprise whether directly or indirectly.

Stakeholder theory encompasses ethical and managerial branch. Both branches are distinguished in the way the stakeholders are considered and treated within an organization. The ethical branch emphasises the fair and equal treatment of all stakeholders and their expectations and interests (Deegan, 2009). Similarly, no group of stakeholders is given precedence over the other and the aim is to achieve a balance among differing interests, views or expectations (Hasnas, 1998). Stakeholders are treated in an ethical manner and this implies for the organization to consider the moral and ethical role it plays in the society rather than strictly focus on its financial purpose (Stoney, Winstanley, 2001).

Ethical branch of stakeholder theory further associates rights to all stakeholders to be provided with information about the organization's performance and operations even if no such information has been requested by them. Hence, the organization reports to stakeholders because of being driven by *responsibility* rather than *demand* (Deegan, 2009). The importance of accountability is highlighted in that the organization is held accountable to all the stakeholders to perform specific operations and to grant them the information by accounting for its performance (Gray, Owen, Adams, 1996).

In contrast to the ethical branch, the managerial branch of stakeholder theory asserts that all the stakeholders are not considered equally by the organization. Hence, the organization responds to the stakeholders that regards as more powerful and crucial for its success and survival by meeting their demands and expectations. Such power may be conceived as the extent to which the stakeholders are in control of the important scarce resources demanded by the organization or the possibility to control media or the demand for the goods and services (Ullman, 1985). Therefore, the reporting is driven by the demands of the powerful stakeholders rather than by the responsibility (Deegan, 2009).

In this study, based on the accountability framework of Connolly and Kelly (2011), the stakeholders to consider while conducting the research are: upward stakeholders which mainly include financial capital providers and regulators, as well as the downward stakeholders which mainly include beneficiaries, volunteers, employees, partners, customers and public in general. However, as stated previously, in Connolly and Kelly (2011) accountability framework, the disclosures related to different stakeholders are seen to be unreliable. As a result the disclosures that social enterprises depend on in order to manage their relationships with their upward and downward stakeholders are seen to be difficult to identify before conducting the research. It is aimed to identify the disclosures addressed to different stakeholders while conducting the research mainly through assessing the rationale behind the disclosures within the social enterprise context.

By using the stakeholder theory we are expected to answer the questions from the guiding criteria of *'to whom social enterprises are held accountable?'*, *'who are the most powerful stakeholders to social enterprises?'*, *'why do they provide information?'*, and *'what are the common patterns and the exceptions in their disclosing?'*. The first question is expected to be answered through assessing the stakeholders targeted in the disclosures, the second through determining the stakeholders most addressed by the disclosures, the third by considering the fact that information may be used to manage the relationships with stakeholders, while the last is by identifying the common and specific techniques of managing stakeholders.

5.3. Institutional theory

Unlike legitimacy and stakeholder theory, institutional theory embraces broader cross organizational view by clarifying why the organizations operating in a particular field tend to adopt similar features, characteristics and forms thereby becoming more alike (Larner and Mason, 2014). Institutional theory complements legitimacy and stakeholder theory in exploring how organizations react to changing social expectations and pressures from the environment. Organizations are exposed to various institutional pressures to which they seek to conform in order to gain more legitimacy or resources (Scott, 1995). Therefore, institutional theory is connected with the notion of legitimacy and a desire to gain, maintain or enhance legitimacy. This makes the organizations within the same sector engage in homogeneous practices in order to comply with society's or stakeholders' values and expectations (Deegan, 2009).

Two dimensions can be discerned within the institutional theory; which are isomorphism and decoupling (Deegan, 2009). For the purpose of the study only the isomorphic dimension is considered. Such consideration is due to the fact that the dimension of decoupling takes into account actual practices that might differ from the claimed ones. However, the purpose of the study is to investigate accountability in disclosures of social enterprises without considering actual practices of these organizations. The study is focused on the reporting and disclosure practices rather than seeking for patterns of decoupling between actual practices and formal (institutionalised) practices.

Isomorphism is conceived as *"a process that forces one unit… to resemble other units that face the same set of environmental conditions"* (DiMaggio, Powell, 1983, p.149). As a result, organizations that deviate from the sector's homogenised practices, e.g. in terms of differing reporting or disclosures, may be criticized. The isomorphic dimension can be further subdivided into three processes, namely coercive, mimetic and normative isomorphism (Deegan, 2009).

Coercive isomorphism relates to the power of stakeholders who can exert pressure on organizations to adopt particular practices. This is directly related to the managerial branch of stakeholder theory when the organizations are coerced to address in their reporting concerns and expectations of the most powerful stakeholders. However, what makes the disclosure practices of an organization in this context homogeneous with other organizations is the fact that they may have common powerful stakeholders who may require from all organizations the same disclosure in order to satisfy their own expectations. This leads to the same institutionalised practices among the organizations having the same powerful stakeholders (Deegan, 2009).

Within the mimetic isomorphism organizations attempt to imitate practices of other successful organizations in order to ensure legitimacy. This occurs mainly in time of uncertainty in the environment when the organizations tend to copy in the higher extent other organizations' practices. Organizations by adopting similar practices aim to enhance the competitive advantage (DiMaggio, Powell, 1983).

Normative isomorphism refers to the pressure coming from the group norms (DiMaggio, Powell, 1983). Various employees may take part in groups based on which they form their collective opinions. Therefore, members of the same group share the same views regarding, inter alia, the reporting practices. The homogeneity arises when the members of the same group adopt similar reporting practices in different organizations, e.g. managers with specific educational background may adopt similar reporting practices and thereby enhancing the uniformity across the organizations (Deegan, 2009).

5.3.1. Institutional theory in social enterprises

When specifically considering the social enterprises, Larner and Mason (2014) claim that *"social enterprises are particularly vulnerable to isomorphic processes"* (p. 4). The reason might stem from the lack of clear conceptualisation of social entrepreneurship in a paradigm and thereby taking part in "*pre-paradigmatic field*" (Nicholls, 2010a) where the paradigm is yet to be developed. However, various actors attempt to contribute to the paradigm creation by shaping the legitimacy or discourse of social enterprises. A new process of reflexive isomorphism is suggested that is particularly relevant for emergent sectors such as social entrepreneurship (Nicholls, 2010a). The reflexive relation delineates that paradigm-building organizations shape the legitimacy of social entrepreneurship by reflecting their own character and logics and thereby providing legitimacy also for themselves.

Four main paradigm-building actors are identified: government, foundations, fellowship organizations and network organizations all of them being influential in the development of social enterprises (Nicholls, 2010a). However, each of the actors defines the social enterprise in different ways although always in line with the nature and logics of the actor itself. The most dominant actors in shaping the paradigm and discourse on social entrepreneurship are government, foundations and fellowship organizations. Government argues for a business model of a social enterprise because of being affected by New Public Management. Government aims to legitimise itself by demonstrating the pro-business attitude. On the other hand, foundations and fellowship organizations argue for hero entrepreneur model of social enterprises that is legitimized by the developed success stories (as is frequent for entrepreneurs) because both types of organizations are grounded in the private sector and commercial entrepreneurship. As a result, *"the logics of the hero entrepreneur working within a business... setting will come to dominate the paradigmatic development of the field*" (p. 624).

Another perspective on institutional isomorphism in social enterprises is adopted by Nicholls and Cho (2006) who argue that social enterprises are relatively resistant towards isomorphic pressures. This is due to the fact that social enterprises operate within a youthful sector that has not been yet very structured and hence the isomorphic pressures are less apparent and weaker. In contrast, typical business organizations which are members of a well-defined field tend to frequently become subject to strong isomorphism. Therefore, since high degree of homogeneity arises across the business field, the social enterprises and their innovative ideas for solving social problems are perceived as a *"welcome disruptive force"* (p. 112) which brings new fresh ideas, originality and makes a difference in social sector. Hence, if the innovative and creative solutions to social and environmental problems are to be sustained, the social enterprises should avoid the isomorphic pressures to occur.

The concept of isomorphism is to be used in this study in order to discover potential common patterns as well as provide possible reasons for such patterns. Therefore, the questions of '*What are the common patterns in their disclosing?'* and '*What are the possible reasons for the potential common patterns?*' are seen to be answered by isomorphism concept. The former question is to be answered through searching for disclosures by social enterprises that refer to, inter alia, success stories and commercial aspects of social enterprises, while the latter is through linking the common patterns to coercive, mimetic, normative, and reflexive isomorphism.

6. Methodology

6.1. Philosophy

6.1.1. The role of theory

After an extensive literature review on social enterprises and their accountability, it has been concluded that there are not enough theories neither to describe nor to explain accountability in the context of social enterprises. In addition, the two social enterprises' accountability frameworks discussed under the literature review (Connolly and Kelly, 2011; Wang, 2009) could be seen as limited because of not being grounded on observations of real disclosures provided by social enterprises and hence unreliable. Therefore, since there is a lack of comprehensive social enterprises' accountability theories that can be tested or mainly depend on to observe social enterprises' disclosures, it is seen that the inductive process is more dominant in this study in order to generate illuminating findings related to the field.

This study depends on a qualitative approach that mainly adopts inductive process in order to generate accountability framework for social enterprises based on real observations of social enterprises' disclosures. Within this approach, system oriented theories illustrated in the previous chapter are considered as an important point of departure to conduct the research and to sensitize the researchers with the practices and rationales of disclosures. The system oriented theories are also used to facilitate organizing the processes of investigations and cases' structure. This means that it is aimed to use the theories discussed along with the understanding gained from the literature review, and the study's focus chapter to generate an accountability framework for social enterprises. (Bryman and Bell, 2007)

Furthermore, it is significant to state that the system oriented theories are used to support researchers with an abstraction of reality; therefore they are used to provide partial explanations of accountability in social enterprises (Deegan, 2009). To further clarify, the expected findings are claimed neither to reflect the 'complete' picture of accountability in social enterprises nor to provide a full description of particular behaviours, but only partial explanations.

6.1.2. Epistemological considerations

This study is epistemologically characterized as an interpretivist study. This means that there is an emphasis on the distinctiveness of humans and the fundamental differences between social sciences and natural sciences (Bryman and Bell, 2007). This position aligns with the perception the study has towards accountability and disclosures as complex human phenomena (Deegan, 2009). In fact, diverse researchers could provide distinct findings of accountability for the same social enterprise because each researcher perceives the accountability through her/his own lens of reality, thereby claiming to fully explain the accountability and related disclosures would distort more than illuminate (Deegan, 2009).

Furthermore, the study is in contrast to the positivism which claims that social sciences are similar to the natural science and hence same methods could be applied for both types of sciences (Bryman and Bell, 2007). In addition, there is also a disagreement in this study with the positivist value free principle in social sciences' researches. Therefore, it is recognized that this study is not value free since it involves various interpretations by the researchers such as the possible rationales behind the disclosures as well as the stakeholders targeted by them. However, the present study attempts to be conducted by the most attainable objective reasoning and analysis. Moreover, the researchers intend to act in a good faith and attempt to reduce the degree of potential bias.

6.1.3. Ontological consideration

Regarding the ontological positioning, this study is classified as a constructionist. The reason for choosing this position is that accountability is seen as a social construction that has to be perceived as indeterminate knowledge that is being created and constructed by humans (Bryman and Bell, 2007; Jonnergård, 2014; Strauss et al., 1973).

The reason for not choosing the objectivist ontological position is that in the light of objectivism social enterprises' accountability would be seen as an outcome of external facts that are beyond humans' influences (Bryman and Bell, 2007). Such beliefs are in contrast to the study's perception towards accountability and disclosures as human activities that could not be scrutinized in isolation from the influences of humans who create and provide them (Deegan, 2009).

Furthermore, objectivism perceives organizations as tangible objects with standardized procedures where humans are hierarchically appointed to various jobs within a division of labour (Bryman and Bell, 2007). These rigid perceptions, we argue, not only would oversimplify and dehumanize social enterprises and their accountability phenomenon but also have negative impacts on humans' lives when they are transferred to the real world by practical people who are influenced by them (Keynes, 1953).

6.2. Research strategy

6.2.1. The research approach and process

The purpose of the research is to study social enterprises and their accountability; this is to explore whether they can provide an alternative capitalism. In order to meet the purpose, the qualitative research strategy is found appropriate. The choice of qualitative research is consistent with our aim to focus on the text and visualizations rather than the figures in order to generate social enterprises' accountability framework (Bryman and Bell, 2007).

The findings regarding accountability structure and discharge are expected to be reached by following the study's guiding criteria. The guiding criteria consist of the following questions: questions: (1) *to whom social enterprises are held accountable?* (2) *Who are the most powerful stakeholders to social enterprises?* (3) *Do social enterprises account for resources other than the financial capital and respond to issues other than the financial crises?* (4) *Why do they provide information?* (5) *What are the common patterns and the exceptions in their disclosing? What are the possible reasons for the potential common patterns and the exceptions?* In addition, the study may include observations that are not limited to following the guiding criteria, but enrich the study's findings.

By following the guiding criteria, it is expected to reach the study's purpose and answer the question of 'whether social enterprises and their accountability could provide the world with an alternative form of capitalism where humanitarian crises are better addressed'.

6.2.2. The trustworthiness of the research

It is aimed to promote the trustworthiness of the research by placing emphasis on several criteria introduced mainly by Guba and Lincoln (1994). Criteria to be followed are discussed in this section.

First, the credibility that ensures the internal validity of the research is considered. In order to promote the credibility of the study the multiple sources of data are chosen for the analysis, thereby employing data triangulation technique (Ryan, Scapens and Theobald, 2002). The data consist of different sources of disclosures for each social enterprise selected, including Annual reports, Social Return on Investment Report, social enterprises' websites and social enterprises' Facebook account and information available online on Office of the Scottish

Charity Regulator website. Such technique enhances confidence and trust of the study's findings.

Second, the transferability that ensures the external validity of the research is considered. In this study it is possible to claim the transferability of the findings beyond the studied sample. The findings may be applicable for other large social enterprises of the similar characteristics, especially charities and companies limited by guarantee of the similar size and embedded in the same legal context of UK.

Third, the criterion of dependability which emphasises reliability of the research is also applied in this study. The study is claimed to be reliable by keeping track and record of the whole research process (Bryman and Bell, 2007)

At last, the study places emphasis on the conformability that requires the researchers to be 'objective' in conducting the research. The researcher triangulation technique is used to enhance the degree of objectivism of the study although it is acknowledged that the absolute objectivity is not possible to achieve (Bryman and Bell, 2007). This technique is applied by engaging two researchers rather than an individual researcher in the study and hence it reduces the risk of allowing personal values and beliefs to interfere with the research. The two researchers have different educational and cultural backgrounds; therefore the risk of bias associated with the provision and interpretation of the findings is reduced by promoting discussions and shared agreement.

6.3. Research design

The research utilises case study design since it enables to study selected social enterprises in depth (Bryman and Bell, 2007). The study is focused on accountability and attempts to undertake intensive and deep analysis in order to explore the signs and determinants of the accountable behaviour. Case study method suits our purpose to explore and understand the concept of accountability in a particular context of large social enterprises in UK. Furthermore, case study method is appropriate since the theory in the field of interest is not well developed (Ryan, Scapens and Theobald, 2002).

The different types of case studies are applied in this research in order to follow the study's criteria and meet its purpose. The combination of descriptive and explanatory case studies is considered appropriate for the research (Ryan, Scapens and Theobald, 2002). The study provides the description and analysis of the disclosures that are placed in the context of understanding gained from literature review, study's focus and the system oriented theories. The findings from each case are then compared to find the common patterns and/or exceptions in their accountabilities.

As referred previously the research is conducted on three social enterprises that are registered as charities and companies limited by guarantee in UK therefore multiple-case study approach is employed. Every case constitutes a complete study. Moreover, the study considers comparing among the cases only as a complementary objective which serves to deeply study accountability in social enterprises.

Due to the fact that every case for each social enterprise might be distinctive compared to the other, the purpose of the case study design is not to generalize the findings on all social enterprises. Rather, the distinctive features of each case are uncovered in depth so that the uniqueness of each case provides illuminating findings regarding accountability that enrich and improve the final findings generation process (Yin, 1984). Therefore, generalisation is not claimed in this study; instead, the transferability of the findings is claimed as explained in the previous section.

6.4. Sample selection

As mentioned previously, social enterprises in UK have relatively limited mandatory reporting requirements (see tables: 2, 3 and 4). However, the disclosure of sufficient information and voluntary reporting allow deeply investigating the concept of accountability in social enterprises. The disclosures that exceed the mandatory requirements may provide useful and enriching information about the aspects of accountability in social enterprises and hence offer more trustworthiness and richness to the findings of the study.

Community Interest Companies (CIC) that represent the specific legal form of social enterprises in UK were intended to be selected for the study at the very beginning. However, they were found to be very limited in their disclosures and in general tended to limit themselves on complying with the legal obligations. Although it has been recognised that the study of accountability of these companies particularly established as social enterprises might have provided remarkable findings, the lack of information in terms of voluntary disclosures has prevented us from undertaking such type of study.

Therefore, instead of a random sampling, the method of convenience sampling has been chosen as the most appropriate for the study (Bryman, Bell, 2007). As referred previously, our convenience sample consists of three social enterprises (namely the Wise Group, Oxfam and the Fairtrade Foundation) of the legal form of charities and companies limited by guarantee. The selected social enterprises have been found to provide extensive voluntary disclosures through either formal or informal sources, or both. They have well-developed websites and are mostly active in social media, except the Wise Group. Therefore, since the accountability concept as well as case study research design require to undertake intensive in-depth observations, the social enterprises with extensive voluntary disclosures are conceived as convenient for such research. It is seen that the deliberate sampling allowed the researchers to consider important aspects that are represented in sufficient extent and quality, hence facilitating to achieve the most accurate analysis (Titscher et al., 2000).

As mentioned previously the three selected social enterprises reported income exceeding £1 million in the last financial period, thereby all being subject to the broadest reporting requirements which further ensures the richness and depth of the information provided (see tables 3 and 4). Having similar reporting requirements promotes the homogeneity of sample and diminishes the variations among the cases. Therefore, it is seen that the number of three social enterprises is considered sufficient since only with the greater heterogeneity the sample needs to be increased (Bryman, Bell, 2007). This means that larger sample of social enterprises in this study would not significantly increase the representativity of the findings (Titscher et al., 2000).

6.5. Data collection and analysis

The three social enterprises registered as companies limited by guarantee are required to submit financial accounts to Companies House (see figure 3). The most updated report has been downloaded for each social enterprise from Company Check website in the UK that collects all information about the companies.

In addition, in the case of the Wise Group additional two sources of information will be used. Firstly, the information available at the website of the OSCR is subject to investigation due to the limited information provided through the annual report. Secondly, the SROI report which is issued only by the Wise Group will be studied. Including the SROI is seen as an enriching element for the study. The report is not to be conceived as positioning the other two social enterprises in disadvantage regarding the accountability findings. This is because the main aim is not to compare the social enterprises but rather to offer new insights to the concept of accountability the report may provide.

Other sources were considered, which include the websites of all three social enterprises and their accounts on Facebook from 1st January to 15th May 2014. Moreover, specified tools are utilised to analyse their activity on social media, which are Twitonomy and foller.me. These tools enable to analyse the social enterprises' activity from more statistical and analytical perspective by providing e.g. the most used expressions of each social enterprise when communicating with the public.

Table 5 that summarises all sources of disclosures subject to multiple case study analysis is provided below. As mentioned previously, the data triangulation technique is utilised in the study in order to raise its credibility. Several sources of data, formal as well as informal, are used in each case study in order to study the accountability and to strengthen internal validity of the information provided. The data analysis will be only focused on the voluntary reporting practices in terms of text as well as pictures and videos provided by social enterprises in their different sources of disclosures that may provide clues regarding the accountability. The text will be analysed by discourse analysis where the patterns and expressions of the language used may suggest any trends for their accountability.

Social enterprise	**Sources of disclosures**	
Oxfam	Formal	• *Oxfam Annual Report & Accounts 2012/13*
	Informal	• *Website* http://www.oxfam.org.uk/ • *Facebook account* https://www.facebook.com/oxfamGB?fref=ts
The Fairtrade Foundation	Formal	• *Annual Report and Financial Statements for the year ended 31 December 2012*
	Informal	• *Website* http://www.fairtrade.org.uk/ • *Facebook account* https://www.facebook.com/FairtradeFoundation?fref=ts
The Wise Group	Formal	• *Financial Statements 31 December 2012* • *Information available online on Office of the Scottish Charity Regulator website* https://www.oscr.org.uk/search-charity-register/charity-

		extract/?charitynumber=sc004089
	Informal	• *Website* http://www.thewisegroup.co.uk/content/default.asp • *Facebook account* https://www.facebook.com/pages/The-Wise-Group/10530013628?fref=ts • *SROI Report 2007*

Table 5: Sources of disclosures

When examining the disclosures the three system-oriented theories will serve as a background from which to depart and the evidence of which will be searched for through the text. Our own analysis and generated findings will be based on these theories as well as on the literature review and the study's focus.

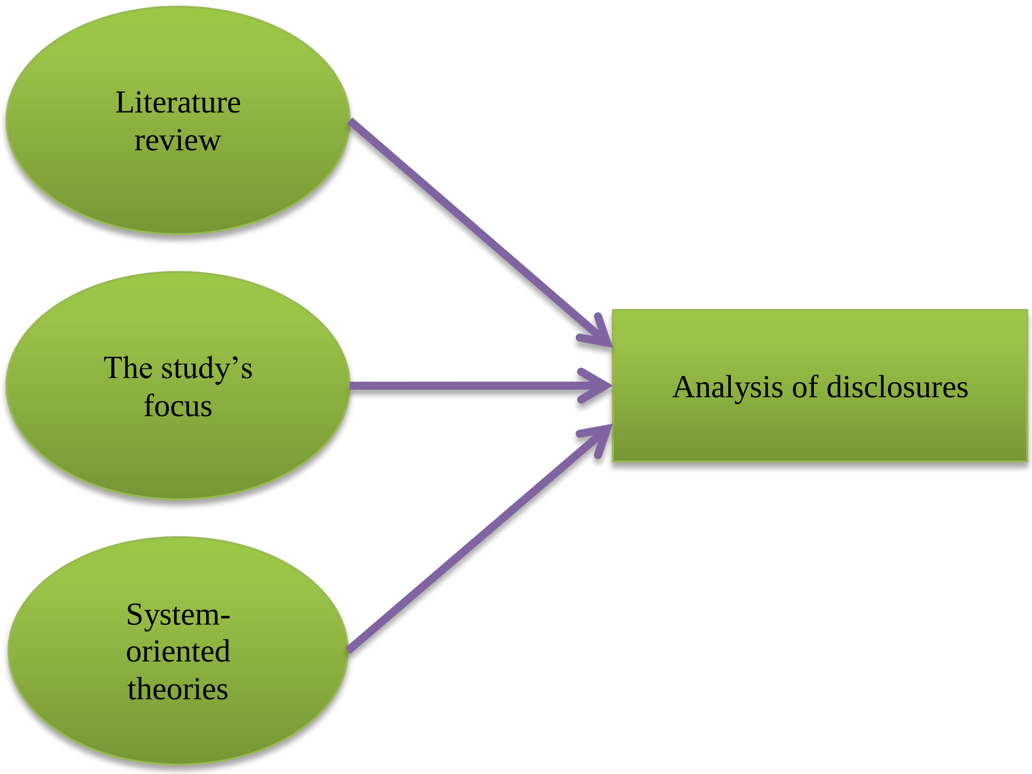


Figure 4: Analysis of disclosures

6.6. Ethical considerations

In the study the ethical issues and considerations have been taken into account in order to conduct and present the research in an ethical and moral manner. No personal interaction in terms of interviews, observations or any participation of the employees from the selected social enterprises has occurred in the research. Therefore, the issue of harming or negatively affecting the participants, of requesting an informed consent from the participants, or the issue of invasion of privacy of any participants has not been necessary to consider. (Bryman and Bell, 2007) Moreover, no personal data of the members of the social enterprises have been used therefore the issue of data protection as covered by UK legislation did not have to be taken into account. (Bryman and Bell, 2007)

All sources of disclosures analysed in the study are freely accessible to the wide public and therefore no permission from the selected social enterprises has been required in order to use and analyse them. Furthermore, none of the two researchers have personal relations or affiliations with the selected social enterprises thus the research does not conflict any interests. The research does not require the access to any confidential information, therefore the ethical issues are not violated in any sense. Indeed, in order to promote ethics, the open and honest approach when discussing the research is applied (Bryman and Bell, 2007).

7. Case studies

Departing from the literature review, the study's focus, and the system oriented theories (see figure 4), in this chapter case studies of investigated social enterprises are illustrated. The cases are followed by a discussion which highlights interesting and illuminating findings regarding social enterprises' accountability and, inter alia, the common patterns and exceptions across the three social enterprises' disclosures.

7.1. Oxfam

7.1.1. Background

Oxfam was established in 1942 in the middle of World War II mainly to provide aids to civilians. The organization is proud of its history and successes it achieved during its long years of operations. Hence, it identifies itself as *"an extraordinary organization"* of *"70 years in the making"* (Oxfam, n.d.). Nowadays, Oxfam with its partners operate in more than 90 countries around the globe, and Oxfam alone reaches about 13.5 million people in only 54 countries. (Oxfam, n.d.a; Oxfam, 2013). Oxfam is an attractive organization for the donors and it was ranked by The Guardian (2012) among 1,000 charities ranked by donations in Britain.

Oxfam has a broad social mission which is to fight poverty and injustice (Facebook, 2014a). Therefore, the organization engages in a wide variety of activities in order to serve its broad mission. The activities could be classified into three main categories, which are: (1) empowering underprivileged and marginalized parties, (2) providing humanitarian aids, especially in zones of conflicts and disasters, (3) and working to reduce the impact of global warming resulted from climate change. (Oxfam, n.d.b; Oxfam, 2013; Facebook, 2014a).

Oxfam as a leading social enterprise aims to serve its mission through creative and innovative means. There are numerous examples of these means. For instance, in Armenia Oxfam creatively responded to the high risk of agricultural disasters resulting from climate change. Oxfam developed a text-message initiative to provide farmers with an early warning system. The system provides farmers with SMS alerts of potential weather risks and advices on how to act to reduce or even eliminate the risk. The system helped around 2,500 farming families to better plan their activities and also enabled the organization to raise the awareness of climate change and its harms. (Oxfam, 2013)

Volunteers and paid employment provide Oxfam with the needed human capital. For the financial capital Oxfam's most three important sources are the government's grants, funds and in-kind donations provided by donors which are being sold to Oxfam's customers. These providers support the enterprise with £162.1m, £92.2m and £79.5m respectively. (Oxfam, 2013) Although the government provides Oxfam with the largest amount of funds, donors are the most important providers of financial capital after considering both the value of funds and goods provided by them.

7.1.2. Description of disclosures' sources

Annual Report

Annual report, which is seen to provide information beyond the mandatory reporting requirements imposed on Oxfam, consists of much visualization taking the form of pictures mainly of women. It is seen that the content is mainly directed to upward stakeholders namely the government and donors. As it will be discussed in the case, the report mainly aims to reflect success stories of Oxfam and positive impacts resulted from its interventions

Website

As the annual report, the website is characterized by the high degree of visualization in terms of photos and videos. In the website Oxfam represents different information, such as, its history, impacts, way of using the funds and proportion of funds used for each particular programme. The website is seen to highly address donors' information requirements who are encouraged to donate money or any in-kind donations. Oxfam provides at its website online shop where its customers can buy goods provided to the organization by other donors.

Social media

Oxfam is very active in both Facebook and Twitter. It has over 120,000 followers on Twitter (Twitonomy, 2014a) and over 170,000 likes on Facebook (Facebook, 2014a). It discloses information regarding its operations, impacts and success stories. As will be presented in *7.1.5. Oxfam reaction to (potential) legitimacy gaps*, Oxfam uses social media in order to respond to the (potential) legitimacy gaps. It follows the followers' comments and critiques, and responds to them. Among the words that are mostly used by Oxfam on Twitter are: support, work, wishes, best and Sudan (Foller.me, 2014a). This might reflect the organization's care to provide the public with information regarding its operations, which is in contrast to the website that consists of many links to transfer donations. Among users most mentioned by Oxfam on Twitter except them is The Guardian (Twitonomy, 2014a). This might reflect the tendency of the organization to influence the public through sharing relevant information that may support Oxfam through one of the UK major quality broadsheet newspaper (Newspapers.co.uk., 2009). This could be seen as a means to legitimize Oxfam's operations.

7.1.3. Oxfam's influence on the public

Oxfam through its disclosures provides readers with messages that may have an influence on their notions. For instance, stating that *"[the] [g]ender inequality is a major cause of poverty"*, could be seen as a statement not only for legitimizing the organization by expressing reasons of existence for Oxfam, but also to raise the awareness of gender inequality, to illustrate its negative impact, and probably to win the readers' support for marginalized women (Oxfam, 2013, p. 4). In addition, Oxfam may also indirectly educate readers of reasons why particular people suffer. For instance, stating that *"governments [have to] stop big companies [from] dodging tax in poor countries, so that millions of people can free themselves from hunger"*, as well as *"crops [are] to feed people, not [to] fuel cars"* (Oxfam, 2013). These two sentences educate the readers of bad practices by business organizations and express the organization's viewpoint towards the government's responsibility to interfere for the benefits of marginalized people. However, Oxfam does not desire to be portrayed as an anti-business organization and to threaten its moral legitimacy (Dart, 2004), therefore it highlights its partnerships with for profit organizations such as Volvo and Marks and Spencer (Oxfam, n.d.c; Oxfam, 2013).

As stated previously, the company's sources of disclosures are characterized by a high degree of visualization in terms of images in all sources and videos only at the website. The vast majority of images and videos are of females; which might be seen as a reflection of the company's prioritization of females' empowerment and its desire to convince the reader that serving marginalized females is inherent for the organization. Images and videos which mainly contain success stories aim to inspire people and educate them of benefits gained for marginalized parties as a result of Oxfam's interventions.

7.1.4. Disclosures to legitimize

It is seen that Oxfam educates its stakeholders of its successes not only to maintain its legitimacy but also to optimize it through applying a convincing disclosure strategy of three stages. To represent this strategy Oxfam's annual report (2013) disclosures regarding the UK poverty program were selected as an illustrative example. Firstly, Oxfam educates the reader of the problem by stating that *"[r]ecent research shows that almost half the UK population is suffering some degree of financial insecurity, and some four million children and adults are not properly fed by today's standards"*. Secondly, Oxfam mentions its reaction in the way that could convince the reader that the enterprise is responsive and effective; therefore, it states *“[i]n response, Oxfam is extending its work with communities in the UK. In the last year, we provided in-depth support to around 5,000 people – with a focus on developing families’ and communities’ abilities”*. Thirdly, Oxfam presents the social impacts of its efforts and how the society benefited from them through mentioning that *“[o]ur projects are already having an impact. We have seen residents get back into learning and secure qualifications; community members start community projects as varied as environmental clean-ups and mutual parent support, to growing food or starting community businesses”*. The reader of these disclosures is assumed to be convinced that she/he has directly or indirectly benefited from Oxfam’s operations which serve the public interests. This is especially true if the reader is from the UK, so she/he would consider Oxfam as legitimate at least from a pragmatic perspective.

Furthermore, Oxfam aims to optimize its legitimacy through five means besides educating stakeholders of their successes. Firstly, by expressing Oxfam’s value driven goals and reasons behind considering these goals. This is in order to provide the public with rational reasons behind its existence. Secondly, highlighting the social responsibilities considered by the organization, such as stating that the enterprise *“has a strong commitment to developing the diversity of its staff and volunteers… [and] encouraging applications from disabled people”*. By disclosing such information Oxfam is seen to be attempting to convince the reader that the organization is a role model of considering social responsibilities. Thirdly, claiming to be an independent enterprise, this aims to highlight that the organization is free from different political and economic affiliations. Fourthly, by including quotations by external parties that commend Oxfam and its impacts in order to support the image that Oxfam tends to create for itself as a leader organization in the field. Lastly, to mention awards gained by the organization to prove the superior performance and impacts by the organization.

7.1.5. Oxfam reaction to (potential) legitimacy gaps

Oxfam is concerned with handling any speculations regarding the use of their funds. Therefore, it is noticed that Oxfam provides detailed information regarding how the organization uses it funds. The information includes analysis of Oxfam expenditures in terms of charitable activities which include programme expenditures that represent 92% of the charitable activities (Oxfam, 2013). Moreover, impacts of Oxfam efforts are being accounted for in terms of the numbers of benefited people.

However, it is of interest to illustrate how Oxfam promotes accountability through using Facebook to respond to its followers and fill any (potential) legitimacy gaps. A good example of this is sharing a post containing the following narrative *“Emilie knows how to work a crowd. She’s a community leader and a health expert, and thanks to your donations, she can keep on doing her job. All your donations go straight to people like Emilie. People who live and work at the heart of their community. Who are passionate about putting an end to poverty. And who don’t work for the government – corrupt or otherwise”* (Facebook, 2014a). This post is seen to be driven by a desire to fill any (potential) legitimacy gaps that could have occurred through speculations or perhaps facts regarding the way donated funds are being used and who gains their benefits.

A follower responded to this post by a heavy critique, and described the post content as *“obviously false”*, and stated that *“Oxfam appear to be misleading its supporter”*. The follower also mentioned that *“[u]nrestricted donations in the UK pay for the CEO, Press Officers, the person writing these posts, running costs, legal fees, policy meetings etc.”*, and the follower questioned *“[w]hy put a falsehood here?”*. Oxfam’s Facebook group administration responded to the follower -who could be a (potential) donor having trust issues towards Oxfam and the way it uses the funds- by stating that *“We actually covered that myth in our last post http://on.fb.me/Rq1xPV. Out of every pound donated, 9p is used on the admin costs you mention. 84p goes to people like Emilie so that they are able to continue with their important and vital work. Thanks”*.

Another example was the post Oxfam shared on Facebook (2014a) to educate the public that *“84p of every pound you give us is spent on long-term and life-saving work around the world… 7p is reinvested to help us raise vital funds…. [and] 9p is spent on ensuring we are able to run efficiently – what you might call admin – so we can help more people to build a future free from poverty”*. Through such post Oxfam is seen to aim not only to ensure that resources are mostly used for beneficiaries’ benefits, but also to provide justification for using a proportion of funds for the administration which they describe as significant for their operations. One of the followers was not convinced by this post so the follower wrote a comment to criticize Oxfam’s way of using the resources. The follower stated that donations are used to pay the CEOs salary *“of over $240,000 year excluding bonuses”* and also stated *“I'll send 84p++ directly to those that need it”*. The administration replied to the follower and corrected information included in the follower’s comment by stating that *“the salary of our CEO in the tax year of 2012-2013 was £108,775 and we do not pay bonuses”*.

The abovementioned examples illustrate the occurred legitimacy gap as a result of the public speculations and also mistrust in Oxfam as an intermediate between donors and beneficiaries. The Oxfam responds to that in a wise approach by using the Facebook and following the comments of followers on its Facebook account and responding to them in order to fill the legitimacy gap.

7.1.6. Managing the relationship with the stakeholders

Donors who are the providers of the majority of Oxfam's financial capital are seen to be highly addressed by Oxfam through its disclosures. Oxfam thanks its donors for their help, provides them with information regarding how their donated funds are being used in ethical and wise manners, and tries to convince them that the enterprise deserves to be trusted and donated to through presenting positive impacts achieved by Oxfam. The organization also aims to promote donors' trust, therefore it stated in its Annual report (2013) that *"411,024 people in the UK made a regular donation"* (p. 2). The reader of such statement may be assumed to be convinced that the organization is legitimate, efficient and generally trusted.

For a better management of Oxfam's relationship with the public, the organization states its objectives along with progresses achieved in each objective (Oxfam, 2013). Such disclosures promote the accountability of Oxfam and satisfy stakeholders' requirements regarding the manner by which the funds are being used and progresses achieved against each object. Oxfam accounts for its impacts by stating numbers of benefited people from its various activities and programmes. Moreover, the organization is concerned to provide the donors with an analysis of how the funds are used through the different sources of disclosures and different circumstances as mentioned previously.

In order to reduce or even eliminate speculations regarding funds' sources, Oxfam clearly states in its annual report the sources of funds and states major partners and donors. Such information could be used by the donors and also the volunteers to ensure that the organization they support does not have relations with parties that they may not favour to engage with in neither direct nor indirect manner.

7.2. Fairtrade Foundation

7.2.1. Background

The Fairtrade Foundation was established in 1992 by different organizations, such as Oxfam. Fairtrade Foundation aims to improve the wellbeing of developing countries' farmers and their families and communities (The Fairtrade Foundation, n.d.; Facebook, n.d.). According to the foundation's annual report (2013) the number of small farmers and workers benefiting form the foundation is more than 124 million in 63 countries. Similarly as Oxfam, the foundation was considered by The Guardian in 2012 among the top 1,000 charities ranked by amount of donations it attracts, however in a lower rank.

The Fairtrade Foundation's mission is to promote justice and sustainable development in order to empower disadvantaged people, and help them to maintain a decent and dignified livelihood. The foundation works with the developing countries' farmers (beneficiaries) and companies marketing their products (business partners). In order to achieve the mission the foundation engages in two main activities. Firstly, it provides the FAIRTRADE Mark, which is considered as an independent consumer guarantee that the developing countries' producers benefit from the trade. Secondly, it works for raising the awareness of the need for Fairtrade and the significance of its mark. (The Fairtrade Foundation, 2013; The Fairtrade Foundation, n.d.)

In addition to the mainstream means of generating income such as attracting donations and government grants, the Fairtrade Foundation depends on creative means to generate income to be reinvested in its social mission. The foundation charges companies which market products, comply with the Fairtrade standards, and carry the FAIRTRADE Mark with license fees. Income generated from license fees covers the cost of auditing companies to ensure compliance with Fairtrade standards, and cost associated with public education and awareness raising work. (The Fairtrade Foundation, 2013; The Fairtrade Foundation, n.d.)

Similarly as Oxfam, the Fairtrade depends on both volunteers and paid employment for its human capital (Facebook, n.d.; The Fairtrade Foundation, 2013). However, in contrast to Oxfam, the foundation's most important source of financial capital is license fees that provide it with £9,382 million. The foundation also depends on grants and donations which provided it with £734,000 and £163,000 respectively. (The Fairtrade Foundation, 2013)

7.2.2. Description of disclosures' sources

<u>Annual report</u>

In addition to meeting the legal reporting requirements, Fairtrade Foundation is seen to meet information requirements of donors, volunteers and business partners. However, business partners are seen to be the most addressed. The annual report reflects the foundation's impacts and success stories.

<u>Website</u>

The website is characterized by visualization, however, with lower degree compared to Oxfam. The website consists of information regarding the foundation's history, impacts, and the way of using its funds. The foundation also offers benefits for potential business partners that could be achieved when engaging with the Fairtrade Foundation. Furthermore, the foundation offers the requirements it imposes to provide companies with its Fairtrade Mark.

<u>Social Media</u>

The Fairtrade Foundation is active in both Facebook and Twitter. It has over 90,000 followers on Twitter (Twitonomy, 2014b) and over 116,000 likes on Facebook (Facebook, 2014b). It discloses information regarding its operations, impacts and success stories. It also announces its campaigns and events held by the foundation. Among the topics that are mostly used by the foundation on Twitter are fairtrade, farmers, cotton, companies, fair, banana and coffee (Foller.me, 2014b). This might reflect the foundation's tendency to raise the awareness about the importance of fairtrade, as well as to provide information related to its business partners and products. Among the most mentioned users by the foundation on Twitter except themselves are the foundation's business partners (Twitonomy, 2014b).

7.2.3. The Fairtrade Foundation's influence on the public

The Fairtrade Foundation aims to influence the public through its disclosures in a way that benefits the Foundation and hence its beneficiaries. For example, by stating that *"[i]n The UK we eat 10,000 bananas in a minute, but the growers can't eat"* (Facebook, 2014b). Such statement could be assumed to have a (potential) impact on the reader aiming to win her/his empathy towards banana growers. After affecting readers, the foundation highlights a possible alternative to handle the injustice by claiming that *"Just 1 P on the retail price of banana could lift outcomes by 20-30 %"* (Facebook, 2014b).

7.2.4. Disclosures to legitimize:

As Oxfam, the Fairtrade Foundation tends to use its disclosures to strengthen its legitimacy through a convincing disclosure strategy, however, different than Oxfam's strategy. The Fairtrade Foundation disclosures could have an effect on the readers' notions. However, the foundation applies a relatively different disclosing strategy. Firstly, the foundation expresses its goodness, such as stating that *"[o]ne of our main ambitions in Fairtrade is to support the development of strong, effective producer organizations"* (The Fairtrade Foundation, 2013, p. 3). Secondly, it highlights the area the foundation identified its need and responded to by stating that *"[w]e have had the opportunity to directly support this in Cocoa"* (The Fairtrade Foundation, 2013, p. 3). Thirdly, it provides reasons for why the foundation responded by stating that *"Cocoa is dominated by three traders globally and producer organizations often lack the skills and expertise required to negotiate effectively. They often do not understand the terms of the contracts they are signing nor their rights and obligations"* (The Fairtrade Foundation, 2013, p. 3). Fourthly, Fairtade represents how it responded by stating that *"[w]orking with a legal practitioner in contracts law from the UK who gave his time pro-bono we developed an interactive, practical workshop around contract law and negotiation"* (The Fairtrade Foundation, 2013, p. 3). Finally, Fairtrade highlights its social impact through mentioning that *"[t]he outcomes from the workshop as articulated by participants were increased insights and the ability to tackle and find solutions for contracts challenges"* (The Fairtrade Foundation, 2013, p. 3).

Fairtrade Foundation discloses information that aim to convince the reader that the foundation is efficient and effective in serving its mission. For instance, in the foundation's annual report (2013), it published impact research results and claimed that *"there are tangible, significant and sometimes considerable economic, social, technical and organisational development benefits to smallholder families and estate workers arising from Fairtrade certification"* (p. 2). In the annual report (2013) it was also mentioned that the foundation conducted a customer survey regarding its licenses and the survey results demonstrated *"a strong alignment with our core objectives with the main areas for improvement being our core systems and customer information provision and support processes"* (p. 6). These types of disclosures are assumed to convince the reader that the foundation is beneficial for the world, has considerable impacts, and most significantly operates in the light of the social contract by serving the public interests.

For more assertion for such messages, the foundation identifies itself as a market leader by highlighting the fact that *“[t]hree of the top five chocolate products in the UK are now Fairtrade”* (The Fairtrade Foundation, 2013, p. 4). The foundation also places emphasis on its independency. These disclosures could be seen as effective to raise the public trust towards the foundation and reinforce its legitimacy.

7.2.5. The Fairtrade Foundation reaction to (potential) legitimacy gaps

The Fairtrade Foundation has been challenged by claims that it uses 'mass balance’, which means that Fairtrade beans can be mixed with non-Fairtrade beans for manufacturing chocolate (The Fairtrade Foundation, 2013). To respond to this claim the foundation raised the concern in its annual report (2013) and mentioned the Director of Policy and Public Affairs Barbara Crowther’s response. It was stated that she *“argued convincingly that what consumers care about most is that every Fairtrade chocolate bar they buy helps deliver a better deal to Fairtrade farmers and workers in the cocoa industry”* (The Fairtrade Foundation, 2013, p. 4). Furthermore, Barbara Crowther’s argument was supported by stating that the foundation conducted a research which revealed a strong relationship between the foundation and better deals for the ‘third world’ countries.

It is important to question the reasons behind not clearly stating whether the foundation uses mass balance or not. Barbara Crowther has not answered the question raised; instead, she refocused the public attention to the foundation’s pragmatic legitimacy by highlighting benefits gained by the producer from the foundation.

7.2.6. Managing the relationship with the stakeholders

The Fairtrade Foundation identifies its stakeholders which are *“licensees and retail partners, producers, NGO partners, campaigners, international colleagues, funders, Trustees and staff”* (The Fairtrade Foundation, 2013, p. 2). However, it is noticed that business partners’ information requirements are the most addressed. The foundation provides extensive information targeting (potential) partners, such as license requirements, the foundation´s impacts on producers, and how the foundation benefits its partners. (The Fairtrade Foundation, 2013; The Fairtrade Foundation, n.d.; Facebook, 2014b).

Besides the business partners who provide the foundation with the most of the financial capital, the foundation meets its responsibilities to share necessary information with the public. The foundation aims to present itself to the public as a humane foundation with no discriminations due to any reasons. This is done by mentioning that a campaign held by the foundation involved *"people of all ages, from many different ethnicities and faiths* - *including Muslims, Sikhs, Hindus, Jews, Christians and people with no particular faith affiliation"* (SOURCE p. 4). Such statement could be seen to target potential volunteers and assume to convince them that they are welcome regardless the age, ethnicity or faiths.

The foundation in its annual report (2013) educates stakeholders of 'Ask Malawi' project. The project represents an innovative new media concept that facilitates managing stakeholders' relationships through providing *"Fairtrade producers in Malawi with the opportunity to provide video answers to questions posed by consumers in the UK. By using advances in mobile video technology"* (p. 3). This innovative media concept is seen to be useful to inform the public and especially the customers that producers benefit from the foundation and that its resources are used in the way that makes real differences.

As Oxfam, the foundation promotes accountability for a better management of stakeholders' relationships. The foundation identifies the donors and provides information regarding how ethically and wisely the resources are used. For further accountability promotion, the foundation excused for not conducting impact assessments and promised its stakeholders to start conducting them in the following year. (The Fairtrade Foundation, 2013).

7.3. The Wise Group

7.3.1. Background

The Wise Group is a social enterprise operating in Scotland and the North East of England. It was founded in 1983 with the aim of helping long term unemployed citizens to find jobs. This mission was to be delivered by providing training and job experience (The Wise Group, 2013). Since then the mission has enhanced and now it encompasses also wider range of activities to solve social and environmental problems in Scotland and the North East of England. The Wise Group is aware of the positive impact of its activities and makes statements at its website regarding the Wise Group's work and mission that make *"a positive difference to people, communities and society"* (The Wise Group, n.d.), and points to its success in helping more than 30,000 people get a job (The Wise Group, n.d.a). The Wise

Group is highly important organization in UK since it is considered one of the largest providers of working opportunities and training programmes in UK (The Wise Group, 2007).

Its current mission is to promote sustainability, increase the level of education, provide training and skills in order to raise the level of employment, regenerate and restore the environment and community and reduce reoffending (The Wise Group, n.d.b). In order to serve the broad mission, the Wise Group engages in various activities, most of which represent innovative ways on how to tackle the social and environmental problems. Their different activities could be categorized under four main categories. First, employability programmes that include training and skill development programmes (The Wise Group, n.d.d). Second, environmental programmes include conducting projects to improve specific community areas, such as Cadder Environmental Improvement Project that aimed to restore the Cadder area in Glasgow (The Wise Group, 2007). Third category covers programmes to prevent repeated offending through delivering a national mentoring programme for offenders (The Wise Group, n.d.e) or providing coaches who motivate and support young offenders and prevent them from becoming future prisoners (The Wise Group, n.d.f). Last category covers sustainability programmes for different individuals about energy efficiency, sustainable transport, renewable energy, and recycling (The Wise Group, n.d.g).

The Wise Group engages with employees and volunteers for delivering its activities. The staff which is *"passionate, progressive, and accountable"* (The Wise Group, n.d.b) is considered to be central to the Wise Group´s activities. The volunteers may join the Wise Group if they sympathize with the organization and want to support its values and mission. (The Wise Group, n.d.h). The Wise Group, as any other social enterprise, necessitates besides human capital also financial capital. The main financial capital provider for the Wise Group in 2012 was government (£4,772,960), and the funding was mainly achieved through the tendering for the government procurement processes (The Wise Group, 2013a). Other financial sources came from charitable activities (£3,642,761), interest and investment income (£17,404) and other income resources (£29,484). The Wise Group was not supported by any donations neither fundraising (Office of the Scottish Charity Regulator, 2013). Commercial and business activities of the Wise Group are evidenced by investment activities and income. Such income is principally reinvested into the activities consistent with the mission. (The Wise Group, n.d.b).

7.3.2. Description of disclosures' sources

Annual Report

Annual Report does not include any pictures or other visualisations that may attract the reader, and mainly attempts to meet the regulatory requirements. The disclosures are mostly addressed to the government as the main financial capital provider and the regulator.

Social Return on Investment Report

SROI report is a voluntary reporting BVA tool utilised by the Wise Group (see table 1), therefore the purpose as well as the content of the report and the range of stakeholders addressed differs significantly from the Annual Report. The SROI report's aim is to measure and report in a monetary value the social and environmental impact created by the Cadder Environmental Improvement Project that attempted to regenerate the area of Cadder in Glasgow. For each identified social or environmental impact a financial proxy needs to be assigned based on which the impact can be financialised.

Website

The website of the Wise Group offers general information about the company and about the activities, programmes and services it provides to various stakeholders. It discloses information for the public and much information is addressed to potential partner organizations, volunteers or beneficiaries. The website includes also several videos that promote for the sustainability programmes offered or presents a survey regarding the opinions of the customers and the government about the Wise Group.

Social media

The Wise Group is not very active on Facebook neither Twitter. It has only over 300 followers (Twitonomy, 2014) on Twitter and only over 100 likes on Facebook (Facebook, 2014). It does not interact much with the stakeholders and thereby misses an important communication medium. When comparing two social media channels, the Wise Group is relatively more active on Twitter where it posts links on interesting articles, mainly from The Guardian. Among the words that are mostly used by the Wise Group on Twitter are: Scotland, help, Glasgow, employability, skills and work (Foller.me, 2014). This suggests that the Wise

Group relates its communication to the mission and their objectives and hence promotes their accountability towards mission and objectives.

7.3.3. The Wise Group's influence on the public

The Wise Group does not aim to influence the readers through its disclosures. When disclosing, it mainly educates and informs the readers about particular activities and projects undertaken which makes the organization be more align with the values of the society. However, the Wise Group shows no incentive to manipulate and influence the perceptions of the public. No evidence of emotive story-telling or appealing pictures has been found in any of disclosures. The reason might be that the Wise Group does not have donors neither funders among the public to whom the emotional appeals usually tend to be addressed. The funds of the Wise Group are gathered mainly from the competitive public tendering processes under the control of the government where other factors besides the way of disclosing are considered in order to win a contract and funding. Any emotional disclosures in such context would not ensure the Wise Group with higher possibility of gaining the funds.

7.3.4. Disclosures to legitimize

Similarly to Oxfam, the Wise Group depends on very similar disclosure strategy. In order to demonstrate this strategy in the context of the Wise Group, an example from the SROI report has been selected. Firstly, the organization educates the readers of the problem in Cadder through highlighting the high unemployment rates, vandalism or security concerns before the project started. This may be perceived as a way to gain the support and legitimacy to the project by demonstrating that the activity of the Wise Group to improve the situation is deemed urgent. Secondly, the organization represents its engagement in the project by stating that *"[i]nput of the Wise Group was essential in developing the project, as well as in providing the labour"* (The Wise Group, 2007, p.13). Thirdly, the organization discloses positive impacts of the project on the participants and community. It included the positive impacts in terms of enhancing participants' self-confidence, motivation and well-being, as well as the quality of their lives and health (The Wise Group, 2007). In this stage the Wise Group tries to convince the public of the usefulness of the project. This is to maintain pragmatic legitimacy and persuade the public that the organization meets the society's expectations to increase the security in the area and decrease the unemployment rate.

In the annual report the Wise Group provides the information about an award won by stating *that "Quality Scotland recognised the Wise Group's continuous improvement and excellence through achieving the Recognised for Excellence Award in 2012."* (The Wise Group, 2013a, p.4) The equal message is available also via the website where the Wise Group reports that *“[a]s an award winning social enterprise we’re proud to have helped more than 30,000 people into a job over the last 30 years.”* (The Wise Group, n.d.a). In this way the Wise Group aims to legitimise its existence by drawing attention to its positive achievements.

Throughout all the sources of disclosures the Wise Group frequently names the partners it collaborates with or other actors in order to take advantage of their prominent status and name and to capture the legitimacy pertaining to the partners for its own benefit. The organization mentions at the website the actors to whom has delivered the training programmes such as Glasgow City Council, Glasgow Housing Association, British Gas and others (The Wise Group, n.d.i). Similarly, it discloses in the SROI report information from the report of the governmental Department for Work and Pensions (DWP). The information refers to the view of DWP that supports the work and value of local services aimed at helping the disadvantaged group within the labour market (The Wise Group, 2007). The Wise Group is seen as using the salience of this actor in the labour area and presenting these views for its own benefit and for legitimizing purposes.

The Wise Group uses also substantive and symbolic techniques to gain the legitimacy. The substantive technique is reflected in Annual report where the Wise Group discloses the intention to have a culture promoting equality. The value of equality is not only claimed but also manifested by disclosing information that an equality forum and an internal committee have been established to cover and promote equality in the company (The Wise Group, 2013a). On the other hand, the Wise Group uses excuses for attaining considerably less funding from the government in the year of the annual report than the year before. The Wise Group uses the symbolic technique to legitimise its financial position by referring to the *"challenging economic and operating behaviour"* (The Wise Group, 2013a, p. 7), reduced scale and number of public sector contracts and the tough competition.

7.3.5. The Wise Group reaction to (potential) legitimacy gap

The initiative of issuing the SROI report might be seen as an action to close the legitimacy gap created by new expectations of the society caused by the growth of NPM as explained previously (see *3.1. The emergence of social enterprises* and *3.5. The emergence of reporting in social enterprises*). As mentioned previously, among the various influences occurred due to NPM was also to place emphasis on results. Such an influence, like most others, leads to changing of the expectations of the society and governments by making them more results oriented. Consequently, society and the government created new expectations towards organizations where resources and payments were based on performance and results (Hood, 1995). New expectations created legitimacy gaps and hence incongruence between the actions of the organization and the expectations of the society regarding such actions (Deegan, 2009). The Wise Group acknowledged the changed expectations which was confirmed in the Annual report (2013a, p.7) by disclosing that *"payment by results contracts are now the norm and the UK government has increased the performance expectations"*. Therefore, the Wise Group in order to fill the legitimacy gap, attempted to financialise the social and environmental impact of the project in Cadder to demonstrate how efficiently the funds gathered for the project have been utilised to demonstrate clearly its achievements and performance in monetary terms.

7.3.6. Managing the relationships with the stakeholders

The Wise Group manages its relations with the stakeholders differently throughout different disclosures. In the SROI report the Wise Group considers all the stakeholders equally, thereby promoting an ethical branch of the stakeholder theory.

The stakeholders addressed are downward (participants of the project, staff, partner organizations, community) as well as upward (government, Glasgow City Council, European Social Fund, police service). The accountability to downward stakeholders is evidenced by providing detailed information about the desired outputs of the project in terms of safer environment, increased employability, skill development or reduced vandalism (The Wise Group, 2007). The Wise Group discloses information about the engagement of the Cadder community into the planning and decision process which strengthens the final satisfaction of the community with the results of the project. It also reports about the participants of the project and their needs and attempts to keep in touch with them also after the project in order to discover how the project changed their lives.

To upward stakeholders the information provided refers to the sources of the funding for the project, different stages through which the project was performed, the environmental improvements in the area, reduced criminal behaviour or the number of participants who moved off the benefits. (The Wise Group, 2007) Therefore, in the SROI report the Wise Group discloses the information to all the stakeholders affected by the Cadder project and treats them fairly by disclosing the information they consider to be necessary for each group of stakeholders.

However, there are two perspectives on how to perceive the reason behind involving all the stakeholders in the SROI report. One perspective might be to consider the SROI report as a subject to a set of standards agreed at a European level that specify the structure and delivery of the analysis. Therefore, only because of the standards, the Wise Group engages all the stakeholders that are affected by the project in the analysis in order to financialise the social and environmental impact and to calculate the right SROI rate. On the other hand, the other perspective which could be a counter argument to such a view may be to perceive the SROI report as a voluntary reporting tool. Therefore, the organization that applies such a tool voluntarily desires to analyse the impact of the project on all its stakeholders. This view promotes the responsibility driven reporting.

Furthermore, the Wise Group demonstrates its accountability in Annual report by disclosing information about its efficiency, types of activities performed, achievements, and how the total income was expended thereby ensuring the public that the funds are utilised appropriately (The Wise Group, 2013a). It is seen that in Annual report information is provided in lower extent to stakeholders than it is provided to the regulator. This suggests the managerial branch of stakeholder theory since the expectations of the powerful stakeholders (government) are attended to first. (The Wise Group, 2013a)

Another evidence of an accountable behaviour might be found in the Annual report where the Wise Group truthfully discloses their activities although they may be perceived negatively. This refers to the information provided about the number of 200 employees that were made redundant. (The Wise Group, 2013a) This may shed a negative light on the company mainly if one of the objectives of the Wise Group is to reduce the unemployment in the area. However, the Wise Group as an accountable and transparent company discloses such information and also provides reasons that encouraged them to take this decision as well as the whole process of decreasing the number of the staff.

Other group of stakeholders to whom the information is addressed and the relationship with them is managed at the website are (potential) partner organizations. The Wise Group tries to attract the new partners from public, private or voluntary sectors by disclosing different information. They try to appeal to their positive strengths and qualities and attract potential partners by disclosing that *"[w]orking with The Wise Group means more than just saving money; it is working with an organisation who is an inspiring social enterprise that makes a positive difference to people, communities and society. You can be part of making that difference."* (The Wise Group, n.d.j) Furthermore, they provide what they call 'promises' about the services they offer to their partners. The Wise Group also names the prominent and widely known partners whom they have collaborated with in order to convince the potential partners that the organization is highly trusted.

The Wise Group at the website discloses in a visible and transparent manner its telephone number on how to reach the company. The 'Getting in touch' visualisation appears at almost every website within its domain and demonstrates that the Wise Group aims to communicate with the stakeholders, waits for the feedback and any interaction with the stakeholders is desirable. Big visualisation facilitates and stimulates the communication with the stakeholders and represents innovative means to promote accountability. This reinforces the perception of the stakeholders that the Wise Group acts in an accountable manner and is seriously interested in 'getting in touch'.

7.3.7. Social accounting for better stakeholder management

The Wise Group mentions at its website that it depends on social accounting. The Wise Group as a social enterprise discloses its interest to find new ways to understand, measure and report the impact of their activities (The Wise Group, n.d.k). Therefore, it utilises SROI analysis and Social Accounts for some projects to calculate the impact generated. Social Accounts are also independently audited which further reinforces that the Wise Group aims to be open and accountable to all the stakeholders.

The Wise Group clearly states in the SROI report the relationship between the desired outcomes of all the stakeholders from the project and the indicators that represent social impact. This information is summarised in the impact map section of the SROI report which is in the form of a table and involves all 11 stakeholders such as participants, Cadder community, government, police service, partner organization or others. (The Wise Group, 2007) The expected outcomes from each stakeholder serve as a basis for setting the indicators of the impact generated. For each indicator a financial proxy is found that suits the best for financialising the impact.

For example, a partner organization's expected outcome is 'improved community safety'. The indicator used for such outcome is 'reduced tenant complaints' and to translate it into monetary terms the financial proxy of 'staff costs per complaint handled' was selected. (The Wise Group, 2007) Further illustrative examples from the impact map are provided in the table 6 below. However, this table is not complete since the impact map provides further information regarding the source of the financial information for the financial proxy. For the financial proxy 'staff costs per complaint handled' discussed above, 'the community survey' provided the organization with information needed about the staff costs. Another element of the impact map is the attribution which refers to the proportion of the value generated by the organization if also other organizations were involved in supporting the participants. Additional element included in the impact map of the Cadder project is deadweight which identifies the value of the social impact that would have been created anyway without the intervention of the Wise Group. The last element concerns displacement or drop off that considers the proportion of not sustained outcome. (The Wise Group, 2007)

Stakeholder	Desired Outcome	Indicator used	Financial Proxy used
Cadder community	Improved community safety	Increased social and leisure activity spend	Tenant survey and community consultation
Participants	Improved Employability	Increased future earnings from qualifications	Increases in hourly rates by qualifications level
Government	Reduced welfare spend	Net decrease in benefits spend	Beneficiary records and exit information
Police Service	Reduced time spent policing the area	Level of complaints from public in area	Unit costs per complaint and follow up

Table 6: Abstract from the Wise Group SROI impact map

The Wise Group attempts to be open, clear, transparent and accountable when providing such detailed information. Furthermore, it attempts to strengthen the social contract between the organization and the society by conducting the SROI analysis which claims that for each £1 invested in the project of Cadder the Wise Group creates a social impact (SROI rate) in the value of £4.65. (The Wise Group, 2007) Through the SROI ratio the organization demonstrates that it is capable of creating the social impact in the higher value than the value invested, as well as convincing the society about its qualities and efficiency.

7.4. Cases' discussions

Through analysing the three social enterprises, various motives for accountability have been raised. Three different accountability drivers have been identified. First, the *marketing driven approach of accountability* has been in use by Oxfam. This may be due to the fact that Oxfam claims to have political power through lobbying and that it operates across jurisdictions. Therefore, Oxfam is seen to be in the need of such approach to create a perception of itself that could facilitate serving its mission. This perception requires to provide information that markets Oxfam as neutral, independent and significantly influential, therefore, this approach was suitable. The second accountability approach has been identified in both Oxfam and Fairtrade, which is the *demand driven approach* especially towards their most important providers of financial capital and the most addressed stakeholders in their disclosures. This is due to the fact that their financial capital providers are expected to create information demands that Oxfam and the Fairtrade Foundation responded to as the most important stakeholders. The third approach is the *responsibility driven*, which has been applied by the Wise Group that is seen to be more stakeholder oriented than Oxfam and the Fairtrade Foundation. A possible reason behind the responsibility approach of the Wise Group is that it does not have donors, therefore, there is no pressure to meet their requirements and it is easier to manage the relationships with all stakeholders more equally.

It is seen from the abovementioned cases that large social enterprises do not perceive complying with the legal reporting requirements as sufficient to spread their values, legitimize themselves or manage their stakeholders. This might be mainly due to the unique features of financial capital providers that, for instance, might not be very familiar with annual reports. Since all types of donors are significant for the social enterprises, they meet their information requirements through not only formal channels such as annual reports, but by using websites, social media, and perhaps impact assessment reports (such as SROI).

Social enterprises, as expected, use accountability and disclosures in creative mean to not only meet the legal requirements but also to support their mission, market themselves, attract funds, and inform the public of their operations. In addition, accountability and disclosures play a crucial role in legitimizing social enterprises, reacting to (potential) legitimacy gaps, and managing the relationships with stakeholders. However, it is seen that the drivers for accountability and disclosures significantly vary as mentioned previously.

As illustrated in cases under the sections number three *'social enterprise's influences on the public'*, social enterprises (namely, Oxfam and the Fairtrade Foundation) are seen to use disclosures in order to educate the public of the world's injustices and inequalities. The marginalized parties are highlighted along with their problems, reasons behind their problems, and possible solutions to reduce their harm and suffering. What is more, disclosures especially in Oxfam have been used to highlight bad practices of business organizations and the lack of sufficient support from the government. This raises the idea of accountability for empowering marginalized parties.

7.4.1. Disclosures for both legitimizing and stakeholders management

It is important to state that in the social enterprises particular disclosures could be used for both managing relationships with stakeholders as well as gaining legitimacy, which complies with the fact that both legitimacy theory and stakeholder theory overlap (see *5.1. Legitimacy theory* and *5.2. Stakeholder theory*). For instance, providing information regarding the social capital of each social enterprise by clearly defining the partners could be seen as means for providing information to manage relationships with stakeholders. The partners may or not carry similar values as those of the stakeholders, therefore, particular volunteers, for example, may not favour working for a social enterprise that has partnerships with organizations which work in contrast to their political views. Stating partners could also be a source of legitimizing and financial capital attracting if it reflects that the social enterprise is operating with other organizations that trust it. Moreover, all social enterprises, while discussing the partnerships, highlight information regarding the amount of funds obtained from partnership. However, they relate all the social impacts to themselves, their efforts and contributions (without stating the partners' contributions) in order to further strengthen their legitimacy.

Due to the unique nature of social enterprises which use accountability (see *3.5. The emergence of reporting in social enterprises*), particular disclosures are seen to be used for both purposes of legitimizing as well as managing relationships with stakeholders from the accountability basis. For example, providing information regarding how ethically and wisely they use their resources could be seen as an approach to manage the relationship with the stakeholders as well as meeting the new expectations of the society in the NPM era and hence maintain their legitimacy.

7.4.2. Regarding legitimizing

While comparing the three social enterprises in terms of how they use disclosures in order to legitimize themselves, particular common patterns and exceptions have been identified.

Firstly, all social enterprises depend on a convincing disclosing strategy in order to gain legitimacy. In Oxfam and the Wise Group, the strategy is as following: (1) educate the reader of the problem, (2) mention the social enterprise' effective response to the problem, (3) and finally present positive impacts resulted from its intervention. On the other hand, the Fairtrade Foundation depends on a relatively different disclosing strategy which consist of the following five stages: (1) expressing the foundation's positive qualities and ambitions, (2) identifying the area that requires a response, (3) providing reasons of such response, (4) presenting how the foundations responded, (5) and finally highlighting the social impacts resulted from its intervention.

In addition to the similar disclosing strategies it was found that all the social enterprises depend on these common techniques of legitimizing. The techniques are: (1) expressing the organization's value driven goals and probable reasons behind considering these goals, (2) illustrating efficiency and effectiveness in serving the mission, (3) disclosing about rewards gained, (4) claiming to be promoters of social responsibility, especially through disclosing information regarding equality within the social enterprise, (5) presenting information that aims to highlight positive qualities of the social enterprise and portrays it as a market leader, (6) introducing social impacts resulted from their intervention.

Furthermore, there are more legitimizing techniques, however, not used by all social enterprises selected for this study. For instance, only Oxfam and the Fairtrade Foundation claimed independence, but the Wise Group did not. This might be explained due to the fact that they have donors and do not desire to be perceived as manipulated by particular powerful donors. They are also conducting operations across different countries, therefore, it is also of significance to stress that they are able to serve their humane missions regardless any political or religious affiliations. Another technique was to highlight quotations by external parties commending the social enterprises and their activities and impacts. This technique has been applied by Oxfam and the Wise Group in order to deliver the message that they are beneficial for the society even from external parties' view. A possible reason for why the Fairtrade has not applied this technique, is that the foundation depends on its innovative project of 'Ask Malawi' in order to reach the same purpose but differently. Another technique noticed was to provide indications in terms of surveys of customers' opinions regarding the social enterprise performance and impacts by the Fairtrade Foundation and the Wise Group. This is seen to provide the social enterprises with an advantage and portray them as customer oriented organizations. The last technique highly employed by Oxfam was the usage of emotional and affecting pictures and success stories to legitimize its activities and affect the readers and potential donors in a way that may attract more donations.

In order to further clarify social enterprises' legitimizing disclosures, the following table is created in order to present the three forms of legitimacies (see *5.1.1. The legitimacy theory in social enterprises*) in the social enterprises with a supporting technique example for each.

Form of legitimacy	**Technique example**
Pragmatic legitimacy	Disclosing social impacts
Moral legitimacy	Disclosing information regarding business partnerships
Cognitive legitimacy	Disclosing information regarding the ethical and wise manner of using resources

Table 7 Techniques related to different legitimacies

The social enterprises use accountability and disclosures in order to protect and fill (potential) legitimacy gaps, although through different means. For instance, as presented in cases Oxfam depended on the social media perhaps due to the fact that they receive critiques from their followers. In comparison, Fairtrade Foundation depended on the traditional media and annual reports, while the Wise Group decided to issue the SROI. The SROI report allowed the organization to meet the government norms of connecting funding to results. In addition, the Fairtrade Foundation and the Wise Group used excuses in a way or another and connect any poor results to external factors in order to protect their legitimacies, and do not harm their value creation process.

7.4.3. Regarding stakeholders management

As referred at the beginning of this section, the three social enterprises adapt different approaches of accountability. The different approaches have been highly reflected in the stakeholders they consider through the different sources of disclosures. In this subsection the ways how different sources of disclosures are used to address the various stakeholders are represented.

Firstly, regarding the formal channels, the stakeholders addressed across the three social enterprises are relatively consistent. Most attention is paid to comply with the regulator's requirements as well as informing the financial capital providers of different subjects, such as the activities performed. It is also acknowledged that other stakeholders have been addressed, however, in much lower extent.

Secondly, the way websites addressed the various stakeholders more differed. In Oxfam, which applies marketing driven accountability, the highest attention has been paid to the financial capital providers. A medium attention has been paid to them by the Fairtrade Foundation. The exception was the Wise Group which considered stakeholders (namely, partners, volunteers, beneficiaries, and the whole public) more equally. Furthermore, a positive relationship between the annual report and the websites has been noticed in terms of the attention paid to the donors. This might be due to the social enterprises' desire to address donors with different characteristics through various sources of disclosures. For instance, small donors are assumed to have less capability in analysing the annual reports, therefore they are more addressed through websites. On the other hand large donors who intend to donate considerable amounts may find annual reports more suitable for their information requirements and capabilities. Therefore, they are more targeted by Oxfam.

Thirdly, social media has been used by Oxfam and the Fairtrade Foundation in order to manage the relationship with the public as a whole. Both organizations actively interact with their stakeholders, inform the public about the activities and projects undertaken. Furthermore, Oxfam attempts to fill the occurred legitimacy gaps by social media and hence reacts to stakeholders' concerns, speculations and trust issues.

Fourthly, SROI report that has been only issued by the Wise Group allowed the organization to apply the responsibility driven accountability through equally considering its stakeholders (namely, employees, beneficiaries, partners, financial capital providers, and the whole public).

From these four means of addressing stakeholders it is suggested that global organizations, namely Oxfam and the Fairtrade Foundation, generally apply managerial logic in managing their stakeholders' relationships compared to local social enterprises such as the Wise Group, that adapts more equal logic. Furthermore, the ethical branch of stakeholder theory is seen to be more dominant in social enterprises' disclosures through social media and SROI Report. On the other hand, the annual reports mainly address powerful stakeholders, thereby employing managerial branch of stakeholder theory. The exception was the websites which highly differ.

The reasons behind the fact that global organizations tend to address their disclosures mainly to upward stakeholders might be that they find difficulties in meeting the expectations of all stakeholders (especially the beneficiaries) around the world regarding information needs. On the other hand, it could be relatively easier for local social enterprises like the Wise Group to better meet these expectations. In addition, it has to be considered that there might be significant differences among beneficiaries of the selected social enterprises. This means that beneficiaries of social enterprises that aim to fight injustices and inequalities or operate in tension zones may not have the welfare to access the disclosures during suffering, thereby social enterprises might not pay appropriate attention to them in their disclosures.

7.4.4. Institutional isomorphism

Although there are common patterns between the three social enterprises in the way they legitimize themselves and manage the relationships with their stakeholders, the isomorphic pressures are not highly evident. Therefore, the three social enterprises could not be characterized by the high level of institutionalization. As illustrated in the discussion and in the light of the three cases there are differences in legitimizing and stakeholders management techniques.

With regards to the coercive isomorphism, no common stakeholders could be identified between the three investigated social enterprises. This is mainly due to their high dependence on the social capital and the engagement in large networks, which makes it unfeasible to accurately identify powerful common stakeholders. Regarding the mimetic isomorphism, there was no evidence of emulating among the studied social enterprises. The rationale behind that could be that they operate across different fields and adapt relatively different missions and strategies. Furthermore, a national social enterprise like the Wise Group could find emulating disclosures techniques by a giant social enterprise like Oxfam as not feasible as well as not cost beneficial. Lastly, as mentioned in the *3.3. Social enterprises' aspects*, employees and managers of social enterprises generally receive lower salaries compared to those that they might receive in the business organizations. Hence, it is not unreasonable to assume that they are generally more value driven. Their values are assumed to drive them not only to place an emphasis on disclosing the social responsibilities, but also to affect the public notions for the marginalized people's benefits (notably in Oxfam and the Fairtrade Foundation which adapt the social mission of fighting poverty and injustice, and also raise the public awareness).

However, the reflexive isomorphism (see *5.3.1. Institutional theory in social enterprises*) was noticed since the three social enterprises placed great emphasis to illustrate their business activities and their entrepreneurial and innovative aspects. Moreover, in a way or another all of them tended to portray themselves as hero social enterprises that are unique, efficient, effective, and hence deserve to be highly trusted. The most dominant criterion for creating the perception as a hero was to provide success stories through convincing disclosing strategies. As a result, by disclosing the success stories and highlighting their commercial aspects the social enterprises aligned with the expectations of the main actors involved in building the field of social enterprises.

The general low degree of isomorphism in the studied social enterprises aligns with what was highlighted before under *5.3.1. Institutional theory in social enterprises*. Since social enterprises constitute ambiguous concept that lacks agreed definitions, characteristics, and social missions, it is difficult to notice unified common disclosing practices that could create a comprehensive institutional isomorphism compared to business organizations which are more subject to it. As Nicholls and Cho (2006) state, the lack of the high degree of isomorphism is highly welcomed and considered as positive since social enterprises have been established in order to target social problems in the society by offering innovative solutions. Therefore, if the social enterprises became subject to institutional isomorphism in their field and their disclosures, the unique innovative element that each social enterprise offers would disappear and the raison d'être of the social enterprises, i.e. to solve the social and environmental problems by creative means, would be threatened.

8. Conclusion

This study was motivated by morale, social responsibility, and a desire to raise an opportunity for a more humanized capitalism to address humanitarian crises. social enterprises were expected to provide a better alternative of conducting a business. Such alternative is not only concerned with accumulating value for owners and financial capital providers, but also to handle social and environmental issues. From this perspective the role of accounting has been raised departing from critiques of the current IASB conceptual framework and the dominant financial capital oriented view. Such view considers financial capital providers as the main information users and the most important resource providers.

Tinker as a leading radical accounting scholar –among others- criticized accounting and the role it plays as an ideological weapon for powerful parties to oppress marginalized people. Such views mainly resulted from the financial capital orientation that captures accounting. This orientation neither provides sufficient opportunities to account for other stakeholders as well as social and environmental impacts and performance, nor responds to social and environmental disasters.

It was of interest to investigate whether social enterprises could provide a more elated perception towards accounting. Such perception could be created through finding an accounting role model that adapts more stakeholder oriented view, accounts for social and environmental impacts and performance, reflects whether resources are used ethically and wisely, addresses social and environmental crises besides the financial issues, and hence creates a more comprehensive reality. The accounting role model was intended to be investigated through the study' guiding criteria, in order to answer the study's question of whether social enterprises and their accountability could provide the world with an alternative capitalism.

As highlighted in the introduction, social enterprises are forming a recent youthful phenomenon. Therefore, it was salient to deeply uncover this sector. For this aim, the emergence of social enterprises was discussed from different perspectives adopted by different scholars. An interesting perspective has been raised by Nicholls (2006) who connected social enterprises' emergence with market failures and the need for an alternative approach for conducting a business. One of the major challenges when developing the study was to handle ambiguities associated with social enterprises which were explained in certain dimensions in contradictory manners. However, social enterprises' aspects have been identified and explained in depth. Among the most important aspects were the combinations of both social as well as commercial characteristics, as well as the high prioritization for the social capital which facilitates attracting both financial and human capital to social enterprises. It is seen that the attempt to uncover social enterprises' ambiguities and aspects facilitated the development of the study's definition of social enterprises. The social enterprises are defined in this study as enterprises which have *'a social problem as a central driver and address it in an innovative way, create social values rather than benefits for owners and engage in business activities to generate income to be used in the social mission'*.

While developing the study it was concluded that the reporting and accountability represent recent phenomenon in the social sector. The main driver for this phenomenon was the NPM which encouraged social organizations to not only imitate business practices as best practices but also their reporting practices. Therefore, the term of accountability has been deeply investigated and different perspectives adopted by various scholars were highlighted. In addition, despite of Messner's (2009) critical views on accountability which were in contrast to our own views, it was important to illustrate them to enrich the study and sensitize the readers to the complexity of accountability as a human phenomenon. Among the views he discussed was that expanding the term of accountability beyond the requirements of financial capital providers might raise ethical conflicts. Through discussing accountability besides its limitations, a definition for accountability has been created particularly for this study; which is *'the responsibility for undertaking actions that contribute to the accomplishment of social mission and to account for social and economic performance to stakeholders'*.

The section *3.6.2. Accountability and reporting in social enterprises* motivated us to highlight the revolutionary philosophy of blended value and its accounting. Their significance does not only arise from the solutions they may provide for social enterprises to address their reporting challenges, but also the reality they seek to create. Emerson (2003 and 2006) claims that BVA tools can diminish the gap between the social value and economic value and he introduced the blended value as a superior and desired aim (see figure 2). Since the BVA is considered as recent and since social enterprises have not received the proper attention from academia, the BVA tools were discussed in table 1.

In the second point of departure (the study's focus) along with definitions of social enterprises and accountability, the selection of the UK as the environment in which to base the study was justified. Among the most important reasons for the selection were the facts that the UK is the most advanced environment for social enterprises in the world, and more importantly the perception towards the UK as one of the most powerful capitalist countries. By selecting the UK, it was aimed to gain the findings of whether social enterprises and their accountability could act as a catalyst for a more humanized capitalism.

The legal reporting requirements of the UK social enterprises were introduced in order to assist differentiating between information provided to comply with the obligatory requirements and the voluntary information provided by social enterprises for different reasons. However, it was seen that the legal requirements are of high degree of complexity and that there are different players that regulate the sector. Therefore, it was attempted to simplify the legal reporting requirements, as well as to illustrate those imposed on the selected social enterprises in this study (see figure 3).

The third point of departure which are the system oriented theories, reflected the study's perception towards organizations as being part of a wider social system, in which they cannot be scrutinized in isolation from social, economic and political frameworks. The three theories supported the process of analyzing social enterprises' voluntary disclosures after identifying them in the second point of departure. Furthermore, it was necessary to clarify the applications of these theories for the purpose of this study.

After presenting the three points of departures, the research has been conducted. It was based on the qualitative inductive approach in order to generate an accountability framework consisting of illuminating finding. The case study method was selected in order to investigate in depth the accountability in the selected social enterprises.

8.1. The study's findings

Three cases have been created for each selected social enterprise, and they were followed by the section *7.4. Cases discussion*. Although all social enterprises were selected from the same country, of the same legal form and reporting requirements, considerable differences have been noted regarding their accountability and disclosures. However, besides the differences, certain clues of common patterns were identified. In table 8 findings generated from the cases as well as the cases discussion are summarized in a way that presents how accountability is constructed and discharged in social enterprises.

<table>
<tr><th rowspan="3">Accountability drivers</th><th colspan="2">Legitimacy disclosures</th><th colspan="4">Stakeholders management disclosures</th><th rowspan="3">Reflexive isomorphism disclosures</th></tr>
<tr><th rowspan="2">Common techniques</th><th rowspan="2">Specific techniques</th><th>Formal channel</th><th colspan="3">Informal channels</th></tr>
<tr><th>Annual report</th><th>Website</th><th>Social media</th><th>SROI Report</th></tr>
<tr><td>Marketing</td><td rowspan="3">• convincing disclosing strategy
• value driven goals and their reasons
• efficiency and effectiveness in serving the mission
• rewards gained
• promoters of social responsibility
• highlight positive qualities
• disclosing social impacts
• defining the partners
• ethical and wise use of resources</td><td>• Claiming independence
• Quotations of external parties
• High visualization</td><td>Regulator
Financial capital providers</td><td>High attention to financial capital providers</td><td>Public</td><td>–</td><td rowspan="3">Emphasis on commercial aspects and success stories</td></tr>
<tr><td>Demand</td><td>• Claiming independence
• Quotations of external parties
• Lower visualization
• Indication of customer satisfaction
• Excuses</td><td>Regulator
Financial capital providers</td><td>Medium attention to financial capital providers</td><td>Public</td><td>–</td></tr>
<tr><td>Responsibility</td><td>• Quotations of external parties
• Indication of customer satisfaction
• Excuses</td><td>Regulator
Financial capital providers</td><td>Partners, Volunteers, public, beneficiaries</td><td>–</td><td>Employees, beneficiaries, partners, financial capital providers, public</td></tr>
</table>

Table 8: Social enterprises' accountability framework

As is seen in table 8, three different drivers for accountability have been identified, which are marketing, information demand, and social enterprises' responsibility. Firstly, regarding disclosures to legitimize, many common techniques have been identified from the three social enterprises as well as specific methods that relatively vary with the accountability drivers. Secondly, techniques for managing stakeholders have been highlighted in terms of the formal and informal channels. Formal channels were generally found to address upward stakeholders, so the managerial logic of stakeholder theory is found to be more applicable. In contrast, social media and SROI report apply a more stakeholder oriented view and hence, suggesting the ethical logic of the stakeholder theory. It was difficult to determine the stakeholder logic that dominates the websites due to the high degree of inconsistencies among the three social enterprises' cases. For example, high level of attention dedicated to financial capital providers is seen in social enterprises applying marketing driven approach in contrast to those applying responsibility driven approach and paying equal attention to various stakeholders. Lastly, as mentioned in cases discussion both normative and reflexive isomorphism were identified. However, table 8 aims only to illustrate disclosing techniques, which were not found for the normative isomorphism, thus only the reflexive isomorphism was included. The three social enterprises were seen to apply the same techniques regarding highlighting their commercial aspects and portraying themselves as market leaders mainly through success stories.

It is important to emphasize that these findings are not claimed to be generalizable, however we claim them to be transferable to the UK social enterprises especially those with similar legal characteristics and reporting requirements.

8.2. The research criteria to the study's purpose

To facilitate reaching the study's purpose the guiding criteria have been considered while analyzing the social enterprises' disclosures and creating the cases. The criteria consist of five questions associated with the accountability construction in social enterprises' context. They are: (1) *to whom social enterprises are held accountable?* (2) *Who are the most powerful stakeholders to social enterprises*? (3) *Do social enterprises account for resources other than the financial capital and respond to issues other than the financial crises?* (4) *Why do they provide information?* (5) *What are the common patterns and the exceptions in their disclosing? What are the possible reasons for the potential common patterns and the exceptions?* The answers of these questions are provided in this section in the same sequence.

Table 8 is seen to address questions included in the study's guiding criteria. Firstly, regarding to whom social enterprises are held accountable, the 'Stakeholders management disclosures' clearly states the stakeholders to whom social enterprises are held accountable in the light of different accountability drivers and disclosure sources. Secondly, the most powerful stakeholders to social enterprises who are the most addressed through the different sources of disclosures are seen to be the financial capital providers. Thirdly, social enterprises are seen to not only provide financial information but also social and environmental information related to their performance and impacts. They provide detailed information about the activities they conduct in order to respond to social and environmental problems, and they apply various means to account for the social and environmental impacts. The ways of accounting for the social and environmental impacts are through either stating the number of beneficiaries or monetizing the social impact through BVA tools such as SROI. Moreover, social enterprises provide a considerable amount of information about the social capital in terms of their partners, joint ventures and networking. This is to attract human and financial capital.

Fourthly, social enterprises were found to use disclosures for their benefits in order to fulfil various objectives. They use disclosures to market themselves, meet stakeholders' information requirements (especially the requirements of donors), satisfy the responsibility to account for their performance and impacts. They also use various disclosing techniques to legitimize themselves, such as, portraying themselves as social responsibility promoters. Specific legitimacies (namely, pragmatic, moral, and cognitive legitimacies) are attained through different techniques as illustrated in table 7. Disclosures allow the social enterprises to better manage its relationships with the different stakeholders through various sources of disclosures. Managing stakeholders is performed by distinct means across the communication channels, for instance, demonstrating the ethical and wise use of resources, accounting for their social capital as well as their social and environmental performance and impacts.

Fifthly, the common patterns and exceptions were illustrated in table 8. In the study it was found that most common patterns regard the 'Legitimacy disclosures', annual reports and social media under 'Stakeholders management disclosures', as well as the reflexive isomorphism disclosing techniques. On the other hand, the main variances are found in the motives of accountability (whether, marketing, demand or responsibility) and in the way websites are used to manage the relationships with the stakeholders. One of the most significant exceptions was issuing the SROI report by a social enterprise adapting the responsibility driven accountability in order to provide different stakeholders with information regarding its impacts through monetized values.

Five different rationales behind the common patterns of disclosing have been identified. These are: (1) all social enterprises comply with the social enterprises' definition developed for this study. (2) They are also from the same jurisdiction and operate in the same environment. (3) They are all required to comply with the similar legal reporting requirements due to having very similar characteristics in terms of reported income and the legal form. (4) The existence of the normative isomorphism due to assuming that social enterprises' employees carry similar characteristics and particularly being more value driven. (5) The presence of reflexive isomorphism by which social enterprises desire to legitimize themselves to the claims and expectations of the main actors involved in establishing the social sector (namely, government, foundations and fellowship organizations). (see *5.3.1. Institutional theory in social enterprises*)

On the other hand, the exceptions in disclosures could be associated with six rationales. First, social enterprises are forming a youthful sector, thereby the field is not yet well established which leads to low degree of isomorphism.

Second, the originality, innovation and creativity characteristics are seen to discourage social enterprises to neither depend on similar disclosures nor copy each other. (Nicholls and Cho, 2006).

Third, different missions are seen to play a role in affecting the disclosures of the studied social enterprises. For example, social enterprises that aim to fight injustices and inequalities pay more attention to market themselves as well as to affect the public notions for the benefits of the marginalized parties and hence support their missions.

Fourth, the types of financial capital providers (namely, donors, business partners and government) have to be considered as an explanatory factor for distinctions in disclosures. This factor is significant due to the fact that social enterprises consider the financial capital providers as the most powerful. For instance, as the table indicates there was a positive relationship between the reliance on visualizations and the degree of social enterprises' dependence on donors.

Fifth, the scope of social enterprises' operations affects the degree of stakeholders' orientation. It is seen that global social enterprises such as Oxfam could find it difficult to meet the information requirements of all stakeholders in numerous countries. In contrast, national social enterprises such as the Wise Group may find it easier to broaden its perspective to include more stakeholders.

At last, the nature of social enterprises' beneficiaries differs across selected social enterprises according to the social, economic and political conditions they live in as well as their level of education. Therefore, global social enterprises such as Oxfam that have beneficiaries seeking to meet their basic needs and not having the welfare to access sources of disclosures, will be less addressed. On the other hand, the Wise Group that has beneficiaries living in the UK who are more able to access the disclosing sources, may find it more feasible to meet its beneficiaries' expectations and address their information needs in higher extent.

8.3. Meeting the study's purpose

After investigating social enterprises' accountability mainly through the study's guiding criteria, the following findings were reached.

Firstly, it was found that social enterprises pay attention to the social and human capital providers, however in a lower degree than they focus on the financial capital providers (notably donors). This means that social enterprises, like most business organizations, perceive the financial capital as the main resource and its contributors as the major information users, thereby applying the managerial logic of stakeholder theory in their disclosures. However, since social enterprises are developed to handle social problems, empower marginalized parties, and profits are mainly used for the social mission, there are no threats of misusing information to empower the financial capital providers at the expense of the weaker parties. This is due to the fact that the financial capital providers offer resources not to maximize her/his values, but mainly to claim to serve the social missions.

Secondly, through social enterprises' accounting it is seen that a more comprehensive reality is created. This is through using accounting to support the social mission and not to facilitate accumulating values to the financial capital providers. In addition, instead of only disclosing information about the financial performance and impacts, social enterprises were found to creatively respond to the environmental and social crises through placing emphasis on accounting for their environmental and social performance and impacts. This is mainly through stating the number of their beneficiaries, the way they were supported, and the social impact resulted from their interventions. Moreover, social enterprises can add monetary values on such benefits and impacts by using particular BVA tools such as SROI. social enterprises use also accounting to prove the wise and ethical use of resources, which has been demonstrated in many circumstances across the study mainly for both legitimizing themselves and managing stakeholders interchangeably.

Thirdly, social enterprises' accountability presented a new elated view of accounting which is in contrast to the perception adopted by radical accounting scholars such as Tinker who stated that accounting is the oppressing tool of the powerful stakeholders against marginalized parties. social enterprises fighting injustices and inequalities used accounting as a tool to empower disadvantaged parties. This is through raising the public awareness of their suffering and providing solutions to help disadvantaged parties, and in particular circumstances highlighting bad practices of business organizations and the responsibilities of governments. This shows the limitation of the radical scholars' studies which were based on gloomy perspectives and disregarded the value driven enterprises by focusing only on the profit oriented organizations. It also raises the idea of accounting as a double-edged tool that can be used for two different contradictory purposes. On the one hand, the accounting can privilege the powerful financial capital providers by offering them advantages over the weak parties and hence raise the threat of using advantages to oppress them (Broadbent, 2002; Tinker and Neimark, 1987). On the other hand, accounting can provide an avenue to protect marginalized parties, empower them, and win the public empathy towards them. To conclude, although accounting can be used by organizations as the oppressing tool for financial capital providers, it also can be used to empower marginalized parties.

Finally, the main thesis question of 'whether social enterprises and their accountability could provide the world with an alternative form of capitalism where humanitarian crises are better addressed' can be answered. It is concluded that social enterprises can provide an alternative capitalism where social mission could be served through business activities for purposes beyond accumulating values for owners. Through such alternative capitalism humanitarian crises are expected to be better addressed in a creative and more sustainable approaches. In the light of social enterprises and the opportunity they provide for an alternative capitalism, accounting (especially the BVA tools and the social media) could play a crucial role. This role is manifested by supporting the social enterprises through various means, such as the mean of using accounting to raise the public awareness and winning the empathy of the public towards underprivileged parties. To conclude, social enterprises can provide an alternative capitalism where accounting can serve as a catalyst for the transition to the new form especially through influencing the public notions.

8.4. Contributions

Since social enterprises form a youthful sector and has not yet received proper attention by academia, this study aims to contribute through raising the awareness of social enterprises' existence and opportunities they carry. In particular stance, their accountability is considered an under-researched area, which further manifests the contributions of this study. Studying social enterprises required us to investigate the legal requirements in the UK and reducing their complexities.

As far as we know, existing social enterprises' accountability frameworks are not based on empirical research (Connolly and Kelly, 2011; Wang, 2009). Therefore, this study aimed to fill this theoretical gap by conducting the first attempt to build an accountability framework based on empirical investigations. In order to generate the findings, new and creative accounting channels mainly represented by SROI and social media were used in order to enrich the findings and reflect the more comprehensive reality that social enterprises create.

Among the generated findings, the new marketing driven accountability has been introduced. In addition, legitimacy techniques in social enterprises' context have been discovered along with classification into common and specific techniques. The way social enterprises manage their relationships with the stakeholders was illustrated in the light of various accounting channels and accountability drivers. Although a low level of isomorphism is identified for this sector, a normative isomorphism was referred to departing from the assumption that their employees are generally more value driven.

By studying social enterprises and their accountability, social enterprises were introduced as an opportunity owner of an alternative capitalism. Furthermore, they provide a better and more elated accounting model that can be used as an empowering tool for marginalized people's benefits. Introducing accounting as a double-edged tool is seen to be the main contribution in this study that filled a significant theoretical gap of radical scholars' studies which only focused on profit oriented organizations.

8.5. Limitations

In this section the study's four limitations are presented.

Firstly, although in this study different methods were applied in order to promote objectivity and the research trustworthiness (see *6.2.2. The trustworthiness of the research*), it is acknowledged that the research is not perfectly neutral and objective. This is due to the fact that applying the qualitative approach requires a high dependence on researchers' interpretations of the disclosures. Therefore, the researchers' ideologies might have influenced processes of interpreting and analyzing of the disclosures, as well as findings' generation.

Secondly, it is seen that not having a comprehensive and reliable accountability framework for social enterprises to depend on as a major background might have influenced the process of investigating social enterprises' disclosures. In particular, it was not feasible to identify types of disclosures social enterprises use to address the stakeholders before conducting the research (see *3.6.3. Accountability frameworks in social enterprises* and *5.2. Stakeholder theory*).

Thirdly, as stated in *4.3. The Selection of the UK for the study*, the selection of the UK provided considerable advantages for the research. However, it is admitted that findings regarding social enterprises' accountability might change if social enterprises from other jurisdictions were studied.

Fourthly, depending on a convincing sample contains limitations associated with the method itself. The limitations are raised from selecting social enterprises with the same legal form, high profit declaration, and hence similar reporting requirements. Therefore, it is admitted that selecting social enterprises with more distinct characteristics might affect the findings.

Finally, the findings might be limited by time and they might change if the study is undertaken in the future (Bryman, Bell, 2007).

8.6. Further research

The social enterprises are seen to form an interesting sector and studying them and their accountability provides various opportunities for future researches. Future researchers could use this study's findings as a point of departure to study more social enterprises either of similar characteristics but with a broader sample or to introduce other legal forms than those selected for this study. It is also interesting to discover characteristics of social enterprises and their accountability in different countries, as well as undertaking cross countries comparisons to find opportunities the social enterprises could provide for alternative capitalism. One of the most interesting countries to select social enterprises from would be the USA which is the most powerful capitalist country and which also has an advanced environment for social enterprises.

It is suggested that future researchers could use different tools of BVA (see table 1) in order to further study how social enterprises construct their accountability. Such studies would enable to further test, inter alia, the degree of isomorphism strength within social enterprise's sector. This might be of interest especially in the future when the field is expected to become better established and perhaps the degree of isomorphism increases.

Future researches are suggested to depend on other data collection methods such as interviews and questionnaires. This is to allow the researchers to better access the mind-set of social enterprises when providing disclosures, and hence reduce the risks of bias.

9. Reflections

After conducting this study we would like to emphasize that each individual has responsibilities to take actions to provide assistance in helping people in need. The responsibilities are seen to differ according to each individual's position and capabilities. Moreover, each single individual can also assume different responsibilities. For instance, researchers can provide the help through paying more attention to the social enterprises and their different characteristics, as well as conducting prescriptive researches in these areas to help social enterprises to further develop. In addition, researchers as citizens are expected to work through different channels to affect the public expectations through raising its awareness of inequalities. Influencing the public is seen as crucial to create more pressure to transit to a more humanized capitalism because the different powerful actors will be pressured to satisfy the new public expectations.

Radical critical scholars through illustrating bad practices and the struggles of marginalized parties are seen to do good. However, we claim that only criticizing is not sufficient to create a real change. In our view critiques should be accompanied by raising opportunities and solutions to handle the problems. This is to increase the legitimacy of critiques by providing people with hope and counter argue the claims of benefited powerful parties that the opponents of the current capitalism do not have solutions.

9.1. Researchers' development

During the research journey we passed through various challenges. At the beginning we were unaware of the social enterprises phenomena, therefore, it was a challenge to discover it and its accountability in order to serve the thesis purpose. Through time due to the extensive efforts and the supervisors' assistance, we managed to gain more knowledge and achieving the study's purpose became more feasible.

The thesis does not only present a critical point of departure for our future careers, but also a reflection of our values and perspectives. We became more knowledgeable about how to conduct researches and regarding social enterprises and accountability. Furthermore, we gained experience in time management, and in working with a partner from different cultural background and how to support each other.

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Appendices

Appendix 1

Accountability	Primarily to whom?	Base	Mechanism
Legal	Upwards to donors, funders, regulators and oversight agencies	Processes Probity and legality – the avoidance of malfeasance, the prevention of maladministration and ensuring funds are used properly and powers have not been exceeded	Implementation of appropriate authority structures and command and control procedures, and reporting thereon Includes filing annual report and financial statements, obtaining institutional accreditation, meeting legal and regulatory standards and fulfilling contractual obligations associated with grants and service contracts
Constructive	Downward to beneficiaries, the public and media	Performance Aims to prevent wastage of resources (efficiency) and assess whether performance meets required standards. Implementation of practices arising from shifting societal values or emerging political trends that have not yet been codified in law. This often involves some form of negotiation between the organisation and its environment, often due to external pressures following media criticism or from an internal crisis within the organisation or as a result of the threat of explicit performance standards being imposed externally, so that the organisation is appropriately positioned to apply them	Performance assessment and evaluation reports (e.g. balanced scorecard, benchmarking, social return on investment) Continuous improvement through training and organisational learning Web sites Cooperative networks
Voluntary	Downwards to beneficiaries and the public	Programme Concerned with establishing whether the organisation has met its aims and objectives. The organisation is proactive in identifying and interpreting its own standards of acceptable practice	Monitoring and reputational sanctioning of likeminded organisations, where benchmarking and negotiation are common Continuous improvement through training and organisational learning Web sites Participation and self-evaluation Cooperative networks Self-evaluations and adaptive learning (e.g. social accounts and audits)

Source: Connolly and Kelly (2011)

Appendix 2

		Expected Values	
		Social	Economic
Sources of accountability	Internal	Mission (1)	Financial sufficiency (2)
	External	Legitimacy (3)	Market forces(4)

Source: Wang (2009)