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**Master programme in Innovation and Spatial Dynamics**

## **Social Impact and Its Challenges in Social Entrepreneurship and Social Innovation – A Case Study of Social Impact in Sweden**

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*Abstract:* Social impact in social entrepreneurship and social innovation is a significant common denominator in these fields which received increasing attention recently. The attention is concentrated to measurement methods but the concept social impact is still “fuzzy”. This thesis contributes with clarification of social impact. The study is a case study of social impact where an abductive qualitative approach is used. It aims to identify and explore the understanding of measuring social impact, why it is important, and what the challenges are with social impact in social entrepreneurship and social innovation in Sweden. Interviews were conducted with participants from central national authorities and organizations in Sweden to analyze the case. The outcomes are: it is important to prove and measure social impact to, show that the social initiative fulfills the social mission and have effects in a positive direction, for the public sector to prioritize the initiative and procure social impact, and to solve the social challenges properly. Challenges with social impact are that some people are shy to show social impact, social problems are complex to measure, it is difficult to separate results and impact, there is a drain-pipe problem in the society, and there are challenges with procuring social impact. The thesis contributes to an explicit understanding of social impact which can facilitate the knowledge diffusion and the development of the area.

*Key words:* Social impact, social entrepreneurship, social innovation, prove and measure social impact, challenges

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# 1 Introduction

This introduction chapter starts with an introduction of social impact in social entrepreneurship and social innovation, with definitions of significant terms in these fields. After the introduction part, there is a background description of social impact, followed by the aim of the thesis and research questions. The chapter ends with a description of the outline of the thesis.

The increasing social challenges the world facing today need to be tackled. Social entrepreneurs, social enterprises, and social innovations are emerging as significant actors and drivers for social change, which can solve and meet the difficult social challenges the world confronts currently. Moreover, they contribute to efficient and sustainable societies (Alvord, Brown, & Letts, 2004; Ministry of Enterprise and Innovation, 2018; Konda, Starc, & Rodica, 2015; Townsend, & Hart, 2008). In the fields, social entrepreneurship and social innovation, the main objective is to provide goods and services to achieve a social mission and to contribute to social change (Mair, Battilana, & Cardenas, 2012; Ormiston, & Seymour, 2011). But how should social impact in social entrepreneurship and social innovation be measured to understand if and how one achieves a social mission and contribute to social change. The actors in these fields face new competitive environments which consequently require better assessment of their social impact to be able to improve their performance and to communicate their contributions of their activities efficiently (Grieco, Michellini, & Iasevoli, 2015). As displayed here, social entrepreneurship and social innovation are two different fields but they have social impact as a common denominator, which is the reason why both fields are involved in this thesis.

Social impact within the emerging fields social entrepreneurship and social innovation is a highly-debated topic which has received growing attention during the last decade. There is a lack of common definitions of social entrepreneurship, social enterprises, and social innovations as well as for social impact. The absence of consensus of these terms, and what the social impacts of these are, make these relatively unexplored and emerging fields complex and significant to study and develop (Austin, Stevenson, & Wei-Skillern, 2006; European Commission, 2011; Hadad, & Gauca, 2014; Nicholls, 2010; Zappalà, & Lyons, 2009). The focus in this thesis is on the understanding of social impact and not the definitions of social entrepreneurship, social enterprises, and social innovations. However, the confusion concerning these terms has also

resulted in confusion around their activities according to European Commission (2015), which explains the complexity of social impact. Beneath are some definitions of these confusing terms to give an understanding of them. These definitions also explain the connection between them.

Hadad and Gauca (2014) argue that social impact is positive changes in the status quo of people, resulting from a particular social issue, as an outcome of an action, activity, process, project, or policy, generated by individuals, enterprises, NGOs, governments and so forth. Social entrepreneurship is the action of a social entrepreneur with a social mission, who identifies a social problem and addresses this problem by a social innovation. The objective is to create social impact and social value by contributing both to the social enterprise in terms of sustainability and to the society in terms of scalability (Austin, Stevenson, & Wei-Skillern, 2006; Hadad, & Gauca, 2014). Connected to this definition, is the definition of social enterprises by the European Commission (2015).

A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involve employees, consumers and stakeholders affected by its commercial activities (European Commission, 2015, p.9).

Social innovation could be defined as “innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purpose are social” (Mulgan, 2006, p.146).

Currently, there are no standards connected to the measurement and communication of social impact. This is because of the difficulties to reach a common definition of the concept of social impact (Zappalà, & Lyons, 2009). McLoughlin et al. (2009) point out the need for continuing research on the topic of social impact in order to fill the “evidence gap” of the impacts from social entrepreneurship and social innovation. As we can see, social impact is central and very important in the fields of social entrepreneurship and social innovations but there is a gap in the literature of the understanding of social impact. As discussed later in the theory chapter, the literature around social impact is dominated by different methods to measure social impact and not the understanding around the concept. Therefore, the purpose of this thesis is to identify and

explore the understanding of measuring social impact, why it is important, and what the challenges are with social impact.

## 1.1 Background

Zappalà and Lyon (2009) stress that the interest in measuring social impact is not a new phenomenon. Measuring social impact is like the social program evaluation which was popular around 1970 to 1980. The fall away of this measurement approach was due to the complexity of measuring the impact, and demand of time and resources (Zappalà, & Lyon, 2009). However, as research of social entrepreneurship and social innovation continue to increase, the area around measuring social impact has received increasing attention recently according to Lall (2017). An investigation in 2015 among social enterprises in Europe showed that most of the social enterprises were lacking in systems and strategies of measuring and evaluating social impact (Gustafsson, & Netz, 2018). It is not uncommon that social entrepreneurs use measures related to the growth of the enterprise rather than the achievement of the social objective (Ormiston, & Seymour, 2011). Hadad and Gauca (2014) stress that social impact might be the most volatile term in social studies because measuring impact assumes that there should be a correlation between the aimed objective and the actual outcome. It is difficult to measure the real impact in quantitative terms in social entrepreneurship and social innovation. Further, when estimated, they are usually poor indicators of the real contribution of a social mission or social change (European Commission, 2011).

The main part of social enterprises operates in resource constraint environments which results in that they attempt to increase accountability and performance to access significant resources to sustain their activities (Nguyen, Szkudlarek, & Seymour, 2015). It is important with economic indicators to estimate the sustainable growth of a social enterprise. However, it is even more significant with nonfinancial impact measures to guarantee that the social enterprise meets its social mission (Austin, Stevenson, & Wei-Skillern, 2006). Social enterprises have several stakeholders to account to, and numerous of categories of interested parties that demand greater accountability, which explains the importance of understanding and measuring social impact (Bagnoli, & Megali, 2011). Maas and Grieco (2017) claim that the interest of investors in social enterprises increasingly require social enterprises to be transparent, legitimate, and accountable about the impact they aim to achieve. Social entrepreneurs might be able to see their social



impact with their own eyes, but assessing their social impact in more detail could improve internal management and gaining funds (Grieco, Michelini, & Iasevoli, 2015).

A main problem pointed out by stakeholders, is the lack of a common mechanism for measuring and proving social impact. An absence of transparency and information on social impact could be an obstacle for social enterprises that affect the access to finance and markets (European Commission, 2015). Therefore, it is useful for funders with mechanisms of assessing social impact, because it enables them to evaluate projects to invest in (Porter et al. 2011). To create sustainable business models, and to attract capital and customers, it usually is a prerequisite with impact measurements (Ministry of Enterprise and Innovation, 2018). It is a precondition for social enterprises to generate abilities to measure and monitor social impact, both for internal development strategy expansion and for external accountability reasons. It is deficient to conclude that a social enterprise has a positive social impact without assessing the impact it has on the society (Maas, & Grieco, 2017). There is a lack of knowledge about the actual success of social enterprises achieving social impact, and measuring social impact is one of the most significant challenges for social enterprises (Grieco, Michelini, & Iasevoli, 2015).

The discussion until now indicates that social impact is very central and significant in social entrepreneurship and social innovation but there is a gap in the literature of an understanding of measuring social impact, why it is important and what the challenges are. Further, as discussed in the introduction part the term social impact is still “fuzzy”. This knowledge gap needs to be filled and the phenomenon of social impact needs to develop. The Ministry of Enterprise and Innovation in Sweden advertised a strategy for 2018 to support social enterprises and social innovations for a sustainable society. One of the goals in this strategy is to clarify and measure the impacts of social enterprises and social innovations, which also displays the importance to fill this knowledge gap (Ministry of Enterprise and Innovation, 2018). This leads to what this thesis intends to investigate.

## 1.2 Aim of the Thesis and Research Questions

This thesis aims to *identify and explore the understanding of measuring social impact, why it is important, and what the challenges are with social impact in social entrepreneurship and social innovation in Sweden*. In order to fulfill the aim of this thesis, a qualitative study was conducted with information gathered from significant actors involved in the fields of social entrepreneurship and social innovation. These

actors are currently working with the phenomenon of social impact in social entrepreneurship and social innovation and have the knowledge required to contribute to this thesis.

By identifying and exploring the understanding of measuring social impact, why it is important, and what the challenges are with social impact, this study will contribute to a more explicit understanding of the “fuzzy” term social impact. In this thesis, there is an argument that social impact in social entrepreneurship and social innovation currently is in an institutionalization process in Sweden. Therefore, institutional theory is used to create further understanding about the phenomenon. This frame has not yet been used to understand the concept of social impact. Moreover, this thesis will contribute to the development of a common understanding of social impact, which can facilitate the knowledge diffusion and the expansion of social impact. This leads to the research questions this thesis intends to answer.

*How do practitioners and policy makers understand measuring social impact and why is it important?*

*What are the perceived challenges of social impact?*

### 1.3 Outline of the Thesis

This thesis is structured as follows. The next chapter consists of one section with an investigation of previous research on the topic social impact in social entrepreneurship and social innovation, followed by the second part, which is the analytical framework used to analyze the empirical results. After the theory chapter comes the research methodology chapter with detailed descriptions of research method, data collection, data analysis, and lastly a section with validity, ethical considerations and limitations. The fourth chapter in this thesis is the empirical chapter consisting of the results from the interviews. This chapter is divided into sections that follow the different parts of the analytical framework and the key codes from the data analysis process (Table 3.3). The empirical chapter is followed by the analysis chapter where the empirical results are analyzed. This chapter is divided into the different parts of the analytical framework and the empirical results are analyzed under the key codes. This chapter ends with concluding remarks. The last chapter consists of conclusion, contribution of the thesis, and a discussion and future research.

## 2 Theory

The first section in the theory chapter is an investigation of previous research of social impact in social entrepreneurship and social innovation, where the research gap this thesis intends to fill are displayed. This section is followed by the analytical framework for the analysis.

### 2.1 Social Impact

As mentioned before, in recent years, the interest in research about the development of assessing social impact in social entrepreneurship and social innovation has increased. The pressure from funders and policy makers has resulted in a progress of methods and tools for measuring and assessing outcomes and impacts in the social enterprise sector (McLoughlin et al. 2009). Measuring the development of the achievement of a social mission is significantly more difficult than measuring financial performance. Further, the understanding of the factors connected to social impact is more ambiguous than for economic performance. But how do we understand measuring social impact? As noted in past research, there is a complexity and less agreement on the most adequate and efficient way to measure social impact (Ebrahim, & Rangan, 2014; Lall, 2017). Therefore, the aim this thesis intends to achieve, identify and explore the understanding of measuring social impact, why it is important, and what the challenges are with social impact in social entrepreneurship and social innovation in Sweden, is a significant contribution to the development of an appropriate way to measure social impact and to achieve a more common understanding of the term.

The main challenge in assessing social impact is to convert the qualitative, soft, outcomes connected to the accomplishment of a social mission into quantitative terms. Due to this complexity, several social measurement tools, initiatives, and frameworks that aim to assess social impact have been developed (Grieco, Michelini, & Iasevoli, 2015). Monetary measures are easy to understand which makes it attractive for social enterprises to be able to monetize their social impact. However, not all social impacts can be converted to monetary measures. It might be impossible or not desirable, and it is complex to apply, particularly for social enterprises that have weak social impact measurement and reporting systems (McLoughlin et al. 2009).

Different stakeholders involved in social entrepreneurship and social innovation have different goals and might be interested in different types of impact. Therefore, they might have diverse ideas about what impact to measure. Social initiatives differ in size, activities, and objectives, which explains the difficulties to develop a model that applies to all different kinds of social initiatives, but also the complexity to understand measuring social impact (Bertotti et al. 2011; Grieco, Micheline, & Iasevoli, 2015; Lall, 2017). To manage the complexity of assessing social impact and to understand what social impacts social enterprises have, probably requires a more common understanding of social impact and why it is important but also what the challenges are in order to overcome these, which this research intends to contribute with.

In the past few years, there has been an accelerating focus on the development of appropriate approaches to measure social impact in social entrepreneurship and social innovation (Arvidson et al. 2013; Bagnoli, & Megali, 2011; Bull, 2007; Dufour, 2016; Ebrahim, & Rangan, 2014; Hadad, & Gauca, 2014; McLoughlin et al. 2009; Nicholls, 2009). Much research has focused on the benefits of blending economic and social value creation in social enterprises (Grieco, Micheline, & Iasvoli, 2015). Nicholls (2009) developed the first theoretical and empirical analysis of reporting social impact in social entrepreneurship. He developed the Blended Value Accounting (BVA) which is a conceptual model of social impact reporting, consisting of different impact measurement methods (Nicholls, 2009), as for example Social Return on Investment (SROI) which initially was developed by the Roberts Enterprise Development Fund in 2008 (Lall, 2017; McLoughlin et al. 2009). Several social enterprises use BVA models for strategic objectives such as improve performance, wider access to resources, increase legitimacy, and credibility for stakeholders (Manetti, 2014).

The Balanced Scorecard developed by Kaplan and Norton (1996) is another model that has been applied by several social enterprises and authors as a business tool to measure social impact (Bull, 2007; McLoughlin et al. 2009). There are more models for measuring social impact that have been developed. For instance, the multidimensional controlling model by Bagnoli and Megali (2011), the SIMPLE holistic measurement model for social enterprises developed by McLoughlin et al. (2009), and the organizing framework for understanding value creation developed by Ormiston and Seymour (2011). Moreover, several studies have also focused on analyzing existing social impact measurement models, and the similarities and differences across them (Arvidson et al. 2013; Manetti, 2004; Millar, & Hall, 2013; Zappalà, & Lyon, 2009). Grieco, Micheline and Iasevoli (2015) contributed with a classification system where they grouped available models in

four categories to make it easier for social entrepreneurs to understand and choose an appropriate model.

The studies of social impact indicate that the literature is dominated by different social impact assessment approaches and analyses of these. These studies are more practical and do not cover the understanding of social impact. This implies that there is a lack of a common understanding of social impact and this gap is still not filled which this study intends to do. Further, due to the delimitation to Sweden, this raises the question if these available approaches are used in Sweden or if there is a knowledge about their existence.

The research by Maas and Grieco (2017), was the first study to analyze if social enterprises were involved in impact measurement. Moreover, this was the first study using large-scale self-reported worldwide data on impact evaluation. The study also analyzed what the drivers for impact evaluation are. Their result displayed that only about 33 percent in their sample of social enterprises measure their impact (Maas, & Grieco, 2017). The research by Maas and Grieco (2017) gives an indication that the knowledge in this field needs to be developed in order for more people to measure their social impact and this study can contribute by filling this knowledge gap.

Millar and Hall (2013) argue that the dominated part of the measurement literature and practices connected to the social sector focuses on monetize outcomes at the expense of other types of values. A broader understanding of the social values can improve the expression of the drivers and operating of social enterprise activities. This could consequently lead to a more accurate understanding that any use and progress of measurement systems need to clearly identify the strategic objectives, context, and influence of a social enterprise (Millar, & Hall, 2013). This implies that there is a need for contribution of the understanding of social value and social impact. A broader understanding of social impact can contribute to better social impact measurement and a more explicit understanding of social impact.

To understand the phenomenon of social impact, the researcher find it difficult that these mentioned frameworks can be used to analyze social impact. To understand the concept of social impact, institutional theory is used as a part of the analytical framework in this thesis, which therefore contributes with something new to the fields of social entrepreneurship and social innovation. More specifically, the parts of institutional theory used in this research are the three pillars of institution (Scott, 2013) and legitimacy (Suchman, 1995). This leads to the analytical framework.

## 2.2 Analytical Framework

As mentioned above, there is an argument that social impact in social entrepreneurship and social innovation currently is in an institutionalization process in Sweden. The field is still immature but it is growing. Therefore, the analytical framework is partly built on institutional theory. The first part of the analytical framework starts with the three pillars of institutions (Scott, 2013) and moves on with legitimacy (Suchman, 1995). The analytical framework ends with a description of wicked problems (Rittel, & Webber, 1973). This framework can help to fulfill the aim of the thesis because the three pillars of institutions and legitimacy can support the analysis of the understanding of measuring social impact and its importance, while wicked problems could be connected to several of the challenges with social impact.

### 2.2.1 Three Pillars of Institutions

Institutions develop progressively over time and are influenced by several factors within the institutional environment (North, 1993). Scott (2013, p. 56) defines the concept of institutions as “institutions comprise regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life”. In this definition, institutions comprise of symbolic elements, social activities, and material resources. The regulative, normative, and cultural-cognitive elements are the crucial building blocks of institutional structures (Scott, 2013).

The regulative pillar involves regulatory processes, such as rule setting. The rule setting is formal, as the rules set by the law (Scott, 2013). Mason, Kirkbride and Bryde (2007) argue that regulative rules should be considered when it comes to social enterprise governance. In order to achieve corporate governance, it requires attachment to specific standards of behavior and performance demanded or expected of internal actors. These standards are clearly or implicitly set by main beneficiaries of organizational activities, external institutions, and society generally (Mason, Kirkbride, & Bryde, 2007).

In the normative pillar of institutions, the focus is on normative rules where the normative systems involve both norms and values. Normative systems define goals or aims but also determine appropriate ways to achieve them. Values are referred to the favored or the desirable together with the creation of standards to which incumbent structures or behaviors could be compared and estimated. Norms are referred to how things should be done (Scott, 2013). Mason,

Kirkbride and Bryde (2007) stress that the values and cultural norms of social enterprises are constituted around supplying maximum social benefit. Further, social enterprises face pressures to adopt to certain organizational standards and structures (Reid, & Griffith, 2006).

The emphasis of the cultural-cognitive pillar of institutions is the shared conceptions that compose the nature of social reality and generate the framing through which meaning is made according to Scott (2013). The cultural-cognitive element consists of symbols which shapes the meanings we refer to objects and activities. Symbolic processes work to build social reality, and to define the nature and attributes of social actors and social actions. Meanings emerge in interaction and are sustained and transformed as they are used to make sense of the ongoing stream of events (Scott, 2013). Reid and Griffith (2006) argue that institutionalization occurs through a gradual progress of patterns and structures in communication and interaction of stakeholders and social enterprises. Scott (2013) claims that each of the three pillars, regulative, normative, and cultural-cognitive of institutions, provides a basis of legitimacy.

### 2.2.2 Legitimacy

In institutional theory, legitimacy is a set of essential beliefs (Suchman, 1995). Suchman (1995) define legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p.574). Dart (2004) stresses that from an institutional mind-set, social enterprises follow environmental signals that makes them adapt to social expectations which makes them legitimate. Changes in the level of accountability would improve the continued legitimacy of an organization in an environment where legitimacy is significant for social and environmental performance (Mason, Kirkbride, & Bryde, 2007). Dacin, Goodstein and Scott (2002) argue that the generation, transformation, and diffusion of institutions demand legitimacy.

Suchman (1995) defines three types of organizational legitimacy thereby pragmatic legitimacy and moral legitimacy are relevant for this thesis. Pragmatic legitimacy refers to the self-interested calculations of the most immediate stakeholders of an organization (Suchman, 1995). In the research by Dart (2004), he argues that stakeholders may find social enterprise activities pragmatically legitimate because they offer innovative solutions to social issues. The pragmatic legitimacy might be questioned if the social enterprise activities do not result in outcomes of value for the stakeholders (Dart, 2004). Moral legitimacy mirrors a positive normative assessment

of the organization and its activities. It refers to if the activities are the proper things to do rather than whether it particularly gain those who are making the assessment (Suchman, 1995). Linked to moral legitimacy, Dart (2004) stresses that social enterprises could be legitimate if they adopt to the environment's ideal modes of problem solving and ideal structures of organizing.

### 2.2.3 Wicked Problems

In the research by Rittel and Webber (1973) they discuss, what they call, wicked problems. Wicked problems are problems that do not have clear traits and they comprise almost all public policy issues. There could be a comprehensive formulation of a tame problem that includes all the information the problem-solver needs to understand and solve the problem. However, that is not the case for a wicked problem. The information required to understand a wicked problem depends on one's idea for solving it. To formulate this kind of problem in detail, it requires a comprehensive inventory of all imaginable solutions in advance. This is because the information of a wicked problem depends on the understanding of the problem. So, to understand a wicked problem one must have knowledge about its context and one must search for information with the orientation of a solution suggestion. One of the challenges with wicked problems is that there are no true or false answers. None of the involved parties has the authority to set formal decision rules and their judgements commonly differ according to their interests, special value-set, and ideological preferences (Rittel, & Webber, 1973). As Rittel and Webber (1973, p. 161) stress "the formulation of a wicked problem is the problem".



# 3 Research Methodology

This methodology chapter consists of a detailed description of the research method used in this thesis, data collection, data analysis, and the chapter ends with a section of validity, ethical considerations and limitations of the thesis.

## 3.1 Research Design

In this thesis, an abductive qualitative approach was used to be able to answer the research questions and to achieve the aim of identifying and explore the understanding of measuring social impact, why it is important, and what the challenges are with social impact in social entrepreneurship and social innovation in Sweden. Institutional theory and legitimacy was the starting point of the analytical framework and the questionnaire (Appendix A) was developed through these. However, wicked problems became a part of the analytical framework after the responses because similar patterns were found between challenges of social impact and wicked problems, and it was an interesting dimension for the analysis. This was the reason for the abductive approach. The analytical framework is discussed later in this chapter.

This study is designed as a case study where the term *social impact* is the case. The choice to have social impact as case, was because the understanding of the “fuzzy” term social impact is central in this study, and the respondents were a way to collect significant information to be able to understand social impact. To fulfill the aim of this thesis, the most appropriate choice was to gather information from respondents that work in authorities and organizations that are central at a national level in these fields in Sweden. The area of social impact is still very new and immature in Sweden. Therefore, the required information for the case social impact needed to be collected from respondents that have the knowledge and the experiences within this area.

### 3.1.1 Selection of Respondents

The respondents are six people that have significant positions, for this thesis, at the authorities and organizations they work in. These authorities and organizations are central actors for the development of the area social impact in Sweden. The respondents are Marcus Hellqvist from the Ministry of Enterprise and Innovation, Carin Persson from the Swedish Agency for Economic and Regional Growth, Anna Edwall from Vinnova, Emma Lindgren from Ashoka Scandinavia, Hanna Sigsjö from Forum for Social Innovation Sweden, and Jenny Carencó from Prosper Social Impact (Table 3.1.1).

<b>Respondent</b>	<b>Authority/Organization</b>
Marcus Hellqvist (Interviewee 1)	Ministry of Enterprise and Innovation
Carin Persson (Interviewee 2)	The Swedish Agency for Economic and Regional Growth
Anna Edwall (Interviewee 3)	Vinnova
Emma Lindgren (Interviewee 4)	Ashoka Scandinavia
Hanna Sigsjö (Interviewee 5)	Forum for Social Innovation Sweden
Jenny Carencó (Interviewee 6)	Prosper Social Impact

Table 3.1.1. Respondents and the authorities/organizations they work in.

The Ministry of Enterprise and Innovation has advertised the strategy for 2018 to support social enterprises and social innovations for a sustainable society in Sweden, where impact measurement is one of the areas. They have delegated missions from this strategy to Vinnova and the Swedish Agency for Economic and Regional Growth. These three authorities are connected to each other and a natural choice to use in this thesis. Further, Ashoka is the world's leading organization for social entrepreneurship and change making. Forum for Social Innovation Sweden is the gathered national knowledge node for social innovation and social entrepreneurship and Prosper Social Impact work with national actors within this field. This demonstrates that these actors are significant and central for social impact in Sweden, and appropriate to involve this thesis.

Marcus Hellqvist is Department Secretary at the Division for Enterprise Promotion and Simplification at the Ministry of Enterprise and Innovation. He was also Head of Section for social entrepreneurship, social enterprising, and social innovation at the Ministry of Enterprise and Innovation before. The Ministry of Enterprise and Innovation is a department of the Government that is responsible for, among other, questions regarding the business sector, innovation, and regional growth in Sweden. Carin Persson is in charge for the mission delegated from the Ministry of Enterprise and Innovation, Supporting the Development of Social Entrepreneurship and Social Enterprising. The Swedish Agency for Economic and Regional Growth is an authority that creates prerequisites for entrepreneurship and for attractive regional environments where enterprises can develop. Anna Edwall is in charge for the program Innovative Startups, and she is a part of the team for the program Social Innovation where she was in charge before, at Vinnova. Vinnova is the Swedish Innovation Authority whose role is to support sustainable growth. Emma Lindgren is director in Sweden and has shared responsibility for Scandinavia at Ashoka Scandinavia. Hanna Sigsjö is Executive Manager at Forum for Social Innovation Sweden, which is a national platform that brings academia, the business sector, and public- and nonprofit organizations together to support the development of social innovation and social entrepreneurship. Jenny Carencó has founded Prosper Social Impact and is Chief Executive there. Prosper Social Impact is an organization that together with investors, social enterprises, and the public sector creates measurable solutions for the most important challenges in the society. This information was collected during the interviews and at the authorities' and organizations' websites (Appendix B).

To be able to investigate and fulfill the purpose of this thesis, there was a need to gather information from respondents that have relevant knowledge and experiences in this area and that work in authorities and organizations that are central actors at national level in Sweden. As mentioned above, social impact is relatively new and immature in Sweden and therefore it could be difficult to collect significant data differently. The selection criteria were that the actors must work with social impact now and have influence on the area at national level, the respondents must have positions that are relevant for the knowledge needed to contribute to this thesis, and the respondents must work in different authorities and organizations.

These selection criteria were chosen to get a broad understanding of social impact and its challenges from different perspectives of people and actors working within this area at national level. The choice of having respondents from different authorities and organizations was to explore if there were similarities and differences in the answers, and to avoid gather information

from respondents working together. These selection criteria provided answers from different perspectives, which generated validity to the thesis and at the same time limited the bias, which is discussed further in the last section of this chapter. Once the selection criteria were chosen, the first four people, Marcus Hellqvist, Carin Persson, Anna Edwall, and Hanna Sigsjö, were contacted and interviewed. In these interviews, there were recommendations of other people to interview for this thesis, which resulted in interviews with Emma Lindgren and Jenny Carencó.

This sampling process was valuable for this study because the first selected respondents work in authorities and an organization that operates at national level within this area and fulfilled the selection criteria. These four respondents know a lot of people that could bring value to this thesis. Further, they knew the questions of the interview guide and recommended people that could have relevant answers for these, and of course they also fulfilled the selection criteria. This sampling process enabled to select respondents that could provide significant information to the case social impact, which made this selection appropriate and valuable.

## 3.2 Data Collection

Data to the thesis was gathered through semi structured face-to-face, Skype, or telephone interviews. The election of semi structured interviews was to provide as valuable and relevant information as possible for the thesis, and for the interviewees to be able to elaborate the answers. The interviews were well prepared with one elaborated interview guide with open-ended questions for all the interviews (Appendix A). This questionnaire was partly developed through the three pillars of institutions and legitimacy from the analytical framework. Questions 2 and 3 belong to legitimacy, question 4 belongs to the regulative pillar of institutions, questions 5 and 6 to the normative pillar, and question 1 and 7 to the cultural-cognitive pillar (Appendix A). This made it easier to gather relevant information required to analyze the data and answer the research questions, but also to categorize the responses and identify key codes, which is discussed more in the data analysis part.

This interview guide made the interviews flexible and it had scope for follow-up questions from the researcher but also for clarifying questions if needed, which provided relevant answers. Semi structured interviews were appropriate for this research because it was easy for the participants to answer from their and their authority's or organization's point of view, but there was still a

control over the questioning. Gathering data this way was favorable because it generated detailed and significant information.

### 3.2.1 The Interview Process

Six interviews were conducted during this research, one with each of the respondents mentioned above (Appendix B; Table 3.1.1). As mentioned before, all the selected respondents have the knowledge and the experiences of this area, that were needed to contribute to this study. To collect data from these participants were significant in order to collect correct, important, and valuable information to be able to identify and explore the understanding of measuring social impact, why it is important, and what the challenges are with social impact.

The respondents were contacted before the interviews through phone calls or e-mails with information about the purpose of the thesis and the interviews, the approximate time of the interview, and how the information should be processed. They were asked about how they wanted their information to be treated, if they approved of recording the interview, and if it was possible to contact them if the data required completion. Further, all interviews were recorded and transcribed subsequently. To secure that the data were treated in an appropriate manner for the participants, a final draft was sent to them to check the information. This process was to guarantee the participants that the information they provided should be treated in a proper manner, and that they were not forced to participate in the research.

## 3.3 Data Analysis

The transcriptions of the interviews simplified to analyze the gathered data. To process the data and to provide a general picture of the answers, the transcriptions were read several times. The data analysis process followed the analysis approach by Gioia, Corley and Hamilton (2013) with 1<sup>st</sup>- and 2<sup>nd</sup>-order analyses. However, the data in this thesis was not so extensive that it required a deep data analysis in each step. Therefore, it is only the last step, the aggregated dimensions, that is demonstrated in Table 3.3. In the 1<sup>st</sup>-order analysis, the answers were organized into different categories under the different parts of the analytical framework, legitimacy, regulative pillar, normative pillar, cultural-cognitive pillar, and wicked problems. In these identified categories similarities and differences were found in the responses. Worth to mention here is that, as mentioned before, wicked problems became a part of the analytical framework after the

interviews. It was after the transcriptions were read, but before the categorization of the answers, the researcher saw a pattern that could be analyzed with the concept of wicked problems. This is discussed more in the next part. As mentioned before, some of the questions were developed through the three pillars of institutions and legitimacy. This simplified the categorization of the answers that were linked to these. In the 2<sup>nd</sup>-order analysis, the different categories that already were organized into the different parts of the analytical framework were coded into key codes that were theoretically driven from the empirical data, which made it easier to analyze the responses. Table 3.3 displays the identified key codes from the empirical responses connected to legitimacy, regulative pillar, normative pillar, cultural-cognitive pillar, and wicked problems. This analysis process simplified to analyze the answers and made it easier to clearly answer the research questions.

<b>Analytical Framework</b>	<b>Key Codes</b>	<b>Headings Empirical Chapter</b>
Legitimacy	Positive effects on society Prove social impact	Social Impact and Its Importance
Regulative Pillar	Procure social impact Standardized strategy	Frameworks
Normative Pillar	Nothing normative	Frameworks
Cultural-Cognitive Pillar	Common understanding No symbols	The Actors Work to Support What Leads to Social Impact Exchanges Between Actors and Symbols
Wicked Problems	Complex to measure Drain-pipe problem	Challenges with Social Impact

Table 3.3. Key codes from the data analysis process and which part of the analytical framework the sections in the empirical chapter belong to.

### 3.3.1 Analytical Framework

The analysis of the empirical results was elaborated through the analytical framework in the theory chapter by using theoretically driven codes when coding the data (Table 3.3). As mentioned before, the analytical framework consists of Scott's (2013) three pillars of institutions, legitimacy (Suchman, 1995), and the concept wicked problems that is developed by Rittel and Webber (1973). Institutional theory was used in this thesis because the researcher believes that social impact in social entrepreneurship and social innovation is in an institutionalization process in Sweden. Even if the concept of social impact is immature it probably is going to develop fast due to the advertised strategy 2018 at national level, where impact measurement is one area. The three pillars of institutions are the building blocks of institutions and therefore it made sense to develop part of the questions through these, but also because it was interesting to see if there was a pattern of an institutionalization process. Moreover, none of the studies before of social impact in social entrepreneurship and social innovation have used institutional theory, which this thesis therefore could contribute with. Legitimacy is required in the pillars of institutions and there was a feeling that legitimacy is what measuring social impact is about. These were the reasons why legitimacy was an appropriate part of the analytical framework and the development of the questions too.

After the interviews and the reading of the transcriptions, it was difficult to link all the responses to the three pillars of institutions and legitimacy, and the responses indicated a pattern that could be connected to wicked problems. Therefore, wicked problems became a part of the analytical framework after the gathered data and categories could therefore be organized under wicked problems.

The analysis starts with legitimacy, which is a different order than in the analytical framework. This is due to that the general answers of what social impact is and its importance, is linked to legitimacy and therefore it was more natural to start with that. The analysis strategy discussed in this section facilitated the analysis, and provided a structured picture and analysis of the answers. Further, it also simplified to answer the research questions in an adequate way.

The empirical part is structured as follow. The answers from all the interviewees are aggregated and presented in different sections. Each section belongs to one or two of the different parts of the analytical framework (Table 3.3). One can easily identify whose answer it is. The different sections in the empirical part follow the different parts of the analytical framework and the coding (Table 3.3).

### 3.4 Validity, Ethical Considerations and Limitations

To be as careful as possible and to avoid ethical problems in this study, validity and ethical considerations have been considered throughout the whole process. The outcomes have been verified and this procedure was important to secure for the readers that the research is trustworthy and accurate. The validity strategies used in this thesis were as follow. The selection process was significant for the validity of the thesis. As mentioned before, the selected respondents are people that work in authorities and organizations that are central in this area in Sweden, and the respondents have significant positions, the knowledge, and the experiences to provide relevant and significant answers. This selection also resulted in answers from different perspectives. Further, the snowball sampling of the last two interviewees brought even further validity to the thesis because the people that recommended these respondents have an awareness of their knowledge and experiences in this area. The selection criteria were well developed before the contact with the respondents, which also brought credibility to the thesis.

The research questions in this thesis are not directly linked to the authorities and the organizations the participants work in, they are more general about social impact. This probably contributed to that the collected information is credible and not biased. Moreover, the responses from different perspective supported each other and brought validity and credibility to the study. If the interviews required complementation, they were complemented.

A final draft of the thesis was sent to all the respondents for them to check the findings and their responses. They could verify that their answers were treated in an appropriate manner and that no information with confidentiality was presented. This process contributed to more careful answers. The whole interview procedure and to let the respondents read the final draft was an important process to avoid ethical problems in the research. There have been self-reflections from the researcher during the whole thesis process to restrict the bias the researcher may have as much as possible. All the transcriptions have been read several times to make sure that no mistakes have been made and that relevant answers have been presented. Lastly, the data analysis process was made cautiously and has been very careful and accurate.

Limitations in this study is to begin with that the results are difficult to generalize to other contexts than Sweden. Limitations of having interviews are that the gathered data is coming from interviewees which might bias the answers and the responses could be subjective. Further, the answers might also be biased by the presence of the researcher. To avoid the limitations of



having interviews, the participants are working at different authorities and organizations, which has contributed with responses from different perspective, knowledge and experiences, and the answers have supported each other, which made the results credible.

It would be beneficial for future research to gather data from more respondents. That could provide even further significant information and more support for the results, which could be beneficial for this underdeveloped area. More interviews in this thesis was not possible due to the time limit. However, even if it might be beneficial with more collected data, a triangulation has been made between the gathered data and the analytical framework to validate the outcomes and to have theoretical saturation in the research.

The next section of this thesis begins with an empirical chapter, followed by an analysis of the empirical results, conclusion, contribution of the thesis, and discussion and future research.

## 4 Results from the Interviews

This empirical chapter is structured after the different parts of the analytical framework and the coding of the empirical data (Table 3.3). All sections, except section 4.3, end with a table of quotes from the interviewees.

### 4.1 Social Impact and Its Importance

Interviewee 2 argues that *“the social enterprises should have some sort of societal effect of positive character”*, which is the solving of different types of social challenges. Interviewee 4 stresses that social impact is about *“affecting the society in a positive direction on both individual level, on societal level, but also on environmental level if you look at the planetary, so it is on all these three levels”*. It is about doing a positive change that makes the target group move in the right direction (Interviewee 4). Social impact is something one demand that contributes to a value for the society. *“That impact should likely be measurable and contribute to positive impacts that finally solves a social problem”* (Interviewee 5). According to Interviewee 6, *“social impact is measurable improvements of vulnerable target groups’ life qualities that result in savings for the public sectors budget”*. *“Social impact is a way to streamline the society”* and it is usually a societal saving because of elimination of future expenses according to Interviewee 1. *“It is basically about societal economic profits, that you can decrease the expenses at one administration through solving the problem at another administration”* (Interviewee 3). Interviewee 5 also claim that social impact is societal savings.

Interviewee 1 claims that *“social impact is a way to concretize and prove that the work you do really fulfill the objectives”*. In social entrepreneurship, it is easy to say that you do a lot of positive things, but it is difficult to invest in or prioritize that initiative if you cannot quantify the impact or show results (Interviewee 1). Social impact is about explaining the benefits and the profits of a solution (Interviewee 3). *“It is a quality assurance that you know that your initiative has effects in the right direction”* (Interviewee 4). There are more and more requirements of quality assurance (Interviewee 4; Interviewee 6). If you can prove your social impact then you are strong and have a competitive advantage according to Interviewee 5.

Social impact occurs at different levels. One level is that the individuals get better lives (social winning) and the other level is the economic savings for the society (economic winning), when the target group get better lives (Interviewee 2). Ashoka talks about four levels of social impact. The first level is the direct impact the organization achieves and the other levels are indirect impacts. The second level of impact is the positive changes of the individuals and others in turn. The third level is the impact on the society outside the direct or indirect control of the organization. That could be structural changes, such as changes in laws, that generate positive changes for the target group. The last level is framework impact, which means changes of the whole society's attitude, mind shift, of a problem (Interviewee 4).

Social impact is significant because of *“a combination of that we have big social challenges in the society, and that it is a globalized world and therefore it is not only within the country's boundaries but it is bigger questions that in different ways affect the whole world”* (Interviewee 3). This makes it very complex to find appropriate solutions (Interviewee 3). Interviewee 5 point out that the global agenda 2030 is a very social agenda and these types of questions get more and more focus. Interviewee 5 argues that *“for this area to grow really strong, to get more investors to be able to test new models and methods, it is significant to be able to prove very clearly what benefit and value the work one does has on a certain target group, for a specific social challenge one wants to address”*. To find new ways to solve the social challenges in the society, we must be capable to prove that the solutions work, and therefore we must be able to measure the social impact. *“The point is to be able to show credibility”* (Interviewee 1).

Another aspect why social impact is important is because it is connected to commercial policy, and if one wants to invest in private social enterprises or social entrepreneurs, that are going to work in the public sector, then we must be able to see what we can get for the money. *“It is a complex area but very important, especially if you want the social sector to grow”* (Interviewee 1).

<b>Respondent</b>	<b>Quotes</b>
Interviewee 1	<p><i>“Social impact is a way to streamline the society”</i></p> <p><i>“Social impact is a way to concretize and prove that the work you do really fulfill the objectives”</i></p> <p><i>“The point is to be able to show credibility”</i></p> <p><i>“It is a complex area but very important, especially if you want the social sector to grow”</i></p>
Interviewee 2	<p><i>“The social enterprises should have some sort of societal effect of positive character”</i></p>
Interviewee 3	<p><i>“It is basically about societal economic profits, that you can decrease the expenses at one administration through solving the problem at another administration”</i></p> <p><i>“A combination of that we have big social challenges in the society, and that it is a globalized world and therefore it is not only within the country’s boundaries but it is bigger questions that in different ways affect the whole world”</i></p>
Interviewee 4	<p><i>“Affecting the society in a positive direction on both individual level, on societal level, but also on environmental level if you look at the planetary, so it is on all these three levels”</i></p> <p><i>“It is a quality assurance that you know that your initiative has effects in the right direction”</i></p>
Interviewee 5	<p><i>“That impact should likely be measurable and contribute to positive impacts that finally solves a social problem”</i></p> <p><i>“For this area to grow really strong, to get more investors to be able to test new models and methods, it is significant to be able to prove very clearly what benefit and value the work one does has on a certain target group, for a specific social challenge one wants to address”</i></p>
Interviewee 6	<p><i>“Social impact is measurable improvements of vulnerable target groups’ life qualities that result in savings for the public sectors budget”</i></p>

Table 4.1. Quotes from chapter 4.1.

## 4.2 Frameworks

Interviewee 1 claims that *“there are no specific legislations around impact”* but the Government might do a bigger investigation to see if there is a need for it. Interviewee 3, Interviewee 4, and Interviewee 5 also stress that there are no legislations and no formal standards for social impact measurement.

There is nothing that are normative either (Interviewee 1; Interviewee 5; Interviewee 6). Both Interviewee 4 and Interviewee 6 argue that the procurement in Sweden today is not really adapted for the social impact thinking. One usually only looks at the expenses, which is a large system error (Interviewee 4). Both Interviewee 2 and Interviewee 3 argue that there are several different models to measure social impact but none have made a success and become normative. Interviewee 4 argues that a framework of outcome, output, and input thinking, and the linking to the indicators of the 17 global sustainability goals, when measuring social impact, are starting to become normative.

Interviewee 1 stresses that it might be difficult to find a standardized framework, maybe a method. *“We generally think that knowledge about it and the use of impact measurement should diffuse instead of creating a method for it”* (Interviewee 1). According to Interviewee 4, it might be impossible to find a model that adopts to all different types of social challenges that could make a fair assessment. However, Interviewee 4 claims that *“at least a few common principles could be good. Then it would be easier to compare and build on each other’s expertise”*. *“It simplifies of course with a standardized model to be able to compare”* (Interviewee 3). Ashoka has a project together with Forum for Social Innovation Sweden where they are going to produce a handbook for social entrepreneurs, where the goal is to recommend models (interviewee 4).

There is a need to develop a type of a comprehensive view of what one choose to do and how one measure the social impact of that (Interviewee 3). Interviewee 5 argues that it would be good *“to find some sort of basic framework that also is for smaller actors, but also in relationship to investors and municipalities and so forth, to be capable to actually show that the work one does has a value”*. Interviewee 6 says that *“it should be that one put substantial effort to generate a standardized system for how to measure impact”*. It would be easier for the state, the municipalities, and the county councils to purchase the impact instead of only the production (Interviewee 6).

Interviewee 1, Interviewee 4, and Interviewee 6 have heard of Balanced Scorecard and SROI but not about BVA and the SIMPLE model. Interviewee 3 has heard of SROI and the SIMPLE model but not about BVA and Balanced Scorecard. Interviewee 5 knows about Balanced Scorecard, SROI, and BVA but not about the SIMPLE model. According to all the interviewees, these models are used in Sweden but not widely used.

<b>Respondent</b>	<b>Quotes</b>
Interviewee 1	<i>“There are no specific legislations around impact”</i>  <i>“We generally think that knowledge about it and the use of impact measurement should diffuse instead of creating a method for it”</i>
Interviewee 3	<i>“It simplifies of course with a standardized model in order to be able to compare”</i>
Interviewee 4	<i>“At least a few common principles could be good. Then it would be easier to compare and build on each other’s expertise”</i>
Interviewee 5	<i>“To find some sort of basic framework that also is for smaller actors, but also in relationship to investors and municipalities and so forth, to be capable to actually show that the work one does has a value”</i>
Interviewee 6	<i>“It should be that one put substantial effort to generate a standardized system for how to measure impact”</i>

Table 4.2. Quotes from chapter 4.2.

### 4.3 The Actors Work to Support What Leads to Social Impact

From a political perspective, the question around social impact has existed for several years but has not been the most significant question compared to other big questions. However, the question has been growing faster during the past 10 to 5 years. The Government gives their authorities direct missions for them to start to develop. The Ministry of Enterprise and Innovation has launched a strategy this year to raise the question, and they have identified five areas they see as crucial to get the change they want. Impact measurement is one of these areas.

This strategy is probably going to affect the development of the fields fast. In this strategy, several authorities have been given the mission to work with these areas, either with extra money from the Government or that they must prioritize these in their own budget. The Government sets the big line and allocates the money while at lower levels, such as authority level, regional level, and municipality level, it is more hands-on work. From the Government side, it is also to talk about it, visualize it, and disseminate the knowledge to increase the awareness of the area (Interviewee 1).

The Swedish Agency for Economic and Regional Growth has worked with social entrepreneurship since 2012 but social impact has not been their main area. They focus on changing the structures so the regions and the municipalities can be better at collaborate with social entrepreneurs and purchase their impact, which means that they purchase what they want to achieve, but also to create simplicity (Interviewee 2).

Vinnova started to work with this area in 2013. They finance initiatives that have a social approach at an early stage to develop and test a solution. After that one can apply for subsequent financing to reach the next level. Vinnova looks at the measurement in this stage of financing. Additionally, they put effort on incubators, to increase the support of social entrepreneurs, and the area around measuring social impact (Interviewee 3).

Ashoka has worked with social impact since the start for around 35 years ago. They work with two different programs in Sweden that is relevant for this thesis. In one program, they support social entrepreneurs (Ashoka fellows) that have either system changing solutions or solutions that have the potential to lead to higher levels of social impact. The second program is that they work with very young change makers who they see potential in. The aim with this program is that young people should practice identifying societal problems and act upon them (Interviewee 4).

Forum for Social Innovation Sweden has, since the start 2010, identified several areas where there is a great need for development and sharing of knowledge, one of these areas is impact measurement. They are going to produce a convenient handbook in this field of social impact that many people can use. Further, they work to disseminate the knowledge and to put the question on the agenda. They try to lift the significance of this area (Interviewee 5).

Prosper Social Impact was founded in 2016 due to the questions around social impact. They primarily support the public sector with right problem formulations, analyses of origin reasons of the social problems, designing the right initiatives, and forecasts (Interviewee 6).

## 4.4 Exchanges Between Actors and Symbols

The Government work with policies and long term strategies, and the strategies are delegated among practitioners. They have an initiative to increase the number of meeting places due to that the collaboration must increase. The Government and the Ministry of Enterprise and Innovation meet different actors in different branches, they have exchange on an EU level, and they collaborate with the Nordic countries (Interviewee 1). A part of the strategy the Swedish Agency for Economic and Regional Growth got from the Ministry of Enterprise and Innovation is that they need to work with different actors to create a more shared view of what the actors want to achieve in this area according to Interviewee 2. *“There is a need to get more consensus within this area. There is an exchange between actors but there is no organized exchange, more exchange when needed”* (Interviewee 2). Interviewee 6 also stresses that there are many exchanges and many forums to discuss these questions, but it is not organized and established yet.

Interviewee 4 claims that there is one network called the Network for Impact Measurement where they highlight role models within this field. Interviewee 5 also stresses that there is a network consisting of actors that are interested in social impact, where there are knowledge exchanges. She also mentions that there is a SROI network. However, the exchanges between actors in Sweden must be better and that is significant if this area is going to develop (Interviewee 5). Interviewee 5 claims that *“knowledge must diffuse and more people must measure their social impact”*.

Interviewee 3 believe that Vinnova can play a role in knowledge exchanges in this area. The strategy from the Government, where Vinnova has impact measurement on their agenda, is going to have an impact. *“Just to raise it on this level and tell that this is important is of course going to have an impact”* (Interviewee 5). However, Interviewee 6 argue that the strategy from the Ministry of Enterprise and Innovation probably not is going to have a big impact on this area. *“I believe it is going to develop very fast because we face enormous challenges in the society today and we are not going to have money to finance that, so we have no choice”* (Interviewee 6).

*“There are several different things in this field where there is a need for a common understanding of what it is. We should earn a lot if we got more clarity in this field”* (Interviewee 2). *“It is significant for the actors to have a common understanding of what social impact is, because otherwise it is just an odd concept”* (Interviewee 1). *“It is important with a shared understanding of what social impact is. Everybody takes it a bit differently”* (Interviewee 5). *“I believe it requires a great deal of cleverness to understand the value chains of how to solve a social problem”* (Interviewee 3). There are several of the sustainability goals in the global agenda



2030 that we should achieve. That is going to be difficult if we do not aggregate all the power we have (Interviewee 3). Interviewee 6 claims that the problem is not a shared understanding of social impact, it is more that from the Government side, create the thinking around social impact widely, especially within the public sector, so they could purchase the impact of the once that produce the social impact.

According to Interviewee 1, Interviewee 5, and Interviewee 6, there are no natural actors that are symbols in this area in Sweden today. This is probably due to that social impact is in a startup phase and immature in Sweden (Interviewee 1; Interviewee 6). Interviewee 5 argues that there are actors in the area that are strong, such as Reach for Change, Prosper Social Impact, Inkludera, and Ashoka. Interviewee 6 argues that Niklas Adalberth, who founded Norrsken, has got a lot of attention and has created a focus on these questions in Sweden. Interviewee 2 is unsure if there is a symbol in this area in Sweden but stresses that Inkludera has come a long way when it comes to social impact. Interviewee 3 also point out Inkludera as good in this area, but there are no social entrepreneurs who are unicorns, which also Interviewee 6 mentions. Interviewee 4 point out Inkludera and Stadsmissionen as symbols around social impact.

<b>Respondent</b>	<b>Quotes</b>
Interviewee 1	<i>“It is significant for the actors to have a common understanding of what social impact is, because otherwise it is just an odd concept”</i>
Interviewee 2	<i>“There is a need to get more consensus within this area. There is an exchange between actors but there is no organized exchange, more exchange when needed”</i>  <i>“There are several different things in this field where there is a need for a common understanding of what it is. We should earn a lot if we got more clarity in this field”</i>
Interviewee 3	<i>“I believe it requires a great deal of cleverness to understand the value chains of how to solve a social problem”</i>
Interviewee 5	<i>“Just to raise it on this level and tell that this is important is of course going to have an impact”</i>  <i>“It is important with a shared understanding of what social impact is. Everybody takes it a bit differently”</i>
Interviewee 6	<i>“I believe it is going to develop very fast because we face enormous challenges in the society today and we are not going to have money to finance that, so we have no choice”</i>

Table 4.4. Quotes from chapter 4.4.

## 4.5 Challenges with Social Impact

Interviewee 1 stresses that the biggest challenges with social impact is that *“it is incredible complex problems to measure”*, and how to measure the causality, from the investment into a social enterprise to then measure the social impact. Interviewee 5 also says that *“it is the complexity”*. To generate social impact, one must have an initiative that addresses all the origin reasons that are behind a certain social problem, and that is challenging. If you do not address the origin reasons, it is difficult to know if your initiative has contributed to the impact (Interviewee 6). Sometimes it is extremely difficult to identify the value of the social impact (Interviewee 2). Interviewee 4 stresses that *“there is not so much right and wrong”*.

To know the social impact, it is important to measure meantime during the whole effort. Further, to set the right final impact is also significant to have the right measured value. This is one of the challenges with social impact (Interviewee 6). *“It is very complex because there are usually several different actors involved and everyone probably wants to achieve the same thing for different reasons”* (Interviewee 5). It is difficult to separate the difference between what a result is and what impact is according to Interviewee 5. Interviewee 6 also argue that there is a difference between the result one produce and the impact.

*“There are a lot of different models to use which makes it difficult to compare two different organizations for example, so the assessment usually becomes subjective still”* (Interviewee 4). According to Interviewee 5, a lot of the existing models are very complex and comprehensive to work with, and small organizations and entrepreneurs usually do not have the resources to use them.

*“There are a lot of challenges but at the same time the benefits are so big that it is about not being shy but to show the social impact one can contribute with”* (Interviewee 1). One must show the association between the effort where the expenses come from and the area of responsibility where the savings end up (Interviewee 1). Interviewee 4 argues that *“I also believe that it is the will and I actually also believe that there is a fear to dare to claim that one has created change, which might result in that it hampers”*. It is significant to see the complexity when working with social challenges, not just the direct impact because it is easy. One should dare look at the whole system the social challenge comprises (Interviewee 4).

Social impact is also a political problem in the end according to Interviewee 1. Connected to social enterprises and social entrepreneurs, there is a question if one wants private actors in the welfare system. It is a question because then an entrepreneur, with tax money, tries to do an improvement in the society. He says that *“there is a political risk of how to tackle this from the Government side and therefore it is very important to have proper information of the impact”*. There are no legitimate tools and no laws in the area which makes it a political risk and therefore the growth of the area must be slower than several social entrepreneurs desire (Interviewee 1).

There is a drain-pipe problem in the society which means that the expenses that finance a social initiative takes from one area of responsibility while the benefits end up in a totally different area of responsibility (Interviewee 1). Interviewee 3 claims that every drain-pipe, which could be a department of the Government or a department in a municipality for instance, has their mandate, their budget, and their mission to solve a problem but social issues lies across different drain-pipes which makes it complex. The issue here is that one area of responsibility could be unwilling

to release money on something they do not get benefits from. There are several areas that might get the benefits but who is going to pay for it? Connected to this drain-pipe problem, it requires some sort of change in the mindset of several actors in the public sector. This is also a reason why it is important to be able to measure social impact. Then it becomes easier for the public sector to decide if they want to support a social initiative (Interviewee 1).

Interviewee 3 and Interviewee 5 stress that the right way to go for the public sector is to start with what the social impact is one wants to achieve and then purchase the impact. Starting there makes the solutions of the problem much better and relevant (Interviewee 3). It is significant to start with identifying what the actual social problem is and then purchase the impact instead of just a product or service that might not be the right solution. There must be much more resources to identify what the actual need is (Interviewee 5). *“The whole development of new investment types and financing types within this area must in different ways be connected to impact and what impacts one wants to achieve”* (Interviewee 5).

Respondent	Quotes
Interviewee 1	<p><i>“It is incredible complex problems to measure”</i></p> <p><i>“There are a lot of challenges but at the same time the benefits are so big that it is about not being shy but to show the social impact one can contribute with”</i></p> <p><i>“There is a political risk of how to tackle this from the Government side and therefore it is very important to have proper information of the impact”</i></p>
Interviewee 4	<p><i>“There is not so much right and wrong”</i></p> <p><i>“There are a lot of different models to use which makes it difficult to compare two different organizations for example, so the assessment usually becomes subjective still”</i></p> <p><i>“I also believe that it is the will and I actually also believe that there is a fear to dare to claim that one has created change, which might result in that it hampers”</i></p>
Interviewee 5	<p><i>“It is the complexity”</i></p> <p><i>“It is very complex because there are usually several different actors involved and everyone probably wants to achieve the same thing for different reasons”</i></p> <p><i>“The whole development of new investment types and financing types within this area must in different ways be connected to impact and what impacts one wants to achieve”</i></p>

Table 4.5. Quotes from chapter 4.5.

# 5 Analysis of the Empirical Results

This analytical chapter is divided into the different parts of the analytical framework, where the empirical results from the previous chapter are analyzed under the key codes from the data analysis process (Table 3.3). The chapter ends with concluding remarks.

## 5.1 Legitimacy

### 5.1.1 Positive Effects on the Society

Even if the answers from the empirical part somewhat differ one can still see similarities in the answers that social impact is positive effects on different levels in the society that solve social problems for vulnerable target groups. Social impact is societal savings because it eliminates future expenses. This indicates that social impact is linked to moral legitimacy because stakeholders in social entrepreneurship and social innovation probably expect that there should be positive social impacts. *“That impact should likely be measurable and contribute to positive impacts that finally solves a social problem”* (Interviewee 5). Suchman (1995) stresses that moral legitimacy is positive normative assessments of organizations and their activities, and stakeholders would probably not assess social initiatives as moral legitimate if they cannot see a positive impact. One can argue that the involved actors in this thesis are stakeholders in social entrepreneurship and social innovation. Social impact could also be linked to Suchman’s (1995, p. 574) definition of legitimacy, “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. One can argue that there is a general perception that social impact should be achieved in social entrepreneurship and social innovation. Interviewee 5 claims that social impact is a demand that contributes to a value for the society. If social entrepreneurs cannot show legitimacy it might be difficult for stakeholders to assess their initiative as appropriate for solving a social problem.

The main objective in social entrepreneurship and social innovation is to achieve social impact, and likely not that it should gain social entrepreneurs or stakeholders. In moral legitimacy, the

focus is on if the activities are the right things to do instead of that they should gain those who are doing the assessment (Suchman, 1995). Social entrepreneurs want to achieve social impact with their initiatives and are usually not interested in that it should gain themselves, it should gain the target group. However, as indicates from the results, there is a challenge in the society that the public sector has difficulties of who is going to pay for social initiatives. This is due to that the benefits usually end up at different areas than where the expenses come from. This indicates that several actors in the public sector might not assess social initiatives as moral legitimate because they probably still want the initiatives to benefit them. This is where there needs to be a change in the mindset, as displayed in the empirical results. The actors in the public sector must start to identify if the activities of social initiatives are the right things to do instead of focus on if it benefits them. However, measuring social impact might show more moral legitimacy because it clarifies social impact and likely mirrors a positive normative assessment (Suchman, 1995) for the public sector.

### 5.1.2 Prove Social Impact

It is significant that one can prove, measure, and concretize social impact in order to show that the work one does fulfills the social objective. *“It is a quality assurance that you know that your initiative has effects in the right direction”* (Interviewee 4). Even if the word legitimacy is not mentioned in the responses from the interviews, one can still clearly identify that social impact strongly is connected to legitimacy. Legitimacy is a set of essential beliefs (Suchman, 1995) and there is an essential belief that one must be able to prove and measure social impact, which one could argue is to be legitimate. As Interviewee 1 claims *“the point is to be able to show credibility”*. Dart (2004) stresses that social enterprises are morally legitimate if they adopt to the environment’s ideal modes of problem solving and ideal structures of organizing. One can argue that proving social impact is the ideal mode of problem solving. *“For this area to grow really strong, to get more investors to be able to test new models and methods, it is significant to be able to prove very clearly what benefit and value the work one does has on a certain target group, for a specific social challenge one wants to address”* (Interviewee 5). Interviewee 4 and Interviewee 6 argue that there are more and more requirements of quality assurance which implies that there are expectations from the stakeholders that social impact should be proved. Dart (2004) claims that social enterprises adopt to social expectations to be legitimate, which means that more people might start to measure social impact because of the expectations of quality assurance.

However, for whom is it significant to prove social impact? Some social entrepreneurs might not want to affect largely or need support from other actors. For these entrepreneurs, it might not be that important to show legitimacy because they probably do not have stakeholders that require proof of social impact. However, it is probably more important for social entrepreneurs to prove social impact if they want to affect at higher level because then they likely need support from different actors, who in turn probably want to see what they get for the money. If one wants to have a big impact it might be beneficial if the public sector procures one's initiative. As Dart (2004) stresses, in order to be pragmatically legitimate in social entrepreneurship the activities must result in outcomes that are valuable for the stakeholders. How should stakeholders know if the initiative is valuable for them if they cannot get proof of social impact? Interviewee 1 argues that it is difficult to prioritize an initiative that cannot prove social impact. Stakeholders find social enterprises pragmatically legitimate when they offer innovative solutions to social problems (Dart, 2004), which indicates the importance of proving social impact. Suchman (1995) argues that pragmatic legitimacy refers to the self-interested calculations of the most immediate stakeholders of an organization. This implies that if social entrepreneurs want their initiatives to be purchased of actors in the public sector, then it likely is important to show legitimacy. Therefore, there is a need to overcome the challenge mentioned of not being shy to show the social impact but to dare claim that one can achieve social change.

Mason, Kirkbride and Bryde (2007) point out that changes in the level of accountability would improve the legitimacy of an organization where legitimacy is important for social and environmental performance. Measuring social impact is important because we face big, global and complex social challenges that need to be solved. Interviewee 1 claims that to find new ways to solve the social challenges, we must prove that the solutions are appropriate and therefore we need to measure social impact, which links to Mason's, Kirkbride's and Bryde's (2007) argument of legitimacy.

## 5.2 The Three Pillars of Institutions

North (1993) argues that institutions develop progressively over time and are influenced by factors in the institutional environment. As seen from the empirical responses, the authorities and organizations involved in this thesis have worked with social impact for several years, some longer than others, but it is not until now the question about social impact really has been highlighted at national level. *"I believe it is going to develop very fast because we face enormous challenges in*



*the society today and we are not going to have money to finance that, so we have no choice*” (Interviewee 6). This implies that the reason for the raise of the question probably is due to influences of factors in the environment, such as the need to solve the big social challenges in the society today. Linked to North’s (1993) argument, one can therefore claim that the phenomenon of social impact in social entrepreneurship and social innovation is in an institutionalization process because it is significant to develop this area, and the area is currently in a growing process. Therefore, one can also argue that the three pillars of institutions are in a process to build these building blocks of institutional structures (Scott, 2013) in Sweden. The previous section shows that legitimacy is significant for social impact and the generation, transformation, and diffusion of institutions demand legitimacy according to Dacin, Goodstein and Scott (2002). Moreover, the three pillars of institutions provide a basis for legitimacy (Scott, 2013), which indicates that legitimacy and the three pillars of institutions are associated with each other. According to this, one can claim that for the phenomenon social impact to be institutionalized it requires legitimacy.

## 5.3 Regulative Pillar

### 5.3.1 Procure Social Impact

Scott (2013) stresses that the regulative pillar of institutions consists of a regulative process where the rule setting is formal. There are no legislations or formal standards connected to the concept of social impact today in Sweden. As interviewee 1 points out *“there are no specific legislations around impact”*. This means that the regulatory pillar of social impact in social entrepreneurship and social innovation is not built yet. However, one could claim that this pillar is in a building process because Interviewee 1 claims that it might be a bigger investigation to see if there is a need for formal legislations in this area. This gives an indication that the regulatory pillar probably is in a formal rule setting process, but we do not know yet if there is going to be any formal rules. However, it probably would be appropriate with some sort of formal rule setting of how the actors in the public sector should procure social impact instead of just a service or product that might not be the right solution. The empirical results show that the right way to go to achieve social impact is to procure impact. Doing so makes the solutions to social problems more appropriate (Interviewee 3). The problem is that there is a large system error when it comes to purchasing impact (Interviewee 4), which indicates the need for some sort of legislation around this. *“The whole development of new investment types and financing types within this area must in different ways be connected to impact and what impacts one wants to achieve”* (Interviewee 5). This quote highlights the

importance of purchasing impact. The question is how impact should be procured if the system is not adapted for it. For the system error to be solved, it likely requires legislations to tackle this.

### 5.3.2 Standardized Strategy

Almost all the interviewees believe that it would be appropriate to find some sort of standardized strategy for measuring social impact. Even if it is difficult to find a standardized strategy that fits all different types of social challenges, there should be some sort of common principle, basis, or comprehensive view of how to measure social impact according to the empirical results. The desirable need for some sort of standardized strategy indicates a need to create a formal standard around social impact, which could be a factor that influences the regulative process and the development of this pillar (Scott, 2013). Further, one of the challenges mentioned with social impact is that there are a lot of existing models, which are very complex and comprehensive, and that makes it difficult to compare different social enterprises. This could also be an influential factor to the development of a formal standard, and it is probably also a reason why the already existing models that were asked about (Appendix A) are not broadly used in Sweden. The formal standard must probably be adopted to the Sweden.

*“It simplifies of course with a standardized model in order to be able to compare”* (Interviewee 3). For the public sector to be able to purchase impact it probably requires a comparison between different initiatives to find initiatives with the most relevant solutions for social problems, which also could be a reason why a standardized strategy is needed. Mason, Kirkbride and Bryde (2007) stress that regulative rules must be considered in social enterprise governance, and it requires attachment to certain standards of behavior and performance demanded or expected of internal actors. Linked to this, for social impact in social entrepreneurship and social innovation to develop it would be beneficial with a standardized strategy that social entrepreneurs and social enterprises can use to measure social impact. This could also help the regulative pillar to develop and it might also simplify to achieve the expectations of reaching social impact. These arguments could be supported by the quote from Interviewee 5 *“to find some sort of basic framework that also is for smaller actors but also in relationship to investors and municipalities and so forth, to be capable to actually show that the work one does has a value”*.

If a standardized strategy is being created around social impact in Sweden, it probably is going to be developed by actors in the public sector, because as implies from the empirical results, it is for these actors it is important to show social impact. Standards of behavior are clearly or implicitly

set by main beneficiaries of organizational activities, external institutions, and society generally (Mason, Kirkbride, & Bryde, 2007). *‘It should be that one put substantial effort to generate a standardized system for how to measure impact’* (Interviewee 6). This means that a lot of effort from the public actors is required to create a standardized strategy.

## 5.4 Normative Pillar

### 5.4.1 Nothing Normative

The focus in the normative pillar is on normative rules, where the normative system involves norms and values according to Scott (2013). One can argue that the normative system in this case involves social impact, which is the value for the society because that is what is expected to be achieved, and measuring social impact could be seen as the norm. This argument is supported by Mason, Kirkbride and Bryde (2007) who argue that values and cultural norms of social enterprises are to achieve maximum social benefit. It might require proof of social impact to achieve maximum social benefit, as also indicates from the empirical results. However, measure social impact has not become a normative rule yet but, as the empirical results display, it is significant to be able to do it. This also gives an indication that the normative pillar is in a building process.

Social impact in social entrepreneurship and social innovation is still immature in Sweden and for measuring social impact to become normative, it might require more knowledge about it, probably before it is even possible to create a formal standard for it. This argument is supported by this quote *‘we generally think that knowledge about it and the use of impact measurement should diffuse instead of creating a method for it’* (Interviewee 1). However, Scott (2013) argues that values in the normative pillar is referred to the favored or the desirable together with the creation of standards to which incumbent structures or behaviors could be compared and estimated. So, to achieve social impact and to solve social problems in a proper way, which is the desirable, might benefit from the creation of a standardized strategy. This will simplify the measuring of social impact, but also make it easier for the public actors to compare initiatives and procure impact. One can argue that the creation of the handbook from Forum for Social Innovation Sweden displays that this pillar is in a building process and it would likely have a significant contribution to this building process.

Most of the interviewees argue that none of the existing impact measurement models have become normative in Sweden yet, but Interviewee 4 argue that there are models that are starting to be normative, which implies that this pillar is developing. However, it might not specifically be going to be one of these mentioned models that is going to be normative but one can argue that it displays that measuring social impact is growing in Sweden. Scott (2013) claims that normative systems define goals and aims but also determine appropriate ways to achieve them. Achieving social impact is the goal and the aim in social entrepreneurship and social innovation but the empirical results show that there is still a need for development when it comes to measuring social impact. Norms are associated with how things should be done (Scott, 2013). If social impact should be measurable, it would simplify with a standard of how to do this in an appropriate manner. Moreover, social enterprises face pressures to adopt to specific organizational standards and structures (Reid, & Griffith, 2006). As mentioned above, there are more and more requirements of quality assurance and it is significant to prove social impact, which could be pressures that develop the measurement of social impact.

## 5.5 Cultural-Cognitive Pillar

### 5.5.1 Common Understanding

From the empirical results one can clearly see that there is a need for a common understanding of social impact. *“There are several different things in this field where there is a need for a common understanding of what it is. We should earn a lot if we got more clarity in this field”* (Interviewee 2). This indicates that there is no shared understanding of social impact. In the cultural-cognitive pillar of institutions, the emphasis is shared conceptions that compose the nature of social reality and generate the framing through which meaning is made (Scott, 2013). So, for this pillar to be established, it requires a shared understanding of social impact. The empirical results display that a shared understanding of social impact is important but there are still diverse understandings of it. *“It is important with a shared understanding of what social impact is. Everybody takes it a bit differently”* (Interviewee 5). A more common understanding might contribute to the creation of the framing around the meaning of social impact and therefore also the development of this pillar. However, one can argue that the cultural-cognitive pillar is in a building process because there are knowledge exchanges and collaboration between different actors, and there are several actors that work with the development of this area, for instance the ones involved in this thesis. However, there is still a need for more contribution if this pillar is going to be established.

An interesting thing here is that all interviewees claim that there is a need for more consensus, but there is not a strategy to reach a common understanding even if there is knowledge about the need for it. *“There is a need to get more consensus within this area. There is an exchange between actors but there is no organized exchange, more exchange when needed”* (Interviewee 2). Several of the involved actors in this thesis have worked with this area for several years but there is still not a shared understanding. The involved actors in this area have probably not seen the significance of having a common understanding of the phenomenon. However, the question has been highlighted at national level now which probably is going to contribute to the development this. Reid and Griffith (2006) claims that institutionalization happens through a gradual progress of patterns and structures in communication and interaction of stakeholders and social enterprises. As seen, there is communication and interaction between actors in this area, which implies that social impact is in an institutionalization process and a shared understanding might develop along with the progress of this pillar.

One can argue that in order to reach a common understanding of social impact in the near future, which likely is needed if this area should be able to grow fast, there probably is a need for more organized exchanges. This might benefit the knowledge diffusion and the development of the phenomenon. Interviewee 5 point out that the exchanges between actors in Sweden must be better if this area should be able to grow. According to Scott (2013) meanings emerges in interactions, which indicates the importance of interactions among the actors involved in this area. The increasing development of this area might result in a development of a shared understanding but it likely requires a lot of effort to reach that understanding. A shared meaning of social impact is probably going to contribute to more sense making of the understanding of measuring social impact, but also to the development of a standardized strategy around social impact. Scott (2013) claims that meanings are sustained and transformed as they are used to make sense of the ongoing stream of events.

### 5.5.2 Symbols

There are no symbols of social impact in social entrepreneurship and social innovation in Sweden today, at least what five of six interviewees says, which probably is due to that the area is immature. Symbols is a part of the cultural-cognitive pillar which shapes the meanings we refer to objects and activities (Scott, 2013). The lack of symbols in this area is likely then also a reason why there is a lack of a common understanding of social impact but also why measuring social impact not has become normative yet. It would be easier to develop a common understanding of

social impact and appropriate ways of how to measure social impact if there were clear symbols in this area. Scott (2013) stresses that symbolic processes work to build social reality, and to define the nature and attributes of social actors and social actions. However, there are actors that are strong and have come a long way in the area, especially Inkludera which several of the Interviewees pointed out. These actors should probably be beneficial in the development of social impact because the way they work can contribute to the growth of this area. We do not know if any of these actors is becoming a symbol but it is not impossible because they are still pointed out as good in the area, which also gives an indication that there could be a symbolic process in Sweden currently.

## 5.6 Wicked Problems

### 5.6.1 Complex to Measure

Several of the challenges with social impact are connected to wicked problems. Rittel and Webber (1973) claim that wicked problems have no clear traits, and one can argue that social problems do not have that either. Interviewee 1 stresses that *“it is incredible complex problems to measure”* and Interviewee 5 says *“it is the complexity”*. Further, Interviewee 2 claims that it is difficult to identify the value of social impact and it is challenging to separate the difference between what a result is and what impact is according to Interviewee 5 and Interviewee 6. These challenges give an indication that there are no clear traits of social problems because it would not be complex and challenging to identify the value of social impact and measure the impact if the traits were clear. Tame problems include all the information the problem-solver needs to solve it (Rittel, & Webber, 1973) but that is not the case for social problems.

From the previous discussion in the analysis chapter one can see that it is significant to be able to prove and measure social impact but the complexity connected to social problems raises the question if it is possible to prove all social impacts before it is achieved. Some social impacts are probably easier to prove than others, but some might be impossible to prove due to the complexity of social problems. However, due to the complexity it probably requires significant effort to identify social impact. Interviewee 4 claims that it is important to see the complexity of the whole system when working with social challenges, which probably is needed in order to identify social impact. Rittel and Webber (1973) stress that to understand wicked problems one must have knowledge about its context, which is connected to the latter. However, some social

entrepreneurs or social enterprises might not have the resources to do that and therefore it probably needs more resources to be able to identify social impact. To overcome these challenges, it likely would be beneficial with a standardized strategy because that would simplify to find clear traits and to measure social impact.

The information needed to understand wicked problems depends on one's idea for solving it, and the formulation of a wicked problem in detail needs a comprehensive inventory of all imaginable solutions (Rittel, & Webber, 1973). Linked to this argument, to be capable to formulate a solution to a social problem it likely requires a deep understanding of the specific problem. If one has the right knowledge of a social problem it might be easier to know what impact to measure. Interviewee 6 argues that to generate social impact requires that the initiative addresses all the origin reasons that are behind a specific social problem to know if that initiative is the one that contributes to the impact, which is challenging. This means that the one that wants to solve a social problem needs to understand the origin reasons behind it. This argument is linked to that one must search for information with the orientation of a solution suggestion (Rittel, & Webber, 1973).

However, an issue here could be that if different people want to solve the same social problem they might understand the problem differently and therefore they might have different solutions to the problem. How should we then know which solution that is the most relevant one for a social problem, and which we should prioritize and invest in. Actors in the public sector probably prioritize initiatives that have solutions that are in line with their understanding of the problem. *"There is not so much right and wrong"* (Interviewee 4), which Rittel and Webber (1973) also point out with wicked problems. However, even if we do not know which the right solution is, it is probably still significant to understand the social problem so one can provide important information of how to achieve social impact. Further, it might be easier to formulate a proper solution of a social problem if we get more consensus of social impact and if it becomes normative to measure social impact. *"The formulation of a wicked problem is the problem"* (Rittel, & Webber, 1973, p. 161).

### 5.6.2 Drain-Pipe Problem

Social impact is a political issue because there is a question if there should be private actors in the welfare system that with tax money tries to do an improvement in the society according to Interviewee 1. This issue is linked to the challenge that wicked problems cover almost all public

political issues (Rittel, & Webber, 1973) and one can argue that this issue covers several public political issues in Sweden. *“There is a political risk of how to tackle this from the Government side and therefore it is very important to have proper information of the impact”* (Interviewee 1). From this point of view one can see the importance to be able to be legitimate and prove social impact. One can understand that actors in the public sector cannot just procure a social initiative if they cannot see what that initiative can contribute with. According to this one can question why there is no formal legislation or at least a current process of a formal legislation to tackle this political issue when the problem is known. To solve this political issue might require some sort of legitimate tools or formal legislation, which not exist now. This would probably help the area to grow faster because Interviewee 1 claims that this is a reason why the area needs to grow slower than desired.

The drain-pipe problem in the society, that is discussed in the empirical results, is also linked to the challenge that wicked problems cover almost all public political issues (Rittel, & Webber, 1973). Social problems lie across different drain-pipes and the savings from solving social problems usually end up in different areas of responsibility than where the expenses come from, which results in an issue of who is going to pay for the social initiative. Rittel and Webber (1973) stress that a challenge with wicked problems is that none of the involved parties have the power to set formal decision rules which commonly results in that the judgements of wicked problems differ, which likely is the problem in this case also. Due to that there are no formal rules around social impact and probably no one have the power to make a judgement, it might be difficult to decide what initiative to procure and who is going to pay for it. *“It is very complex because there are usually several different actors involved and everyone probably wants to achieve the same thing for different reasons”* (Interviewee 5). According to this argument, different actors might judge social problems differently, which makes the decision of which initiative to purchase and the solving of social problems challenging. Rittel and Webber (1973) argue that the information of a wicked problem depends on the understanding of the problem. As there are several actors involved in social entrepreneurship and social innovation, the understanding of social problems might differ and therefore also what one believe is the best solution. If the judgements of social problems differ it might be harder to come up with proper solutions, but also to decide which initiative to prioritize.

If the drain-pipe problem should be solved it requires a change in the mindset of several actors in the public sector (Interviewee 1). The public actors must start to see what the social challenges are that need to be solved and not focus on what they can gain themselves if they invest in a social initiative. If the public actors only look at what favors them it might be difficult to get



someone to pay for an initiative that could be the proper solution of a social problem. This is also linked to that the public actors must procure social impact instead of just a product or service. Interviewee 5 claims that much more resources are needed to identify the actual need. The development of this area would probably develop much faster if the public sector start by identifying what social impact one wants to achieve and then purchase the impact, as displayed in the empirical results. This would contribute to shared information of the understanding of the problem (Rittel, & Webber, 1973). However, if this should be possible one must be able to clearly prove the social impact one's solution of a social problem has. Otherwise it might be difficult for the public sector to make judgements if the social initiative is worth to support.

## 5.7 Concluding Remarks

As indicates from this analysis chapter there is a rational line of social impact, that it is possible to prove and measure social impact. Even if the area needs to develop there is still a feeling that one can plan what social impact one wants to achieve. However, even if we can plan and measure social impact rationally, it is still associated with challenges to be able to do that. This indicates that there is a tension between the rationality of social impact and the challenges that develop through this. This also displays the complexity of social impact in social entrepreneurship and social innovation. Legitimacy and the three pillars of institutions are linked to each other and connected to the rationality of social impact, while wicked problems explain many of the challenges associated with social impact. This indicates that all these parts of the analytical framework are needed to understand the whole phenomenon of social impact.

## 6 Conclusion

This is the last chapter in this thesis and it consists of conclusion, followed by contribution of the thesis, and discussion and future research.

The aim of this thesis was to identify and explore the understanding of measuring social impact, why it is important, and what the challenges are with social impact in social entrepreneurship and social innovation in Sweden, and to answer the research questions: *How do practitioners and policy makers understand measuring social impact and why is it important? What are the perceived challenges of social impact?* Now that point is reached.

It is significant to know what social impact is to understand it. So, social impact is positive effects on different levels in the society that solve social issues for vulnerable target groups. It is societal savings because of elimination of future expenses. Measuring social impact is a quality assurance, and it is important to be able to prove and measure social impact due to that one can show that their initiative fulfills the social mission and has effects in a positive direction. This also displays that legitimacy is important when it comes to social impact in social entrepreneurship and social innovation. If stakeholders and specifically actors in the public sector should be able to prioritize social initiatives and procure social impact, they must see what they get for the money, which is a reason why it is important to prove and measure social impact.

There are also challenges connected to prove and measure social impact. Some people are shy to show social impact and claim that they can achieve social change, which might limit their access to investors. There is no right and wrong, the social problems are very complex to measure and understand, and it is difficult to separate the difference between what a result is and what social impact is. However, we face big, global and complex social challenges today that we need to solve and to be able to do that it is significant to prove social impact, and to dare see the complexity of the whole system social challenges comprises. Further, to solve these social challenges in a proper way, the actors in the public sector must start to identify the social impact they want to achieve and then procure the impact instead of just a product or service that might not be the right solution of a social problem. Moreover, the system in Sweden is not adopted for that, which is challenging. It would be beneficial with a formal legislation that could simplify the procuring of social impact.

The drain-pipe problem in the society, that the savings from solving a social problem usually end up in a different area of responsibility than where the expenses come from, is challenging. Further, it is also challenging that there are several actors involved that want to achieve the same impact but for different reasons. To overcome these challenges, it requires a change in the mindset of the actors in the public sector, but it also require that one clearly can prove what social impact one wants to achieve.

There are no formal legislations or formal standards around social impact in Sweden today but there is a need for a standardized strategy around measuring social impact but also to be able to compare different social initiatives. One of the challenges is that there are several impact measurement models but they are very complex and comprehensive. There is a need for a more common understanding of social impact, knowledge around social impact must diffuse, and there needs to be more knowledge exchanges and collaboration between actors within this area of social impact.

## 6.1 Contribution of Thesis

This thesis contributes to a more explicit understanding of the phenomenon social impact in social entrepreneurship and social innovation. Further, it also contributes to the development of a common understanding of social impact, which can facilitate the knowledge diffusion and the development of the area. This is the first study of social impact in social entrepreneurship and social innovation that uses institutional theory to understand the concept of social impact which gives a theoretical contribution of something new to the literature. Lastly, the thesis contributes to the development of qualitative approaches in the literature of social impact in social entrepreneurship and social innovation.

## 6.2 Discussion and Future Research

We face enormous social challenges today that need to be solved and we have the global sustainability goals that should be achieved 2030. Social entrepreneurship and social innovation are significant to be able to tackle these social challenges and to achieve the global sustainability goals, and achieving social impact is the main objective. Social impact is central in social entrepreneurship and social innovation but the area is under researched and the concept of social

impact is still “fuzzy”. This area requires development both in the society and in academia. This thesis has contributed to the development of the understanding of social impact and its challenges but there are still several areas that need to be developed, including further development of the understanding of the phenomenon.

As shown in this thesis, it is important to be able to prove and measure social impact to achieve social change, but this is also associated with challenges. If more people is going to be able to prove and measure social impact it requires an increase in knowledge of social impact, and more research is required to reach a common understanding of social impact. More knowledge is required both for stakeholders and social entrepreneurs within this area. This area is probably going to benefit a lot from having a shared understanding. Moreover, there is also a need for more research about the challenges associated with social impact because that would contribute to a broader understanding of the phenomenon. This thesis involved central national actors to explore the understanding of social impact. It would therefore be interesting to explore how social entrepreneurs and other actors within this area understand social impact and if they perceive the same challenges as perceived in this thesis. This would contribute to knowledge and understanding from a different perspective and that would be beneficial to reach a common understanding. It would benefit the development of the area if future research study the phenomenon in different countries than Sweden because then different countries can learn from each other.

The actors in the public sector are significant when it comes to achieving social impact because they support and procure social initiatives that contribute to social impact. It is important that the public sector procure social impact but the system in Sweden is not adopted for that, which indicates that there is a need for legislations to handle this challenge. Several of the challenges with social impact are connected to public policy issues which opens for future research of legislations that could solve the issue of procuring social impact, but it would also be beneficial with policy research in the area as a whole to see if more policies need to change in order for the area to develop. Further, it would also be beneficial with future research to development a standardized strategy of how to measure social impact in Sweden, probably also in other countries, due to the importance of proving and measuring social impact.

Institutional theory was used in this thesis in an early development stage even if the area is immature in Sweden, but the researcher believes that social impact in social entrepreneurship and social innovation is in an institutionalization process, which also is displayed in the thesis. This area is likely going to develop fast and therefore it would be interesting with future research in a

few years to investigate if social impact in social entrepreneurship and social innovation has been institutionalized yet. Further, more studies of social impact in social entrepreneurship and social innovation should use institutional theory to explore the phenomenon of social impact. To sum this up, substantial contribution is needed for social impact in social entrepreneurship and social innovation to develop, and to be able to tackle the social challenges we face currently.

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# Appendix A – Questionnaire for the Interviewees

1. How do you work with what leads to social impact?
  - When did you start to work with these questions?
2. What is social impact for you and why is it important?
3. Does legitimacy play an important role in the field of social impact? Why?
4. Are there any legal frameworks to work with in this field now?
  - Do you think it would be good with a standardized framework to measure social impact?
5. Is there anything that is normative or is starting to be normative in this field?
6. Have you heard of these models for measuring social impact and do you know if they are used in Sweden?
  - Balance Scorecard
  - Social Return on Investment
  - Blended Value Accounting
  - SIMPLE Model
7. What is the exchanges between the actors who work within this field?
  - Is it important with a common understanding of what social impact is? Why?
  - Is there anyone that has become a symbol in this field of social impact?
8. What challenges are related to social impact?
  - What is the actual problem with measuring social impact today?
9. Is there something more you want to add that could be valuable for my thesis?

## Appendix B – Interviewees

- Interviewee 1 – Marcus Hellqvist, Ministry of Enterprise and Innovation  
<http://www.regeringen.se/sveriges-regering/naringsdepartementet/>
- Interviewee 2 – Carin Persson, The Swedish Agency for Economic and Regional Growth  
<https://tillvaxtverket.se>
- Interviewee 3 – Anna Edwall, Vinnova  
<https://www.vinnova.se>
- Interviewee 4 – Emma Lindgren, Ashoka Scandinavia  
<https://www.ashoka.org/en>
- Interviewee 5 – Hanna Sigsjö, Forum for Social Innovation Sweden  
<http://www.socialinnovation.se>
- Interviewee 6 – Jenny Carencó, Prosper Social Impact  
<http://prospersocialimpact.com>