



8th EMES International Research Conference on Social Enterprise

EMES events

Social enterprise, cooperative and voluntary action:
Bringing principles and values to renew action.

University of Zaragoza. Teruel Campus
4-8 October 2021

ESCP-8EMES-01

Social Value Appraisal: Cutting the Gordian knot.

Irene Ciccarino
Susana Rodrigues
Jorge da Silva

BEST
PAPER
AWARD



Funded by the Horizon 2020 Framework
Programme of the European Union

This publication is based upon work from COST Action EMPOWER-SE,
supported by COST (European Cooperation in Science and Technology).

© Irene Ciccarino

CARME-IPLeiria

ireneciccarino@gmail.com

© Susana Rodrigues

CARME-IPLeiria

susana.rodrigues@ipleiria.pt

© Jorge da Silva

IAG-PUC, Rio de Janeiro/Brazil

shopshop@iag.puc-rio.br



8th EMES International Research
Conference on Social Enterprise

EMES events

Social enterprise, cooperative and voluntary action:
Bringing principles and values to renew action.

University of Zaragoza. Teruel Campus
4-8 October 2021

BEST PAPER AWARD

**Social Value Appraisal:
Cutting the Gordian knot.**

Irene Ciccarino

Susana Rodrigues

CARME-IPLeiria / Portugal

Jorge da Silva

IAG-PUC, Rio de Janeiro/Brazil

ESCP-8EMES-01



The Best Paper Award 2021 was supported by
Caja Rural de Teruel.

EMES Selected Conference Papers 2021

Contents

Abstract.....	5
1. Introduction.....	6
2. Literature Review	8
2.1. Value in social entrepreneurship	8
2.2. Outcomes of Social Entrepreneurship.....	8
2.3. Theoretical proposal for a measure of social value.....	11
3. Method.....	15
4. Qualitative Study	18
5. Quantitative Study	24
6. Final Discussions	26
References.....	28

SOCIAL VALUE APPRAISAL: CUTTING THE GORDIAN KNOT.

Abstract

Social enterprises, cooperatives, and voluntary organizations are compelled to gauge and disclose their results highlighting their impact on society. Social value is the social entrepreneurial initiatives (SEI) outcome, but it is also intrinsic to social activity. Through social value measures, it is possible to highlight prioritization choices that influence the way value is created. Hence, it is possible to establish progress against goals from a holistic standpoint. The social entrepreneurship literature does not offer widely acceptable recommendations on how to measure and report SEIs' results. Examining the theory of value in the strategy field offers useful insights in line with the multidisciplinary approach defended by some social entrepreneurship authors. However, it is not enough because SEIs use economic goals to make social goals feasible, have different opportunity sources and distinct resource mobilization practices. In order to cut the Gordian knot, this paper aims to pose a consolidation path for the research field relying on multidisciplinary and reliable scales developed through a mixed-methods design. Three composed measures are discussed: 1) subjective social value represented by pain and relief scales; 2) objective social value represented by the number of beneficiaries and jobs created; 3) SEI's uniqueness represented by the extent to which SEI activity can be replaced by other social structures. According to these measures, 81.8% of the sample address severe social pain and 92% of cases produce an intense feeling of relief. They also deal with social problems that would not find treatment in other structures. Regarding the effectiveness of the value created, only 24% of SEIs that work with severe pain do not create the necessary relief, and none of the 16 SEIs that work with less serious social problems fails to produce it. Thus, the measures serve as parameters to assess the effectiveness of SEIs.

1. Introduction

Social entrepreneurship is the field that studies initiatives, in the form of organizations, businesses or projects, whereby economic goals are means for prioritizing social goals (European Commission 2016). Particularly, this study focuses on social entrepreneurship initiatives, henceforth named as SEIs. Like any other business activities, SEIs must be economically viable and have a stable operation that guarantees their autonomy and the continuity of their value offer (Hlady-Rispal and Servantie 2018; European Commission 2016; Stevens *et al* 2015). Nevertheless, SEI entail unique characteristics and challenges.

First, they have as their most consensual characteristic the focus on the creation of social rather than economic value (Yunus 2010; Hlady-Rispal and Servantie, 2018; Barki *et al* 2020). Moreover, SEIs are under great pressure to assess and report their social value, even though there is no consensus or generally agreed-upon recommendations on how to proceed on this matter (Bosma *et al* 2016). SEIs need to report their activities in detail to a range of stakeholders, such as donors, supporters, and sponsors, which limits their risk tolerance and their ability to raise funds in the market through traditional investments (Dwivedi and Weerawardena 2018).

Second, investors and other stakeholders want to be sure about the positive effects of their support (Bosma *et al* 2016). Even though business responsibility and transparency are fundamental elements for business management in general, determining its effectiveness and legitimacy, these elements receive even greater emphasis in a SEI, especially in the form of accountability and disclosure practices (Impact Management Project *et a*, 2020; Clark and Brennan 2012).

Finally, the criteria to define which organizations qualify as SEI and which do not are very difficult to establish (Pestoff and Hulgård 2016; Austin *et al* 2006). The proposed criteria range from those that are so broad that any organization would qualify (Erpf and Tekula 2019) to extremely limiting ones such that they would work only under idiosyncratic contexts and conditions (Dacin *et al* 2010; Helm and Andersson 2010). A key topic in social entrepreneurship research refers to the identification of an organization as a SEI since it must qualify under these two criteria: SEI must be both social and entrepreneurial initiatives (Helm and Andersson 2010; Peredo and McLean 2006; Dees 1998). Additionally, because the social theme is appealing, there is the risk of 'social wash' by organizations (Barki *et al*, 2020), making it difficult to categorize which ones should in fact qualify under the social criterion. Relatedly, organizations in the social field are also increasingly adopting market-like structures, seeking to follow the best practices of traditional organizations (Myrah and Odinsky-Zec 2013; Porter and Kramer 2011), which adds to the difficulty in distinguishing between SEI and non-SEI (Pestoff and Hulgård 2016). Furthermore, by becoming more market-like, some SEI can hurt their social reputation and contributed to erode some of the trust in social entrepreneurship (Barki *et al* 2020).

The process of creating and capturing social value needs to be better studied (Hlady-Rispal and Servantie 2018), mainly because the organizational ability to appropriate value is fundamental for building excellence and for its survival (European Commission 2016; Hitt *et al* 2011; Venkatraman and Ramanujam 1986). There is a tension between social and economic goals that prevents SEI from seeking value appropriation, even when they adopt models that admit economic results (Dwivedi and Weerawardena 2018;

Lumpkin *et al* 2013; Seelos and Mair 2005a). Even though SEIs are criticized for failing to identify, measure and report the value they create (Ormiston and Seymour 2011; Stevens *et al* 2015; Bosma *et al* 2016). This is not due to the lack of available methodologies (Raptopoulos and Silva 2018), but to the complexity of the problem, which makes identification, measurement and reporting difficult to implement (André *et al* 2018). Practical tools and techniques based on the social entrepreneurship literature are still lacking (Rawhouser *et al* 2019; European Commission 2016).

Moreover, scholars noted that despite being a popular research field (Barki *et al* 2020), the social entrepreneurship literature is still in a pre-paradigmatic stage of maturity (Hossain *et al* 2017; Simon-Moya and Revuelto-Taboada 2012), without consensus on its criteria and definitions (Rawhouser *et al*, 2019; André *et al*, 2018). This is due to frailties in the research infrastructure (Lee *et al* 2014) and the appropriation of perspectives derived from different research fields (Erpf and Tekula 2019; Dacin *et al* 2010; Mair and Martí 2006). This state of affairs, however, can represent an opportunity to connect different approaches and disciplines, promoting academic diversity (Van Der Have and Rubalcaba 2016).

The research field evolution depends on the clear statement of key-definitions and their justification setting a structure amenable to interpretation and replication (Richard *et al* 2009; Lee *et al* 2014; Venkatraman and Ramanujam 1986). Since social value is a common element in the social entrepreneurship definitions (Hossain *et al* 2017; European Commission 2016; Ormiston and Richard 2011; Defourny and Nyssens 2010), research on it can be a consolidation strategy (Hlady-Rispal and Servantie 2018; Ciccarino and Silva 2018). Therefore, this study proposes measures in line with the social entrepreneurship literature to gauge the social value concept and ease its evaluation. The outcomes will help to build a common-language and boost the understanding between different stakeholders. As a result, fundamental synergies can generate a positive impact on society through social problems' treatment (Barki *et al* 2020; Seelos and Mair 2005a). The theoretical ground is established to answer the hypotheses using a mixed-method approach to set up the value measures. The paper evolves by presenting the qualitative and quantitative analyses as a base for the discussion involving theoretical and practical implications.

2. Literature Review

2.1. Value in social entrepreneurship

There are numerous similarities between social and conventional entrepreneurship (Austin *et al* 2006). However, a key difference lies in their approach to value, which Hlady-Rispal and Servantie (2018) define as social capacity. Conventional entrepreneurship focuses on individual interests and the use of economic results is aimed at generating personal wealth (Baumol and Strom 2007). The motivation of social entrepreneurship, on the other hand, is the collective interest and the value created is directed towards meeting a social need (Yunus 2010; Lumpkin *et al* 2013). This involves different dynamics of value creation, capture and distribution (Hlady-Rispal and Servantie 2018; Brandenburger and Stuart 1996).

Social entrepreneurship goes beyond social goals adoption, its decision-making must not be conditioned by capital (Pestoff and Hulgård 2016; European Commission 2016; Lumpkin *et al* 2013). The objective of acting on social problems makes it possible for the social entrepreneur to take advantage of opportunities in environments that would repel conventional entrepreneurs (Lumpkin *et al* 2013) and where large companies fail to operate, even when interested in expanding their markets to serve the base of the pyramid (Karnani 2007). The sources of opportunities and the way resources are mobilized are also different, so performance cannot be assessed in the traditional way (Símon-Moya and Revuelto-Taboada 2012; Austin *et al* 2006).

Social entrepreneurship can be considered an essentially contested concept, that is a kind of concept with several possible interpretations. The best way to approach this type of concept is to look at its basic characteristics, which may or may not manifest themselves in the same way at the same time. Other examples of an essentially contested concept are art, love and freedom, whose definitions are varied (Choi and Majumdar 2014). Aiming for the theoretical consolidation of social entrepreneurship, it is necessary to systematize the concept and seek consensus on the theme boundaries to provide constructs identification and further empirical research (Hossain *et al* 2017; Dacin *et al* 2010).

The methodological diversity in the research field turns greater when considering the social value creation as a key-word delimitation (Ciccarino and Silva 2018), however there is a lack in the literature to be filled (Hlady-Rispal and Servantie 2018). Determining what social value is by adopting a measure that represents it in its multidimensionality (Van Der Have and Rubalcaba 2016; Mair and Martí 2006) can also aid researchers on the role of structures in the entrepreneurial ecosystem, helping to build strategies that expand the benefits that these ecosystems generate for society. Social entrepreneurship can be enhanced by certain structures, but it often arises precisely because of the lack of them (Yunus 2010), which is called institutional voids (Stephan *et al* 2015).

2.2. Outcomes of Social Entrepreneurship

The social entrepreneurship literature does not offer generalizable recommendations on how to measure and report SEIs' results (Rawhouser *et al* 2019; André *et al* 2018; European Commission 2016; Lee *et al* 2014). The lack of consensus on general criteria

and definitions in the literature (Rawhouser *et al* 2019; André *et al* 2018) makes it more difficult to establish measures (Clark and Brennan 2012; Lumpkin *et al* 2013). Observing the effects is also not very enlightening, as there is a myriad of social needs that are met through various processes (Hossain *et al* 2017; Stevens *et al* 2015; Griffiths *et al* 2013). The social effects created by different initiatives, which act on different social needs, cannot be directly compared, at the risk of incurring a value judgment (Ormiston and Richard 2011; Defourny and Nyssens 2010; Zahra *et al* 2009).

If it is assumed that social effects are also essentially contested concepts (Choi and Majumdar 2014), due to the complexity of the 'social' attribute (Zahra *et al* 2009), the lack of definitions and parameters for comparing different effects is remedied. Nevertheless, it does not help to estimate these effects. Some authors suggest that a process analysis should be performed, considering its inputs, tools, techniques, and outputs (El Ebrashi 2013; Clark and Brennan 2012). Although it is a practical and effective way of organizing information, the focus on the process fails both to establish criteria and to detail the type of effect created. It can become idiosyncratic and needs complementation (Rawhouser *et al* 2019). The importance of this discussion can be exemplified as follows: *"It is conceivable, then, that a social entrepreneur may be very effective in delivering output, but the intended beneficiaries do not realize the expected benefit"* (Clark and Brennan 2012:29).

Rawhouser *et al* (2019) proposes that the social effect can be assessed in absolute and relative terms. The absolute value considers the context in which it is created whereas the relative value considers the elements that favor it. The proposal is in line with the way in which value is studied by some authors from the strategic field, who also distinguish between absolute and relative value (Bowman and Ambrosini, 2000; Lepak *et al* 2007). However, the construct operationalization is a totally different matter, considering that the strategic field relies on competitive aspects and on the aim of greater bargaining power to obtain greater value appropriation. Social entrepreneurship plays with collaborative rules (Hlady-Rispal and Servantie 2018; Bacq and Eddleston 2018; Borzaga *et al* 2012).

Clark and Brennan (2012) argue that social assessment should be separated into (i) outputs [i.e., effects or what SEI does], (ii) outcomes [i.e., results or what is the benefit generated by SEI] and (iii) ideal results [i.e., impacts] with specific indicators for measuring each one. In line with them, this paper considers respectively: effects, results, and impacts but focus on the theoretical difference between social impact and social value concepts, even though some authors have noticed the use of these terms as synonyms (Hadad and Găucă 2014; Clark and Brennan 2012). Particularly, this study focuses on the assessment of social value considering it the immediate results of SEI's interventions and social impact refers to the SEI's contribution to society (Símon-Moya and Revuelto-Taboada 2012; Peredo and McLean 2006). This distinction is an important step towards a correct measurement that also takes temporality into account (Rawhouser *et al* 2019; El Ebrashi 2013; Borzaga *et al* 2012; Clark and Brennan 2012).

To further clarify the difference between outputs and outcomes (i.e., value and impact), the following metaphor can be useful: to end hunger, giving fish to the hungry generates an immediate result, but without sustainability (i.e., output). There will be a dependence on the fish and not on the individual's autonomy. To improve the offer, the ideal would be to teach the person how to fish, building a capacity (i.e., outcome). However, this does

not solve the problem of some individuals who do not have access to this knowledge. The best way to end hunger by providing fish is to revolutionize the industry to reach the maximum number of people, and this would be an example of social impact (Leviner *et al* 2006; Lumpkin *et al* 2013).

Social impact refers to the SEI's contribution to society (Símon-Moya and Revuelto-Taboada 2012; Peredo and McLean 2006). It is the result of the evaluation of the social implications of a given initiative (Ormiston and Richard 2011) and can be either positive or negative (Rawhouser *et al* 2019). It is a complex concept that must be interpreted multidimensionally [i.e., individual, community, geographical, social assessment], according to the social need that is assisted (Seelos and Mair 2005a, Griffiths *et al* 2013; Rawhouser *et al* 2019). Some impacts can be immediate while others are only possible with continuous and long-term actions (El Ebrashi 2013). Some are identifiable only if contextualized, others are generic, such as the increase in social welfare and the productivity of social capital (Borzaga *et al* 2012). It is often difficult to establish that a particular impact happened exclusively through SEI action, so they cannot be assessed directly (Borzaga *et al* 2012; Ormiston and Richard 2011).

Social value is a more objective and direct effect. It is the result to which SEI are directly committed (Hlady-Rispal and Servantie 2018) through a preferably stable and continuous production (European Commission 2016). The social value is noticeable through the assessment of social need and SEI's direct action on it, being what SEI produces and delivers (Hadad and Găucă 2014; Clark and Brennan 2012). The analysis of the value creation process can be directed either from its sources or from its results, at the individual level [i.e., the entrepreneur role] or at the organizational level (Hlady-Rispal and Servantie 2018). Assuming a systematic view, measuring the value created is a way of ensuring that the organization appropriately employs its resources and capabilities to generate the greatest possible social impact, so that it is clear that society is better off with it than it would be without the SEI's presence (Tate and Bals, 2018).

Regarding the term "effects," it will be used when both concepts [i.e., impact and social value] can be used, so that there is no interpretation bias (Hadad and Găucă 2014). For example: value exists whenever you improve the usefulness of something [i.e., product, services, process] and every time some cost is reduced (Lepak *et al* 2007). This reasoning is suitable for both value and social impact. The cost reduction, for example, may be the reduction of public health spending needs due to the improvement of the population's quality of life, or the reduction of public spending on the prison system due to increased inclusion and reduced social inequality (Seelos and Mair 2005b). It is important to highlight those social effects must entail a sustainable perspective considering the current moment and the future perspectives through the creation and guarantee of opportunities or protection against threats (Hossain *et al* 2017; Lumpkin *et al* 2013; WCED 1987).

Finally, the evaluation of the social effect of a given SEI is influenced by the adopted point of view (Myrah and Odinsky-Zec 2013). Social problems and their causes are poorly known and poorly researched (Rawhouser *et al*, 2019; Hadad and Găucă, 2014), which makes their treatment difficult (Lumpkin *et al*, 2013; Clark and Brennan, 2012). In general, ideal results are adopted as parameters and function as short and long-term goals (Rawhouser *et al*, 2019). Some social needs are conspicuous, while others

depend on the restlessness of people who join social movements in order to make them evident and bring about change [e.g., discrimination of race, gender and creed, domestic violence] (Mulgan, 2006).

2.3. Theoretical proposal for a measure of social value

Through social value measures, it is possible to check the prioritization of the elements that influence the value creation and to measure progress against goals creating paths that can lead to a global result (Rawhouser *et al* 2019). What is measured can be improved and, through this process, the value is better added and reported (Rawhouser *et al* 2019; Hadad and Găucă 2014; Clark and Brennan 2012). By understanding that value relies on stakeholders' standpoint adoption (Myrah and Odinsky-Zec 2013) also allows SEI disclosure to reinforce its collaboration ties. These ties create the necessary synergy to achieve the expected social goals (Hlady-Rispal and Servantie 2018).

Examining the theory of value in the strategy is useful, given the absence of studies in the social entrepreneurship field that have delved into the subject (Hlady-Rispal and Servantie 2018). According to classical economics, value can be defined in terms of its usefulness. The use-value is established by consumer evaluation. It is a mix of needs and expectations concerning the acquisition, experience, and product use. It is a subjective and circumstantial perception, which depends on the qualities observed and the information available in relation to what will be consumed and in relation to consumption alternatives (Bowman and Ambrosini 2000; Lepak *et al* 2007). As such, its measurement is complex and multidimensional. As different values are the result of different operations, with different productive arrangements and different strategies (Brandenburger and Stuart 1996), they also reflect different assessments of use-value (Bowman and Ambrosini 2000; Lepak *et al* 2007). Barki *et al.* (2020) propose that the evaluation of social value should be considered as a category of analysis capable of providing the following results: 1) definition of concepts; 2) description of the elements of the evaluation; 3) evaluation proposals. This article focuses on the first result suggestion.

Another important aspect is the organization's ability to appropriate part of the value it creates what is fundamental for building excellence and for its survival (Hitt *et al* 2011; Venkatraman and Ramanujam 1986). Social organizations have difficulty in value appropriation, considering monetization, even when they adopt hybrid models that admit economic goals (Seelos and Mair 2005a, Lumpkin *et al* 2013). Therefore, the surplus of value occurs after the realization of the exchange value and assumes a competitive relationship in which agents strive for the greatest value appropriation possible (Bowman and Ambrosini 2000; Lepak *et al* 2007).

In line with a competitive paradigm, the aim of maximizing financial return is a practical simplification of these network relationships (Rawhouser *et al* 2019; Borzaga *et al* 2012; Austin *et al* 2006), often the profit function as a generic parameter capable of representing the interests of the most stakeholder (Hadad and Găucă 2014; Richard *et al* 2009). Thus, conventional entrepreneurship has the advantage of relying on relatively tangible and quantifiable measures, such as financial indicators, market share, customer satisfaction, and quality (Símon-Moya and Revuelto-Taboada 2012; Baumol and Strom 2007).

On the other hand, social entrepreneurship has more network ties complexity and a greater stakeholder diversity with more expectations to be managed. Simplifying its complexity means taking the risk of not meeting some stakeholders' information needs (Rawhouser *et al* 2019; Borzaga *et al* 2012; Símon-Moya and Revuelto-Taboada 2012). And this risk usually does not compensate because the established collaborative ties often compensate for SEI's resource limitations and internal inefficiencies. It is a matter of legitimacy and credibility (Hlady-Rispal and Servantie 2018; Bacq and Eddleston 2018). The value is determined through internal and external relationships, assuming the organization as a unit of analysis (Brandenburger and Stuart 1996; Bowman and Ambrosini 2000), the most popular unit in the social entrepreneurship literature (Lee *et al* 2014).

The social value measure proposal comes from an extensive integrative literature review (Remenyi *et al* 1998), developed by Ciccarino and Silva (2018) and further developed by Ciccarino and Rodrigues (2019), who applied the content analysis of the social investment criteria to the main social entrepreneurship support organizations, henceforth named as SESO: Ashoka, Schwab Foundation, Skoll Foundation and Yunus Social Business.

Special care was taken to ensure that the proposed measures avoided the excessive economic and financial bias present in the usual assessment methods (Rawhouser *et al* 2019; El Ebrashi 2013; Ormiston and Seymour 2011; Mair and Marti 2006). For instance, this study avoids the transposition of the results (Hamann *et al* 2013), mainly without associating growth measures [e.g., increase in the number of beneficiaries] with financial measures (Combs *et al*, 2005). It was also considered that broad measures create measurement problems and very restricted measures test fewer hypotheses, thus the interrelation between theory and its use was fundamental to outline this study proposal (Combs *et al* 2005). These precautions aim to avoid excessive results variation which can difficulty replications. Thus, the results found should expand the capacity to accumulate knowledge in the research field (Hamann *et al* 2013; Richard *et al* 2009; Combs *et al* 2005).

The value measure has an objective character, which reflects the traditional quantifications (Leviner *et al* 2006), and a subjective character, which reflects the complexity of an essentially contested concept (Hossain *et al*, 2017; Choi and Majumdar, 2014). This choice is in line with Rawhouser *et al* (2019) orientation to assess value in absolute and relative terms and to avoid plain quantification, which can lead to capturing other agents' effects. The measures also seek to answer the call of Hlady-Rispal and Servantie (2018) for more works adopting the perspective of the beneficiary in relation to the use of value (Bowman and Ambrosini 2000; Lepak *et al* 2007). Given the gap in the literature, the following hypotheses were developed.

The first Hypothesis (**H1**) is that the objective social value can be reliably represented by the variables: (**H1a**) direct impact and (**H1b**) employees. 'Direct impact' is the most basic way of measuring social value, widely used to measure the magnitude of SEI's performance (i.e., scale). It is particularly popular when the investment involves public capital (Leviner *et al* 2016), and also considered by SESO (Ciccarino and Rodrigues 2019). It refers to the quantification of people benefited by SEI in the last year. The employees refer to the quantification of the jobs created, as well as the differentiation between paid and voluntary work, which is fundamental for the perception of the organization's sustainability (Símon-Moya and Revuelto-Taboada 2012; Ramos and Martín 2001; Austin *et al* 2006; Dees 1998), although attributing this measure to the result is

controversial (Pestoff and Hulgård 2016). Often the number of employees represents the organization's size (Bacq and Eddleston 2018; Bosma *et al* 2016).

The second Hypothesis (**H2**) is that the concept of subjective social value can be reliably represented by the variables: (**H2a**) uniqueness, (**H2b**) pain and (**H2c**) social relief. The concept developed in the impact management project (2019) was adopted to incorporate the uniqueness of SEI's value offering, isolating its contribution from other ecosystem agents. It is based on the conjecture of what would happen to beneficiaries if SEI did not exist. The value offer encompasses the way in which the value proposal is created, disseminated, distributed, and monetized (Osterwalder and Pigneur 2011). However, Menter *et al* (2020) argue that this uniqueness is related to innovation in the value proposition, so it does not necessarily represent a result measure. Scales already tested and validated from another research field were also used (Hossain *et al* 2017; Van Der Have and Rubalcaba 2016; Dacin *et al* 2010) because the subjective social value can be associated with several effects caused by social activities at the psychological, social, economic, environmental, and political levels (Hadad and Găucă 2014).

The result of a social problem can be considered as a pain. The perception of pain is conditioned by the painful experience and the socially constructed idea of what that pain would be. In fact, pains related to emotional and psychological processes are considered stronger than physical pains in some contexts (Biedma-Velázquez *et al* 2018). The beneficiary's perception of use-value may be due to the relief he/she feels in relation to the pain caused by the problem he/she faces. Relief is a feeling that more objectively interprets the relationship with a problem treatment since it circumvents issues such as diversity and severity (Stahmer *et al* 1998).

One of the biggest issues about the use of pain scales is the interpretation of their variation to guide clinical treatment. Complementary measures such as relief and satisfaction are used to assist in this interpretation. Not only by common sense, but based on medical research, there is a linear relationship between pain, relief, and satisfaction. There is a significant correlation between changes in the perception of pain intensity and the perception of relief, although the pain scale alone does not reflect the feeling of relief (Stahmer *et al* 1998). The more intense the pain initially perceived, the greater the reduction must be for a relief feeling. For this reason, relief scales tend to reflect the therapeutic action better than the intensity of pain (Stahmer *et al* 1998). The relief of a social vulnerability or deprivation of rights links the intensity perception, if not the pain, to the discomfort that this situation generates. The concept of social relief appears in some studies (Bacq and Eddleston 2018), but it is not measured.

Finally, the social value potential for representing a results dimensions on social entrepreneurship is assumed (Hlady-Rispal and Servantie 2018). The sense-making theory assumes that information is a parameter used to perceive reality in a given instance of analysis. This theory assumes that reality is in motion, so the outcome cannot be measured by looking for constant patterns (Dervin, 1998). Given that the result does change over time (Hamann *et al* 2013; Richard *et al* 2009; Combs *et al* 2005), it would not be the best measure to classify and compare SEIs. The idea of information and change flows allows us to observe evolutions and make decisions to change trends (Snowden, 2002), which adheres to a concept that seeks to stabilize in time but is determined in a comparative way with scenarios, goals, and competitors (Venkatraman and Prescott,

1990). In this sense, medical research points to a linear relationship between pain, relief, and treatment satisfaction. There is also a significant correlation between changes in the perception of pain intensity and the perception of relief. The more intense the initially perceived pain (i.e., greater than 5), the greater must be its reduction in order to have a feeling of relief (Stahmer *et al*, 1998). These parameters can be used to gauge the effectiveness of SEIs (Venkatraman and Prescott, 1990). Table 1

Table 1: Subjective social value parameters

SCORES ON THE PAIN INTENSITY SCALE	REDUCING PAIN INTENSITY TO CREATE RELIEF
Pain intensity average (=7)	57% of pain reduction provides some relief
High initial pain intensity (>5)	84% of pain reduction provides some relief
Low initial pain intensity (<=5)	29% of pain reduction provides some relief

Source: Adapted from Stahmer *et al* (1998).

3. Method

This study is derived from a wide-ranging study that follows realism as a scientific paradigm, assuming that reality is understood in probabilistic terms and imperfectly (Ciccarino, 2020; Patton 2002). For this reason, great emphasis is placed on triangulation, resulting from the application of different methods of collecting and analyzing qualitative and quantitative data (Guba and Lincoln, 1994). The study seeks to incorporate the multidimensionality of the research field (Mair and Martí, 2006) through the basic mixed-methods approach, to produce balanced syntheses between literature and practice (Krivokapic-skoko and O'Neill, 2011). It was based on the research process studied by Remenyi *et al* (1998) as it was synthesized and presented by Ciccarino and Rodrigues (2019).

The study objective is to propose measures to evaluate the social value, simplifying their use by entrepreneurs and social investors (Ciccarino and Rodrigues, 2019; André *et al*, 2018), and providing a strategy for consolidating the social entrepreneurship research field. These measures emphasize the value creation process and incorporate the beneficiary dimension neglected in the literature (Hlady-Rispal and Servantie, 2018; Myrah and Odinsky-Zec, 2013).

The study starts with a qualitative analysis based on in-depth, semi-structured interviews with Portuguese investors and social entrepreneurs (Macdonald and Hellgren 2004; Patton 2002), analyzed by pattern matching using the Atlas.Ti software version 7.5. A pattern is something recurring that appears systematically both in the literature and in the data collected (Ghauri 2004; Verschuren 2003; Patton 2002). The research highlights the needs and difficulties in assessing social value, identifies the opinion on the proposed measures, and integrates the stakeholder's opinions examining divergences and convergences (Ghauri 2004; Patton 2002). Therefore, the respondent's selection was non-random (Ulriksen and Dadalauri 2016). The interviews were conducted from 19 June to 27 December 2019 with 8 social investors and 6 social entrepreneurs. To take advantage of the potential of qualitative analysis, the interview script was set up with open questions (Macdonald and Hellgren 2004; Verschuren 2003) following the interview guide approach (Patton 2002).

The quantitative analysis assessed and tested the proposed measures. The data were collected through an online survey that created a probabilistic sample based on the opinion of entrepreneurs (Hair Jr *et al* 2010; Converse and Presser 1986). The survey (Figure 1) went through an extensive pre-test process carried out in implicit and explicit stages with the collaboration of 56 respondents. The pre-test responses were not used as a study sample (Converse and Presser 1986).

Figure 1: Selected variables

M.	VARIABLES	SOURCE	QUESTION	INFERIOR LIMIT	SUPERIOR LIMIT
Subjective social Value	Pain	Stahmer <i>et al</i> (1998)	In general, what is the level of pain caused by the social problem to the target audience?	No pain (0)	Very intense pain (10)
	Relief		In your opinion, how much of this pain is relieved by social initiative?	No relief (0)	A very big relief (10)
	Uniqueness	Impact Management Project (2019)	What would happen if your social initiative did not exist?	My current target audience would be served by another governmental, social or market structure. (1)	Currently, my target audience would not be served (5)
Objective Social Value	Number of Employees	Bosma et al (2016)	Estimate the number of employees:	Quantifications	
	Number of Beneficiaries	Impact Management Project (2019)	Estimate the number of people directly benefited by the initiative's actions last year:		

Source: Authors

The data were collected between November 2019 and February 2020. The issues concerning the common method bias (CMB) was addressed using the Harman's single factor test (Bacq and Eddleston 2018; Dwivedi and Weerawardena 2018) through exploratory factor analysis [EFA] by the principal component method, not rotated (Podsakoff *et al* 2003). The CMB occurs when variations in responses are caused by the research instrument and do not reflect reality, impairing the validity of the results. The variation explained by the first factor must be less than 50% and must not be greater than the variation explained by the sum of the other factors (Podsakoff *et al* 2003; Hair Jr *et al* 2010). Then, one must remove the variables that form the first factor to check for changes in the way remain variables groups. Although very popular, Harman's single factor test is limited because it does not statistically control the effects of the data collection method, and because it is sensitive to type I error [i.e., false positive] (Podsakoff *et al*, 2003) a problem overcome by the other techniques used.

The resulting database was treated to ensure that it is suitable for multivariate techniques (Hair Jr *et al*, 2010) resulting in 89 valid cases that correspond to 40.45% of

the population and 43.63% of the response rate. This rate is higher than that reported in benchmarking studies (21% - Bacq and Eddleston, 2018; 26.3% - Helm and Andersson, 2010). The differences between the 5-point likert scales and the 0 to 10 scales from medicine were solved through linear interpolation. Descriptive statistics and Pearson correlations were also used (Fávero *et al*, 2009).

Exploratory factor analysis [EFA] was conducted to summarize variables keeping only the statistically significant ones [factor load > 0.6]. The EFA allowed to verify if the variables are grouped according to the literature (Fávero *et al* 2009) and to determine the effectiveness of using the research instrument to collect information (Hair Jr *et al* 2010; Spector 1992). It was operationalized by the principal component analysis method with varimax orthogonal rotation, considering the eigenvalues greater than 1 and the scree plot observation. The factor analysis is considered reliable and significant when the KMO test is greater than 0.5, preferably greater than 0.6, with Bartlett sphericity test significant ($\alpha < 0.05$), expressing the percentage (%) of the total variance explained by the factors. It was also considered how much the variable relates to the set of measures (MSA < 0.5) and how much it is represented by the factors extracted according to the values of the communalities (Hair Jr *et al* 2010; Fávero *et al* 2009).

Reliability is about the extent that variation in research is not because of the instrument. Thus, there is a random error, not a measurement error. It is a necessary condition for validity (Hair Jr *et al* 2010; Churchill Jr 1979). Cronbach's Alpha measures reliability through measurement's consistency and should preferably be higher than 0.7 (Bacq and Eddleston 2018) however, due to the research exploratory nature alphas greater than 0.6 were allowed (Hair Jr. *et al* 2010).

4. Qualitative Study

In general, Portuguese social entrepreneurship is aimed at improving society and people's quality of life, comprehensively and democratically. There is no interest in major social changes, but in creating value for the community. This social investment is for Portugal, thence it can be replicated, imitated, or expanded, as it is essentially immersed in Portuguese culture and society. (Griffiths *et al* 2013; Smith and Stevens 2010). These Portuguese characteristics help focus the analysis on social value and accomplish this research goal.

All Portuguese investors emphasize the aim to solve social problems, some improving collective-interest services (Investors 1, 3, 6, and 8), or increasing people's quality of life (Investors 1, 3, 6, 7, and 8). Investors emphasize that identifying, assessing, and reporting social value is one of the main challenges they meet to support SEI. Most investors argue that supported SEI should reflect social demand. Therefore, they should not limit their scope of support (Investors 1, 3, 4, 5, 6, and 8). However, Investors 2 and 7 have doubts about the scope of their support, still not sure whether to emphasize certain social goals or keep broad criteria. Their concern is with the difficulty of meeting the need for very heterogeneous SEI, reducing the quality of their performance. This concern is at the social impact level (Hadad and Găucă 2014).

The investment choice in Portugal is based on the comparison with the competitors in each bid, so the investment depends entirely on the quantity and quality of the contestant. There is no public target or investment leading theme. It is worth noting the use of the terms 'value' and 'impact' as synonyms. Investor 1 shows these elements well and highlights that the division between objective and subjective values is intuitively analyzed:

"What we do in the bidding process is contract impacts and results expected from each project. And what we are doing throughout the investment life cycle is to check whether these impacts happened or not (...). We, in general, what we ask for in the applications is that they present result indicators. (...) And therefore, we have two indicators. Those of accomplishment, that is: how many actions they did, how many people were served, but also the results: the impact on the living conditions where the project operates. Realizing whether after the intervention the beneficiary's life has changed, is the result indicator. The realization is whether the beneficiary has been served. Between the indicator proposed in the application and the one that is formalized later there is an adjustment." (Investor 1)

Therefore, social investment assumes that SEI are able to explain how they create and measure their value, without offering guidance. All Portuguese social investors consulted recognize the difficulty that SEI have in identifying and explaining the social value they create. Investor 3 highlights this as a cultural weakness "Portugal is not a country where there is a culture of evaluation" and Investor 8 highlights the problem of misusing public resources due to the difficulty of assessing social results in general: "The State pays for certain responses, some of them more than 1000 €, but the impact it is having on that person's life is not assessed." The importance of assessing the social value created is exemplified in Investor 8, and a strikingly example is stated by Investor 7:

"I ask about it bluntly(...) how many of you assess the impact of what are doing? And it is rare to see hands in the air. (...) We provoke, so change happens. Never saying, and I come from the traditional, I always repeat this, never saying that it does not work. I never say that what is traditionally done is not important. What we propose is the courage to admit that what we do can be not working. Not totally, but the part that is not working must change...but until a step is taken to change, it takes a long time." (Investor 8).

"And we have the possibility, (...), with the research that is being done, with the academic work and the youth people we have, to be able to have ideas that can be solutions to problems that have been around for a long time and have so-called traditional solutions, but they start to make no sense to the current public... we will get old, but we do not want the solutions that exist today for the elderly.... " (Investor 7).

On the other hand, social investors are not always able to understand and value the social effect that is being offered: *"We are presenting a problem that they did not have, but that they know it exists."* (Entrepreneur 1) And there are taboos related to some initiatives with less potential to enhance the company's image and end up inhibiting support through corporate social responsibility. *"And it is very difficult for anyone to finance an ugly activity, (...) companies don't want to be associated with that, you know?"* (Entrepreneur 1). As equity is generally rejected, those sensitive-issue SEI must rely only on public investment. The equity rejection is due to the autonomy loss and the risk of hurting social goals (European Commission, 2016): *"And because we don't have equity and we don't want to share that equity (...)"* (Entrepreneur 6).

SESO mitigates the difficulty to find SEI with a fine assessment of social value by investing only in ones that can prove their value based on their trajectory (Ciccarino and Rodrigues, 2019). However, the Portuguese investors also support SEI at the ideas stage, so SEI can explain their impact based on prototypes, studies, or benchmarking. It happens because of the commitment to the local social economy and social investment market development. The responsibility and pressure on entrepreneurs (Dwivedi and Weerawardena, 2018; Bosma *et al*, 2016) is clear in the Investor 6 statement: *"The social entrepreneur is the one who knows. Whoever is an expert in the situation was the one who created the indicator, who knows the timings. We give all freedom and to the extent of these commitments we will check the results."*

However, the Investor 2 himself admits the difficulty in implementing the available evaluation methods (André *et al*, 2018). *"Yeah ... We already tried to make an initiative with SROI and it took us so long and it was so complex, that we ended up not implementing it. And we waste a lot of time and resources. It was a good experience, we learned."* The indicators selection limits the available knowledge about the social problem and can even represent a follow-up problem for investors who need the social result to justify their investment (André *et al*, 2018; Borzaga *et al*, 2012; Ormiston and Richard, 2011; Richard *et al*, 2009). Investor 3 gives an example:

"We have, for example, a project that the indicator is the number of meals that are not thrown away. So, it is a project that works with restaurants aiming the food waste reduction. The point is that the indicator is in the

number of meals and not the number of people who are supported. Thus, we know that people are being supported there - and it really must be, otherwise there was no social problem, only an environmental one - the point is that in this project we will never have the beneficiaries' number, and this happens to us very often."

Another issue is that SEI base their indicators on the social problem they treat. The severity of these problems can influence their ability to report efficiency and success, but it can change over time. *"The point is that these projects were launched in 2016 when the unemployment rate was much higher. The economy has started to improve (...) they must comply with the indicator. For them, it is a problem, but it is not a problem effectively (...)"* (Investor 4). It is riskier when the social value created complement the government action, increasing the complexity to prove it (European commission, 2016; Stephan *et al*, 2015).

"To prove financially the economic return or what is saving public policy due to my intervention in the field. If you must talk about the diabetes or dementia project or delay institutionalization, that the Ministry of Social Protection or Health is saving because of that? You must prove it, and therefore you must have technical skills" (Investor 6).

This situation increases the difficult to show the real SEI's outcome without capturing effects generated by other agents (investor 4), which can damage the claim credibility (investor 6) (Rawhouser *et al*, 2019). This was made clear in all social entrepreneurs talk, always explaining and contextualizing their SEI's in an attempt to explain how they create direct value for more than one type of beneficiary and indirectly affect different stakeholders (Hlady-Rispal and Servantie, 2018; Hadad and Găucă, 2014; Clark and Brennan, 2012). There is a deep relationship with the community and with the context (Lumpkin *et al*, 2013) and it is difficult to dissociate the value created from a general benefit to society (Tate and Bals, 2018; Bacq and Eddleston, 2018). Portuguese social entrepreneurs correct investors' perceptions by pointing out that the problem is not to assess the social value they create, but to report it. Entrepreneurs emphasize that they receive constant returns from their beneficiaries through spontaneous testimonials, in addition to objectively identifying the improvement in people's quality of life through SEI's work.

"I, as a person, measure the impact practically every week with messages that I receive from beneficiaries (...). Family members who continue to keep in touch as if I were their son's friend, as if I were their family (...). And it is my impact measurement. For me personally, I do not need anything a psychologist tells me, nor that person who measures the impact. I personally do not need to. (...) I know that the project needs it, that society needs papers, everyone needs it, (...)" (Entrepreneur 2)

However, they confess to having great difficulty in systematizing and using this information, *"We will never be able to measure every impact we make"* (Entrepreneur 1). Entrepreneurs 2 and 6 are using systematically story telling. The subjective nature of social value represents the great challenge of supporting SEI and keeping them sustainable, which, consequently, limits the scale of the social value created. It even

makes it difficult to structure them properly to meet the necessary requirements of the investment selection processes, sometimes becoming a vicious cycle that conditions the social goals (Entrepreneurs 1, 2, 3, 5, 6).

“Okay, the main problem is financing, the problem will always be financing. The more, let us say, if we have more costs, we get more ... we can reply to more people. We measure the impact of our work, (...) even without mentoring, because we are waiting for that 20% financing. (Entrepreneur 1)

“Even in conversations with colleagues from other entities and everything, they talk and then sometimes end up adapting the answer to the financing line and sometimes even end up slightly distorting the project.” (Investor 2).

Investors 2, 3 and 4 recognize this difficulty and highlight the difficulty of creating generalist indicators for subjective values.

“But there are often issues that are not measurable, they are not tangible. When we work with people there are many things that are not tangible. There are possibly metrics already for the intangible, I do not know. But I think it has several dimensions. (...) it is an issue (...) that is resolved through studies, such as what you are doing.” (Investor 2)

In a way, all the entrepreneurs interviewed measure value in some way and attribute a pragmatic importance to it. *“My feeling is that since we measure impact, it is easier to seek support and advice, because it allows us to show in a very succinct way, the results we have. We thus gain the trust of social investors”* (Entrepreneur 1). Quantification is a popular way of reporting impact (Entrepreneur 1, 3, 4, 5, 6), and all establish some tangible goal to be achieved (Leviner *et al*, 2006). *“(…) at a quantitative level it is very difficult to do. What we can do is the service we do, the number of activities we did and that, we counted, and the number of daily participants we had, we counted all of that.”* (Entrepreneur 3). Some interviewees claimed that they have improved their perception about the evaluation importance after participating in the investment process as if that process helped to organize information and methods that were dispersed. They argue that they have rethought their initiatives, better defined the problem they are solving then, more precisely identified the social value they create (Entrepreneurs 2, 3, 5, and 6).

Investors 1, 2, 3, 5, 7, and 8 highlight the potential of creating partnerships with universities to better understand how to identify and report the social value created, emphasizing scientific scrutiny. However, this process is not established and is undergoing adjustments. Universities are criticized because *“it is useless for the academy to speak to the academy if civil society does not benefit directly or takes too long to benefit”* (Investor 3) and Portuguese companies in general, including SEI, are criticized for *“(…) even companies, companies also do not actively seek academia as they should for research and development”* (Investor 3). In general, the entrepreneurs showed great openness to build partnerships with the academy. Some even praised the support they received (Entrepreneurs 2, 3, 6). Entrepreneur 1 took a more critical stance:

“So, we are very aligned with our mission and happy with the impact, but if we can, if there are studies like yours, that they reach conclusions that allow us to be better tomorrow, so I am always available to help with actions

like this (...) But what has happened is that they (universities) will not even improve our impact measurement processes, but after all, society wants a stamp. Want a? Ready."

The adaptation of the pain and relief medicine scales (Stahmer *et al*, 1998) was also discussed during all interviews, with 93% acceptance among investors and entrepreneurs.

"Social problems are not only physical pains, but there are also many emotional pains. And if we have many projects working on emotional pain because for physical pain, we have advanced medicine, they will be projects that we want to welcome and that will certainly be very successful. When we speak, for example, of palliative care, to dignify and help to die better, these are highly emotional projects. (...) And there are people's happiness rates, not just physical pain. And relief is measured, then it is also measured in universities. We measure well-being if we give happiness. We measure what we want. Within psychology, for example, these indicators are more than tested and proven. (...) As soon as there are metrics for these situations, it makes a lot of sense. (Investor 6)

Only Investor 4 disagreed with the analogy and its usefulness in measuring social value:

"My opinion here goes in line with the work that we have been doing over these three years, for us to be able to define what a social problem is. (...) for us, the definition cannot be a matter of opinion. It must be specific because we are going to evaluate the projects based on that, and for us it is an elimination criterion. In practical terms, the definition we use serves. It is not the first, it is not the second, it is a definition worked overtime (...)"

Investor 5 agreed with a specific caveat in terms of who determines pain and relief, a contribution also included in the suggestions for future studies due to the importance of comparing this indicator with other perspectives. We highlight its collaboration with the understanding of the non-static character of social value and the potential of the measure to reflect SEI's evolution:

"Yes, and as we focus a lot on the impact of social and environmental entrepreneurship, environmental pain is not measurable, nobody complains, is it? The little fish do not complain, the trees do not complain, but if it were an external evaluation, yes, I would say yes. And there is one thing that we have already concluded that is: the impact is not static. Imagine, let me give you an example, imagine mobile phones when they came up it was an incredible thing, because they allowed us to talk to each other, today there is something from the point of view of impact that is questionable because it diminishes our social relationships, because causes anxiety, because it can cause health problems..." (Investor 5).

Investor 3 adds the preventive and corrective potential of the value created by the SEIs, which can be covered by the relationship between pain and social relief.

"More like a fragility, a gap, but yes, it can be a pain. There are people who fail to integrate socially or live very badly. A physical, emotional, or even

social pain, yes. Projects can be preventive, corrective or both preventive and corrective. In the case of prevention, it was to prevent this pain from appearing or at least to prevent it from appearing with such strong intensity. In the case of remedies, it was to mitigate the pain" (Investor 3).

5. Quantitative Study

The sample was not affected by common method bias (CMB). Both in the original study with its 51 variables, in which the first factor represents only 6.133% of a 74.87% sample variation explanation capacity (Ciccarino, 2020), as in this study, in which 2 factors adhering to the literature are extracted from 5 variables and the first factor represents only 36.06% of the sample variation. Even with exclusions of variables that form the first factor, the groupings remain constant (Podsakoff *et al*, 2003). Table 2 summarizes the factors extracted.

TABLE 2: Factor Analysis

FACTOR	VARIABLE	FACTOR LOADING	MSA	COMMUNALITY	CRONBACH'S ALPHA
Objective Social Value	Employee	0.843	.496 ^a	0.720	0.652
	Direct Impact	0.859	.523 ^a	0.739	
Subjective Social Value	Social Relief	0.870	.506 ^a	0.777	0.699
	Pain/Discomfort	0.810	.520 ^a	0.663	
Uniqueness	Uniqueness	0.531	.641 ^a	0.328	-

KMO = 0.522; Bartlett's test of sphericity, sig < 0.01

Source: Authors

The retained factors quality is significant and adequate for an exploratory study (KMO = 0.576). The variables explained 64.536% of the sample variation. It is worth mentioning that the uniqueness variable is highly correlated with the other variables together (MSA = 0.641), but it has a small correlation with the factors (Communality = 0.328). Although it can be part of the subjective social value construct statistically, it does not have a high factor load (0.531), and excluding it from the construct's composition increases reliability, as the Cronbach's alpha rises from 0.593 to 0.699. The scree plot reinforces this decision, signaling the existence of one more factor below the eigenvalue limit (> 1). This corroborates the analysis by Menter *et al* (2020) that put uniqueness as an innovation dimension in the value creation process.

Therefore, EFA suggests that the objective social value can be reliably represented by the variable direct impact (**H1a**) and employees (**H1b**), supporting the first Hypothesis (**H1**). The second Hypothesis (**H2**) is partially supported, because the subjective social value concept can be reliably represented by the variable pain (**H2b**) and social relief (**H2c**) however, the uniqueness variable (**H2a**) forms another measure (Menter *et al*, 2020) that perhaps can be further studied in an ecosystem approach (Stephan *et al* 2015).

Emphasizing the subjective social value, 81.8% of cases address severe social pain (>5) and 92% of cases produce an intense feeling of relief (>5). Social pain and relief are correlated (Pearson = 0.541 $\alpha < 0.05$). On average, SEIs create 12.65% greater relief than

the perceived pain. They also deal with social problems that would not find treatment in other structures (Stephan *et al* 2015). Regarding the effectiveness of the value created, only 24% of SEIs that work with severe pain do not create the necessary relief, and none of the 16 SEIs that work with less serious social problems fails to produce the necessary relief (Stahmer *et al*, 1998). Thus, the measures serve as parameters (Snowden, 2002) to assess the effectiveness of SEIs (Venkatraman and Prescott, 1990). Table 3 sums up these analyses.

Table 3: Subjective social value descriptive statistics

	PAIN	RELIEF	UNIQUENESS
Average	6,65	7,49	7,07
Mode	8,00	8,00	7,50
Standard deviation	2,39	2,13	2,43

Source: Authors

6. Final Discussions

Due to the particularities of SEI, regarding their sources of opportunities and the way resources are mobilized, their performance cannot be assessed in the traditional way (Símon-Moya and Revuelto-Taboada 2012; Austin *et al* 2006). Therefore, the analysis of value creation requires a specific measure that represents social entrepreneurship literature (Rawhouser *et al* 2019; Hlady-Rispal and Servantie 2018; European Commission 2016). This study achieved its goal of proposing measures capable of fulfilling this role and has and offered a new synthesis from the literature of strategy and medicine.

The paper started by clearly defining its concepts of social entrepreneurship and distinguishing social value from social impact (Venkatraman and Ramanujam 1986) and provided a structure that can be interpreted and replicated (Richard *et al* 2009; Lee *et al* 2014). The results presented here are expected to collaborate with the research field consolidation by clarifying important criteria based on their empirical analysis (Rawhouser *et al* 2019; André *et al*, 2018; Lee *et al* 2014) and by emphasizing the more consensually used characteristic to differentiate social from conventional entrepreneurship: the social value (Barki *et al* 2020; Hlady-Rispal and Servantie 2018; Hossain *et al* 2017; Dacin *et al* 2010; Austin *et al* 2006).

The adoption of valid and reliable measures to express such an important construct is fundamental to reduce the results variation and allow knowledge to be accumulated in the research field (Hamann *et al* 2013; Richard *et al* 2009; Combs *et al* 2005). In addition, it facilitates the SEI's identification (Helm and Andersson 2010; Peredo and McLean 2006; Dees 1998) through balanced criteria, capable of creating reliable measurements and testing hypotheses (Combs *et al* 2005). The proposed measures allow generalizations and comparisons between SEI and pave the way for the development or improvement of already existent evaluation methods. As highlighted in the literature and in the testimonies from entrepreneurs and social investors, indicators that express SEI's operations are still lacking. This idiosyncrasy limits the comparison between SEIs (Rawhouser *et al* 2019; Erpf and Tekula 2019; Bosma *et al* 2016; Lee *et al* 2014), despite it is essential to describe their reality and allow SEIs to check their progress. As the interviews have pointed out the storytelling is a powerful tool for qualifying SEI's reality and deserves to be further studied and exploited.

The qualitative analysis was fundamental to focus and contextualize the study on social value. It took advantage of the relationship between Portuguese investors and social entrepreneurs' characteristics. It confirmed important literature aspects such as the use of value and impact as synonyms, the difficulty, and the need to measure social value (Bosma *et al* 2016), the intuitive division between objective and subjective values (Rawhouser *et al* 2019), and the difficulty in implementing systematic value assessment, due to the complexity of the available methods (André *et al* 2018).

The study also identified effects of adaptation and improvement created through the relationship between Portuguese investors and entrepreneurs (Stephan *et al* 2015). It also showed the social effects' multidimensionality and the difficulty of dissociating the value created from a general benefit for society (Tate and Bals 2018; Bacq and Eddleston 2018). The results of this study have the potential to deepen the understanding of these aspects. They are also useful to highlight the aid of universities to build and validate value

assessment systems as a best practice, pointing out the challenges of this process as well (Van Der Have and Rubalcaba 2016).

The qualitative analysis allowed to discuss the use of the scales of pain and relief, providing views in line with the literature. It motivated testing these measures by the quantitative analysis. The discussion signaled the dialectical potential of using pain and relief measures in preventive and corrective approaches useful for several organizations that pursue social goals, transcending the literature on social entrepreneurship. These research opportunities are worth exploring.

The quantitative analysis evaluated and tested the proposed measures. The two measures initially proposed (i.e., objective, and subjective social value) proved to be best used as three. The subjective social value is represented by (1) pain and relief scales (Biedma-Velázquez *et al* 2018; Stahmer *et al* 1998); (2) the objective social value by the number of beneficiaries and jobs created (Ciccarino and Rodrigues 2019; Leviner *et al* 2016; Dees, 1998); and (3) the SEI's uniqueness by the extent to which the SEI activity can be replaced by other available social structures (Impact management project, 2019; Stephan *et al*, 2015). These three measures were tested based on social entrepreneurs' opinions, but they also serve to collect beneficiaries' opinions in a future study to compare the results. This versatility has a great potential for both internal and external evaluation processes and allows setting more realistic goals (Clark and Brennan 2012), in addition to emphasizing the beneficiary dimension, which is neglected in social value evaluation studies (Hlady-Rispal and Servantie 2018; Myrah and Odinsky-Zec 2013).

In a larger and more diverse sample, it would be interesting to identify relationships between business models' features and the social value creation measures (Osterwalder and Pigneur 2011; Menter *et al* 2020) or to study the social value creation relationship with the ecosystem (Venkatraman and Prescott 1990; Stephan *et al* 2015). Finally, the proposed measures can be a starting point for studies aimed to understand the value appropriation in SEI, something fundamental for business models sustainability, which was not addressed in this study (Hlady-Rispal and Servantie 2018; Dwivedi and Weerawardena 2018; European Commission 2016).

References

- André, K., Cho, C. H., & Laine, M. (2018). Reference points for measuring social performance: Case study of a social business venture. *Journal of Business Venturing*, 33(5), 660–678.
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: Same, different, or both? *Entrepreneurship: Theory and Practice*, 30(1), 1–22.
- Bacq, S; Eddleston, K A. (2018). "A Resource-Based View of Social Entrepreneurship: How Stewardship Culture Benefits Scale of Social Impact". *J Bus Ethics* vol. 152; pp. 589–611.
- Barki, E; Rodrigues, J; Comini, G M (2020). "Impact business: a concept under construction". *Iberoamerican Journal of Entrepreneurship and Small Business*, v.9, n.4, pp. 477-501
- Baumol, W. J., & Strom, R. J. (2007). Entrepreneurship and Economic Growth. *Strategic Entrepreneurship Journal*, vol. 1, nº. 1, p. 233–237.
- Biedma-Velázquez, L; García-Rodríguez, MI; Serrano-del-Rosal, R. (2018) "Social hierarchy of pain and its connection to the memory of previously suffered pain". *Journal of Pain Research*, Vol Volume 11, pp. 2949-2959
- Borzaga, Carlo; Depedri, Sara; Galera, Giulia. (2012). "Interpreting social enterprises". *R.Adm.*, São Paulo, v.47, n.3, p.398-409.
- Bosma, N., Schøtt, T., Terjesen, S., & Kew, P. (2016). GEM 2015 special report on social entrepreneurship. *Global Entrepreneurship Monitor*, 1–74.
- Bowman, C; Ambrosini, V. (2000). "Value creation versus value capture: towards a coherent definition of value strategy". *British Journal of Management*, vol.11, p.1-15
- Brandenburger, Adam M; Stuart, Harborne W Jr. (1996). "Value-based business strategy". Harvard Business School, Boston, MA 02163
- Cabral, S., Mahoney, J. T., McGahan, A. M., & Potoski, M. (2019). Value Creation and Value Appropriation in Public and Non-Profit Organizations. *Strategic Management Journal*, vol. 40, p. 465–475.
- Choi, N; Majumdar, N. (2014) "Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research". *Journal of Business Venturing*. Vol 29-3, p. 363-376.
- Churchill Jr, G.A. (1979). " A paradigm for developing better measures of marketing constructs." *Measure and Construct Validity Studies. Journal of Marketing Research*. Vol. XVI, p. 64-73
- Ciccarino, I D M. (2020) "Value creation according to the Portuguese social entrepreneurship business models." Doctoral Thesis - Department of Administration, Pontifícia Universidade Católica do Rio de Janeiro. Rio de Janeiro, Brasil. 325p.

- Ciccarino, I. D. M; da Silva, J. F. (2018). "What is social impact? Ways of social entrepreneurship research field". RENT XXXII - Research in Entrepreneurship and Small Business. Toledo, Spain
- Ciccarino, I. D. M; Rodrigues, S C S F. In press: "Social entrepreneurship: what people are looking for when they talk about it?" IGI Global.
- Clark, C; Brennan, L. (2012). "Entrepreneurship with social value: a conceptual model for performance measurement". Academy of Entrepreneurship Journal, Volume 18, Number 2.
- Combs, J. G., Crook, T. R., & Shook, C. L. (2005). The dimensionality of organizational performance and its implications for strategic management research. In D. J. Ketchen & D. D. Bergh (Eds.), *Research Methodology in Strategy and Management*. pp. 259–286.
- Dacin, P A; Dacin, M. T; Matear, M. (2010); "Social Entrepreneurship: Why We Don't Need a New Theory and How We Move Forward From Here". *Academy of Management Perspectives*, p. 37-57.
- Dees, J. G. (1998a). Enterprising nonprofits. *Harvard Business Review*, vol.76, pp.55-67.
- Defourny, J., & Nyssens, M. (2010). Conceptions of social enterprise and social entrepreneurship in Europe and the United States: Convergences and divergences. *Journal of Social Entrepreneurship*, 1(1), p. 32–53.
- Dervin, B.(1998). "Sense-making theory and practice: an overview of user interests in knowledge seeking and use". *Journal of Knowledge Management*, 2(2), 36–46.
- Dwivedi, A.; Weerawardena, J. (2018). "Conceptualizing and operationalizing the social entrepreneurship construct." *Journal of Business Research*, vol. 86, p. 32-40.
- El Ebrashi, R. (2013). "Social entrepreneurship theory and sustainable social impact". *Social Responsibility Journal*, Vol. 9 Iss 2. 2013,p.p. 188 – 209
- Erpf, P; Tekula, R (2019). "Clustering social enterprises: an empirically validated taxonomy". *Social Enterprise Journal*. Vol. 15 No. 3, pp. 397-420
- European Commission (2016): *Social Enterprises and their eco-systems: developments in Europe*. Authors: Carlo Borzaga and Giulia Galera
- Ghauri, K. (2004). "Designing and conducting case studies in international business research". in *Handbook of Qualitative Research Methods in International Business*. EE – Edward Elgar Publishing
- Hadad, S; Găucă, O. (2014). "Social impact measurement in social entrepreneurial organizations", *Management & Marketing. Challenges for the Knowledge Society*, Vol. 9, No. 2, pp. 119-136.
- Hair Jr, J.F., Anderson, R.E., Tatham, R.L., & Black, W.C.(2010) "Multivariate Data Analysis." Prentice Hall Inc., 7th Edition, New Jersey,. (www.mvstats.com)
- Hamann, P. M; Schiemann, F; Bellora, L; & Guenther, T. W. (2013). Exploring the Dimensions of Organizational Performance: A Construct Validity Study. *Organizational Research Methods*, 16(1), 67–87.

Helm, S T; Andersson, F O. (2010). "Beyond Taxonomy An Empirical Validation of Social Entrepreneurship in the Nonprofit Sector". *Nonprofit management & leadership*, vol. 20, no. 3, pp. 259 - 276

Hlady-Rispal, Martine; Servantie, Vinciane. (2018). "Deconstructing the Way in which Value Is Created in the Context of Social Entrepreneurship". *International Journal of Management Reviews*, Vol. 20, 62–80. DOI: 10.1111/ijmr.12113

Hitt, M. A., Ireland, R. D., Sirmon, D. G., & Trahms, C. A. (2011). Creating Value for Individuals, Organizations, and Society. *Academy of Management Executive*, vol. 25, n°2, pp. 57–75.

Hossain, S., Saleh, M. A., & Drennan, J. (2017). A critical appraisal of the social entrepreneurship paradigm in an international setting: a proposed conceptual framework. *International Entrepreneurship and Management Journal*, 13(2), 347–368.

Impact Management Project (2019). Retrieved <https://impactmanagementproject.com/10/16/2019>

Impact Management Project; World Economic Forum; Deloitte (2020). "Disclosure insight action: Statement of Intent to Work Together Towards Comprehensive Corporate Reporting." Summary leading sustainability and integrated reporting organisations CDP, CDSB, GRI, IIRC and SASB

Karnani, A. G.(2007). "Fortune at the Bottom of the Pyramid: A Mirage." Working Papers (Faculty). University of Michigan Business School

Lee, M.; Battilana, J.; Wang, T. (2014). "Building an Infrastructure for Empirical Research on Social Enterprise: Challenges and Opportunities." *Social Entrepreneurship and Research Methods: 9 Research Methodology in Strategy and Management*, n.9, p. 241-264

Lepak, D. P., Smith, K. G., & Taylor, M. S. (2007). Value creation and value capture: A multilevel perspective. *Academy of Management Review*.

Leviner, N; Crutchfield, LR; Wells, D. (2006). "Understanding the Impact of Social Entrepreneurs: Ashoka's answer to the challenge of measuring effectiveness." *Research on social entrepreneurship: understanding and contributing to an emerging field. ARNOVA Occasional Paper Series*. Vol. 1, N° 3

Lumpkin, G. T; Moss, Todd W; Gras, David M; Kato, Shoko; Amezcua, Alejandro S. (2013). "Entrepreneurial processes in social contexts: how are they different, if at all?" *Small Bus Econ* vol.40; p.761–783

Macdonald, S. and Hellgren, B. (2004). "The Interview in International Business Research: Problems we would rather not talk about", pp. 264-281;cap. 13

Mair, J; Martí, I. (2006). "Social entrepreneurship research: A source of explanation, prediction, and delight". *Journal of World Business*, vol 41. P.36–44

Menter, M; Göcke, L; Zeeb, C; Clauss, T. (2020) "A longitudinal perspective on business model innovation and firm performance: assessing complementarity and substitutability of business model innovation dimensions" IN: *European Academy of Management – EURAM*.

- Mulgan, G. (2006). "The Process of Social Innovation". MIT Press – Innovations
- Myrah, K K; Odinsky-Zec, T L. (2013) "The V formation model: a unifying force for double bottom line ventures illustrated with European and North American examples", *Social Responsibility Journal*, Vol. 9 Issue: 1, pp.91-108,
- Ormiston, J; Seymour, R. (2011). "Understanding Value Creation in Social Entrepreneurship: The Importance of Aligning Mission, Strategy and Impact Measurement". *Journal of Social Entrepreneurship*, vol. 2:2, pp. 125-150.
- Osterwalder, Alexander; Pigneur, Yves. (2011). "Inovação Em Modelos de Negócios – Business Model Generation"; Alta Books
- Patton, M.Q. (2002). "Qualitative research & Evaluation Methods". (3th ed.). Thousand Oaks, CA: Sage Publications.
- Pestoff, Victor; Hulgård, Lars. (2016). "Participatory Governance in Social Enterprise". *ISTR - International Society for Third-Sector Research.Voluntas* vol.27, p.1742–1759
- Peredo, A M ; McLean, M. (2006) "Social entrepreneurship: A critical review of the concept". *Journal of World Business*. Vol. 41, p. 56–65
- Podsakoff, P.M; MacKenzie,S.B; Lee, J.Y; Podsakoff, N.P. (2003). Common method Biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), p. 879-903.
- Porter, M.E; Kramer, M.R. (2011). "Creating shared value." *Harvard Business Review*, vol. 89, pp. 62–77.
- Ramos, F S; Martín, M J R (2001). "Tendencias en la evolución de las organizaciones no lucrativas hacia la empresa social". *CIRIEC-España, Revista de Economía Pública, Social y Cooperativa*, nº 37, pp. 79-116
- Raptopoulos, M M S. C; da Silva, J F. (2018). "Benchmarking de Avaliação de Desempenho para Organizações do Terceiro Setor". *EnANPAD 2018*. Curitiba.
- Rawhouser, H; Cummings, M; Newbert, S L. (2019). *Entrepreneurship Theory and Practice*, Vol. 43(1); p. 82–115
- Remenyi, Dan; Williams, Brian; Money, Arthur; Swartz, Ethne. (1998). "Doing Research in Business and Management: An Introduction to Process and Method." SAGE Publications. Edição do Kindle.
- Richard, P. J; Devinney, T. M., Yip, G. S; Johnson, G. (2009). Measuring Organizational Performance: Towards Methodological Best Practice. (B) *Journal of Management*, 35(3), 718–804.
- Seelos, C; Mair, J.(2005a). "Social entrepreneurship: Creating new business models to serve the poor". *Business Horizons*. Vol 48, p. 241—246
- Seelos, C; Mair, J.(2005b). "Sustainable development: How social entrepreneurs make it happen". Working Paper. IESE Business School – University of Navarra

- Símon-Moya, V; Revuelto-Taboada, L. (2012). "Are success and survival factors the same for social and business ventures?". *Serv Bus* vol. 6 p. 219-242.
- Snowden, D. (2002). "Complex acts of knowing: Paradox and descriptive self-awareness." *Journal of Knowledge Management*, 6(2), 100–111.
- Spector, P.E. (1992). "Summated rating scale: an introduction". Newbury Park, Sage University Paper Series.
- Stahmer, SA; Shofer, FS; Marino, A; Shepherd, S; Abbuhl, S. (1998). "Do quantitative changes in pain intensity correlate with pain relief and satisfaction?". *Academic Emergency Medicine*, Vol.5(9)
- Stephan, U; Uhlaner, L M; Stride, C. (2015). "Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations." *Journal of International Business Studies*46, 308–331
- Stevens, R., Moray, N., & Bruneel, J. (2015). The Social and Economic Mission of Social Enterprises: Dimensions, Measurement, Validation, and Relation. *Entrepreneurship: Theory and Practice*, 39(5), 1051–1082.
- Sue, V.; Ritter, V.M. (2007). "Conducting online surveys". Los Angeles, Sage, chapter 2, 5, 6,7.
- Tate, W L; Bals, L. (2018). Achieving Shared Triple Bottom Line (TBL) Value Creation: Toward a Social Resource-Based View (SRBV) of the Firm. *J Bus Ethics* vol. 152, p.803–826.
- Teece, D. J. (2010). "Business Models, Business Strategy and Innovation". *Long Range Planning*. Vol. 43, p.172-194
- Van der Have, R. P; Rubalcaba, L. (2016). "Social innovation research: An emerging area of innovation studies?". *Research Policy*, Vol. 45, nº9
- Venkatraman, N; Prescott, J.E. (1990) "Environment-strategy coalignment: An empirical test of its performance implications". *Strategic Management Journal*, Vol. 11, 1-23.
- Venkatraman, N; Ramanujam, V. (1986). "Measurement of business performance in strategy research: a comparison of approaches". *Academy of Management Review*; vol. 11(4) p.801-814.
- Verschuren, P. J. M. (2003). Case study as a research strategy: Some ambiguities and opportunities. *International Journal of Social Research Methodology: Theory and Practice*, 6(2), 121–139.
- WCED - World Commission on Environment and Development. (1987). "Our common future." Report. G. H. Brundtland, (Ed.). Oxford: Oxford University Press.
- Yunus, M. (2010) "Criando um Negócio Social". Ed. Campos. Rio de Janeiro.
- Zahra, S. A; Gedajlovic, E; Neubaum, D. O; Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5), 519–532.



EMES network
building knowledge together