

Measuring What Matters: How Social Entrepreneurship Ventures Measure And Report Performance

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Abstract

This multiple case study of eight Social Entrepreneurship Ventures (SEV's) looked at what they measured, how they measured it, and to whom they reported it. Informants from eight progressive animal welfare organizations in the U.S. provided survey and interview data about the organizations' mission, goals, measurement, and reporting. Results indicated that SEV's identify, measure, and report financial and service delivery goals in much the same way that traditional for-profit ventures do. However, SEV's also state and attempt to measure progress toward a larger, more abstract category of social change goals. The long-term and large scale nature of these goals often renders outcome measurement difficult if not impossible, forcing SEV's to resort to behavioral and skill measurements of change goals. While study participants demonstrated a significant commitment to measurement and external reporting, they were not willing to curtail lofty and visionary goals in order to accommodate measurability.

Keywords: Social Entrepreneurship, Performance Measurement, External Reporting, Stakeholders

JEL Codes: L26, L25, L31

Introduction

Social Entrepreneurship Ventures (SEV's) can be thought of as simultaneously pursuing three different categories of goals: those that keep the organization viable, those that seek to deliver services in the short term, and those that seek to bring about lasting change so that remediation is no longer necessary (Lane and Casile, 2011). As such, they tend to have one foot in the world of not-for-profit as they struggle to resolve stubborn social dilemmas. They also have the other foot in the world of results and accountability that is familiar to most organizations. This study seeks to document how the managers of SEV's manage to appease stakeholders' demands for accountability and documented progress while simultaneously working to resolve social issues in an environment where quick results may not always be possible. Specifically, this study seeks to ascertain:

What do SEV's measure about their performance and how do they do it?

What factors influence organizational choices about measurement and reporting?

The following section will establish definitions to be used throughout the paper. After that, the theoretical underpinnings section will explore three different perspectives on SEV's that informed this research: institutional theory (Meyer and Rowan, 1977), the logic model (Ebrahim and Rangan, 2010), and the sustainment, action, and change model (SAC) (Lane and Casile, 2012). This will be followed by a discussion of the multiple case study methodology employed, and concluded by results and discussion.

Definitions

Social entrepreneurship can be defined in different ways. The term 'social' is frequently found in conjunction with other common business language such as 'enterprise', 'value', and 'mission'. This hybrid terminology can be found in reference to both not-for-profit social ventures and for-profit ventures, (Santos, 2012). While it is common for SEV's to operate as non-profit or low-profit ventures, the question of

whether traditional for-profit ventures may also be considered SEV's is not entirely settled. Certainly, firms operating for profit may enter into social improvement initiatives that have nothing to do with profit. The somewhat dichotomous Shaw and Carter (2007) definition defines social entrepreneurship as, "The work of community, voluntary and public organizations, as well as private firms working for social *rather than* for-profit objectives." (Page 419, emphasis ours). The more inclusive Mair and Noboa (2006, page 9) definition requires only that the outcomes "yield and sustain social benefits". This research does not expressly consider the organizational form of incorporation of SEV's, but rather the qualities they exhibit. Ventures were included in this research based on their demonstration of five major qualities (Dees, 1998; Waddock, 2010):

- 1) a mission to create social value,
- 2) relentless pursuit of opportunities to serve the mission,
- 3) continuous adaptation, innovation and learning,
- 4) not being limited by resources and
- 5) high level of accountability to those served

As the foregoing definition might suggest, a SEV tends to have a more diverse array of stakeholders than most traditional for-profit businesses, or even than many not-for profits. A **stakeholder** may be any individual, organization, or government entity that relies on the focal organization for services or that provides support in the form of contributions or payments, volunteer hours, favorable treatment of ballot initiatives, or publicity. This group will also include partner organizations. The concept of stakeholders for a SEV has many parallels to the concept of stakeholders for a traditional for-profit organization. However, in the case of the SEV, the identification of indirect as well as direct stakeholders can be critically important (Barriero and Stone, 2013). For instance, while a child may benefit from a literacy program, the target

'customer' may be the school system that works with the children. It will also include, parents, public service personnel, community members and community leaders.

The next section will present three theoretical frameworks that further consider the relationship between SEV's and their stakeholders.

Theoretical Underpinnings

This section will discuss institutional theory as it pertains to SEV's. It also covers the logic model (Ebrahim and Rangan, 2010) and the SAC model (Lane and Casile, 2012) as means of thinking about accountability within SEV's.

SEV's as Institutional Organizations

Institutional Theory holds that organizations gain and maintain legitimacy by operating within the existing norms and legal/political environments of their industry and community (Franz and Petersen, 2013; Meyer and Rowan, 1977; Sridhar, 2013). The theory further holds that this legitimacy, in turn, contributes to organizational success, in large part due to the goodwill of powerful environmental actors (DiMaggio and Powell, 1991). Organizations can be seen as lying on a continuum between being highly institutional, and therefore highly dependent upon legitimacy for success, and more resource-based (Oliver, 1991; Pfeffer and Salancik, 1978), and therefore less reliant on legitimacy and more reliant on measurable outcomes for success (Casile and Davis-Blake, 2002).

There is good reason to believe that SEV's tend toward the institutional side of this continuum (Ebrashi, 2013; Enquist et al., 2006; Franz and Petersen, 2013). These organizations appear to rely heavily on legitimacy with a variety of stakeholders (Hervieax, Gedajloviic and Turcotte, 2010; Aldrich and Martinez, 2001). Yet, SEV's must go beyond appeasing existing environmental expectations in order to fulfill their social change missions. A distinguishing characteristic of the SEV is that it also strives to bring about fundamental change in these expectations, and thus to the institutional environment (Maguire, Hardy and Lawrence, 2004; Lawrence and Phillips, 2004). Institutional Theory, as initially developed (Jensen, 2001; Meyer and Rowan, 1977), did not consider the ability of organizations to influence the

institutional environment in which they operated. Yet, SEV's tend to adopt missions that serve not only the interests of needed stakeholders who have expectations consistent with the present institutional environment, but also the interests of stakeholders who are drawn to the organization precisely because of the promise that it can change the institutional environment (Mason, Kirkbride and Bryde, 2007, Scott, 1987).

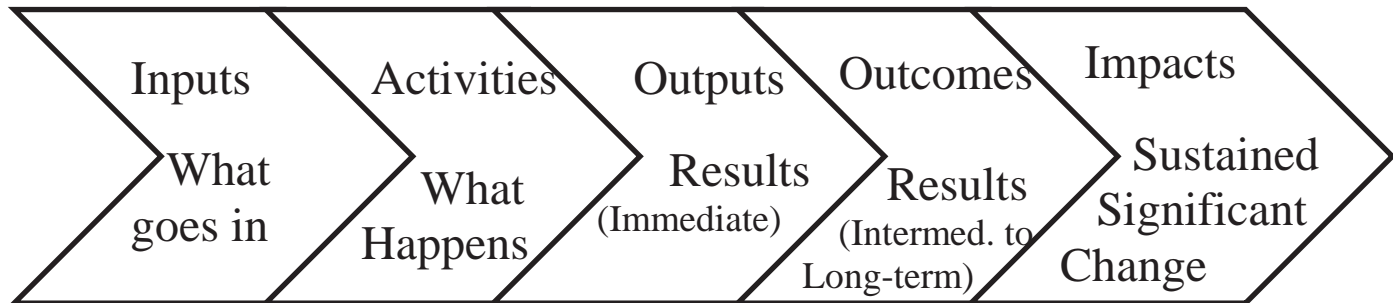
It is this latter portion of the SEV mission, the goal of changing environmental conditions, that can often defy simple or short-term measurement techniques. There may be lack of agreement among stakeholders about cause and effect relationships and even about the desirability of end goals (Lumpkin et al, 2013; Thompson, 1967). Final results, if they are achieved at all, could take years, if not decades of work as well as cooperation with other organizations (Lumpkin et al, 2013; Ebrahim and Rangan, 2010). Under such conditions, it may be difficult, if not impossible to provide reliable periodic measurement of what is being accomplished, what the organization has contributed to the effort, and where the effort stands along a very uncertain path to goal achievement.

So, the SEV is faced with the challenge of somehow demonstrating that it is changing the world in a fundamental way. If the task had already been completed successfully, the organization would no longer exist (as organizations devoted to the abolition of legal slavery in the U.S. no longer exist). Alternatively, it would have a revised mission (as the March of Dimes, formerly devoted to stamping out polio, is now devoted to funding research on a variety of birth defects). The two models discussed below offer some insights into how an organization might go about documenting progress toward these long-term outcomes.

The Logic Model

Ebrahim and Rangan (2010) propose a logic model for considering performance measurement within not-for-profit organizations (NFP's). Figure 1 summarizes the logic model which the authors also refer to as the 'logic chain'. Please see Ebrahim and Rangan (2010) page 49 for a fuller representation of the model.

Figure 1: Summary of the Logic Model



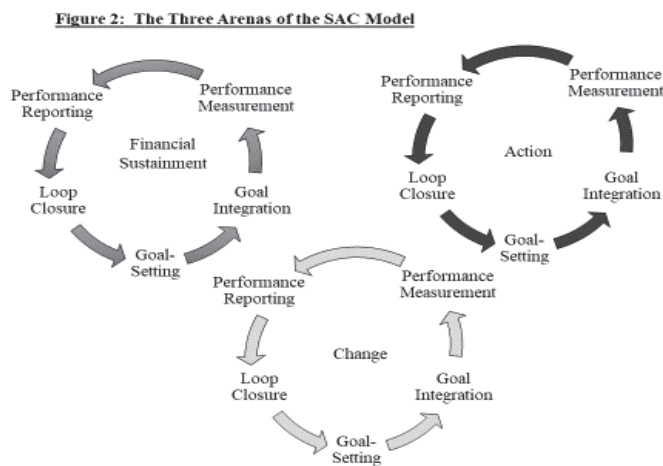
The logic model includes a notion of causality. The basic premise is that donations, effort, and other resources (inputs) are used by NFP's to engage in activities. These activities generate short-term outputs (e.g. meals or reading lessons) which in turn lead to more intermediate and long-term outcomes (e.g. a reduction in hunger or improved reading proficiency). Ultimately, these outcomes should give rise to lasting and fundamental impacts (e.g. a reduction in poverty or a greater voice for underprivileged persons in society).

Based on this logic chain, Ebrahim and Rangan (2010) offer a contingency model to identify the circumstances under which organizations are likely to place greater measurement emphasis at the end of the logic chain and those under which a greater measurement emphasis will be placed on intermediate points along the chain. They point out that organizations that place too much emphasis on the early stages of the logic chain run the risk of being seen as lacking accountability for end results. Those that place too much measurement emphasis toward the end of the value chain run the risk of appearing to overreach their mission or to be taking credit for events over which they had very little influence.

The Sustainment, Action, Change Model

The Sustainment, Action, Change (SAC) framework (Lane and Casile, 2012) holds that SEV's set, monitor, and report goals in three distinct, although not entirely discrete areas. Sustainment goals deal with the challenge of keeping the organization financially solvent and able to pursue its mission. Action goals are those that the organization sets with regard to day-to-day delivery of services. Similar to the

outputs of the logic model, action goals might include the delivery of meals or reading lessons. Finally, change goals are those that the organization sets with regard to how it will change the world in some way that resolves or permanently improves the social situation in question. Similar to the long-term outcomes or impact of the logic model, this might include an end to hunger or a greater voice for underprivileged members of society. Figure 2 illustrates the fundamental assumption of the SAC model that the process of measurement, from goal-setting to loop closure, takes place in these three distinguishable arenas.



The SAC model draws upon institutional theory in the sense that it predicts that SEV's, as highly institutionalized organizations, will set, measure, and report progress towards goals, both short-term and long-term, in such a way as to appease environmental constituents so as to gain and maintain legitimacy. The SAC framework was developed specifically for SEV's. Therefore, it adopts the view of later institutional theorists (e.g. Mason, Kirkbride and Bryde, 2007, Maguire, Hardy and Lawrence, 2004; Lawrence and Phillips, 2004) that organizations can work within institutional norms to build and maintain legitimacy while simultaneously working to change selected aspects of the institutional environment.

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The SAC model also draws upon the logic model in that it acknowledges both short term and long-term goals for SEV's, as well as an interplay among these goals. However, the SAC differs from the Logic model in two ways that are worthy of mention. First, the SAC model explicitly considers financial sustainment as a category of goal. This may be, in part, because the SAC model is designed to deal with SEV's rather than with NFP's. Concerns for efficiency and financial solvency are an important distinguishing factor between SEV's and more pure-form charitable or governmental organizations. Or it may be because the logic model was developed as a mission-based performance measure which might complement evaluations based on financial ratios which Ebrahim and Rangan (2010) report had fallen out of favor.

The SAC model also does away with the causal logic of the logic model. Ebrahim and Rangan (2010) posit that the availability of resources leads to activities which in turn lead to short-term results. These short term results, in turn lead to intermediate and longer-term results which ultimately lead to impact. However, Ebrahim and Rangan (2010) acknowledge that fields of endeavor vary in their theories of change from simple (where causal linkages are well understood) to complex (where cause-effect relationships are only weakly understood and where there may be multiple causal factors at play). While the SAC model does away with the presumption of direct causality across goal areas, the case observations on which it is based indicate that social entrepreneurs do see much of the work that they do as benefitting multiple goal areas simultaneously. They also often see success in one goal area as impacting success in other areas. Figure 3 illustrates the presumed linkages among the goal areas of the SAC model. While it illustrates that the goal areas are intertwined, it offers no simple path to demonstrate which goal area should be addressed first, second or third. Rather, it posits that social entrepreneurs pursue all areas simultaneously and explicitly, albeit, not in a vacuum. Table 1 summarizes the major differences between the logic model and the SAC model.

Figure 3: The Distinct, but Interrelated Goal Areas of the SAC Model

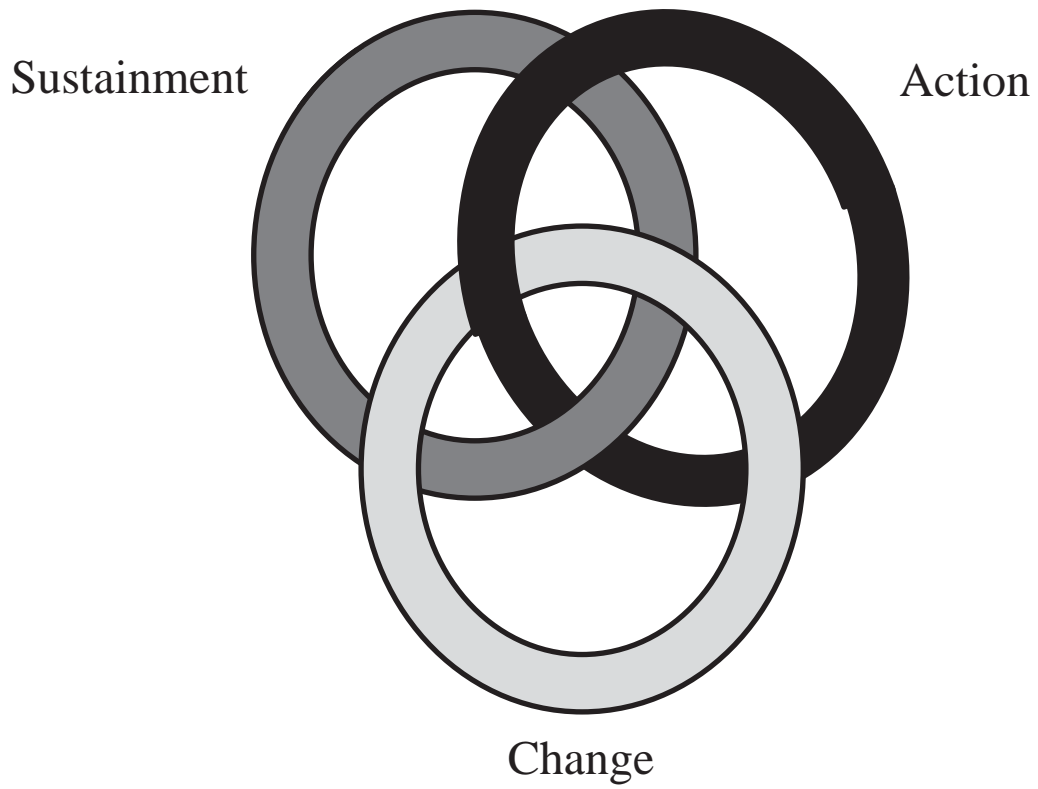


TABLE 1. The logic model and the SAC model for measuring NFP and SEV performance

	The logic model	The SAC model
Organization Type	Not-For-Profits	SEV's
Goal Categories	Inputs Activities Outputs Outcomes Impacts	Financial Sustainment Action (day-to-day service delivery) Change
Presumption of causality	Unidirectional	Multi-directional

Methodology:

The focus of this multiple-case study was to examine innovative organizations from the forefront of companion animal welfare promotion to determine how these organizations go about setting and measuring progress towards different and potentially competing goal areas. Case study research is appropriate when attempting to answer questions of how and why in studying contemporary events where the researcher has little or no ability to control behavioral events (Yin, 2003). The multiple case approach was selected to help the researchers determine consistent patterns across the field and to provide a control group for understanding any outliers. For example, one organization in this study was found to provide very few opportunities for volunteers to get involved. In addition to noting that this was not the norm, the researchers were also able to determine that this was the only organization in the study that did not provide housing and adoption services. Its focus on spay and neuter only compelled this organization to accept help from a relatively small pool of credentialed volunteers.

While the multiple case method does provide a greater sense of confidence in the data, the sample size of this study (eight organizations) did not lend itself to statistical analysis. As described below, much of the interview data gathered was coded and given numerical values. While this quantified data provided a good descriptive starting point for the development of propositions, it could not be used to test hypotheses or develop confidence intervals.

Because this is an exploratory study (Ebrashi, 2013; Lant and Mezias, 1990; Yoo, 2003), data was collected without a priori hypotheses or propositions. Key informant interviews were conducted with representatives from eight animal welfare organizations in different geographic areas and with different missions. Questions were open-ended but structured with the same questions asked of each informant. Figure 4 shows a summary of the types of information that were gathered through structured interviews. A complete listing of interview questions is provided in the appendix.

Figure 4: Data Gathering Through Structured Interviews:



Informant interviews were coded by two independent coders under the direction of one of the primaries. Using grounded research methodology (Glasser & Strauss, 2010) the interview questions were assessed by examining key terms and determining through comparative analysis the commonalities and differences in the responses.

Data Summary

In this section, we present the results of coding informant interview transcripts. We will refer back to these results in the next section, Observations and Propositions.

Informants were asked to list three to five of the organization's most important goals related to financial viability. Coders reviewing these responses were directed to determine if these responses indicated an emphasis on cost containment, an emphasis on revenue generation, or balanced emphasis between the two. Specifically, coders were asked to pair their assessments of cost containment (CC) and revenue generation (RG) as follows:

CC	RG	Relative Importance
0	2	The discussion emphasized revenue generation nearly to the exclusion of any cost-containment efforts.
1	2	The discussion placed considerable emphasis on cost containment but was dominated by revenue generation.
1	1	The discussion was balanced between cost containment and revenue generation.
2	1	The discussion placed considerable emphasis on revenue generation but was dominated by cost containment.
2	0	The discussion emphasized cost containment nearly to the exclusion of any revenue generating efforts.

Informants were asked in a separate question about gifts in kind including non-cash donations, volunteerism, and other means for accomplishing their mission that do not fit neatly into the category of either revenue generation or cost containment. Due to the hybridized nature of these resources, they were not considered by coders in estimating emphasis on cost containment versus revenue generation or internal versus external reporting.

The two coders evaluated responses separately. However, they easily came to consensus about the financial emphases of all but one of the organizations in the study. Table 2 shows the results of coding informant responses for cost containment versus revenue generation emphasis. Table 2 also shows the results of coding for internal versus external focus in measurement and reporting of progress towards stated goals. Similar to the question of cost containment versus revenue generation, coders were instructed to evaluate reporting to internal versus external constituents using the following guidelines:

Int.	Ext.	Relative Importance
0	2	The discussion emphasized reporting to external constituents nearly to the exclusion of any internal reporting.
1	2	The discussion placed considerable emphasis on internal reporting, but was dominated by external reporting.
1	1	The discussion was balanced between internal and external reporting.
2	1	The discussion placed considerable emphasis on external reporting but was dominated by internal reporting.
2	0	The discussion emphasized internal reporting nearly to the exclusion of any revenue generating external reporting.

In this case, they came to agreement for all eight organizations. However, in the case of Organization 6, they reported that they preferred to give the organization a rating of 0,0 which was not one of the choices originally anticipated by the researchers. Informants were also expressly asked about any current or recent financial distress that the organization might have experienced. Coders evaluated these responses as follows:

Rating	Indication of Financial Distress
0	None
1	Minor
2	Major

Results for this coding also appear in Table 2.

TABLE 2. Evaluation of Responses to Financial Sustainment Questions

Organization	Financial Goals		Financial Reporting		Financial Distress	
	CC	RG	External	Internal	Current	Recent
1	0	2	2	0	0	0
2	0	2	2	1	0	0
3	1	1	0	2	0	0
4	0	2	2	0	0	0
5	0	2	1	1	0	2
6	NC	NC	0	0	0	1
7	0	2	2	1	0	0
8	1	1	0	2	0	0

The semi-structured interview questions used in this study requested that informants identify the three to five most important goals in both the action and the change category. Table 3 shows the number of goals named by informants in the study.

TABLE 3. Number of Organizations Identifying

Number of Goals	Action Goals	Change Goals
2	2	1
3	3	7
4	2	
5	1	

The interview questions did not provide informants with any template for identifying or describing action or change goals. Rather, it was left to the informant to describe these goals in her own words. However, in reviewing interview transcripts, seemingly identical goals did emerge across several organizations. Tables 4 and 5 list the goals identified by responding organizations for immediate action and long-term change respectively. Goals appear in descending order by the number of organizations that identified these goals (Column 2).

TABLE 4. Action Goals Summary Across Organizations

	Number of Organizations	Cum. Imptce. Rating
Spaying and neutering of companion animals	6	12
Pet Adoptions/Rehoming	6	9.5
Provision of food and shelter to all animals that enter shelter	4	5.5
Provision of needed medical treatment to pets regardless of owners' ability to pay.	3	5
Spaying and neutering of feral cats	2	3.5
Humane euthanasia when necessary for medical or behavioral reasons.	1	1
Taking a leadership role in helping area animal welfare groups work together for common interests.	1	2
Helping keep pets in their homes by promoting responsible pet ownership and addressing behavioral issues.	1	2
Release of rehabilitated wildlife.	1	2

TABLE 5. Change Goals Summary Across Organizations

	Number of Organizations	Cum. Imptce. Rating
Improved legislation with regard to animal welfare	7	8
Public education about general pet wellness issues and responsible pet ownership.	5	10
To reduce euthanasia of homeless animals by reducing animal overpopulation	4	8
Public education about spaying and neutering and pet overpopulation.	4	8
Reduce animal cruelty through public education.	2	4
Public education to reduce demand for exotic pets.	1	2
Reducing the breeding and sale of exotic pets via pet store owner education.	1	2
Educate the general public about the benefits of adopting shelter animals.	1	2
Improve pet/human relationships	1	2

In addition to identifying goals reported by informants, coders were also instructed to code for relative goal importance for both Action and Change Goals. Importance was coded as follows:

Rating Criteria for Importance of Action and Change Goals

2	Mission Critical. The organization cannot fulfill its fundamental reason for existing without actively working toward this goal.
1	Important but not mission critical.
0	The organization would like to pursue this goal and will pursue it, resources permitting. But it is subordinate to other goals that are considered important or mission critical.

These ratings are summed across organizations in Tables 4 and 5 (column 3).

Action goals and change goals were also evaluated for the means by which they were measured. Coders were instructed to note whether progress towards these goals was measured primarily by the behaviors in which members engaged to bring about the desired end (B), the skills that the organization developed for pursuing these goals (S), and the actual outcomes that were achieved (O). Coders were permitted to identify multiple means of measurement for each goal based on their interpretations of informants' answers. Relevant findings from this analysis will be discussed in the next section.

OBSERVATIONS AND PROPOSITIONS

What is Measured: The SAC Model

The first goal of this research was to document what SEV's measured and how they did so. Consistent with the SAC model (Lane and Casile, 2012), informants at all eight organizations had little trouble identifying all three types of goals—Sustainment, Action, and Change—within their organizations. However, most informants hinted to a considerable degree of overlap between Action Goals and Change Goals. One commented, for example, that her organization was always educating the public (one of the most common change goals). Similarly, a number of informants alluded to opportunistic teaching during more day-to-day activities such as intake, adoptions, training of volunteers, and fundraising. Nonetheless, informants in all organizations had little difficulty identifying all three types of goals and could describe how each was measured.

This finding is, for the most part, in alignment with Gilligan and Golden's (2009) contention that the work of social enterprises and social collaborations can be measured in much the same way that the output of for-profit organizations is. However, Gilligan and Golden's (2009) reliance on measurement of benefits to direct beneficiaries tends to confine their model to financial and action goals with much less emphasis on world-changing goals. This finding more closely mirrors assertions by Pärenson (2011) that measurement in social entrepreneurship ventures should address sustainability, measurement of social impact that can be compared across organizations, and some measure of mission drift—that is, “proof that the organization is doing the right thing and helping to solve or relieve a social problem.” While Pärenson (2011) calls for these metrics, the propositions below will go a bit further to suggest how SEV's go about trying to meet these demands. This finding is most starkly at odds with Ormiston and Seymour (2011) who, in a multiple case study found what they called a performance paradox in which SEV's exerted little effort to measure social outcomes. Rather, increases in the number of services provided were assumed to serve as proxies for social impact. As noted in Proposition 1 below, SEV's do identify world-changing goals as separate from service delivery goals. In addition, we will suggest in later propositions that they also engage in separate efforts to measure performance on these goals.

Proposition 1: Effective SEV's identify and measure progress toward goals in the areas of financial sustainability, direct action, and long-term environmental change.

Emphasis in Measurement

Table 2 shows that, in offering specific goals for maintaining financial sustainment, five of eight organizations strongly emphasized revenue generation over cost containment. Two organizations discussed both cost containment and revenue generation about equally. For Organization 6, coders were unable to reach consensus. In that case, one coder saw emphasis as balanced (cost containment and

revenue generation both weighted as 1) while the other saw it as heavily skewed towards revenue generation (0 for cost containment and 2 for revenue generation). While t-tests would be unreliable with such a small sample size, it is noteworthy that no informant, when asked about financial sustainment, emphasized cost containment over revenue generation.

Certainly, this may be an artifactual finding. It may be, for example, that pinching pennies is so deeply ingrained in the operations of these organizations that informants do not even think to mention it. It could also be due to the fact that this research did not consider volunteerism or gifts in kind as either revenue generation or cost containment simply because they were too difficult to categorize. On the other hand, this finding may be an indicator that organizations highly reliant on volunteerism, as all of the organizations in this study were, have a more difficult time instituting and enforcing strict efficiency regimens. They cannot, for example, offer pay, promotion, or bonuses in exchange for certain levels of output or for innovative ideas.

In this case, however, the more obvious answer is relatively appealing. The notion that socially entrepreneurial ventures see revenue generation as a more critical contingency to long term viability than cost containment has a lot of face validity. These are organizations that run on dreams and inspiration. They exist to change the world. They rely on the ongoing goodwill of donors and others who also want to change the world to stay in business. The loss of this goodwill can have devastating effects that are unlikely to be mitigated by any amount of cost containment (Foster and Meinhard, 2002). These observations and conjectures form the basis of Proposition 2:

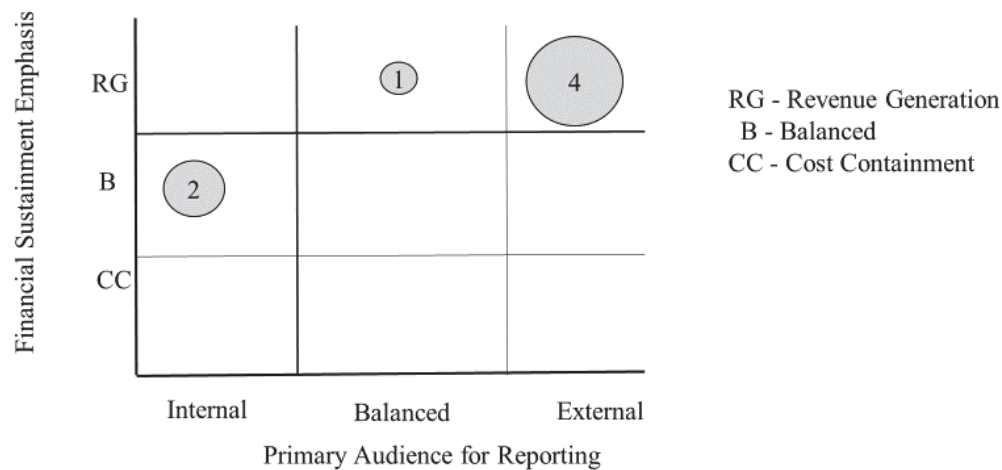
Proposition 2: In considering financial sustainment of the organization for the long term, most SEV's will emphasize revenue generation more than cost containment. Some will emphasize both about equally. Few will emphasize cost containment more than revenue generation.

Emphasis in Reporting

Informants were asked about external versus internal reporting of progress toward both financial goals and action goals. In all cases, informants stated that their data was publicly available to anyone who had an interest. Nonetheless, informants were able to identify the intended audience for their measurement reporting. Although it was impossible to perform statistically significant correlation analysis given the sample size, it is noteworthy that emphasis on revenue generation as the primary means of financial sustainment did seem to be closely related to a tendency to consider financial data as being intended for an external audience.

Referring back to Table 2, we see that for five of the seven organizations for which coders could come to agreement, revenue generation dominated cost containment when informants spoke of organizational sustainment goals. Four of these five also indicated a focus on external constituents as the primary intended audience for financial reporting. The fifth indicated that reports were equally intended for organizational members as well as external constituents. By way of comparison, the only two organizations to indicate a balanced approach between revenue generation and cost containment were also the only two to indicate that organizational members were the primary intended audience for financial reporting. Again, the sample size and highly discrete coding of the data do not allow for significance testing of correlations. But the coefficients themselves are $r=.92$ for the relationship between emphasis on revenue generation and emphasis on external reporting and $r=.84$ for the relationship between balanced emphasis (revenue generation and cost containment) and emphasis on internal reporting. Figure 5 demonstrates the relationship.

Figure 5: Financial Sustainment Emphasis and Primary Audience for Reporting



In hindsight, these observations seem intuitive. It makes sense that organizations seeking to appease external constituents in order to generate revenue would want to produce reports that explain to these constituents how prior donations were used (Gilligan and Golden, 2009; Mason et al. 2007). It also makes sense that organizations seeking to improve or maintain internal efficiency would want to provide internal members with feedback to help them improve efficiency. Nonetheless, these observations form the basis of Proposition 3:

Proposition 3: SEV's that rely heavily on community support operate with a high degree of transparency both internally and externally. However, SEV's that emphasize revenue generation over cost containment as a means for organizational sustainment are more likely to target financial reporting towards external constituents while SEV's that hold cost containment on a par with revenue generation tend to target financial reporting towards internal constituents.

Means of Measurement

Not surprisingly, measurement of progress towards action goals was heavily skewed towards assessment of outcomes. Thompson (1967) argued that when standards of desirability are widely agreed upon and knowledge of cause and effect is relatively clear, organizations will assess themselves using efficiency measures. All of the eight SEV's in this study engaged in relatively formalized (often highly formalized) reporting of both outcomes and costs. With regard to spaying and neutering (one of the most

commonly cited action goals), reports were of the number of procedures performed in a given time period (usually monthly) and the overall cost of these procedures. Break-downs by input were also generally available. Similar records were kept for intakes, adoptions, housing and care, and for medical care.

The researchers were also not surprised to learn that outcome measures were rare in assessing progress towards change goals. By the nature of these goals, outcomes can take years or even decades to achieve. In addition, Thompson (1967) would say that the knowledge of cause and effect is weak. For example, when a member of the general public decides to get his pet neutered, it is difficult for the organization to show a clear line of cause and effect between their public education efforts and that decision. There were some impressive attempts at outcome measurement. For example, one organization that emphasized spaying and neutering and public education about spaying and neutering tracked their own intakes as an indicator of whether or not the unwanted pet population was declining. Of course, they had no choice but to speculate as to what role their efforts were playing in these changes. This is particularly true since this organization operated in a major metropolitan area where more than one animal welfare organization was in operation. An informant at a second organization said she took special note when someone they met on a community visit brought in an animal for medical treatment or to be spayed or neutered. However, this was an informal observation. The informant saw little chance for formalizing this type of reporting.

As a general rule, progress towards change goals was measured in terms of behaviors, and in some cases skills. This is largely consistent with the finding by Ormiston and Seymour (2011) that SEV's measured the amount of service delivery in lieu of direct measurement of major social change. Table 6 lists several of the more common change goals along with examples of the types of answers that informants provided to questions about measurement.

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Change Goal Measurement

Goal	Measurement
Public education about general pet wellness issues and responsible pet ownership.	<ul style="list-style-type: none"> • Number of presentations made in public forums. (B) • Number of persons taking facilities tours (B) • Number of attendees at public presentations (B) • Number of staff members or volunteers trained to make public presentations (S)
Public education about spaying and neutering and pet overpopulation.	Same as above.
Improved legislation with regard to animal welfare	<ul style="list-style-type: none"> • Alliances formed with other animal rights groups (B) • Lobbying efforts (B) • Passage of legislation (O) • Development of in-house lobbying capacity (S)
Reduction in euthanasia of homeless animals by reducing animal overpopulation	<ul style="list-style-type: none"> • Spaying and Neutering (B) • Cooperative arrangements with veterinarians for reduced cost spaying and neutering (B) • Public education efforts related to spaying and neutering (B)

While none of the organizations in the study felt confident in their ability to document progress toward change goals using outcomes, there was, nonetheless considerable interest in change outcomes and a high degree of belief that both direct action to bring about change and indirect action through daily service delivery were helping to make progress toward change goals.

These observations provide the foundation for Propositions 4 through 6:

Proposition 4: SEV's will measure progress toward action goals in terms of both outcome and cost.

Proposition 5: SEV's will formally measure progress toward change goals primarily in terms of efforts exerted to bring about change.

Proposition 6: Individuals within SEV's will informally scan the internal and external environment for outcome measures that may indicate the success or failure of change efforts.

CONCLUSIONS AND IMPLICATIONS

The conclusions and implications that may be drawn from the type of exploratory research conducted here are limited by sample size and sample homogeneity. However, the propositions posited herein offer opportunities for further exploration. The findings of this research indicate that SEV's operate much as traditional for-profit organizations do in that they set goals related to critical contingencies and seek to formally measure and report progress towards those goals both internally and externally. With regard to financial goals and action goals, those that most closely parallel goals in a traditional for-profit organization, SEV's measure progress towards goal achievement using outcomes and efficiency measures much as a for-profit organization would. It is only in the area of long term change goals that SEV's are forced to deviate from this reporting formula.

There are a number of reasons why an organization might choose to measure progress towards goals in terms of skills and behaviors rather than in terms of actual outcomes or efficiency of operation. The organization may wish to shield itself from unflattering outcome or efficiency data by showing a more positive spin in other data. Or the organization may feel the need to state goals publicly that it is not aggressively pursuing through internal operations in order to appease environmental constituents (DiMaggio and Powell, 1983). However, in the case of the SEV's in this study, the more plausible explanation is that they resorted to measuring progress toward change goals via skills and behaviors due to

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the long-term and far-reaching nature of these goals rendering outcome measures difficult, if not impossible to employ.

The decoupling of day-to-day activities from espoused goals that DiMaggio and Powell (1983) posit is less feasible in SEV's where legitimacy and transparency are closely linked (Hervieux et al, 2010; Tracey et al, 2011). With all forms of measurement, SEV's are forced by their natures to be more transparent than for-profit organizations. Their means of raising revenue require an ongoing and somewhat open relationship with a wide and varied pool of stakeholders. This practical imperative notwithstanding, operators of the SEV's in this study seemed to take for granted that all of their operating information would be available to any member of the public who expressed an interest. In other words, they seemed to take transparency as a given for both institutional and practical reasons.

Also owing to the norm of transparency within SEV institutional fields, it seems implausible that measurement via behaviors and skills could be used for any appreciable period of time to obscure lack of actual progress toward a stated goal. Consistent with Ebrahim and Rangan's (2010) contingency approach to measurement emphasis, it seems more plausible that the SEV's in this study shied away from claiming credit (or blame) for efforts over which they had limited control and which played out over a long period of time. In fact, the researchers noted multiple instances of insiders at an SEV employing informal methods to estimate outcome measures where formal outcome measurement was not practical.

While a norm of transparency was evident in all of the organizations of the study, there was some indication of variability in views about how measurement information should be reported and used. Those organizations that placed greatest emphasis on revenue generation as a means to sustain the organization also placed greater emphasis on reporting results to external constituents—presumably, those most likely to provide resources in the future. Those that took a more balanced approach toward organizational sustainment, emphasizing cost containment and revenue generation about equally, were more likely to target measurement information toward internal audiences—presumably to assist with efficiency improvements.

IMPLICATIONS FOR PRACTITIONERS

As stated above, this study found that SEV's operate much as for-profit organizations do. However, it would also be fair to say that they operate more like for-profit organizations in the earlier life-cycle stages than like mature ones. A mature organization in a stable and saturated market will manage profitability by seeking greater efficiencies in its operations. None of the organizations in this study, even well-established organizations, emphasized cost containment over revenue generation when citing goals for organizational sustainment. Only a few described a balanced approach. For most, revenue generation was critical. SEV's are like other start-ups in that their revenue streams tend to be unpredictable and potentially highly volatile. The change goals of SEV's might be likened to the class of for-profit start-ups that seek to begin new industries that rely on a change in consumer habits. Just as for-profit entrepreneurs cannot predict with certainty that consumers or investors will agree with their vision, insiders at SEV's need to find and continually nurture revenue sources that will support their vision for societal change without knowing whether or not these efforts will ever be successful.

The challenge then for social entrepreneurs is to find ways to appease critical environmental constituents in a situation where all parties understand that ultimate success will be elusive, and that progress toward the organization's loftiest goals will be halting and possibly decades in the making. The successful SEV's that participated in this study demonstrate that measurement and transparency are critical to maintaining relationships with supporters. However, none of the organizations in the study showed any indication of curbing lofty and visionary goals in order to accommodate the measurement problem. In addition, none of the informants interviewed seemed to believe that such a compromise would serve to improve stakeholder engagement. In a nutshell, the organizations studied in this research showed a willingness to measure and to report wherever and however possible. However, in weighing the loftiness of goals against their measurability, none seemed willing to let the tail wag the dog.

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Appendix:

Social Entrepreneurship Mission, Goals, Leadership Interview Questions

Social Entrepreneurship and Performance

Section 1: Nature of Mission

- 1) Please describe your organization's mission as you understand it.
- 2) Are there any organizational documents that contain a mission statement?
 - a. If so, to whom are these documents normally circulated?
 - b. May I have a copy for my records?
- 3) In what way, if any, do you believe the mission of this organization has changed during your time with the organization?
- 4) To your knowledge, prior to your joining the organization, were there any significant changes to its mission? (if you are the founder please ignore)
 - a. If so, please describe these changes and the circumstances under which they occurred.
- 5) Please describe the relationship (e.g. flow of funds, direction, coordination, or resources such as education and research) between this organization and its parent organization (if any).
- 6) One goal of this research is to understand how organizations such as yours divide their attention and energies between service delivery and working for change. We define service delivery as relatively short-term efforts to improve the lives of animals given current conditions (e.g. sheltering, spaying and neutering, other medical care, adoption services, euthanasia). We define working for change as longer-term efforts to change aspects of the environment (such as spay/neuter awareness, education, animal cruelty legislation, and awareness of puppy mills) so as to reduce animal suffering at some time in the future. Can you estimate what percentage of your organization's mission is directed toward service delivery and what percentage is directed more toward working for change?

Section 2: Stakeholders

7) Please estimate what percentage of your financial support comes from the following sources:

Source	% of financial support	Why they support	What you need to demonstrate to continue this support
Steady Donors: How many, businesses or individuals?			
Annual drives			
Endowment Income: types of endowment			
Fundraisers (list)			
Source	% of financial support	Why they support	What you need to demonstrate to continue this support
Fees for services (list services)			
Other (Please list)			

8) Please consider the *non-financial* support that this organization receives from various sources. If possible, please estimate the value of these goods and services in terms of what you would have to pay if you purchased them or in terms of additional services you are able to provide as a result of these donations.

Other Support	Value per month	Why they support	What to demonstrate to maintain support
Material Donations: List types of goods:			
Volunteerism: for what?			
Other (Please List)			

9) Whom do you consider your most *critical* stakeholders (supporters)? (Name of individuals or firms and why they are critical).

Section 3: Goals and Measurement

10) For purposes of this research, we are considering three categories of organizational goals:

- **Organizational viability goals** (making ends meet) e.g. payroll, rent, utilities....
- **Service delivery goals** (day-to-day operations) e.g. # animals taken in, # spay/neuters, # placed and euthanized
- **Working for change goals** (long term reduction in the need for your services, social change). Education, political activism, laws passed, programs with local vets or pet stores for change.

Please identify what you believe are the most important 3 to 5 goals in each of these categories for your organization.

Viability Goals	Measurement-How you track it	Frequency	Formality	Who receives feedback?
<i>Viability Goals: Paying the bills</i>	<i>Computer recorded, fill out forms, manual counts, estimates, etc.</i>	<i>Daily(D), weekly(W), monthly(M), quarterly(Q), annually(A)</i>	<i>Recorded (R) or estimated (E)</i>	<i>Internal(I), Board(B), Supporters (S), External public (E)</i>

Service Delivery Goals	Measurement-How you track it	Frequency	Formality	Who receives feedback?
<i>Things you offer on a day-to-day basis. Eg. Animal intakes, spay/neuter, etc</i>	<i>Computer recorded, fill out forms, manual counts, estimates, etc.</i>	<i>Daily(D)/weekly(W)/monthly(M)/quarterly(Q)annually(A)</i>	<i>Recorded (R) or estimated (E)</i>	<i>Internal(I), Board(B), Supporters (S), External public (E)</i>

Working for Change Goals-Long term impact, social change	Measurement-How you track it	Frequency	Formality	Who receives feedback?
<i>Impact to public attitudes or laws</i>	<i>Computer recorded, fill out forms, manual counts, estimates, etc.</i>	<i>Daily(D), weekly(W), monthly(M), quarterly (Q), annually(A)</i>	<i>Recorded (R) or estimated (E)</i>	<i>Internal(I), Board(B), Supporters (S), External public (E)</i>

Section 4: Leadership

11) Whom do you consider to be the leadership of this organization?

12) What role (active, small part, none) do you see the leadership of this organization playing in (give examples if possible):

- a. Maintaining stakeholder goodwill? (If not the leadership then whom?)
- b. Ensuring long-term viability for the organization? (If not the leadership then whom?)
- c. Overseeing day-to-day operations? (If not the leadership then whom?)
- d. Setting long-term goals for the organization? (If not the leadership then whom?)
- e. Choosing *how* and *when* organizational resources will be devoted toward social causes related to the organization's work (e.g. spay/neuter education, public relations campaigns for issues, political lobbying)? (If not the leadership then whom?)

Overall, how entrepreneurial do you feel this organizations is on a scale from 1 – not at all, just doing what everyone else does, 3- somewhat, 5- extremely, a leader in new creative ways to accomplish goals? 1 2

3 4 5