

Accountability in Social Enterprises: An Analytical Framework

Summary

The notion of social enterprise has been broadly discussed and systematically encouraged among academic communities and practitioners since the 1990s. The emergence of social enterprises is a response to the increased desire for social change from the public and to the non-for-profits' needs of financial diversification. Social enterprises are considered as hybrid organizations that have mixed characteristics of philanthropic and commercial organizations. However, there is still no common accepted definition of social enterprise. This paper discusses the issues about identifying social enterprises and defines the term social enterprise as the non-for-profit formed institution that creates social values through adopting entrepreneurial, mission related, and business-like activities.

Several researchers address the notion of accountability as an information reporting process in which actors answer higher authorities and are held responsible for actions. Within this perspective, accountability can be considered as an information generation process that has at least two essential elements: 1) the sources of accountability, and 2) values that actors are accountable for. The hybrid nature of social enterprises makes accountability in social enterprises different from that in traditional nonprofit organizations. In terms of the sources of accountability, social enterprises have mixed stakeholders from traditional nonprofits and commercial organizations; in terms of the expected values, social enterprises are driven by the double bottom line: financial success and social mission achievement.

This study proposes a framework that incorporates the features, conflicted values and diverse stakeholders' interests, into a matrix for analyzing the notion of accountability in social enterprises. The framework is a two by two matrix that contains two dimensions: (1) sources of accountability (internal and external constituencies) and (2) expected values (social and economic achievement). The matrix contains four cells that represent the interrelationship between different stakeholders and expected values that social enterprises are held accountable for.

The matrix illustrates how different values and multiple information users frame the accountability issues in social enterprises. It also visualized the possible tensions between values and between stakeholders. The proposed analytical framework may be helpful for classifying the notion of accountability in social enterprises. Meanwhile, it provides a potential perspective for developing new logical model of performance management and designing proper accountability mechanisms.