

**Accounting for Social Value: Exploring Local Perspectives and
Annual Reporting by Local Third Sector Infrastructure
Organisations in England**

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**A thesis submitted to Newcastle University in partial fulfilment of
the requirements for the degree of Doctor of Philosophy**

Newcastle University Business School

July 2020

Abstract

The Public Services (Social Value) Act 2012 led to increased interest in social value among public service and third sector organisations, due to its perceived potential for securing greater economic, social or environmental benefits. The non-prescriptive nature of the legislation offers flexibility for interpreting and communicating social value. Utilising multiple constituency theory (MCT), institutional reality theory (IRT) and accountability concepts, the study explores interpretations of social value from local authority, community foundation and local third sector infrastructure organisation (LTSIO) perspectives, and their influence on LTSIO annual reporting.

A qualitative multi-methods research design supported exploration of local perspectives and reporting practice. Thematic analysis of local authority documents, LTSIO annual reports and interviews with local authority, community foundation and LTSIO managers contributed to the study's findings.

Multiple interpretations of social value were found to co-exist within an overarching theme of economic, social and environmental benefits. Although resource providers presented as dominant constituencies influencing definitions, the study adds to knowledge and theory in developing a more nuanced version of MCT power perspectives by recognising power ceded to service providers where major changes in resource interdependency are evident.

Additionally, the findings contribute to social accounting literature by highlighting perceptions of monetised metrics as epistemologically subjective, unstable representations of social and economic reality. Conversely, alternative reporting methods incorporating epistemologically objective non-monetised metrics and illustrative examples offer more stable and transparent representations of social value.

The findings also contribute to policy and practice by demonstrating that organisational social responsibilities (OSR) constitute the basis of LTSIO reporting on social value. Extending charity accounting guidance to encourage reporting on ethical and citizenship dimensions of OSR alongside social mission would further a more holistic accountability.

The use of MCT and IRT alongside accountability concepts provides a highly applicable lens for understanding accounts of social value from differing constituency perspectives.

Acknowledgements

Very many thanks to the resourceful and enthusiastic participants working in local government and the local third sector, who were extremely generous both with their time and contributions. I am very grateful to have had the opportunity to spend time with them and learn from their engagement with the subject.

Many thanks also to my supervisors for their patience, questions and suggestions, and for making sure I didn't stray too far. Their support and guidance have been invaluable.

This work was supported by the Economic and Social Research Council [grant number ES/J500082/1]. Thank you for funding this research.

Finally, very special thanks are due to my partner for her patience, encouragement, sharing of woes over tea and biscuits, and love throughout this process. Thank you.

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Abbreviations

CCT	Compulsory competitive tendering
CF	Community foundation
CFP	Community foundation participant
CPC	Commercial procurement collaborative
CSR	Corporate social responsibility
DCLG	Department for communities and local government
DEFRA	Department for environment, food and rural affairs
FRS	Financial reporting standard
HR	Human resources
IRT	Institutional reality theory
LA	Local authority
LAP	Local authority participant
LTSIO	Local third sector infrastructure organisation
MCT	Multiple constituency theory
NAVCA	National association for voluntary and community action
NGO	Non-governmental organisation
NHS	National Health Service
NPM	New public management
NPS	National procurement strategy
OSCR	Office of the Scottish Charity Regulator
OSR	Organisational social responsibility
SORP	Statement of recommended practice
SROI	Social return on investment
TAR	Trustees' annual report
TOMs	National themes and outcomes measures
TSP	Third sector participant
UK	United Kingdom
VCS	Voluntary, community and social enterprise
VfM	Value for money
VAR	Voluntary annual report

PART I

Chapter 1: Introduction

1.1 Introduction

The focus of this thesis is to explore definitions of social value within a UK local public service and local third sector context, and the ways in which definitions and interpretations influence social value accounting and reporting by local third sector infrastructure organisations. In order to consider the research in more detail it is necessary to outline the rationale and background to the study and to present an overview of the research document. This chapter introduces the context of the research and related motivations, aims, research questions and methods. This is followed by the introduction and definition of key terms, including the particular types of organisation included in the study. The penultimate section outlines the thesis structure followed by a summary of the chapter. The chapter structure is summarised in figure 1.1.

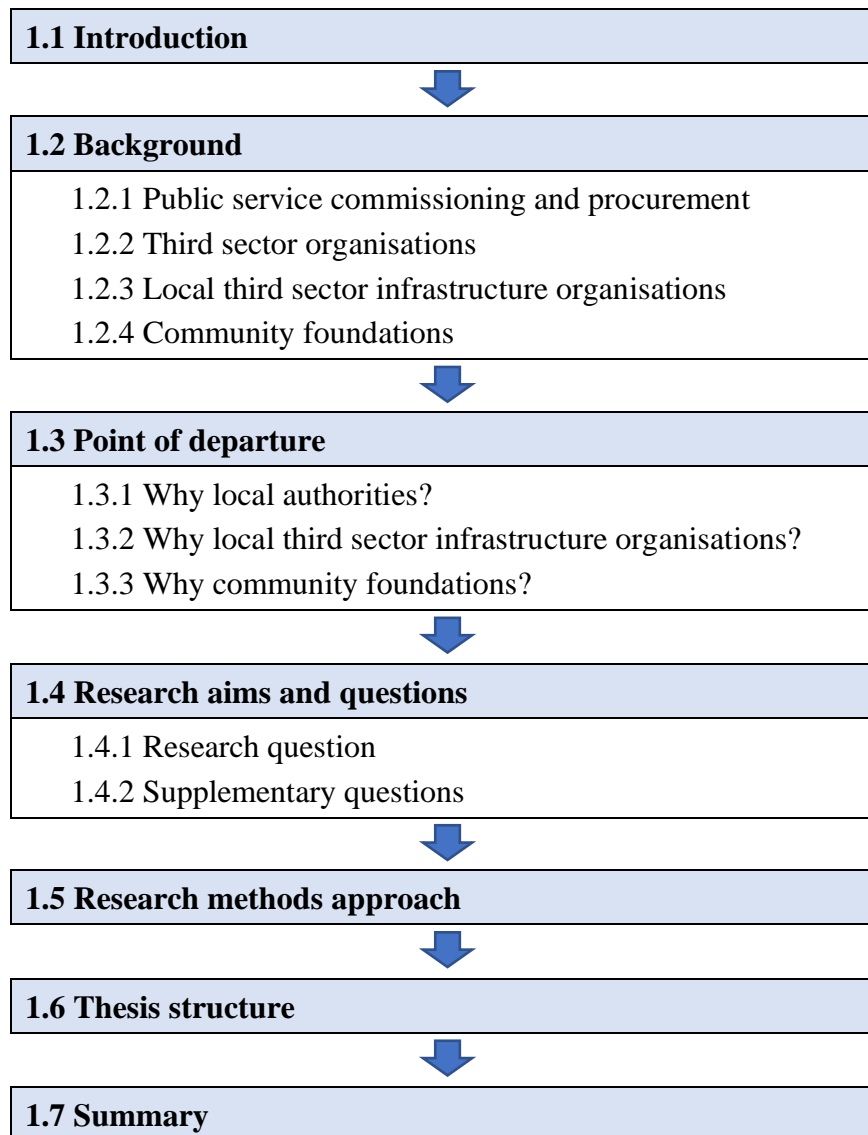


Figure 1.1: Chapter one summary

1.2 Background

Following implementation of the Public Services (Social Value) Act 2012 (Social Value Act) in England and Wales, interest in the idea of social value has increased among public service commissioners, funders and third sector service providers (Arvidson and Kara, 2016; Boeger, 2017). In particular, the Social Value Act requires certain authorities in England and to a more limited extent Wales, to consider social value in public service commissioning processes in relation to improving the economic, social and environmental wellbeing of an area (Public Services (Social Value) Act, 2012, para 3). It is the Social Value Act's perceived potential for securing further benefits through improvements in public commissioning processes and service outcomes that has been the focus of attention (Boeger, 2017).

While the idea of rethinking public services commissioning in ways that add to the wellbeing of an area may seem intuitively straightforward, the concept of social value per se remains obscure especially when considering the contribution or measurement of social value

(Arvidson and Kara, 2016). While the Social Value Act does not address how social value is to be accounted for or assessed, the concept is frequently linked to notions of outcomes and impact in both identifying desired goals and establishing criteria for judging the effectiveness of organisations and their services (Ryan and Lyne, 2008; Nicholls, 2009; Arvidson and Kara, 2016; Polonsky et al., 2016). This marks a perceived shift of emphasis in some areas of service delivery away from units of output and towards the outcomes and impacts achieved as a result of those outputs (Nicholls, 2018). Furthermore, even though outputs remain important, outcomes based commissioning and social impact have become key elements in the UK government's approach to opening up public service delivery and encouraging innovation (HM Government, 2011; Buckingham and Rees, 2016). Reporting on outcomes and social impact, however, is not without its challenges. Issues identified include variations in the scope and quality of data, difficulties in attributing outcomes and quantifying the resulting benefits, high costs, a lack of balance and a lack of comparability (Cordery and Sinclair, 2013; Lowe, 2013; Bovaird 2014a; Lowe and Wilson, 2015). Furthermore, the light touch non-prescriptive nature of the Social Value Act, including the lack of a precise definition of social value, offers considerable flexibility for both interpreting and evidencing social value (Harlock, 2013; Dayson, 2017), demonstrated by diverse approaches to social value reporting by third sector organisations (Arvidson and Lyon, 2014; Cabinet Office, 2015). What social value represents and how it is evidenced, therefore, remain contested (Dayson, 2017).

Much has been asserted regarding the importance of the Social Value Act to the third sector (Social Enterprise UK, 2014; Courtney, 2017). Even so, there is limited academic and practitioner literature regarding the ways in which third sector organisations have developed their ability to regularly account for and communicate their social value through such mechanisms as annual reporting to constituencies, that is interested individuals and groups (Connolly et al., 1980; Ebrahim, 2003a). Indeed, Gray et al. (2014, p 301) suggest that 'there seem to be virtually no surveys of the actual practices...regarding accountability discharge...social and environmental reporting [or] even...disclosure practices'. In addition, while third sector impact measurement approaches developed prior to the Social Value Act have been considered before (Gibbon and Dey, 2011), there is limited information regarding how emerging approaches to defining, recording and reporting on social value are influencing third sector formal and voluntary annual reporting. Recent changes in the Statement of Recommended Practice on Accounting and Reporting by Charities (Charities SORP) (Charity Commission for England and Wales, Charity Commission for Northern Ireland and the Office

of the Scottish Charity Regulator, 2014; 2019) are of relevance here. In particular the Charities SORP, which supplements accounting standards, includes guidance on producing the trustees' annual report (TAR) which is additional to the financial statements and provides narrative reporting on the charity and its performance (Hyndman and McConville, 2016). Changes to the Charities SORP guidance on the TAR encourages reporting on the outcomes and impacts of organisational activities and achievements while providing considerable latitude on how charities account for this (McConville and Cordery, 2018). A consequence of this development is the additional opportunities it provides for charities to incorporate social value in their formal annual reporting.

Third sector research interest in social value as outcomes and impact in part reflects central government, various national bodies' and consultants' longstanding interest in and promotion of outcomes and impact measurement tools (Benjamin, 2012a). This direction of travel includes successive central governments' support for the Social Return on Investment (SROI) framework (Hall et al., 2015). Consequently, nationally promoted outcomes and social impact measurement models dominate both academic and practitioner discourse. Receiving less attention are other ways in which funders and third sector organisations may be interpreting, accounting for and reporting social value, including among more local and community based organisations. Additionally, connections made between social value and localism highlight changes in the relationship between central and local government as well as changes in interrelations between local government and local third sector organisations, including the latter's increasing role in service provision (Fenwick and Gibbon, 2016; Courtney, 2017). In this way, the large number of locally based third sector organisations (Mohan, 2012a; 2012b) and the requirement on local authorities to apply the Social Value Act to local public services contracts provide a significant context to examine local authority and local third sector interpretations and approaches in ways that provide further insights into defining and accounting for social value.

This study therefore focuses on examining local public service and local third sector perspectives on interpreting and accounting for social value. In particular, local government, community foundation and local third sector infrastructure organisation perspectives. Before considering the types of organisations included in the study and the research aims and objectives in more detail, further background is provided on the public service commissioning landscape. It is useful to outline this policy and practice environment as it is the context in which social value is being shaped in England. It is also a space in which the three types of

local sector organisations included in the study interact, and where decisions made have an effect on the operation and basis of assessment of local public service design and delivery.

1.2.1 Public service commissioning and procurement

Public sector commissioning in the UK is generally understood as encompassing the design and delivery of services to meet identified needs (Cabinet Office, 2006). More recently, the Cabinet Office Commissioning Academy guidance (Cabinet Office, 2016) has extended the public commissioning focus to include the design and delivery of policy and solutions. The commissioning process itself is often described as cyclical and involving several phases, including strategic needs assessment, agreement of priorities and desired outcomes, service planning and design, options appraisal, delivery of service, monitoring and review (Murray, 2009). Moreover, Murray (2009) suggests that both procurement and purchasing form part of the commissioning cycle. While this view is reflected in central and local government guidance (Cabinet Office 2016; Local Government Association, 2014) and is useful in understanding procurement, purchasing and commissioning as being closely interlinked, there are differing views regarding exactly where procurement starts and finishes within the commissioning cycle.

In addition to debate regarding the interrelationships and overlapping of commissioning, procurement and purchasing, there are different definitions of each. This is significant because social value can be built into a particular part of the process or indeed across all levels and aspects of the process. Moreover, while the Social Value Act identifies social value as being part of a pre-contract phase, in practice the evidencing of social value by service providers is generally concentrated on aspects of the means of delivery and post-delivery outcomes. The Public Contracts Regulations, for example, defines procurement as: ‘... the acquisition by means of a public contract of works, supplies or services by one or more contracting authorities from economic operators chosen by those contracting authorities ...’ (HM Government, 2015, SI 2015/102, 1(2)). This is a relatively narrow definition closely aligned with the sourcing and purchasing process (see figure 1.2, below) which is generally understood to involve: choosing a supplier, contracting, ordering and ongoing contract management, and occurs after the service planning and design stages. In comparison, the Local Government Association National Procurement Strategy (NPS) for Local Government in England (Local Government Association, 2014) takes a broader view. It refers to ‘the process of acquiring goods, works or services’ but also includes the pre-contract phase of identifying needs and then continues ‘through to the end of a service contract or the end of a useful life of an asset’ (Local Government Association, 2014, p. 26). The NPS, therefore,

recognises procurement as located within the whole commissioning process and interacting with all points of the cycle, as shown in figure 1.2.

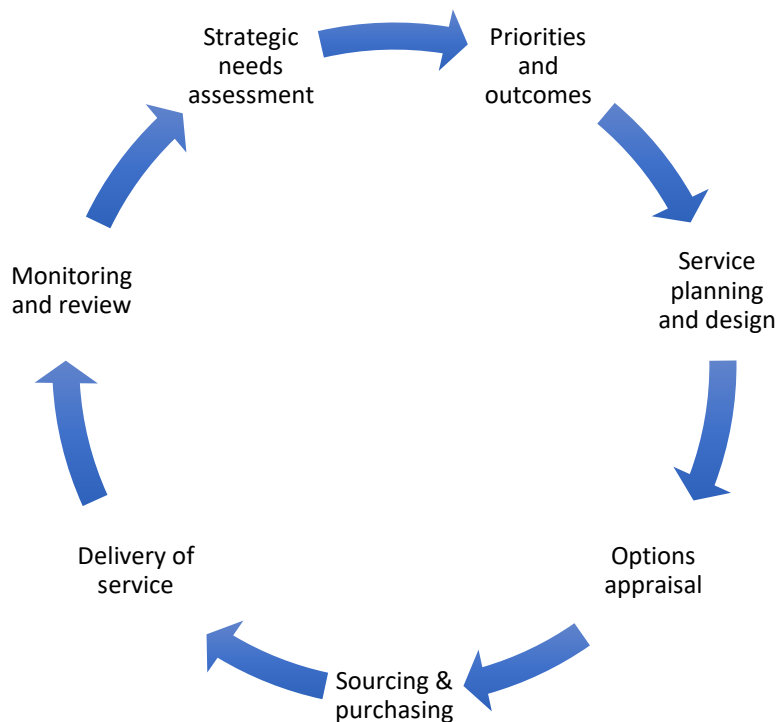


Figure 1.2: Commissioning cycle for provision of a service – simplified; based on Murray’s analysis of government departments’ commissioning frameworks (2009)

Although the Social Value Act specifies that consideration of social value is only required in relation to services above a certain amount and not to works or supplies, commissioners have the discretion to and do apply social value more widely (Cabinet Office, 2015). Therefore, for the purposes of this study and in line with the NPS, a broader view is adopted whereby procurement is located within the commissioning cycle and includes, as a minimum, operational aspects of options appraisal, sourcing and purchasing. Further, all stages in the commissioning cycle are relevant for this study in order to consider the interaction of commissioning with social value, whether or not a particular stage is identified as being part of the actual procurement or purchasing processes.

The local authority procurement regulatory framework and the Social Value Act

The purchasing of goods, works and services by UK local authorities is regulated by public procurement law (Emmett and Wright, 2011). At the time of the study, UK public procurement regulations were based on the European Commission’s Procurement Directives which promote an open European public procurement market, competition, non-discrimination, and the free movement of goods and services (Crown Commercial Service,

2018). The European Directives are implemented in England through the Public Contracts Regulations, which set out procurement procedures for public bodies to follow in seeking to award contracts to suppliers. The Regulations apply to a variety of public bodies including local authorities and include differing purchasing thresholds at which the regulations apply. As of 2018 in the case of local authorities, the main threshold for public service contracts was £181,302 while, for certain services where a light touch regime applied, the threshold was £615,278 (Crown Commercial Service, 2017). The Social Value Act applies to contracts covered by the regulations but does not apply to the formal stages in the procurement process. Rather, as mentioned above, it requires public service commissioners to consider, at the pre-procurement stage, the social value aspects of a proposed service and how that value might be secured (Crown Commercial Service, 2012). How the local authority evidences their compliance with the Social Value Act is not prescribed, although central government guidance suggests authorities should keep a record of how they have considered social value and the rationale for any related decisions. Further, the government guidance sees the Social Value Act as complementing a VfM and Best Value approach to procurement, discussed further in chapter two, which takes overall value into consideration when reviewing services (Crown Commercial Service, 2012). While the Social Value Act only applies to contracts covered by the Public Contracts Regulations, public service commissioners are encouraged to consider economic, social and environmental wellbeing with a view to obtaining VfM in relation to smaller contracts (Crown Commercial Service, 2012).

1.2.2 Third sector organisations

The term third sector is recognised as problematic, encompassing a wide range of organisational types, some of which are themselves contested terms (Alcock, 2010a; Teasdale, 2012). Even though views vary on what exactly falls within the term third sector, the types of organisations operating in this space are generally seen to include voluntary and community groups, charities, non-profits, social enterprises, and social or non-profit co-operatives and mutuals (Salamon and Sokowloski, 2016), with overlap between some of these types. The current UK government prefers to use the term ‘civil society’; however, the term third sector is still widely used in the UK and internationally (Alcock, 2010a; Wagner, 2012; Rees and Mullins, 2016). A more high-level view is that the third sector is conceived of as ‘a space of organisational activity located between the state, market and the private familial spheres’ (Rees and Mullins, 2016, p. 3).

Research on European conceptualisations of the third sector identified three common features, namely privateness, public purpose, and free choice (Salamon and Sokowloski, 2016).

These three features can be understood as independence from government, having a shared public or community benefit purpose rather than a private benefit purpose, and voluntary participation by individuals or groups. In addition, Salamon and Sokowlowski (2016) added a further feature consisting of restricted profit distribution, where either all profits are retained for use in furtherance of the organisation's purpose or a limited share of profits may be distributed to members. For the purposes of this thesis, and drawing on Salamon and Sokowlowski (2016), third sector organisations are understood as independent organisations with a public or community benefit primary purpose, where membership is voluntary and where restrictions are placed on members' and external investors' economic property rights.

Within the third sector as a whole, there are service sub-sectors related to specific areas of delivery for example, health and wellbeing, and member-based organisations operating for specific beneficiaries or in specific locations. The specific type of organisation included in this study because of its intermediary and sector support roles is what is generally termed a local development agency or local third sector infrastructure organisation (LTSIO) (Rochester, 2012).

1.2.3 Local third sector infrastructure organisations

LTSIOs operate within specific geographical areas and are primarily concerned with supporting and developing local voluntary, community and social enterprise organisations (Osborne, 2000). LTSIOs are diverse, sometimes overlap in their geographical areas of operation and activities and provide a mix of specialist and generalist services that can change over time (Macmillan, 2016). Although most LTSIOs provide support to a wide range of third sector organisations, some limit their support to a particular type of third sector organisation (Osborne, 2000). Significant for this study is that LTSIOs often operate within the same geographical boundaries as local authorities, with some LTSIOs operating across several adjoining local authority areas. The LTSIOs included in this study all work with a wide range of third sector organisations and provide a variety of support and development services.

LTSIOs play an important role in providing a co-ordinated voice for the local third sector, either through engaging directly in cross-sector collaborations or supporting local third sector engagement in local activities and service delivery (Rochester, 2012). They are often a source of local advice and training and this can extend to support linked to public policy and funder initiatives aimed at improving the effectiveness of third sector organisations (Dayson, 2017). Concerns have been raised regarding the ability of LTSIOs to adequately meet the diverse support needs of all of the local third sector organisations in their locality in part because of

resource and skills constraints (Harrow, 2001; Osborne and McLaughlin, 2004; Donahue, 2011). However, LTSIOs are in a key position, as sector intermediaries, to engage with public policy initiatives such as social value.

The LTSIOs included in this study are all registered charities. Charities primarily exist in order to provide public benefit which is achieved through furthering their charitable objects (Morgan, 2010). Registered charities in the UK number around 200,000 which includes a large number of smaller charities and a smaller number of larger charities (Hyndman and McKillop, 2018). Volunteers play a significant role in many charities including in the governance structure as volunteer trustees, although paid work is also a feature with approximately 800,000 employed in the sector (Hyndman and McKillop, 2018). Charitable LTSIOs vary in size and typically have volunteer trustees and a mix of volunteer and paid staff and, according to England's national network of infrastructure organisations, support around 145,000 local charities and voluntary groups (National Association for Voluntary and Community Action, 2020).

LTSIOs' annual reporting regulatory framework

As charities registered with the Charity Commission for England and Wales, LTSIOs are required to prepare and submit annual returns to the charity regulator. Charities with an income over £25,000 are required to submit an annual report which includes the Trustees' Annual Report (TAR) as well as the financial statements (Charity Commission for England and Wales, 2020). Reporting requirements vary depending on the size of the charity, and whether it is incorporated. Charities with gross income in excess of £250,000 and incorporated charities, which includes the LTSIOs included in this study, are required to produce annual reports that comply with the Charities SORP. As mentioned earlier, the Charities SORP provides a sector specific interpretation of the UK Financial Reporting Standard and is issued by Charity Commission for England and Wales, the Charity Commission for Northern Ireland and the Office of the Scottish Charity Regulator. This joint SORP-making body is recognised by the Financial Reporting Council which sets UK accounting standards (Charity Commission for England and Wales, Charity Commission for Northern Ireland and the Office of the Scottish Charity Regulator, 2019).

A distinctive feature of the Charities SORP, as identified earlier, is the inclusion of recommendations for non-financial narrative content to be included in the TAR. Charities SORP recommendations on TAR content include requirements to report on the charity's objectives, governance, activities and achievements, while being non-prescriptive regarding

how this is reported and encouraging non-financial reporting that assists with communicating the charity's 'story' (McConville and Cordery, 2018). Charity annual reporting, including less formal voluntary annual reporting are discussed further in chapter three, section 3.5.

1.2.4 Community foundations

Community foundations are a relatively recent development in the UK. Although the first was established in 1975, it was the 1990s that signalled growing interest in their role and a significant number of community foundations were established during that period (Jung et al., 2013). By the year 2000, there were 50 community foundations in the UK although the number quoted by the national community foundations network body stood at 46 in 2020 (UK Community Foundations, 2020). The community foundations included in this study are all charities registered with the Charity Commission for England and Wales. Their annual reporting regulatory framework is as that described in section 1.2.3 above in regard to LTSIOs.

Like LTSIOs and local authorities, community foundations operate within specific geographical areas. They are local grant-making charities that also engage in raising funds from local individuals and organisations to support their grant-making activity. Their multiple roles include securing philanthropic giving, provision of donor support services, stewardship of donated funds, programme development and support, and grant-making within localities and communities (Daly, 2008; Maclean et al., 2012; Jung et al., 2013). Community leadership is also perceived as a key role and feature of community foundations and can include such activities as promoting civic engagement, campaigning, advocacy, support for research and a local convening role (Daly, 2008). Views vary, however, as to the extent and form of community leadership currently found in UK community foundations, with indications in some cases of an operational, functional focus on building their resource base and less emphasis on community leadership (Daly, 2008; Jung et al., 2013).

Community foundations vary in the financial resources they hold and in the geographical areas they cover, with examples in England at borough, county, and regional levels (Daly, 2008). In 2019, the combined endowments of UK community foundations stood at £693 million and annual grant-making was over £98 million (UK Community Foundations, 2019). Although they are recognised as one of the largest grant-makers to the third sector (Harrow et al., 2016), there is limited research on community foundations as a distinct type of local grant-making foundation (Jung et al., 2013). Their inclusion in the study is discussed later in this chapter.

1.3 Point of Departure

The researcher's work background as a third sector accountant and manager in an accounting institute played a part in stimulating their interest in the topic of social value. Therefore, as an impetus for the research as well as contributing to the research design, it is useful to include here an overview to position the researcher in the research.

As already alluded to, the idea for the research originated from the researcher's work as a policy and technical manager at a UK accounting institute, and in particular through involvement in work undertaken by the institute on the application of the concept of social value to public service commissioning and service provider reporting. As this strand of the institute's work developed and as the researcher engaged with the topic through conferences, training events, meetings and discussions, a growing awareness emerged of differing views and understandings of social value. This provided anecdotal insights into the sometimes-competing interpretations of social value and the many ways of evidencing and reporting on it. There appeared to be a strong desire among public service commissioners and service providers for a relatively straightforward way of measuring social value that would be reliable, relevant, relatively low cost and comparable. Furthermore, many of the tools and techniques presented at events involved translating social outputs, outcomes and impacts into financial metrics. At the same time, advocates of certain social value tools and frameworks would draw on elements of financial accounting and reporting language when explaining their model. In some cases, the model presented would provide a single financial metric for the total social value of a given project, programme, service or, in some cases, organisation. In general, the models appeared to reflect a desire for a mechanism that would provide something similar to a financial 'bottom line' figure for social value to assist with procurement and funding decision making. The researchers' impression of discussions surrounding the topic, however, were that views were mixed regarding the ability to translate potentially complex social concepts into a financial metric sufficiently robust and stable for use in decision making. This highlighted the complex nature of social value and related social accounting methods as contested; a still-evolving process of being constructed.

As an experienced accountant working with a broad range of third sector organisations, the researcher's own experience of financial accounting and reporting is of something that is not fixed, and which does not offer a single objective view of an organisation's financial position. Rather, the account presented in financial statements varies depending on policies adopted and assumptions used in their formulation albeit within the parameters set by financial reporting standards and statutory requirements. Furthermore, accounting standards change

over time, with some changes resulting in a markedly different picture of an organisation's financial position. One example of this, which highlighted to the researcher the socially constructed and subjective nature of accounting standards, was the introduction of International Accounting Standard 32: Financial Instruments: Disclosure and Presentation (IAS 32). IAS 32 was issued by the International Accounting Standards Board (IASB) in December 2003 (Lopez-Espinosa et al., 2009). One initial consequence of IAS 32 in relation to co-operatives, for example, was to define equity in such a way that many co-operative member shares ceased to be treated as equity and instead became a liability, so transforming overnight the financial picture presented by many co-operative organisations' balance sheets. This issue was partially addressed with the issuing of International Financial Reporting Interpretations Committee, Interpretation 2: Members Shares in Co-operative Entities (IASB, 2004), which allows co-operative member shares to be treated as equity but only if redemption of the share can be refused by the co-operative or by law, regulation or similar. This was a major departure from previous co-operative practice and principles, where the members' automatic right to redeem member shares was a characteristic of voluntary membership. This co-operative accounting example indicated to the researcher that different constituencies, in this case accounting standards setters and co-operative members, could hold very different views on what ownership and equity in an accounting context mean and what characteristics should be considered in judging something as equity or debt. Each of these constituencies' perspectives held validity for them even though they resulted in very different representations of an organisation's financial position. In addition, IAS32 demonstrated the problematical nature of applying financial reporting standards designed with the investor-owned business in mind to other different forms of organisation. In particular, IAS32 raised potential difficulties resulting from ignoring differences in key characteristics of third sector organisations, such as differing primary purposes, ownership and property rights, governance and constituency relationships. All of this made the researcher question the idea of universally applicable accounting and reporting guidance capable of providing information that would be relevant to and meet the needs of all types of organisation and all constituencies.

Several themes started to develop from these experiences and from interest in how conceptualisations of social value might influence local third sector organisations' social accounting, reporting and accountability. From this point of departure, further questions arose as to the ways in which diverse views on defining and accounting for social value occur at the local level, and particularly the relevance of emerging methods of accounting for social value to LTSIOs and their accountability. Having inhabited the world of local third sector

accounting and with prior experience within a wider accounting policy and technical environment, the researcher had a level of understanding of the territory, knew that the questions being asked were of interest to possible research participants and that both would facilitate recruitment to the research study.

This experience also contributed to the gradual development of the theoretical framing and research design. In particular, in line with the researcher's experience of social value and financial accounting standards as socially constructed, relativistic and reflective of particular constituency perspectives, a hybrid research framework was developed utilising multiple constituency theory and aspects of institutional reality theory. Multiple constituency theory suggests constituencies will define and assess the social value of an organisation and its activities based on their social and economic relationships with and interests in an organisation (Connolly et al, 1980). As such, this allows for multiple, potentially competing, interpretations of social value, rather than assuming a universal definition or method for accounting for social value is attainable or preferable. In addition, the theoretical framework draws on aspects of institutional reality theory (Searle, 1995) in order to explore in what ways definitions and methods of accounting for social value have become accepted or recognised practice. Multiple constituency theory and institutional reality theory are discussed further in chapter four, sections 4.2 and 4.3. Discussion of MCT and IRT in chapter four follows on from exploration of notions of social value relative to the three sectors, which allowed identification of key bases of third sector social value that, in turn forms a focus for accountability, accounting and reporting (chapters two and three respectively).

1.3.1 Why local authorities?

As already introduced earlier in this chapter, local authorities in England are required to apply the Social Value Act to their commissioning processes, particularly in relation to the procurement of public services. Furthermore, local authorities can choose to extend consideration of social value to other forms of procurement (Loosemore, 2016). Local authorities, therefore, represent an important resource providing constituency in a position to take a lead role in defining social value locally and establishing criteria for evidencing and assessing social value. Furthermore, local authorities are encouraged to work with other sectors, including the third sector, in considering social value in relation to local public service delivery (Arvidson and Kara, 2016). The Social Value Act is discussed further in chapter two, section 2.3.6.

Local authorities have also been an important source of financial support for the local third sector including LTSIOs (Rochester, 2012). Local government funding for the third sector varies from one local authority to the next and has been under increasing pressure due to austerity measures (Clifford, 2017), but it is still an important source in some local areas and can encompass both public service commissioning and grant funding (Jones et al., 2015). Local authority engagement with the third sector is multifaceted and includes established partnerships in service provision (Bovaird, 2014b), community development and engagement (Dayson, 2013; Jones and Ormston, 2014), and new forms of austerity localism (Featherstone et al., 2012) including the transfer of some services and facilities to third sector organisations (Dagdeviren et al., 2018). As such, local authorities and the local third sector are interlinked through a variety of local economic, social and environmental interests and relationships. Further, as local authorities and LTSIOs commonly share coterminous geographical boundaries, they have a history of engaging with each other on local social issues and cross-sector collaborations (Rochester, 2012).

1.3.2 Why local third sector infrastructure organisations?

The term social value has been associated with third sector organisations for some time and well before the Social Value Act was implemented (Arvidson and Kara, 2016). A feature of the academic literature on third sector organisations and specifically charities is in using the term social value as a kind of shorthand for certain characteristics associated with third sector organisations such as closeness to communities, social justice, social change and an ability to innovate (McCabe, 2012; Arvidson et al., 2013). Similarly, much of the literature on social enterprise and social entrepreneurship views social value as an essential characteristic of social enterprise identity and an important distinguishing feature (Di Domenico, et al., 2010; Hlady-Rispal and Servantie, 2018).

Flowing from the asserted connection between social value and third sector organisations is an interest in how third sector social value is evidenced and reported. Accounting for their social value is seen as an important way for third sector organisations to communicate their qualities and social benefits to constituencies including potential funders (Arvidson et al., 2013). In addition, it is suggested that by measuring and disclosing their social value, third sector organisations may improve their competitive position relative to other service providers and increase the value they generate for their beneficiaries and wider communities (Courtney, 2017). Social value then, and accounting for it, is seen as being of particular importance to the third sector, both in terms of assisting with articulating a perceived defining feature of the

sector and potentially opening up opportunities for alternative service delivery models with a view to improving value.

As already referred to above, LTSIOs have a lengthy history of engagement with local authorities shaped in part by developments in central government policies around commissioning and delivery of public services to local communities (Osborne and McLaughlin, 2004). While not an exhaustive list, examples of engagement over recent decades include various forms of partnership working, participation in area regeneration programmes, the development of local voluntary sector compacts setting out agreed principles and ways of working together, and capacity building programmes (Osborne and McLaughlin, 2004; Rochester, 2012; Bovaird, 2014b; Macmillan, 2016). Relatively recent central government legislation on localism in 2011 and social value in 2012, along with stated government support for a wider range of service delivery models, provide further opportunities for LTSIOs to engage with local government, particularly where notions of localism and social value are perceived as reflecting third sector values (Glennon et al., 2017). Where local authorities are adopting a proactive approach to social value, and given LTSIOs' roles as intermediary bodies, it is reasonable to expect LTSIOs to have engaged in some way with local authorities and their local third sector members on the topic and potentially to have participated in activities linked to interpreting, applying and reporting on social value.

1.3.3 Why community foundations?

The constituencies initially identified for inclusion in the research were local authorities as resource providers required to implement the Social Value Act and LTSIOs as social purpose service providers, sector intermediaries and representatives that engage in local social policy and social accounting and reporting to constituencies. Additionally, community foundations were identified as another local constituency with an interest in the activities, outputs, outcomes and impacts of the projects and services they fund, and therefore able to provide further insight into how social value is understood, applied and accounted for at the local level.

While not necessarily directly engaging with the social value legislation and its implementation through procurement, there is a history of community foundation involvement with central and local government policies and funding programmes. In England, for example, community foundations have held and managed government funding for third sector and community programmes, and provided local grant-making services (Daly, 2008). At one point, management of government funding was a substantial element of UK

community foundations' activities, although more recently there has been a shift away from government funds towards local donors and building endowment funds (Jung et al., 2013). However, it has been suggested that central government policy initiatives linked to localism may provide new opportunities for community foundations to develop their philanthropic and community leadership roles (Jung et al., 2013; Harrow et al., 2016). Where that is the case, it might suggest possibilities for interaction with local government on social value creation and how it might be evidenced, particularly where it is seen as a component of localism and a feature of local third sector organisations.

As fundraisers, community foundations have an accountability to existing and potential donors while also, as grant-makers, they will seek to hold accountable the organisations to whom they provide resources. The main interest for this study is community foundations' role as local third sector grant-makers and their perspectives and experience of social value in relation to the organisations and programmes that they fund.

1.4 Research Aims and Questions

The main aim of this study is to explore local interpretations and applications of the concept of social value from the differing perspectives of local authorities, community foundations and LTSIOs and how this influences LTSIO annual reporting. In turn, this involves exploration of local authority, local third sector funder and local LTSIO perspectives on social value, and related developments in informal and formal LTSIO annual reporting. In order to do this, the following research questions were established to frame and guide the research:

1.4.1 Research question

How is the concept of social value being interpreted locally and incorporated into LTSIOs' annual reporting?

1.4.2 Supplementary questions

- In what ways do local authorities, LTSIOs and community foundations define social value?
- What are the perspectives of local authorities, LTSIOs and community foundations on accounting for social value?
- How do LTSIOs account for social value through formal and voluntary annual reporting?

1.5 Research Methods Approach

As this study seeks to explore the perceptions and interpretations of key constituencies and to foreground the research participants' voices and views with regard to defining, accounting for and reporting on social value, a qualitative driven multi-methods approach (Hesse-Biber and Johnson, 2015) was adopted. A qualitative approach supported a richer, more in-depth analysis of local perspectives, with the potential for gaining new insights into the complex and contested nature of social value (Teasdale et al., 2012).

Collection of research data was undertaken in three stages. First, local authority public documents on social value were collected, then LTSIOs' formal and voluntary annual reports (VARs). This was followed by semi-structured interviews with key respondents in local authorities, LTSIOs and community foundations.

Analysis of the data took place in two main phases. Phase one examined local perspectives on defining social value, using thematic analysis of 61 local authority documents and 25 semi-structured interviews with managers at ten local authorities, five community foundations and ten LTSIOs. Several definitions were identified from the data and similarities and differences between local authority, community foundation and LTSIO perspectives were explored. Links between definitions, dimensions and types of social value were examined together with implications for LTSIO accountability to constituencies.

Phase two examined local perspectives on accounting for social value and the influence of social value on LTSIO annual reporting. There were two parts to the second phase. The first part explored local authority, community foundation and LTSIO perspectives on approaches to accounting for social value, using thematic analysis of the 25 interviews and 61 local authority documents referred to above. In addition, the second part examined social value in LTSIO annual reporting, using thematic analysis of 132 TARs and 51 VARs. Similarities and differences in local authority, community foundation and LTSIO perspectives were explored and methods used to account for social value were examined. Chapter five discusses in more detail, the research processes at each of the three stages.

1.6 Thesis Structure

The thesis comprises five parts and eight chapters as summarised in figure 1.3 below. The first part, as presented here, summarises the thesis, explaining the background, the motivations for the study, the research objectives and approach, data sources and analysis, and structure of thesis.

The second part of the thesis comprises the literature review which, in chapters two and three, explores conceptualisations of social value in relation to third sector organisations, and third sector organisational accountability. Specifically, chapter two examines conceptualisations of social value in organisations across different sectors and within a UK context. The chapter explores how different notions of social value are applied in different sectors and examines sector differences and similarities as well as identifying social value at the organisational and service level. Different conceptualisations of social value are placed in relation to organisational purposes, social responsibilities and structural characteristics as well as individual service objectives thereby providing a basis for considering third sector accountability for different notions of social value.

Chapter three goes on to explore third sector organisational accountability, and in particular social value accountability and annual reporting as a means of discharging that accountability. Different notions of organisational accountability are outlined, and a typology is developed which differentiates internally and externally led accountability and more or less formal forms of account giving. The chapter examines the complex accountability relationships of third sector organisations and an extended third sector accountability framework is developed. The framework sets out multiple accountability bases and their alignment with notions of social value drawn from the discussion in chapter two. Chapter three continues with an examination of third sector accountability mechanisms and charity annual reporting applicable to LTSIOs. Both formal and voluntary annual reporting are discussed and are placed within the accountability typology developed earlier in the chapter in order to clarify options for reporting on social value through the TAR and VAR.

The third part of the thesis elucidates the study's research approach and comprises chapters four and five. Chapter four presents the theoretical framework of the study, setting out the theories and concepts used to assist with analysing the data and examining local perceptions, interpretations and accounts of social value. Multiple constituency theory (Connolly et al., 1980; Zammuto, 1984; Kanter and Summers, 1987) is introduced and provides an overarching frame for the study to examine different constituencies' perceptions of and relationships with defining and accounting for social value. For the purposes of this study, constituencies refer to individuals and groups with a relationship with or an interest in an organisation. In addition, Searle's theory of institutional reality (1995; 2010) is introduced and its application to examining social value accounting practices as factual type representations of social value is discussed. Multiple constituency theory (MCT) and aspects of institutional reality theory (IRT) are brought together with accountability concepts discussed in chapter three to provide

a theoretical research framework. Chapter five starts by presenting the philosophical paradigm underlying the research and then goes on to set out the research design and methods for data collection and analysis. The chapter includes discussion of data sources, ethical issues and consideration of the practicalities and approach to interviewing.

Part four comprises chapters six and seven which present the data analysis and empirical findings of the study. Chapter six presents and discusses findings on the first phase of the research which explored local definitions of social value from local authority, LTSIOs and community foundation perspectives. The chapter also examines whether, and in what ways, definitions are shared or diverge across the three constituencies as well as implications for LTSIO accountability. Chapter seven presents and discusses findings on local perspectives on accounting for and reporting on social value. The chapter also examines representations of social value in social accounting and the ways in which LTSIOs communicate social value through formal and voluntary annual reporting.

The final part is chapter eight which provides an overview of the main findings and their implications for third sector social value accounting and reporting. The chapter considers the multiple definitions and methods of accounting for social value in relation to MCT relativistic and power perspectives, representations of social value as fact type statements and implications for third sector accountability. The study's contributions and limitations are also discussed. Figure 1.3 summarises the thesis structure.

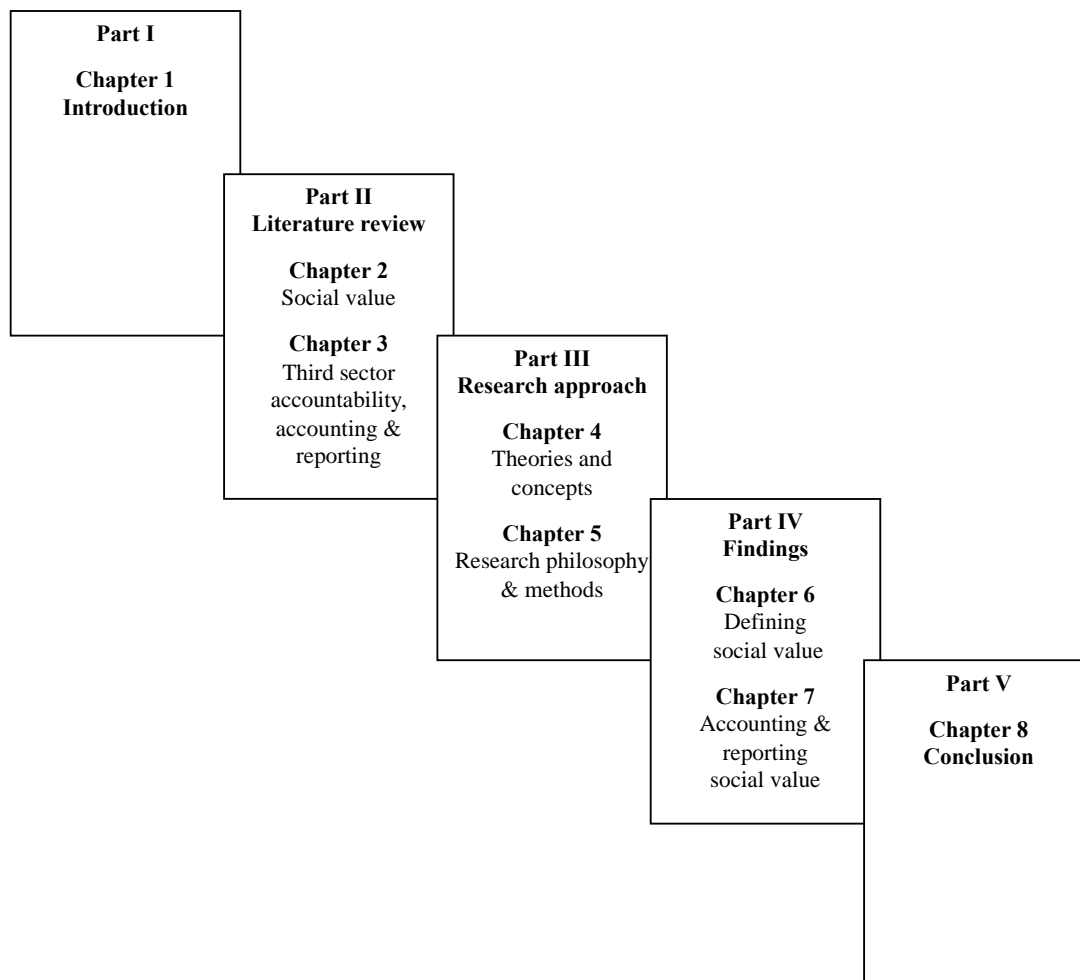


Figure 1.3: Thesis structure

1.7 Summary

In providing an introduction to the thesis, this chapter has outlined the background to and motivations for the research along with the research questions and objectives of the study. The context of the research is local authority public service commissioning and procurement, specifically following the introduction of the Social Value Act. The chapter has also provided an introduction to the third sector along with the three key constituencies taking part in the study, namely local authorities, LTSIOs and community foundations. The chapter provided an overview of the relevance of social value to the third sector in relation to accounting for and reporting on activities, service delivery and social mission as a key component in their identity. Chapters two and three will review relevant literature on social value and third sector organisational accountability.

PART II: Literature Review

Chapter 2: Social Value

2.1 Introduction

This is the first of two chapters that explore social value and third sector accountability within the context of developments in UK public procurement and third sector annual reporting. Before moving on to look at accountability, it is necessary to consider social value as an emerging and contested concept in order to support understanding of the nature of differing definitions and applications of social value. This chapter places the concept within the broader contexts of UK public service commissioning, private sector corporate social responsibility and notions of third sector distinctiveness.

Section 2.2 introduces social value as a socially constructed and contested concept. Given that the Social Value Act forms part of the UK public service commissioning framework and recognising the multi-sectoral nature of participation in UK public service provision, sections 2.3 to 2.5 present and discuss public, private and third sector perspectives on social value. More specifically, section 2.3 provides an overview of historical developments in notions of value in UK commissioning in order to better understand local authority and public service commissioning approaches to defining and applying social value. Section 2.4 then presents notions of social value encountered in private sector contexts and highlights the central role played by discourse on corporate social responsibility. Section 2.5 then presents third sector perspectives on social value which are commonly linked to notions of third sector distinctiveness in regard to third sector organisations' social mission as well as other sector-specific structural characteristics. Social value associated with cross-sector collaboration is then considered in section 2.6 before moving on, in section 2.7, to discuss similarities and differences between sector perspectives on social value and their relationship to organisational and service objectives. Having identified and placed different conceptualisations of organisational social value in relation to the primary purposes of organisations and services, the chapter provides the basis to consider third sector organisational accountability for different notions of social value, which will be the focus of chapter three. The chapter structure is summarised in figure 2.1.



Figure 2.1: Chapter two summary

2.2 Notions of Social Value

The term ‘social value’ has been used in various academic disciplines for some time although different meanings are attached to its use. In social psychology and health, for example, social value often refers to social motives and preferences associated with decision making (Bogaert et al., 2008; Green and Gerard, 2009). In relation to the environment, the term has been used to refer to people’s perceptions of the benefits of a natural environment (van Riper et al., 2012), and also more narrowly, to refer to ways in which green spaces and environmental architecture facilitate and strengthen social relationships, civic engagement and social capital (Putnam, 1995; Trainor, 2006). A recognised early example of use of the term is by the economist Schumpeter (1909). Schumpeter uses social value to describe a theoretical alternative to market value where the value of goods and services and allocation of resources

is decided collectively by a community rather than through interactions between buyers and sellers in markets. More often in economics, however, social value refers to public as opposed to private benefits arising from business activity (Morris and Shin, 2002).

The plurality of meanings attached to the term underline the lack of a universally agreed definition of social value (Teasdale et al., 2012). The subjective and socially constructed nature of social value varies depending on the context and people's perspectives on what is meant by 'social' and 'value' along with competing views on methods of valuation (Westall, 2009; Mulgan, 2010; Teasdale et al., 2012). Similarly, when considering the 'social' in social value, there is a plethora of words and phrases seen as synonymous with social: society (Phills et al., 2008); stakeholders (Hall et al., 2015); social mission (Dees, 1998); collective purpose and ownership (Teasdale, 2012); civic participation (Fowler, 2000); public rather than private good (Austin et al., 2006); social needs (Mair and Marti, 2006); corporate social responsibility (McWilliams and Siegel, 2010); and non-financial benefits (Seelos and Mair, 2005; Dowling and Harvie, 2014). Additionally, what constitutes 'social' when used in various business and third sector related terms, such as 'social entrepreneurship', 'social impact' and 'social enterprise', is further indication of the lack of consensus and contested nature of 'social' in this context. Choi and Majumdar (2014), for example, note the complex, ambiguous nature of social entrepreneurship; Teasdale (2010, 2012) highlights different ways in which social enterprise is understood and presented by different constituencies; and Arvidson and Lyon (2014) note the discretion available to funders and service providers when interpreting the term social impact.

Similarly, 'value' as an element of social value has multiple interpretations in relation to what value is and how it is created (Lepak et al., 2007). The lack of consensus can be understood as a characteristic of differing constituency relationships within and external to an organisation (Bowman and Ambrosini, 2000) and the variety of social and economic relationships constituencies have with an organisation over time (Connolly et al., 1980). Furthermore, differences in organisational mission, governance, economic ownership rights and financing can affect the nature of constituency relationships with organisations (Donaldson and Preston, 1995; Barton, 2004; Herman and Renz, 2008; LeRoux, 2009; Wellens and Jeggers, 2011; Salamon and Sokolowski, 2016). Customers, employees and investors, for example, will all have differing views regarding the nature of the value an organisation generates for them (Connolly et al., 1980). Equally, the process and way in which value is created can differ depending on whether it is generated at the level of the individual, service, organisation, or wider community (Lepak et al., 2007).

A strong theme within UK third and public sector discourse on social value is the value of beneficial results or outcomes of activities and outputs for service users as well as other indirect positive outcomes affecting different internal and external constituencies (Arvidson and Kara, 2013). The point in time at which outcomes occur also varies. Buckmaster (1999), for example, distinguishes between initial outcomes occurring almost immediately after an output is delivered, intermediate outcomes achieved within a year, and longer-term outcomes occurring after and continuing beyond a year. Additionally, the term social impact is sometimes used in place of or interchangeably with outcomes (Hall, 2014; Liket et al., 2014), although impacts are differentiated at times as referring to longer-term or community wide effects of services (Campbell, 2002; Arvidson et al., 2013).

Evident also in outcomes and impact approaches to social value are differing views on what the resulting value is (Arvidson and Lyon, 2014). An economic perspective may, for example, focus on reduced public service costs or on positive externalities resulting from economic transactions, while a social perspective may focus on social change or on sustaining social capital (Mair and Martí, 2006; Phills et al., 2008; Auerswald, 2009; Donati, 2014; Cartigny and Lord, 2017). These divergent views on the nature of beneficial outcomes and impact, and at what point the resulting benefits crystallise, have implications for organisations seeking to capture and report on social value. Outcomes and impact are discussed further below in the sections on public and third sector perspectives on social value.

Receiving less attention is the notion that social value resides in an organisation's culture and practice (Westall, 2009; Onyx, 2014b). A focus on culture and practice provides a lens for considering key organisational values and assumptions together with people's understanding of the way in which an organisation works, and the effects this has on how work is done (Sinclair, 1993; Schein and Schein, 2016). Overlapping with culture and practice, to some extent, is social value associated with corporate social responsibilities (Carroll, 1991; 2016). Organisations are seen as engaging with constituencies' concerns and expectations regarding the economic, social and environmental performance of the organisation (Aguinis and Glavas, 2012). Here, and as described later in this chapter, social value may take an ethical, citizenship or philanthropic dimension and can involve actions aimed at reducing certain negative impacts of the organisation or engaging positively with communities in ways that extend beyond commercial transactions (Bosch-Badia et al., 2013).

Social value, then, is a multi-faceted social construct that is not fixed, and which is perceived differently by different constituencies, making it hard to pin down. Even the Social Value

Act, discussed further below, which formalised social value as a part of public service procurement, does not provide a clear and unambiguous definition of social value; a factor which has been regarded both as a strength and a weakness of the legislation (Boeger, 2017; Cartigny and Lord, 2017). Moreover, a single definition of social value may neither be attainable nor desirable particularly if it ignores important differences in constituencies' interests and organisational characteristics. It is pertinent, then, given the differences in organisational purpose and constituency relationships, and because of the differing roles played by sectors in relation to public services commissioning, to explore social value more specifically in relation to the public, private and third sectors.

2.3 Social Value and Public Services

Since the 1980s, public service delivery in the UK has seen a trend towards market-oriented models of service provision involving public, private and third sectors (Buckingham and Rees, 2016). Government and public service commissioners are understandably concerned with ensuring appropriate and effective use of public money in furtherance of public interest. This concern is often strongly linked to market or quasi-market price or estimations based on models such as cost benefit analysis and willingness to pay (Knapp et al., 2001; Carey, 2008; Murray, 2010). The concept of value in public services, then, is closely tied to economic value, although at different times there have been attempts to incorporate, and exclude, other dimensions of value including social value. Figure 2.2, below, illustrates key changes affecting public service commissioning guidance and practice and within this the changing dynamic of value. While presented as discrete events and developments, there is considerable overlap between each of these features that mark an underlying shift towards use of markets and quasi markets as part of public services modernisation and transformation (Hyndman and Lapsley, 2016).

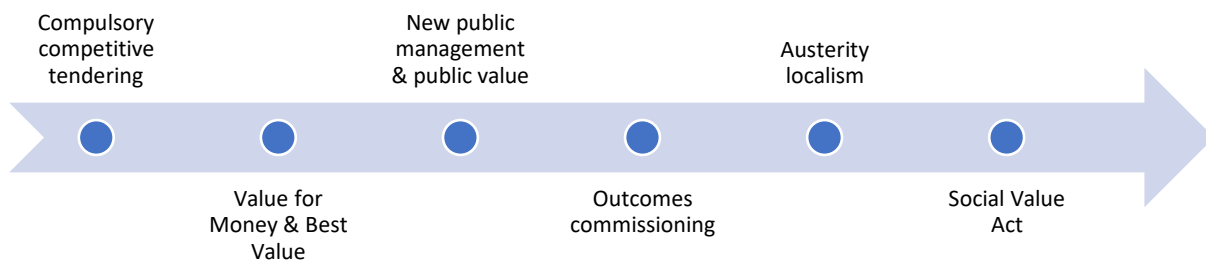


Figure 2.2: Changes affecting public service commissioning guidance and practice since the 1980s (Source: author)

2.3.1 Compulsory competitive tendering

A major change occurred in 1980 with the introduction of compulsory competitive tendering (CCT) which by 1992 had been extended to cover a wide range of local public goods, works and services (Pinch and Patterson, 2000; Gash and Roos, 2012). CCT required local governments to adopt a narrow economic-centric concept of value for assessing public contract bids. Wider social, environmental or economic value were usually squeezed out of bid decisions and contracts were awarded to the lowest bid unless there were exceptional circumstances (Milne and Angeles, 2012). While CCT was perceived as strengthening local government contracting, this was within the context of an increasingly commercialised and marketised environment accompanied by detailed specifications on service contracts and provision (Pinch and Patterson, 2000). In turn, this had implications for evidencing and monitoring quality of service linked to service improvement, which in this context was also perceived as demonstrating value. Although CCT ended in the late 1990s with the introduction of Best Value, minimising cost and enabling market competition remained important features of public service commissioning (Bovaird, 2016), such that any public service interpretation of social value has to be compatible with notions of economic value.

2.3.2 Value for Money and Best Value

The concept of value for money (VfM) was introduced shortly after the start of CCT. The Local Government Finance Act 1982 included a requirement for auditors to consider the economy, efficiency and effectiveness (the three Es) of local councils' resource use (Glynn, 1985). The three Es became the basis of definitions of VfM used by central and local government and their external auditors (Shaoul, 2005; McKevitt, 2015). Questions have been raised, however, regarding VfM's usefulness. Problems identified include the lack of a clear definition, uncertainty regarding the status of different constituencies for consultation and decision making, problems in the measurement and weighting of VfM criteria, and differing

views on when VfM is realised (McKevitt, 2015). This leads some to conclude that VfM has little real meaning (Shaoul, 2005), while others suggest that the term is useful for summarising a range of quantitative and qualitative criteria which will vary depending on the particular service and commissioning context (Loader, 2007; McKevitt and Davis, 2016). While the ambiguity of the VfM concept remains, it is widely used and does provide a means for combining economic, social and environmental criteria in decision making. VfM therefore closely resembles key elements of the Social Value Act, while predating it by some thirty years. Further, it suggests the likelihood that economic concerns will remain central and potentially have primacy in calculations of social value, as they have been and continue to be central to VfM (Lindholm et al., 2019).

VfM outlasted CCT, becoming a component of Best Value introduced in the Local Government Act 1999, as well as being used more broadly across the public sector (McKevitt, 2015). The introduction of Best Value allowed local authorities to consider quality and other aspects of service delivery alongside price, while also being required to demonstrate their effectiveness to central government on a regular basis and in greater detail (Ball, et al., 2002). Moving away from contracting purely on price allowed authorities to engage with service providers more meaningfully on service quality with the potential to create value through improved purchaser-provider relationships (Higgins et al., 2004). At the same time, a wide range of performance indicators, a drive for continuous improvement, and requirements to consult were introduced by central government (Boyne, 2000; Segan, 2013). Best Value therefore allowed consideration of other dimensions of value and encouraged constituency consultation, albeit within the parameters set by new public management doctrine and central government enthusiasm for managing through performance target setting (Hood, 2006).

2.3.3 New public management and public value

CCT, VfM and Best Value can be seen as part of a broader shift in public services towards new public management (NPM). With the aim of improving public service performance while also reducing costs, NPM encourages adoption of ‘business like’ management practices by public service providers, whether they are located in the public, private or third sector (Cunningham and James, 2014). Such practices include, among other things, adoption of private sector management styles and organisational structures, increased focus on the financial bottom line, and goods and services provided through contracts, competitive tendering and internal markets (Hood, 1995). NPM is best understood as a changing, dynamic concept representing a direction of travel (Hyndman and Lapsley, 2016) with business

management ideas and marketisation at its core (Andrews, 2010). It therefore remains relevant to understanding approaches to public service delivery and social value.

Under NPM there has been a move away from control through rules and procedures towards formalised performance measurement as part of service contract management (Slater and Aiken, 2015; Patrucco et al., 2016; Ramberg, 2017). Public service providers, including private and third sector organisations, are increasingly required to articulate service goals and record and report on their performance (Arvidson and Lyon, 2014). Developing alongside NPM, the notion of public value, a term introduced by Moore (1994), shares a concern with how public services create value for citizens. In the same way that NPM promotes a multi-sector approach to public service delivery, government and the public sector are not seen as the sole or primary sources of public value. Instead, all sectors are seen as capable of contributing to public value. A similar sector-agnostic view of public service delivery is evident in UK public service commissioning guidance (Hogg and Baines, 2011) with government increasingly adopting a convening, catalysing or collaborating role depending on the context (Bryson et al., 2014). Local authorities are encouraged by central government to work with diverse public, private and third sector organisations with the aim of improving service value (Arvidson and Kara, 2016; Boeger, 2017). Like social value, public value is dynamic encompassing multiple constituency perspectives on economic, social, political and environmental value (Bennington and Moore, 2011) and as such, measurement of public value is recognised as complex and problematic. Economy, efficiency and effectiveness remain central to public service delivery, but cross-sector collaboration and citizen engagement are seen as key to arriving at a shared understanding and creating public and social value (Moore, 1994; Bryson et al., 2014).

2.3.4 Outcomes commissioning

There is continuing interest in outcomes-based approaches to public commissioning where the centre of attention is on ends rather than means, and outcomes in addition to outputs (Bovaird and Davies, 2011; Bovaird, 2014a). Outcomes approaches vary from commissioning models incorporating assessments of needs and service evaluation to initiatives that link part or all of payments to achieving desired results. Examples of the latter include payment by results and social impact bonds (Rees, 2014; Lowe and Wilson, 2015). Both of these results-based payment models are seen as situated in NPM in their focus on performance and value assessed against specified outcomes and in enabling further commodification and marketisation of public services (Farr, 2016). Additionally, much of the language surrounding payment by results and social impact bonds has focused on social innovation and

transforming services. Social impact bonds, for example, are presented as offering new forms of creative partnering between commissioners, service providers and investors, and capable of delivering improved outcomes (McHugh et al., 2013).

Emphasis on positive outcomes for service users and communities aligns with notions of public value and a networks management approach involving cross-sector collaboration and civic engagement (Wimbush, 2011). Yet, social impact and outcomes, like social value, lack agreed definitions and are open to interpretation (Ebrahim and Rangan, 2010; Polonsky and Grau, 2011). Further, a singular focus on outcomes has been criticised as being too narrow. Bovaird (2014b), for example, suggests the need to balance efficiency, service quality and outcomes and that too much focus on one undermines and devalues the others. In a similar vein, Lowe and Wilson (2015) suggest an outcomes-centric approach oversimplifies reality and leads to gaming of targets with a detrimental effect on service quality and effectiveness.

2.3.5 Austerity localism

More recently, UK central government has taken a different approach to local public service delivery by promoting a form of localism (Localism Act 2011) that has included a move away from management through extensive centralised performance targets, abolishing the Audit Commission, and greatly reducing guidance (Ferry et al., 2019). While heralding the notion of a ‘Big Society’ and promising a shift in power from central to local governments and more public accountability at community levels (Dowling and Harvie, 2014; Findlay-King et al., 2018), this shift has been accompanied by significant reductions in funding for local government as a part of central government’s austerity policies, giving rise to ‘austerity localism’ (Featherstone et al., 2012; Lowndes and Pratchett, 2012).

On one hand, the rhetoric that accompanied localism was to emphasise empowerment of local communities and a seeming appreciation of social over economic priorities. On the other hand, the undertones were of local organisational and individual responsibilities and a reduction in the state’s role both in governance and in financial terms (Lowndes and Pratchett, 2012). Additionally, the response to the global financial crisis and promotion of austerity policies has meant a continuation of market-based approaches to public service supplemented by certain forms of local citizen engagement (Featherstone et al., 2012). Under this approach, Best Value guidance has become less prescriptive, although local authorities are advised of their obligation to consider social value and are asked to respond positively to local voluntary and community organisations and small businesses, while avoiding preferential treatment (Floyd, 2013; Thompson et al., 2017).

2.3.6 Public Services (Social Value) Act 2012

The introduction of the Social Value Act, implemented in 2013, both encouraged authorities to work with diverse public, private and third sector organisations with the aim of improving service value (Arvidson and Kara, 2016; Boeger, 2017) and invited commissioners to apply social value more widely (Floyd, 2013) when considering the economic, social and environmental wellbeing of an area. For local authorities, this was closely aligned with an existing power included in the Local Government Act 2000, which is to promote local economic, social or environmental wellbeing (Dickinson, 2005). Even so, challenges associated with defining and evidencing social value are not dissimilar to those noted in respect of VfM, Best Value and outcomes commissioning.

The Social Value Act requires authorities to consult early on with relevant constituencies on the nature of any potential social value that might arise from a proposed procurement. In this way, social value is not fixed but rather something to be agreed upon through a process of dialogue and engagement with multiple constituencies including service providers and, in some cases, affected communities (Burke and King, 2015). The discretion given to authorities in consultation with constituencies for defining social value has led to differing conceptualisations within public service. Social value, for example is described as improved service outcomes (Boeger, 2017); the wider social impact of services (King, 2014; Kay and McMullan, 2017); corporate social responsibility (CSR) commitments and benefits (Burke and King, 2015; Wright, 2015); reduced public service costs (Dowling and Harvie, 2014); and growth in local employment and development (Johnstone, 2015). Differing public service conceptualisations of social value therefore fall into two main groups: economic, social and environmental benefits directly related to service objectives and additional benefits not directly related to service objectives.

Some have interpreted the Social Value Act as being particularly beneficial to the third sector either on the basis that the sector exhibits characteristics that make it capable of delivering greater social value than other sectors (Boeger, 2017), or that the legislation itself is designed to improve third sector organisations' access to the public service provider market (see for example: Courtney, 2017; Dayson, 2017; Nicholls and Teasdale, 2017). However, the former assertion is contested, while the latter is a misreading of the Social Value Act and procurement guidance. Evidence in support of the view that third sector organisations deliver greater social value is mixed (Arvidson, 2009) and claims of sector differences and advantages are also contested (Taylor and Warburton, 2003; Macmillan, 2013). Furthermore, while the original private members bill sought to promote greater engagement with social

enterprise as a specific part of the third sector, the bill was substantially amended to remove all reference to social enterprise, per se (Henty, 2012). The resulting Social Value Act is designed to work alongside existing public contracts regulations which are based on several principles aimed at furthering open and fair competition (Loader, 2013). These principles include equal treatment and non-discrimination with an emphasis on improving access to public contract opportunities for all potential providers while avoiding positive discrimination (Loader, 2013; 2016). Within this context the Social Value Act represents support for more socially responsible public procurement regardless of the type of service provider and where service value can be based on more than price alone (Floyd, 2013).

By placing social value within the context of the historical development of public commissioning it is possible to differentiate a number of approaches to interpreting social value. Drawing on the above presentation and discussion of value in commissioning, possible interpretations of the social value legislation include continued support for inclusion of qualitative elements in VfM criteria and assessments, outcomes and results-based commissioning, localism involving forms of citizen engagement, and socially responsible procurement. Across all of these approaches and throughout recent developments in public commissioning, a common feature is the primacy of economic value in that social and environmental factors are included within an economic framework for assessing the value of a service or project.

2.4 Social Value and the Private Sector

Academic discourse on social value in the private sector centres on notions of CSR where two main arguments divide the field. On the one hand, there are those who see social value as additional to the economic contribution and set within a wider CSR view of business activity (Peloza and Shang, 2011). On the other, there are those who see the distinction between social and economic value as overstated compared to other understated private sector contributions to social value including innovation, productivity and wealth creation (Venkataraman, 1997; Acs et al., 2013). These two themes are now presented and discussed in turn.

2.4.1 Corporate social responsibility

CSR rests on the idea that an organisation's obligations extend beyond profitability to include other economic, social and environmental responsibilities to a range of stakeholders, or constituencies, within society (Freeman, 1984). These social responsibilities include ethical and citizenship dimensions (Carroll, 1991; 2016). Carroll's (1991) influential CSR model

(Baden, 2016) sets out four categories or dimensions of corporate social responsibilities, as shown in figure 2.3 below.

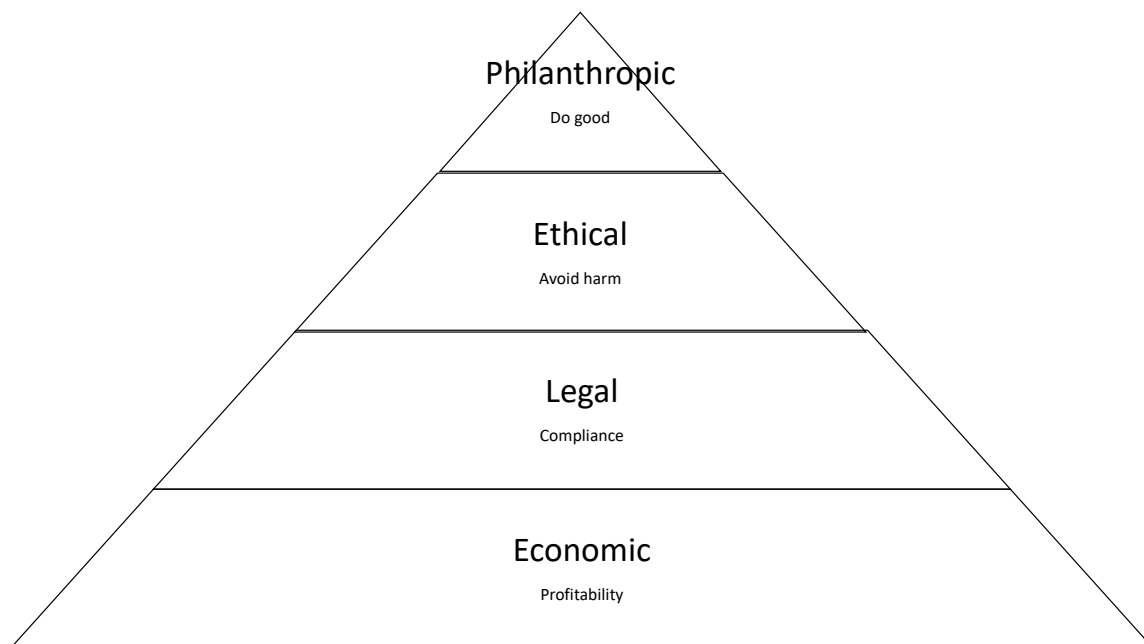


Figure 2.3: CSR pyramid based on Carroll (1991; 2016)

Within Carroll's representation of CSR, economic responsibilities form the foundations of the CSR pyramid with a fundamental requirement for organisations to be financially profitable and sustainable. Legal responsibilities represent societal expectations that organisations will operate within basic ground rules established in legal and regulatory requirements which set a minimum base line for acceptable behaviour. Ethical responsibilities involve expectations that an organisation will do what is considered to be the right thing and covers considerations of what is just and fair as well as a responsibility to minimise negative impacts on constituencies. Philanthropic responsibilities involve expectations that organisations be 'good corporate citizens' through corporate giving, engaging with and contributing to communities. All four dimensions of CSR are seen as interconnected, with ethical considerations arising across all four dimensions of social responsibility (Carroll, 2016). While Carroll's pyramid is, like many models, a simplification (Gray et al., 2014), it is an established framework and useful in recognising a range of internal and external constituencies and their differing social and economic interests in and expectations of an organisation (Schwartz and Carroll, 2003; Pope et al., 2018). However, much of the research on CSR is focused on the private sector, with limited attention given to its applicability to the third sector (Lin-Hi et al., 2015). This will be returned to later, in section 2.5.4, when considering third sector organisational social responsibility.

Central to CSR is the idea that the social value a business creates for constituencies other than investors is positively linked to the economic value generated for investors (Jensen, 2002) in that social value leads to business value (Austin and Seitanidi, 2012). In a similar vein, social value plays an important part in the notion of shared value first proposed by Porter and Kramer (2006). Shared value is suggested as a way for businesses to balance financial value creation with social value creation, thereby remaining competitive while also delivering social improvements to communities (Porter and Kramer, 2011). While some suggest it adds little to existing CSR practice (Crane et al., 2014), shared value focuses specifically on creating opportunities for value by identifying where social and business-related activities can combine most effectively to create private economic and public social benefits (Wojcik, 2016). Only those social concerns that can contribute the greatest net benefits for the business and society are potential sources of shared value (Porter and Kramer, 2006). The notion of private business providing economic and social benefits to society extending beyond private wealth generation is not the sole preserve of those adopting a CSR perspective. An alternate view is that greater social benefits arise as a consequence of the economic wealth creating activities of businesses.

2.4.2 Economic wealth creation, innovation and productivity

An economic wealth creation perspective of social value takes the view that businesses pursuing private profit will also generate social value as a result. Social value is seen, therefore, as additional consequences or positive externalities of private profit seeking activities giving rise to improvements in the allocation of resources and additional social and economic benefits for society (Venkataraman, 1997; Agle et al., 2008; Santos, 2012). Commercial activities producing private value also give rise to social value through improving market and government efficiency, as well as through product and service innovations that deliver social improvements (Auerswald, 2009). Thus, an economic-centric view of social value is provided which sees additional social gains occurring through private economic activity which results in, for example, job creation and access to new technologies (Venkataraman, 1997). In this way, private enterprise and entrepreneurship are seen as being central to both economic and social improvements in society.

A range of positions are adopted in regard to an economic wealth creation perspective of social value. Views differ, for example, on whether profit-seeking and positive social outcomes should be seen as separate and sometimes competing goals, or as closely interrelated (Santos, 2012). For some (see Friedman, 1970), an economic wealth perspective suggests the private sector should concentrate solely on ways to create and maximise profit

which, in turn, will be socially beneficial for society. This is reiterated in arguments around economic growth, emphasising the role of the private sector in promoting economic and social prosperity (Davis, 2012). As such, private enterprise and entrepreneurship can be seen as central to both economic and social improvements in society. Through innovation and improvements in productivity, entrepreneurs are seen to be generating social value by improving access to resources, removing social barriers or mitigating undesirable side effects of markets (Austin et al., 2006; Acs et al., 2013).

Views on the private sector's contribution to social value, therefore, take a number of forms. Social value may be viewed as corporate ethical and philanthropic related activities in response to diverse constituencies' interests in a business and which may involve pro-active engagement in shared value creation aimed at maximising both private and social value; or as positive social externalities arising from private profit seeking business activity. The next section considers social value in relation to third sector organisations and ways in which social value is understood as a characteristic of organisations established primarily for social purposes.

2.5 Social Value and the Third Sector

Within third sector academic literature, social value is often presented as an important distinguishing feature and essential characteristic of third sector identity (Di Domenico et al., 2010; Arvidson and Kara, 2016; Hlady-Rispal and Servantie, 2018). Austin et al. (2006), for example, assert that creating social value is common to all definitions of social entrepreneurship. Views differ, however, on the nature of social value created by the third sector. Table 2.1 provides a summary of different viewpoints which are considered further below. While these viewpoints and notions of social value are differentiated in the table they are best understood as interconnected and interrelated and representing different aspects of third sector characteristics.

Social value source	Features
Social mission	Primary purpose is social value creation through fulfilling social mission (Andreaus and Costa, 2014). Financial goals as subsidiary (Dees, 1998).
Social impact of activities and outputs	Main source of social value is direct and indirect effects of activities and outputs (Liket et al., 2014). Impacts can be initial, medium term and long-term (Buckmaster, 1999).
Third sector distinctiveness	Contributing to mission, social impact, and organisational social responsibilities-related social value. Arising from third sector structural characteristics and culture and practice (Billis and Glennerster, 1998; Arvidson and Kara, 2016; Onyx, 2014b).
Organisational social responsibilities	Social value arising from organisational ethical and citizenship responsibilities (Lin-Hi et al., 2015)

Table 2.1: Sources of third sector social value

2.5.1 Social mission

Social value is often strongly associated with a third sector organisation's social mission (Andreaus and Costa, 2014). The organisation's social mission defines the nature of the social value desired and the intended beneficiaries (Costa et al., 2011). For example, in their study of sheltered workshops in Spain, Bellostas et al. (2016, p.371) suggest that these organisations are 'companies whose mission requires the development of economic activities' and that the mission generates social value. Mission-related social value is often seen as dichotomous to private economic value and wealth accumulation (Phills et al., 2008). Financial goals take a subsidiary supporting role with an emphasis on organisational financial sustainability and effective resource use in fulfilment of social objectives rather than profitability (Billis and Glennerster, 1998; Dees, 1998; Kato et al., 2018).

Social mission-related social value takes a variety of forms and a distinction is sometimes made between organisations seeking social change for individuals, groups or communities and those where the objective is to meet an identified social or economic need of a particular group in society (Mair and Martí, 2006). Within social entrepreneurship literature social value is often presented as a correcting mechanism, delivering social change to address undesirable effects of markets and respond to market failure (Austin et al., 2006; Martin and Osberg, 2007). A narrow focus purely on social change, however, ignores other third sector organisations that are not seeking social change but nevertheless contribute to the welfare and

wellbeing of communities (Westall, 2009). Such organisations include those that contribute social value through the provision of social, recreational and cultural facilities, the activities and services they create and sustain, as well as the opportunities for social interaction, participation, and civic engagement they provide (Jeffries et al., 2015; Onyx et al., 2018).

Views on the stage at which mission-related social value is generated also vary. Suggested points of social value creation through social mission driven service delivery include inputs, outputs, outcomes and impact (Mulgan, 2010; Lynch-Cerullo and Cooney, 2011; Felicio et al., 2013; Liket et al., 2014). Social value is also associated with wider beneficial impacts, both intended and unintended, which result from the activities of the organisation and can include both mission and non-mission-related effects (Polonsky and Grau, 2008; Nicholls, 2009; Liket et al., 2014).

2.5.2 Social impact

Within third sector literature, the concept of social value is frequently linked to the direct and indirect outcomes and social impact of an organisation's activities and outputs (Ryan and Lyne, 2008; Nicholls, 2009; Dawson, 2010; Liket et al., 2014; Arvidson and Kara, 2016; Polonsky et al., 2016). There is some overlap here with public sector interest in outcomes and results-based commissioning and private sector related social value arising as an additional positive consequence of economic wealth creation, innovation and productivity. While there are other approaches to evidencing social value, much of the attention therefore is on programme and service outcomes and social impact measurement (Banke-Thomas et al., 2015; Manetti, 2014; Hall, et al., 2015).

Liket et al. (2014) set out an extended social value chain which identifies various factors contributing to social value and differentiates outcomes from impact, see figure 2.4 below. Here, outcomes are identified as the positive effects of a service or programme for the intended beneficiaries. Impacts are the net positive effects of the service or programme in fulfilling the social mission of the organisation as well as the resulting intended and unintended contribution of activities and outputs to the public good. Moreover, public good extends beyond the organisation's mission and its inclusion in the value chain recognises that funders and other constituencies may have an interest in other non-mission-related social benefits arising from an organisation's activities and outputs (Liket et al., 2014). Further, while Liket et al. (2014) see impact as the basis for judging the organisation's effectiveness in delivering social value, the value chain suggests that inputs, activities and outputs as well as outcomes are all potential sources of social value. Thus, various points along the value chain

may contribute to the creation of social value which then crystallises as service or mission-related results which, in turn, may be expressed as outputs, outcomes or impacts.

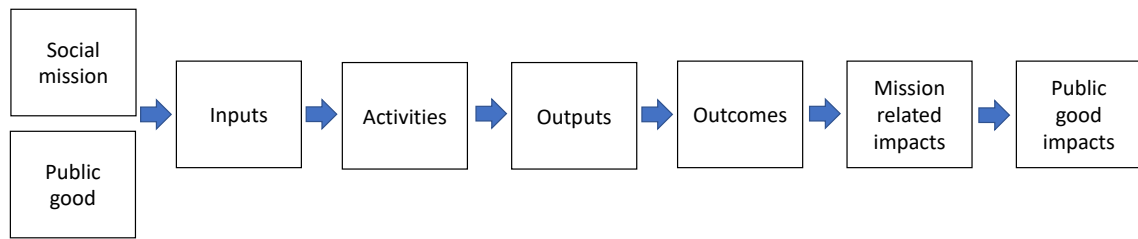


Figure 2.4: Social value chain based on Liket et al. (2014)

Social impact can also be understood as positive externalities which are in addition to the primary purpose of a programme, service or mission. Examples include improved public health, reduced crime, and increased civic activity (Blomquist et al., 2014). These can be further divided into direct and indirect effects, the latter being longer term influences on the social and economic growth and development of a society (McMahon, 2007).

As suggested earlier, the Social Value Act is seen as further encouragement to organisations to evidence the outcomes and social impact of their services (Teasdale et al., 2012; Whelan, 2015). However, Arvidson et al. (2013) note that although third sector organisations can use these evaluation processes for their own purposes, increasingly the use of evaluation by funders is as a form of monitoring and control. Even so, the flexibility and subjectivity of social impact measurement is seen as providing organisations with space to influence and shape what is reported, in furtherance of their own goals. In a similar vein, Nicholls (2009) suggests responses to evaluations and audits can extend beyond compliance to strengthening social mission. While the extent to which funders are driving impact and outcomes measurement by third sector organisations is contested (Nicholls, 2009), if this is the case it suggests a hierarchy of evidence (Booth, 2010) that may inhibit third sector social value accounting and reporting (Arvidson and Kara, 2016). Furthermore, it could skew perceptions of and responses to social issues (Christensen and Ebrahim, 2006; Parkhurst, 2016; Parkhurst and Abeysinghe).

Concerns have also been raised over the trend towards social accounting models that seek to quantify and monetise social outcomes and impacts and the constraints that this imposes on communicating social value and social mission (Gibbon and Dey, 2011). Dowling and Harvie (2014), for example, see measurement of social value as a prerequisite for controlling and capturing the economic value of social relationships with a central government focus on cost savings, efficiency and financialisation (Martin, 2002) rather than social objectives.

Furthermore, translation of qualitative outcomes and social impact data into quantitative metrics is recognised as problematic (Lowe and Wilson, 2015). Equally, Ebrahim and Rangan (2014) note the lack of an agreed definition of impact and further argue that knowledge of causal links is often incomplete and unclear, with outcomes and impacts often influenced by events outside of the organisation's control. Following on from this, Ebrahim and Rangan (2014) suggest that while all third sector organisations can measure their outputs, only a minority can make credible claims regarding outcomes. Critical examination of social impact accounting tools, however, is limited (Gibbon and Dey, 2011) as is discussion of other social value reporting models, two exceptions being Mook et al. (2015) and Onyx (2014a; 2014b). As such, the limited nature of the discourse on social impact represents a significant gap in the literature.

The concept of blended value has important links to social impact reporting and SROI which has been described as a way of measuring the blended value of a project (Nicholls, 2009). Contrasting with notions of finance as subsidiary to organisational social mission, the premise underpinning blended value is that economic, social and environmental value are closely intertwined and can benefit from each other, giving rise to improvements in performance (Emerson 2003). The proposition that greater efficiencies are achieved through a blended value approach (Bonini and Emerson, 2005) lends itself to assertions that more commercially oriented third sector organisations such as social enterprises are capable of generating greater social value through their potential to blend economic and social objectives (Zahra and Wright, 2006). Moreover, adopting this social-economic perspective is seen as beneficial for understanding and improving responses to social problems, by broadening the range of evidence and benefits taken into account when assessing the results of a programme or service (Dayson, 2017).

Nicholls' (2009) concept of blended value accounting similarly sees social impact reporting as encompassing financial and social value creation. The mutually beneficial win-win perspective of blended value, however, is problematic. Pirson (2012), for example, suggests that the notion of financial value and social value as mutually supportive and in balance, is not found in third sector and business practice. Rather, at different points in time, organisations will place greater emphasis on either financial goals or social value goals, prioritising one over the other rather than integrating the two. Furthermore, during periods of economic austerity, it is increasingly likely that accounting for financial goals will compete with and supersede accounting for social goals (Arvidson and Kara, 2016).

2.5.3 Third sector structural distinctiveness

Contrasting with mission-centric and social impact perspectives is one where other third sector organisational characteristics are seen as important sources of social value. Claims of third sector distinctiveness have taken various forms and, in addition to mission-related characteristics, include suggestions of particular structural or cultural differences. Drawing on the notion of third sector comparative advantage (Billis and Glennerster, 1998), for example, Arvidson and Kara (2016) suggest that a structural characteristic of overlapping stakeholder roles delivers social value through more socially inclusive services. Constituencies are able to take on multiple roles within the organisation - they may be both a beneficiary of services and a volunteer, employee or managing committee member - which Arvidson and Kara (2016) suggest makes third sector organisations more able to respond to changing social needs. Moreover, Onyx (2014b) asserts that local voluntary and community organisations are able to generate social value through a welcoming organisational culture leading to increased social capital. In a similar vein, Fowler (2000) sees civic engagement on social issues and participation in third sector organisations and networks as important sources of social value which are in addition to mission-related social benefits.

Organisational characteristics such as these described above are additional to the social mission and are identified as being distinguishing features which contribute to social value creation in third sector organisations. Yet, whether such characteristics are particular to third sector organisations is contested in that the third sector itself is understood as a construct that encompasses diverse organisations with differing features (Alcock, 2010a). Research on service provision, for example, has not found consistent third sector differences in quality and performance compared to other sectors, while some studies have noted similarities between private and third sector management styles (Macmillan, 2013; Bromley and Meyer, 2017). Part of the reason for a lack of a shared set of characteristics is, as already noted, the very different types of organisation, working in different fields and with differing ownership, financial and governance structures, that are included within the third sector so aptly described as a 'loose and baggy monster' (Kendall and Knapp, 1995, p65). The importance of third sector organisational characteristics to social value creation is, therefore, likely to vary and be contingent on such things as the nature of the organisation's purpose, organisational structure, area of activity, policies and practices (Macmillan, 2013). Even so, the perception remains that third sector organisations bring added social value through, for example, supporting volunteer participation in communities and services (Rochester et al., 2010) and in working and engaging with hard to reach groups (Arvidson and Kara, 2016).

2.5.4 Organisational social responsibility

As mentioned earlier, outside of social mission, social impact and organisational characteristics, third sector social value has also been discussed to a more limited extent in relation to CSR. While some have argued that CSR's relevance is limited to addressing private sector corporate responsibilities (Acar et al., 2001), others have pointed out that having a social mission does not mean that third sector organisations are intrinsically socially responsible (Andreini et al., 2012). Taking this a stage further, third sector ethical and citizenship responsibilities can be a source of social value through 'doing good' as well as 'avoiding bad' (Lin-Hi et al., 2015, p.1947). In addition to their social mission, third sector organisations can, and some would argue should, account for their impact on constituencies and society at large, including the environment (Weidenbaum, 2009; Costa et al., 2011). Third sector CSR related social value can encompass, for example, organisational practice; member participation and reciprocity; civic engagement; ethical sourcing; concern for volunteer and employee wellbeing; and valuing service user, professional and member knowledge and skills (Bouckaert and Vandenhove, 1998; Dhanani and Connolly, 2012).

Yet the extent to which third sector social responsibilities differ from other sectors is unclear. Studies suggest an increasing convergence of organisational practices and structures across all sectors with similarities in approaches to managing resources and relationships (Hwang and Powell, 2009; Bromley and Meyer, 2017). This can be seen as a multi-directional process where each sector influences the others in varying aspects of socially responsible policy, practice and behaviour (Bromley and Meyer, 2017). Furthermore, although organisational social mission remains a distinguishing third sector feature which can be incorporated into Carroll's (1991) social responsibility pyramid as an additional dimension (Pope et al., 2018), the increasing blending and blurring between sectors (Bromley and Meyer, 2017) leads to social responsibilities outside of the mission. These can be seen as in common to all sectors and can be better described as organisational social responsibilities (OSR) rather than discrete to the private 'corporate' sector (Pope et al., 2018).

Within the third sector, OSR social value can be located in multiple dimensions of social responsibilities. This includes a sector-specific social mission-related dimension, but also cross-sectoral OSR dimensions of ethical and citizenship responsibilities. Drawing on Carroll (1991; 2016 – see figure 2.3, above) and Pope et al. (2018), figure 2.5 below is offered as a third sector OSR pyramid. The OSR pyramid incorporates social mission as the primary driver. In addition, philanthropy - often denoting a unidirectional support from donor to third sector organisation - is replaced with a broader notion of good citizenship (Carroll, 2016), with

social capital creation incorporated as an important element for third sector organisations (Schneider, 2009).

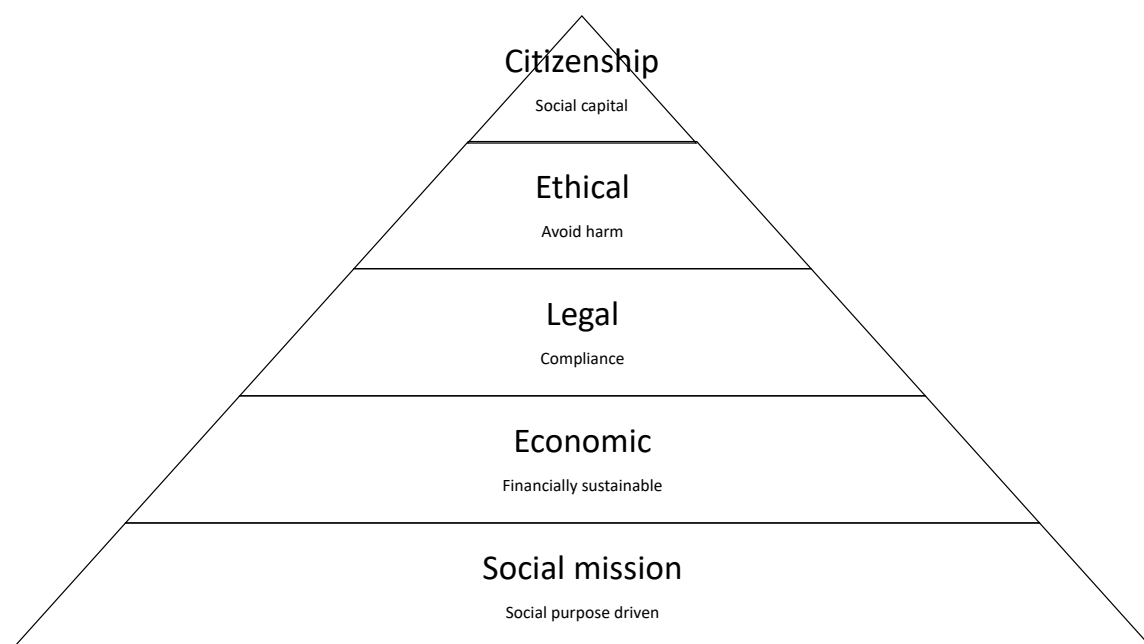


Figure 2.5: A third sector social responsibilities pyramid, drawing on Carroll (1991; 2016) and Pope et al. (2018)

The above discussion points to a general assertion of social value as a key element in third sector organisations. At the same time differing interpretations of social value are identified which can be associated with different dimensions of third sector social responsibilities.

2.6 Cross-sector Social Value

Cross-sector collaboration is seen as a way to generate greater social and public value arising, on the one hand, from greater sectoral hybridity and convergence (Phills et al., 2008) and on the other, resulting from collaborations that draw on the distinct competencies and resources of each sector (Austin and Seitanidi, 2012). Notions of sector hybridity suggest a blurring of private, public and third sector boundaries with overlapping areas of activity such as public service provision, adoption of similar organisational practices, and, in some cases, legal structures said to incorporate characteristics of more than one sector (Billis, 1993; 2010). The type and degree of hybridity varies from organisation to organisation and views differ on the extent to which organisations retain distinctive sector-specific features or whether they are increasingly converging and becoming more alike (Billis, 2010; Bromley and Meyer, 2017). Additionally, some see increasing hybridity as offering opportunities for addressing complex social problems in innovative ways that benefit from cross-sector exchanges of ideas, capital and skills (Phills et al., 2008).

Placing less emphasis on hybridity and congruous with shared value, is the notion of collaborative value creation, where social value is generated through cross-sector collaboration (Austin and Seitanidi, 2012). The assertion is that each sector creates social value but that more value is generated when sectors collaborate (Austin et al., 2006). Austin and Seitanidi (2012) set out four types of collaborative relationships between organisations: philanthropic, transactional, integrative and transformational. The social value generated increases where collaboration moves along a continuum beyond a philanthropic, donor-recipient relationship. The more that the collaboration recognises and leverages the differing sector capabilities and resources the greater the social value, representing a form of co-creation between businesses and communities (Shrivastava and Kennelly, 2013).

Increasing cross-sector and multi-constituency collaboration chimes with notions of public value management and networked governance (Stoker, 2006). Seen as emergent and contrasting with traditional and new public management, the role of public managers moves away from defining and meeting service goals and towards acting as convenor, catalyst or collaborator in multi-sector networks (Stoker, 2006; Bryson et al., 2014). It is beyond the remit of this thesis, to consider the developments with regard to network governance although it is useful to note the emphasis on social and public value not just in relation to solutions for complex policy issues, but also on the means or processes of collaboration (Alford and Hughes, 2008; Alford et al., 2017; Bryson et al., 2017).

2.7 Sector Social Value in Relation to Organisational and Service Purposes

Examining points of difference and similarity of sectoral perspectives on social value encountered in the literature assists in understanding areas of overlapping interest as well as points of difference. Further, positioning social value concepts in relation to the core purposes of an organisation or service contextualises notions of social value. In turn, this addresses some of the conceptual confusion (Barman, 2007) surrounding the subject and assists with examination of social value in relation to public service delivery and organisational characteristics. Figure 2.6 below summarises different sector perspectives on social value discussed earlier in this chapter and places them in relation to organisational and service primary purposes.

Starting with public service commissioning, the Social Value Act - abbreviated to 'SVA' in figure 2.6 – represents additional public commissioning guidance which sits within and does not alter conceptualisations of social value found in other elements of the UK public commissioning framework, including VfM and Best Value guidance. Rather the Social Value

Act reaffirms VfM and Best Value guidance which taken together promote two notions of social value: the economic, social and environmental benefits of a service, and additional benefits not directly arising from a service. The Social Value Act's main contribution to these two existing notions of social value is in further support for the use of both approaches in defining social value within public service commissioning. Of the two notions of social value, the direct economic, social and environmental benefits of a service is important to decision making, with economic factors often taking primacy. The additional benefits view of social value, however, has been strengthened by the Social Value Act in conjunction with Best Value guidance. The two concepts of social value found in VfM, Best Value and the Social Value Act, when taken together, provide a broad framework within which other concepts of social value can be positioned.

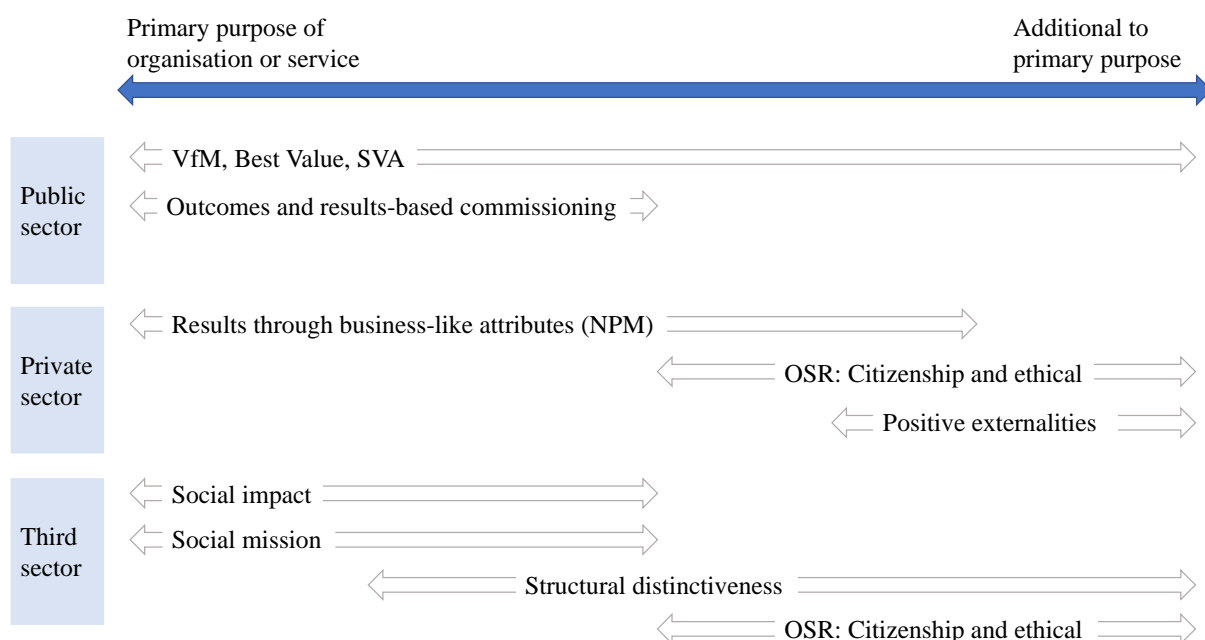


Figure 2.6: Social value relationship with organisational and service purposes (Source: author)

Social value as service results and outcomes, closely aligns with service purpose, and can include beneficial outcomes for service users and, in some cases, the wider community. Here, social value is associated with end results and not on who delivers the service and how the desired service results are delivered. In this social value context, the private sector organisation's contribution to social value produced is based on their ability to deliver the desired service outcomes effectively. Resonating with notions of NPM, the emphasis is on the private sector's business-like attributes rather than on their CSR standing or claims regarding positive externalities arising from a businesses' wealth creating activities.

Within third sector social value discourse, notions of social impact are similarly concerned with highlighting positive service outcomes and related wider beneficial outcomes or impacts. While social impact in the context of public service provision could be said to be equally relevant to all sectors, there is a sense of ownership of the concept by the third sector. To date, much of the related social impact accounting research foregrounds third sector organisations (see for example: Wilson, 2013; Arvidson and Lyon, 2014; Costa and Pesci, 2016; Polonsky et al., 2016; Nicholls, 2018). Further, third sector organisations may more frequently encounter requests from a variety of social funders and donors to evidence their social impact (Harlock and Metcalf, 2016).

Social mission also links to social value that is directly related to service objectives, although public service objectives do not always align directly with a third sector organisation's social mission. Where a charity, for example, undertakes trading activities outside of its charitable purpose, the only link between trading activities and social mission may be the generation of profits for investing in the charity's core social purpose activities. There may also be cases of 'mission drift' (Moore, 2000), where a third sector organisation seeks to change its mission in response to changes in the social context in which they operate or shifts in funders' interests. In such cases, social mission may no longer be relevant to a service's objectives and the social value associated with it.

Private sector and third sector citizenship and ethical dimensions of OSR fall outside of service and organisational primary purposes, whether these are profit or social based, and so do not correspond to social value as benefits directly arising from achieving organisational or service purposes. OSR does correspond, however, with social value as additional benefits outside of service-related benefits. An additional feature of OSR as social value is the variety of forms it may take depending on the nature of the relationship between public, private and third sector organisations. A third sector organisation, for example, may be a recipient of private sector philanthropy, representing a private sector organisation's social value contribution in response to a public service tender. In such cases, the third sector organisation is not seen as providing OSR-related social value but might be seen as providing mission-related social value funded by the philanthropy. Further, the limited academic research and discourse on third sector OSR might suggest that third sector organisations are less visible than the private sector where an additional benefits concept of social value is applied, apart from playing the role of philanthropy recipient.

Private sector positive externalities overlap with OSR in that they represent social value as additional indirect benefits. However, they differ in that they can be seen as a fortunate by-product of core purpose activities rather than social responsibilities recognised and acted upon by the organisation. Even so, positive externalities are of relevance and can be drawn on when making claims regarding the additional social value generated for society by an organisation's activities.

Third sector structural distinctiveness spans service-related and non-service-related social value because characteristics such as local volunteer and community participation in an organisation may be important features of successful service delivery or represent, for example, additional indirect social value in the form of social capital (Onyx, 2014b).

Structural distinctiveness, however, is not always an essential element of social mission or service objectives. More generally, such structural characteristics can be viewed as sources of additional social value as well as representing resource or relational constraints on options for achieving social mission (Andreaus and Costa, 2014).

Finally, austerity localism suggests that local authority approaches to defining and applying social value will be influenced, at least in part, by public service resourcing constraints and a resulting interest in generating additional resources or value through engagement with the local private and third sectors. Consequently, examination of local authority interpretations of social value and their influence on third sector, and more specifically LTSIO social accounting and reporting, occurs within the context of greatly reduced local authority funding and a search for alternative ways of delivering local public services and improving local wellbeing.

2.8 Gaps in the Research Literature

This chapter has identified several research gaps, which this study seeks to address. While much has been asserted in the academic literature regarding the importance of social value and the Social Value Act to the third sector (Nicholls, 2018), there is limited information regarding the ways in which third sector organisations have developed their ability to communicate their social value through their reporting. In addition, while social impact accounting approaches developed prior to the Social Value Act have been considered (Gibbon and Dey, 2011), there is limited information regarding subsequent developments in social value accounting and third sector reporting practice. One aspect of this is the limited research on the range of social value definitions and related third sector social accounting responses. Often there is a presumption that social value equates to benefits arising from social change,

and therefore the related information needs of key constituents can be addressed through outcomes and impact measurement. Further, there is limited critical discourse on social impact accounting tools and little discussion of alternative social value accounting methods and representations. Where third sector academic literature is critical of social impact measurement, it often focuses on seeking improvements in the quality of measurement or asserting the benefits of constituency involvement in social accounting processes and does not tend to question the basic premise that social value and social impact can be quantified and, in some cases, monetised. Critical analysis of third sector social value accounting and reporting, therefore, is limited in scope and depth.

In addition, there is limited research on application of the Social Value Act in local contexts where local authorities represent an important resource provider for third sector organisations and where austerity localism may play an important part in shaping local public service and third sector responses to social value. Similarly, research on LTSIOs and the influence of social value on local charity annual reporting is limited.

In seeking to address these gaps, this study focuses on three key aspects. In the first instance, exploring differing local constituencies' perspectives on definitions of social value; secondly, considering related non-financial accounting and reporting approaches; and thirdly, examining current LTSIO annual reporting practice.

2.9 Summary

This chapter has sought to contextualise concepts of organisational social value in relation to core organisational and service purposes and sectoral differences. An initial overview of notions of social value indicated the nature of the concept as a multi-faceted, pliable social construct which is perceived differently across different disciplines and fields and by a variety of constituencies. The subsequent sections presented conceptualisations of social value across public, private and third sectors. Section 2.7 then discussed the various concepts of organisational social value, highlighting similarities and differences and placing the different concepts in relation to each other based on their connection with organisational or service purposes, or with other sources of organisational social value.

The lack of a substantive definition of social value suggests that local authorities and those organisations interacting with them via public service commissioning are grappling with concepts of social value that are in the eye of the beholder. This situation is made more complex given the multi-constituency approach to dealing with messy and wicked problems (Head and Alford, 2015), especially where, as shown above, different disciplines, professions

and sectors apply a variety of interpretations of what constitutes social value. Yet, there is continuing interest in creating, accounting for and communicating social value. Rather than viewing social value as something fixed and objective, recognising its subjectivity, its variability and the need to contextualise and allow for multi-directional accountabilities (Costa and Pesci, 2016) is important when considering approaches to accounting for and reporting on social value. Having identified notions of social value that are potentially applicable to local UK public service and third sector organisational contexts, the next chapter examines third sector accountability and annual reporting in relation to multiple accountability bases and types of organisational social value to diverse constituencies.

Chapter 3: Third Sector Accountability, Accounting and Reporting

3.1 Introduction

Chapter two provided a descriptive overview and commentary on notions of social value and specific perspectives and manifestations of social value across all three sectors – public, private and third sectors. From this, it was possible to map some of the changes affecting public service commissioning guidance and practice from the 1980s to the publication of the Social Value Act. Considering notions of third sector organisational social value supported the identification of four sources or bases of third sector social value – social mission, social impact, organisational structural distinctiveness and OSR. Additionally, by focussing on organisational rather than corporate social responsibility led to an adaptation of Carroll's (1991; 2016) and Pope et al.'s (2018) work to produce a third sector social responsibilities pyramid (see chapter two, figure 2.5). A mapping of social value relationship with organisational and service purposes (see chapter two, figure 2.6), provides a foundation to move, in this chapter, to a more focused exploration on accountability in third sector organisations, and in particular social value accountability and annual reporting as a means of discharging that accountability.

This chapter, then, starts with an outline of different notions of organisational accountability and develops a typology which differentiates internally and externally led accountability and more or less formal forms of account giving. Legally required and voluntary forms of annual reporting are placed within the typology. The chapter then considers the complex accountability relationships that are a feature of third sector organisations and the types of information required for discharging accountability. An extended third sector accountability framework is developed which delineates multiple functional and strategic accountability bases and their alignment with notions of social value presented in chapter two.

The chapter continues with an examination of third sector accountability mechanisms and in particular: annual reporting as a means of communicating social value, programme assessments as a potential influence on social value reporting, and participation as a potential component of social value accountability. As annual reporting as a means of communicating social value is a key interest of this study, the subsequent section concentrates on charity annual reporting, which is applicable to LTSIOs. Both formal and voluntary annual reporting are discussed, including the TAR which forms a part of formal annual reporting albeit displaying some of the characteristics associated with less formal voluntary annual reporting. Following on from this, the components of charity formal annual reporting – the financial statements and the TAR – and the voluntary annual report are placed relative to each other

within an accountability typology developed earlier in the chapter, elucidating options for communicating social value through the TAR and VAR. Figure 3.1, below, summarises the chapter structure.

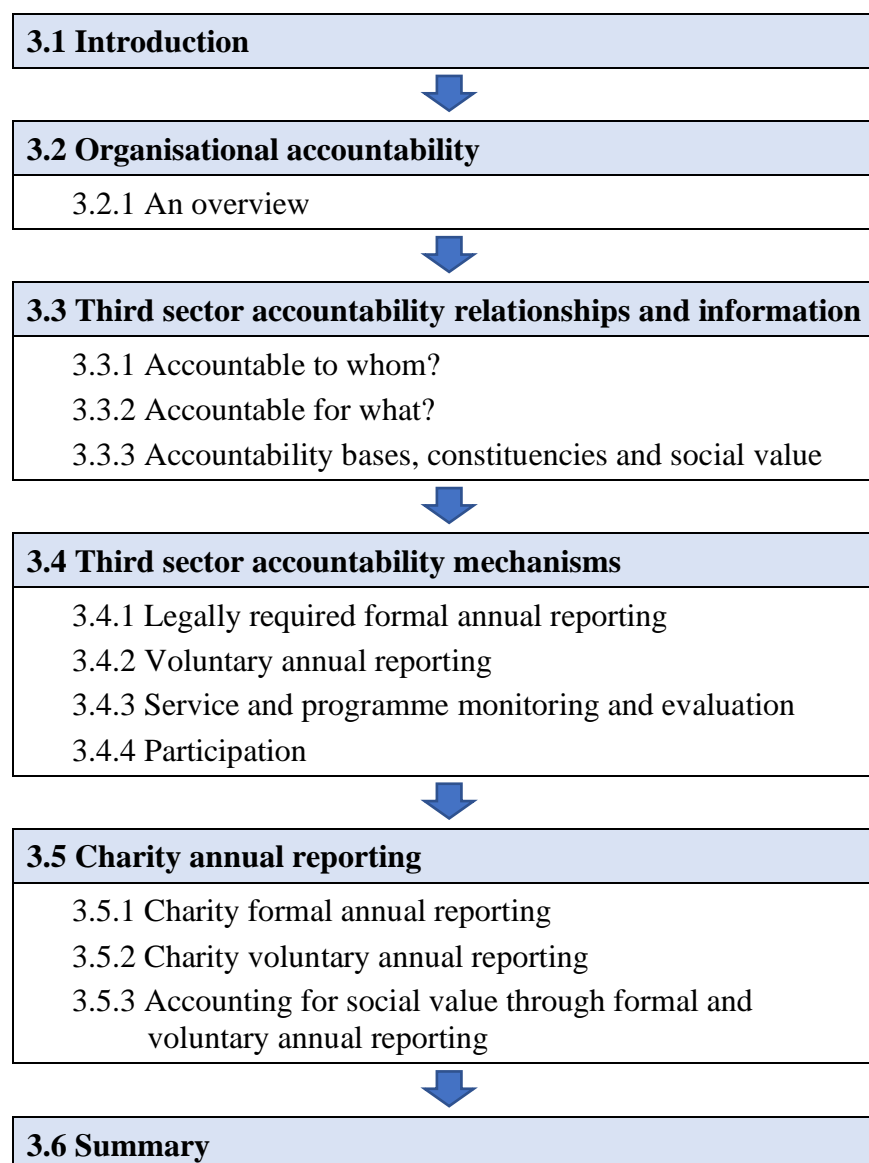


Figure 3.1: Chapter three structure

3.2 Organisational Accountability

3.2.1 An overview

Accountability has been described as a ‘chameleon-like’ term (Sinclair, 1995, p. 231) such that is subjectively constructed, and understood in a variety of ways (Crofts and Bisman, 2010). Its meaning and application vary across disciplines (Sinclair, 1995) and across a range of concepts and dimensions (Mulgan, 2000; Bovens, 2007; Andreass and Costa, 2014; Cordery et al., 2019). From an organisational standpoint, how accountability is defined and applied depends in part on sector differences (Goodin, 2003) and an organisation’s position in relation to diverse constituency relationships (Walker, 2002).

Common to many understandings of organisational accountability is the idea of providing an account for an entity's actions and inactions, and their effects (Gray et al., 1997; Roberts and Scapens, 1985). Attached to this are notions of responsibility which can involve being held to account by individuals, groups or organisations (Edwards and Hulme, 1996), or an entity's willingness to give an account (Cornwall et al., 2000). The former is seen as a reaction to an obligation or expectation while the latter suggests a more proactive internally motivated engagement with accountability (Ebrahim, 2003a). Some see internally motivated account giving as derived from a felt responsibility and accountability for organisational social mission and values (Fry, 1995; O'Dwyer and Boomsma, 2015), although this might be intertwined with other internal motivations, such as embedding organisational change (Hoskin, 1996) or promoting the organisation and its activities to constituencies (Edwards and Hulme, 1996). In a similar vein, Bovens (2010) distinguishes between accountability as virtue and accountability as mechanism. The former focuses on being accountable as a positive quality or virtue, with studies tending to focus on normative issues, contrasted with the latter's focus on being held to account through a social mechanism and tending towards more descriptive studies of accountability. Contrasting with a virtue driven or felt accountability is the notion of managing expectations (Acar et al., 2008) where managers engage in a process of identifying, prioritising and responding to various external constituencies. This view of accountability is closer to ideas associated with stakeholder theory and a strategic management approach to managing stakeholders' expectations of an organisation (Freeman, 1984; Mitchell et al., 1997). Additionally, Acar et al. (2008) differentiate managing expectations from answerability, which corresponds with Boven's (2010) and others' (e.g. Edwards and Hulme, 1996; Mulgan, 2000) understanding of being held to account.

At the same time, there is recognition that accountability and the account provided, whether financial, social or environmental, can only ever be partial. Messner (2009), for example, points to the difficulties of providing a fully complete account of an entity's actions which necessarily would extend beyond that which is measured. Similarly, Roberts (2009) notes the unattainability of achieving a complete account, while also pointing to an unrealistic over reliance on transparency to deliver accountability. Engaging with constituencies in a discursive form of 'intelligent accountability' (Roberts, 2009, p.966) is proposed as an alternative, which both retains a supplementary role for transparency of information and emphasises the role of social practice by incorporating care and compassion, and utilising discussion, listening and questioning. Such acknowledgement of the limitations of current financial and social accounting practice, however, does not negate the importance of account

giving, rather it recognises the incomplete nature of any account given, including accounts of social value.

The more formal prescribed forms of accountability are often associated with economic relationships particularly where those receiving the account are not closely involved with the account giver's day to day activities (Gray, 2006; Gray et al., 2014). This greater formality associated with investor or member control at a distance (Robson, 1992) favours numerical forms of accounting that exclude or at least limit social accounts of an organisation's activities and effects (Gray, 2006). It is through non-financial social accounting and reporting, however, that a broader multi-dimensional multiple relationship accountability is engaged with (Gibbon, 2012), which extends beyond that addressed through accounting standards, financial reporting and the language of finance and markets (Kamuf, 2007).

The typology set out in figure 3.2 below classifies different perspectives of organisational accountability based on whether account giving is seen as internally or externally led and the extent to which the accountability represents a more formal or less formal form of account giving. As this study is concerned with accountability for social value at the level of the organisation, the typology does not incorporate perspectives on individual accountability. While a simplification, nevertheless it is helpful in examining emerging approaches to communicating social value through different forms of annual reporting.

The terms 'externally led' and 'internally led' are used here to indicate the extent to which the frameworks for account giving are established primarily outside of the organisation or inside the organisation. This is not to suggest that the account giving is exclusively externally or internally influenced, but rather to locate the lead source for deciding on the content and format of the account giving. 'More formal' and 'less formal' refer to the extent to which accountability is discharged either through established accountability processes and formats to required standards or more informally through alternative forms of communication between accountee and accountor. It should be noted, that the classifications of accountabilities set out in figure 3.2 are not considered mutually exclusive and may combine in various ways depending on the context.

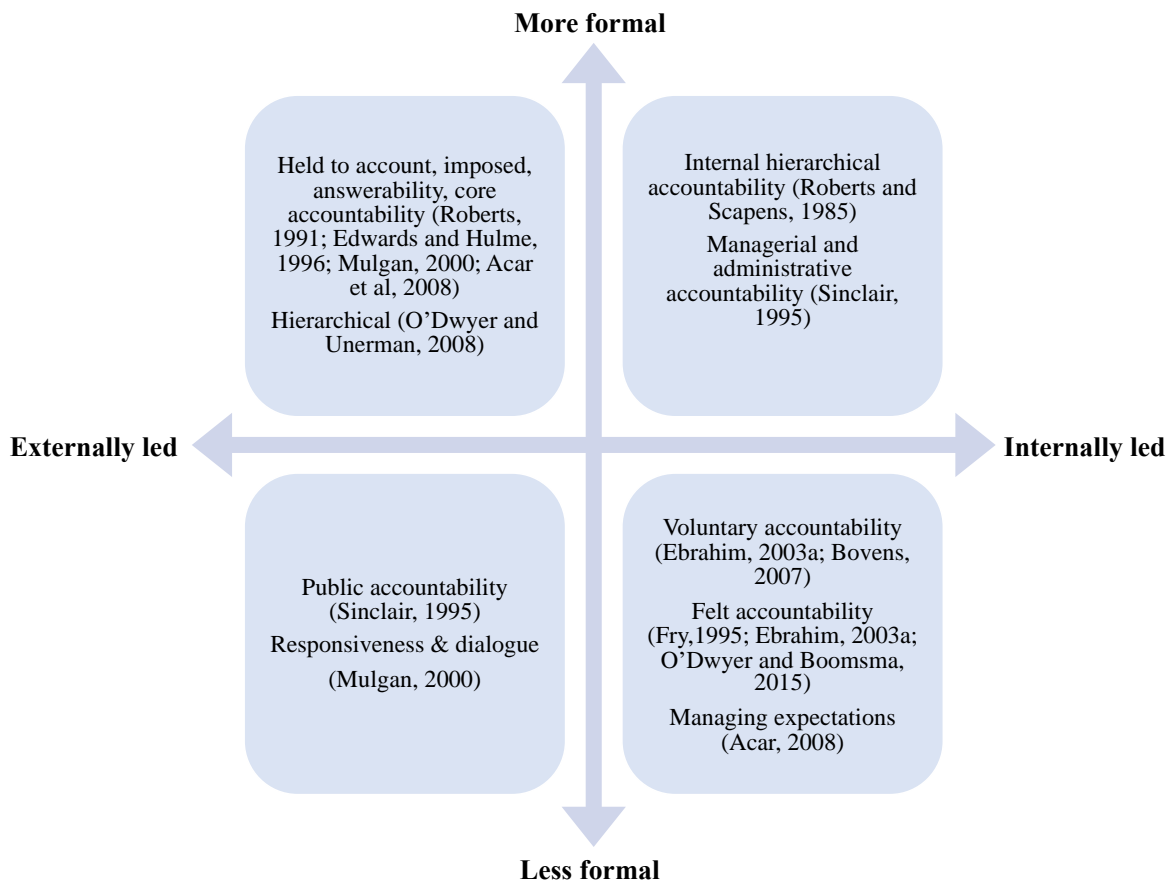


Figure 3.2: Perspectives on organisational accountability (Source: author)

Externally led, more formal accountability is where an external individual or body has a right to hold to account another individual or body (Edwards and Hulme, 1996; Mulgan, 2000) and is sometimes represented as the original functional understanding of accountability.

Describing this as the ‘core sense of accountability’, Mulgan (2000, p.555) also includes a right to use sanctions as a component while recognising that its inclusion is contestable. This imposed accountability (Roberts, 1991) is hierarchical in that a limited range of external resource providing constituencies strongly influence the form that accountability requirements and mechanisms take (O’Dwyer and Unerman, 2008). In most cases, numerical, calculative reporting is a feature of external formal account giving, and is said to be partly a consequence of a less close relationship between account giver and receiver (Andon et al., 2015) as well as reflecting economic resource providers’ interest in service and programme performance measurement (Edwards and Hulme, 2002b; O’Dwyer and Unerman, 2008).

Internally led, more formal accountability includes internal hierarchical accountability where persons, groups or bodies within the organisation are held to account by more senior persons or bodies within the organisation (Roberts and Scapens, 1985). Managerial accountability (Sinclair, 1995) is included here, particularly in relation to more formal elements of

management activity such as internal planning, control, and monitoring and assessing inputs, outputs and outcomes.

Externally led, less formal accountability is where external constituencies seek to hold a body to account in a way which is not formally prescribed. It is externally led in that public concerns are voiced on specific issues of interest to them, and answers are sought in response to those concerns (Sinclair, 1995). Organisational responsiveness and engagement in dialogue are features of this form of accountability (Mulgan, 2000). Less formal accountability mechanisms can take a variety of forms of communication and discourse, from events, letters, newspaper articles, television and radio, to the increasing use of social media, for example Facebook and Twitter, as a means for holding individuals and organisations to account and for account giving (Jeacle and Carter, 2014).

Internally led, less formal forms of accountability include circumstances where accountability mechanisms are not imposed from outside. While methods for account giving are decided on internally, organisations may still draw on voluntary guidance produced by external bodies (Ebrahim, 2003a) as well as examples of reporting practice of similar organisations (Roberts and Scapens, 1985). In this respect, it represents a voluntary form of organisational accountability to a range of constituencies, where there is no regulatory or contractual requirement to give an account or use a particular accountability mechanism (Bovens, 2007). Even so, this less formal form of accountability can be complicated by potentially competing notions of felt responsibility (Fry, 1995) and the desirability to be accountable to various internal and external constituents (Ebrahim, 2003a), versus the need to actively manage diverse constituency expectations of the organisation (Acar et al., 2008).

The above typology points to a variety of different forms of accountability and it is possible to place within this the two different types of annual reporting that this study is focusing on in relation to LTSIO social value accounting and reporting. As indicated in figure 3.3 below, these two types are legally required formal annual reporting and less formal voluntary annual reporting. These different forms of annual reporting provide opportunities for communicating social value in diverse ways and are discussed further in the context of charity accounting and reporting, in sections 3.5.1 and 3.5.2 towards the end of this chapter.

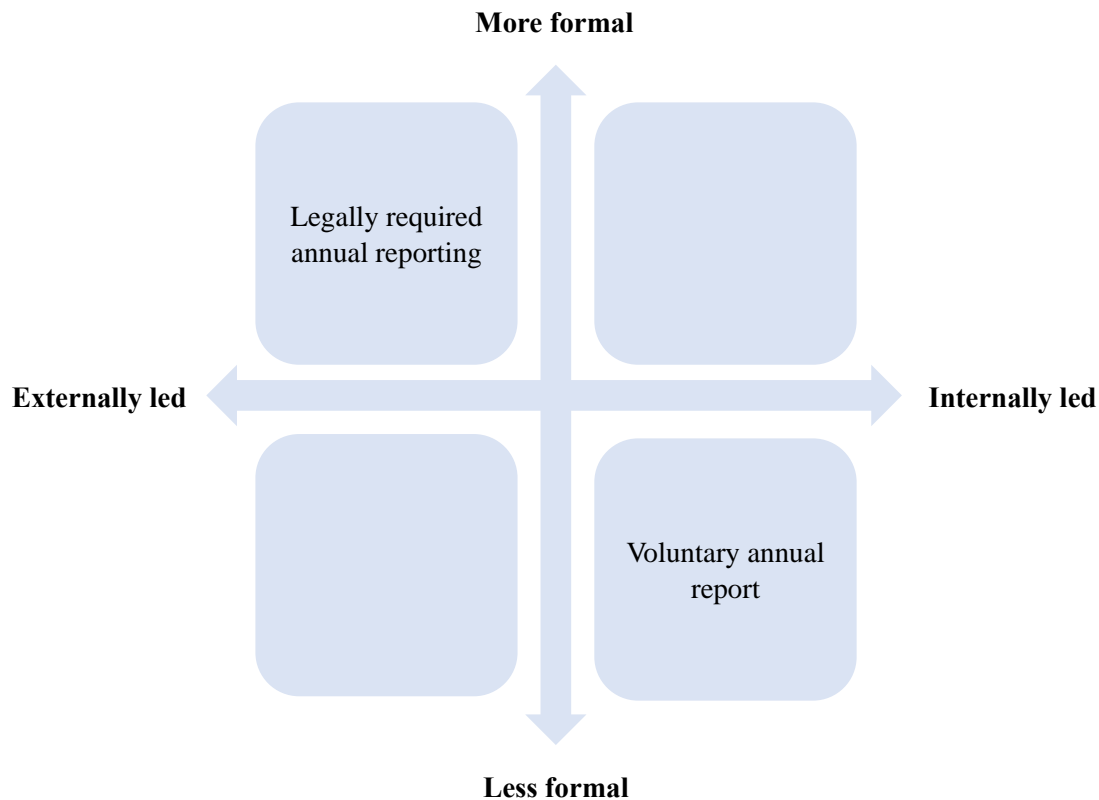


Figure 3.3: Placing annual reporting within an accountability typology (Source: author)

As suggested above, forms of accountability interact with each other in various ways. An integrated perspective (Ebrahim, 2003a), therefore, which recognises the complexity and multiple dimensions, or bases of accountability is helpful in exploring the various factors shaping and re-shaping an organisation's approach to accountability. Adaptive accountability (Ebrahim, 2009; O'Dwyer and Boomsma, 2015), for example, points to the potential tensions between internal felt voluntary accountability and external imposed accountability and sees organisations as engaging in an ongoing, dynamic process of balancing and aligning these two forms of accountability. Part of the complexity of this process is reflected in the very different ways in which such an alignment is resolved. Possible negative and positive outcomes range from mission drift or vagueness (Weisbrod, 1998) often associated with the notion of resource dependency (Pfeffer and Salancik, 1978), to situations where both the account giver and external account receiver engage in the co-construction of an externally required accountability framework (O'Dwyer and Boomsma, 2015). Moreover, the notion of intelligent accountability (Roberts 2009) takes the idea of combining different forms of accountability further by placing ongoing and fluid discourse with constituencies at the centre, supported by more formal forms of accounting and reporting. The next section therefore considers different forms of third sector organisational accountability associated with different constituency relationships.

3.3 Third Sector Accountability, Relationships and Information

Two questions seen as central to examining organisational accountability and the mechanisms used to discharge it are accountability ‘to whom’ and ‘for what?’ (Stone and Ostrower, 2007, p. 423; Hyndman and McKillop, 2018, p.146). These two questions can assist with clarifying the nature of specific accountability relationships and the relevance of different types of information to different constituencies. These questions are also relevant to examining public commissioner, funder and third sector perspectives on accounting for and reporting on social value.

3.3.1 Accountability to whom?

As discussed earlier in this chapter, an organisation is accountable to a diverse range of internal and external constituencies (Edwards and Hulme, 1996; Ebrahim, 2003b; Cordery et al., 2019). In addition, there are a variety of approaches available to classifying and ordering different constituencies with whom an organisation interacts. Drawing partly on Freeman’s (1984) differentiation of directly and indirectly affected stakeholders, Clarkson (1995), for example, identifies primary and secondary stakeholders. The notion of primary stakeholders extends beyond shareholders and investors to include all those whose social and economic interactions and transactions with an organisation are seen as essential to its continued existence. These essential or primary stakeholders, or constituencies, include suppliers, customers, staff, as well as governments and communities that provide markets, infrastructure, legal and regulatory frameworks and so on. Constituencies who do not transact with an organisation and are not seen as essential to its survival of the organisation are therefore seen as secondary constituencies although they may affect or be affected by the organisation. Examples include special interest groups and the media (Clarkson, 1995).

In the case of third sector organisations, the list of primary constituencies can be extended to also include, for example, members, volunteers, individual donors, grant making bodies, public service commissioners and beneficiaries (LeRoux, 2009; Hyndman and McMahon, 2010). Additionally, in some third sector organisations members and volunteers may have multiple constituency roles. Members, for example, may participate in the governance and running of the organisation as well as using the services provided (Cordery and Sim, 2018). Similarly, volunteers may be management committee members, fundraisers, event or service providers and participants (Rochester et al., 2010), as well as representing an in-kind donation of time, skills and experience to the organisation (Mook et al., 2003; Cordery and Narraway, 2010). To account for this complexity, a hierarchical or multi-level accountability typology that expands the constituency model is useful to highlight different constituencies’

relationships with an organisation together with implications for what is accounted for, to whom and how. Common multi-level constituency accountability classifications include, for example, upward accountability to resource providers, downward accountability to users of services and to communities, and lateral accountability to members, employees, volunteers and other organisations in the sector or field (Edwards and Hulme, 1996; Ebrahim, 2005; Christensen and Ebrahim, 2006). The different constituencies can represent potentially competing groups seeking different types of information at different points in time and in various formats (Edwards and Hulme, 1996; Ebrahim, 2003b; Koppel, 2005). Furthermore, as members and volunteers have multiple social and economic relationships with an organisation, this can result in simultaneous upward, downward and lateral accountabilities to these constituencies (Cordery and Sim, 2018).

In general, uni-directional upward accountability to resource providers is often identified as a priority for third sector organisations due to resource dependency and the importance placed on ensuring financial sustainability (Mitchell et al., 1997; Dixon et al., 2006). Multi-directional constituency relationships, however, suggest a more complex picture where lateral and downward accountability may be more or equally important, sometimes linked to the breadth and strength of constituency social and economic relationships with the organisation (Cordery and Sim, 2018). This is particularly relevant to member-based organisations, such as LTSIOs, where members can represent a significant source of fee income as well as participating in the governance of the organisation, using services and attending events. Further, member involvement in the organisation supports recognition of the LTSIO as a sector intermediary, advocate and service provider (Rochester, 2012). In addition, if a LTSIO is seen to underperform in its role or fails to adequately account for actions and performance then members' multiple relationships with the LTSIO provide them with several levels and forms of influence through the use of 'voice' and 'exit' (Hirschman, 1970; Ebrahim, 2003a). Clarity about accountability for what, therefore, is important in relation to meeting the information needs of diverse constituencies and addressing complex constituency relationships with an organisation.

3.3.2 Accountable for what?

There are various classifications of what is accounted for, often relating to functional and strategic aspects of organisations and their activities (Cordery and Sim, 2018). Stewart's framework, developed initially for analysing public sector accountability, is considered generic (Stewart, 1984; Connolly and Kelly, 2011) and stands out from other frameworks in differentiating, in some detail, different types of information required for discharging

accountability (Boyne et al., 2002). Figure 3.4 below builds on and extends Stewart's (1984) ladder of public accountability to support exploration of types of accountability specific to third sector organisations.

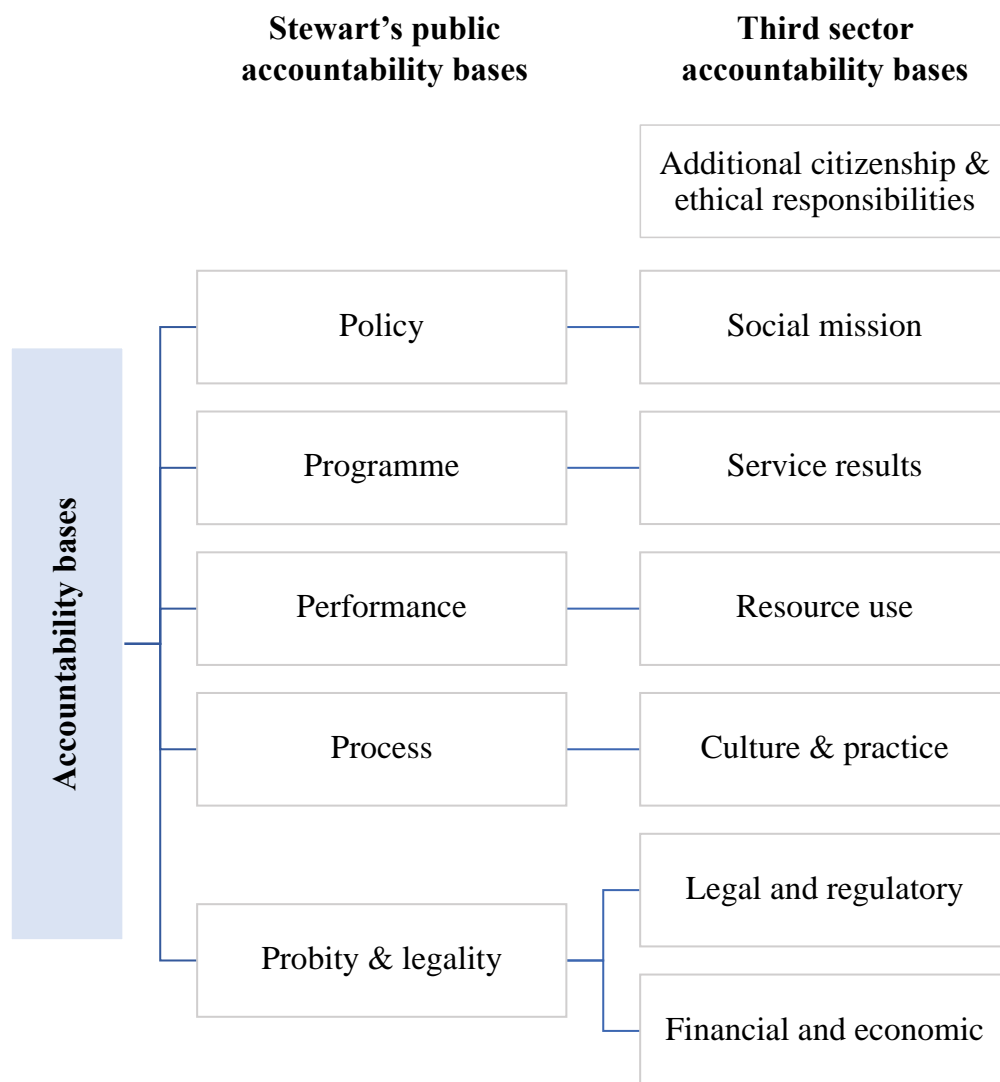


Figure 3.4: From Stewart's ladder to third sector accountability bases (Source: author)

As can be seen on the left of figure 3.4 above, Stewart's (1984) five interconnected accountability bases are probity and legality, process, performance, programme and policy. These accountability bases are represented as steps in a ladder, with probity and legality at the bottom and policy at the top. Each step builds on the previous to provide a more complete account (Laughlin, 2008).

In adapting the model to a third sector context, probity and legality are split into two bases in order to differentiate economic and financial accountability from legal accountability. Additional citizenship and ethical responsibilities are included as an accountability base in order to bring in dimensions of organisational social responsibility which are not included in

the other bases. The resulting framework is not an exhaustive list of accountability classifications but rather seeks to provide a basis for analysing third sector approaches to defining and accounting for social value across different accountability bases. Key constituencies as well as differing notions of third sector social value discussed in chapter two can also be aligned with the corresponding third sector accountability bases. The third sector accountability bases and related notions of social value are now discussed in turn.

Accountability for additional citizenship and ethical responsibilities

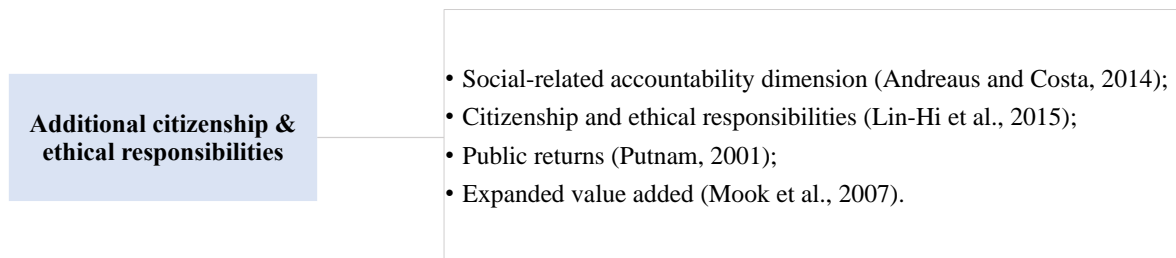


Figure 3.5: Additional citizenship and ethical responsibilities

Accountability for additional citizenship and ethical responsibilities refers to those dimensions of OSR that are not fully addressed in the other accountability bases and represent important sources of additional social-related effects of an organisation’s actions on a range of constituencies (Andreaus and Costa, 2014; Lin-Hi et al., 2015). The inclusion of the word ‘additional’ is in order to recognise that ethics applies across multiple accountability bases (Carroll, 2016) and that citizenship related accountability may also arise at the level of service- and mission-related activities depending on their nature and purpose. In terms of third sector social value, additional citizenship and ethical responsibilities align with, for example, local social capital arising from volunteering and social benefits arising from adoption of ethical policies and practice (Putnam, 2001; Mook, et al., 2007; Hogan, 2009).

Accountability for social mission

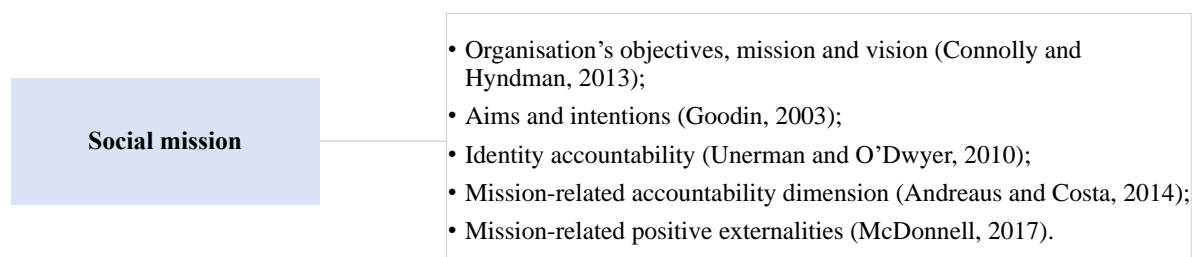


Figure 3.6: Social mission

Social mission-related accountability encompasses third sector organisational mission and objectives (Connolly and Hyndman, 2013a), which is similar to Stewart’s (1984) public

policy accountability. Goodin (2003) expresses it in terms of accounting for aims and intentions and suggests it is particularly important for third sector organisations because of the centrality of their social mission or charitable purpose in motivating their activities. In a similar vein, Andreus and Costa (2014) see third sector mission-related effectiveness as key to accounting for an organisation's social value to their members and intended beneficiaries. Furthermore, for charities in England and Wales the concept of public benefit is applicable to this accountability base. Charities are required to account for the benefit they provide to the public or a sufficiently broad section of the public (Connolly et al., 2013; Morgan and Fletcher, 2013). Public benefit in this context primarily relates to charitable purpose or mission-related benefits, but can also include other positive externalities arising from mission-related activities (McDonnell, 2017). Thus, social value associated with mission-related benefits can accrue to individuals, groups and the wider public depending on the nature of the social mission and the organisation's achievements in fulfilling its mission (McMahon, 2007; Liket et al., 2014).

Accountability for service results

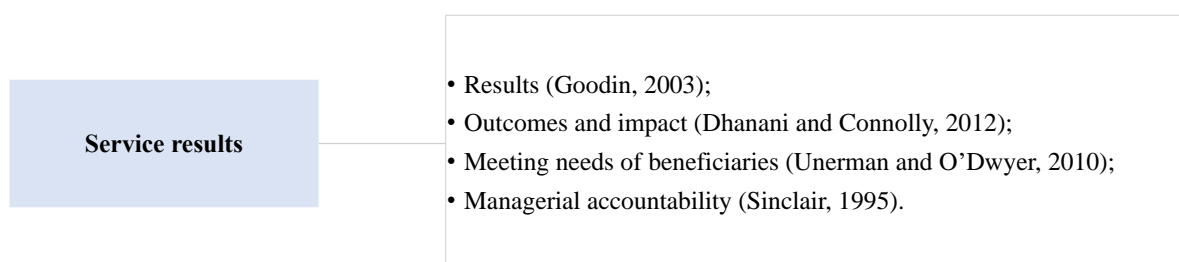


Figure 3.7: Service results

Service results accountability is concerned with the extent to which an organisation's specific services achieve their desired objectives, goals or ends (Stewart, 1984; Laughlin, 1990; Pettersen and Solstad, 2007; Connolly and Hyndman, 2013b). This can include accounting for results in the form of outputs, outcomes or impacts (Goodin, 2003; Dhanani and Connolly, 2012) arising from service and programme activities. In third sector organisations, service and mission-related accountability are often closely aligned and, in such cases, can be seen as representing a form of strategic accountability encompassing both mission and service intentions, actions and results all driven by a core social mission (Dhanani and Connolly, 2012). An emphasis on service outputs and outcomes corresponds with the notion of managerial accountability which encompasses management of resources, processes and programme results, but is primarily focused on results and outcomes as a basis for accounting for and judging performance (Sinclair, 1995). Additionally, an emphasis on ends rather than

means is congruous with NPM briefly discussed in chapter two. Service-related social value, then, is associated with accounting for service or programme outputs, outcomes or impact.

Accountability for resource use

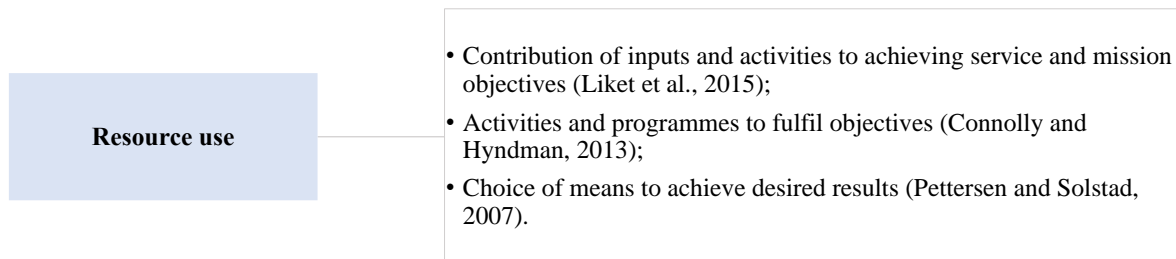


Figure 3.8: Resource use

Resource use accountability relates to the inputs and assets utilised and activities undertaken with a view to achieving desired results (Stewart, 1984; Goodin, 2003; Pettersen and Solstad, 2007; Connolly and Hyndman, 2013a). The organisation is accountable for the ways in which resources and activities contribute to achieving desired results. In terms of social value this can be expressed as the contribution of inputs and activities to generating service- or mission-related social value.

Accountability for culture and practice

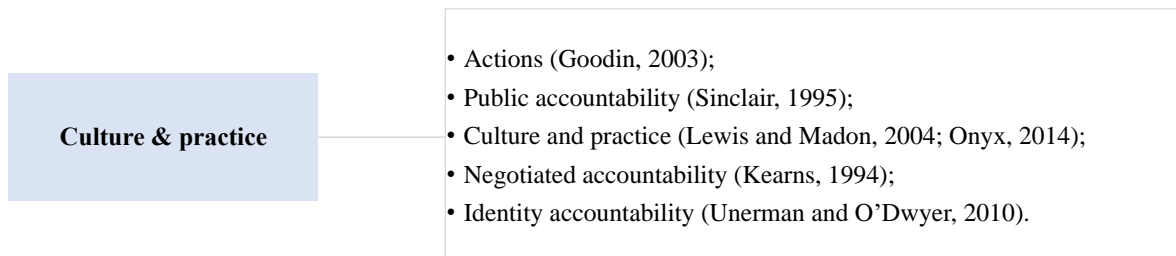


Figure 3.9: Culture and practice

While there is some overlap between culture and practice and resource use, as defined above, it is useful to separate the two because of their importance in shaping how the work of an organisation and its activities are done (Lewis and Madon, 2004; Unerman and O'Dwyer, 2010; Onyx, 2014a; Schein and Schein, 2016). Culture and practice can also encompass notions of ethical (Adams, 2004), public (Sinclair, 1995) and negotiated (Kearns, 1994) accountability where no obligation to account for or undertake certain actions exists, but where they are undertaken in order to address concerns or expectations expressed by constituencies. Third sector identity accountability, based on ethics and values and driven by normative expectations of what a third sector organisation should do (Unerman and O'Dwyer, 2010), can be included here while also being relevant to organisational social mission and

ethical responsibilities. The social value arising from organisational culture and practice can extend beyond mission to include contributions to ethical and citizenship related social benefits. A welcoming organisational culture, as mentioned previously for example, contributes to the social capital of a community (Onyx, 2014b), while adoption of a living wage policy may contribute, albeit modestly, to reducing local poverty (Neumark and Adams, 2003).

Legal and regulatory accountability

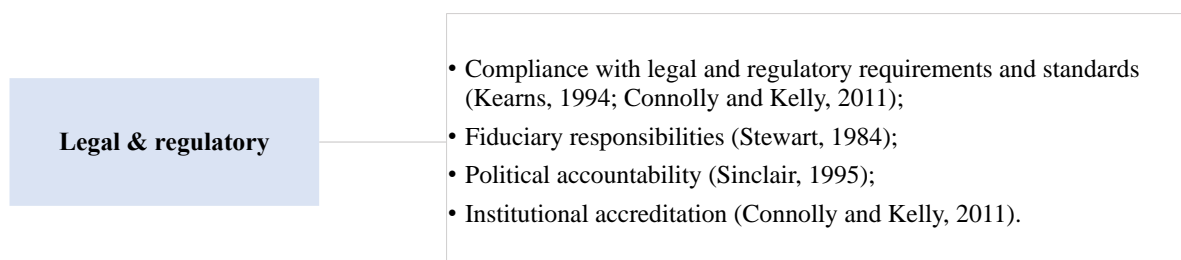


Figure 3.10: Legal and regulatory

Accountability for legal obligations includes compliance with legal and regulatory requirements and standards, meeting contractual obligations, acting within the powers granted an organisation, and meeting legal responsibilities (Stewart, 1984; Kearns, 1994; Connolly and Kelly, 2011). Political accountability (Sinclair, 1995) is relevant here and can be applied not only in the context of public sector accountability to elected members, but also to other sectors where a legal obligation for an organisation to account to its members exists. In addition, institutional accreditation (Connolly and Kelly, 2011) and professional accountability (Sinclair, 1995; Bovens, 2007) can involve obligations to comply with codes or rules and to account for related activities or practice.

Financial and economic accountability

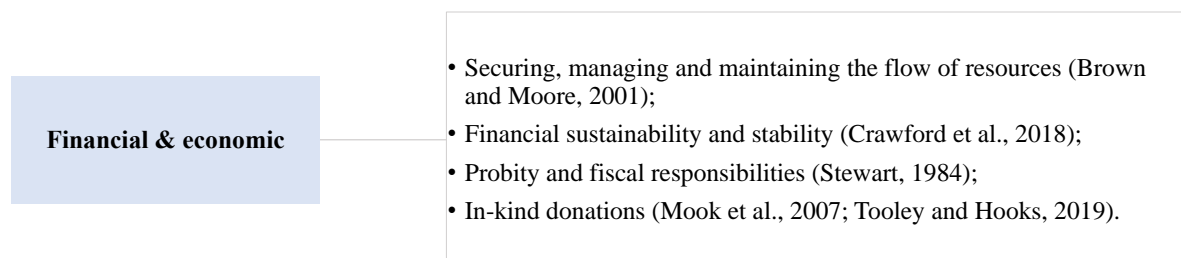


Figure 3.11: Financial and economic

Financial and economic accountability is primarily concerned with securing, managing and maintaining the flow of resources (Brown and Moore, 2001) and assessing the financial sustainability and stability of the organisation (Crawford et al., 2018). Stewart (1984) includes

this within probity and legal accountability, but by separating it out it is possible to look beyond legal and funding obligations to incorporate other economic resources available to third sector organisations. Volunteers, for example, are an important resource for many third sector organisations and, as an in-kind donation, have an economic dimension (Mook et al., 2007; Tooley and Hooks, 2019).

Having identified third sector organisational accountability bases, these can now be looked at again in relation to accountability to whom – the primary constituencies – and with regard to relevant notions of social value.

3.3.3 Accountability bases, constituencies and social value

Financial and legal obligations, service resource use and results can be classified and jointly referred to as functional or hierarchical accountability (O'Dwyer and Unerman, 2007; Williams and Taylor, 2013). Seen as reflecting the interests of external resource providers and regulators, functional accountability is said to promote a programme or service specific quantitative perspective at the expense of a broader view that takes account of third sector organisations' social mission and the intended beneficiaries of that social mission (Edwards and Hulme, 2002a; Ebrahim, 2003a). Account giving in this context is driven by external requests for information on the reasons for actions undertaken and related results (Roberts, 1991). Upward accountability is prioritised, and account giving is characterised by a focus on the short term, for example the length of a service contract period, and a desire for standardised quantitative reporting (Edwards and Hulme, 2002a).

Contrasting with functional accountability, the notion of holistic accountability (O'Dwyer and Unerman, 2008; Williams and Taylor, 2013) stresses the importance of considering the longer-term strategic and mission-related outputs, outcomes and impacts of an organisation's activities. The extent to which a third sector organisation's long-term social mission is being achieved is seen as a key component of a holistic accountability which seeks to balance short-term functional and longer-term strategic accountability demands (O'Dwyer and Unerman, 2008). This approach is also inclusive of a wide range of constituencies and includes downward accountability to those considered to be less powerful, such as beneficiaries.

Building on a framework originally developed for public sector organisations (Moore, 1995; 2000), Brown and Moore (2001) identify three strategic dimensions for third sector organisations to consider: value, support and legitimacy, and operational capacity. Value is associated with the organisation's social mission. The organisation must present a credible account of its social mission and how it seeks to achieve this. Both are seen as important for

securing the support of a wide range of internal and external constituencies (Brown and Moore, 2001) thereby linking directly and indirectly to support and legitimacy. Support involves securing and sustaining the flow of resources and ensuring financial and non-financial support for the organisation. Third sector accountability for resources is complicated by the loose coupling between resource providers and service users in situations where the buyer is not the user of the service (Kanter and Summers, 1987). The service user, the funder and the volunteer, for example, may differ in their motivations for supporting the organisation. Where constituencies' views differ, potentially conflicting obligations and questions arise regarding who to account to and for what (Brown and Moore, 2001). Fundamentally, legitimacy concerns the right to exist as a third sector organisation and includes developing and maintaining legal and social recognition among multiple constituencies including government bodies, regulators, members and non-member beneficiaries that allow the third sector organisation to be their voice. Support and legitimacy related accountability are therefore primarily upward to resource providers and regulators, lateral to members and, in some cases, downward to other beneficiaries.

The third strategic dimension of Brown and Moore's 'strategic triangle' (2001, p. 576) is operational capacity. Operational capacity is associated with how resources and intra- and inter-organisational relationships are managed to achieve desired service-related results. Here, accountability is considered to be primarily lateral to employees, volunteers and external partner organisations.

In their consideration of an integrated accountability model, Andreasson and Costa (2014) stress the importance of differentiating between accountability to members and beneficiaries for the mission of the organisation and accountability to various constituencies for other economic, social and environmental activities and effects of the organisation. In response to this differentiation, they suggest an approach which recognises three distinct but interrelated third sector accountability dimensions or bases: economic and financial, mission-related, and social-related. The economic and financial bases primarily concern accounting for the economic resources available to third sector organisations and the efficiency with which these are managed and used. The mission-related base is seen as representing where social value is created for members and beneficiaries and is accounted for in terms of the effectiveness of the organisation in achieving its mission for those constituencies. The social-related base involves social contracts between a third sector organisation and its constituencies, which embody the expectations of various constituencies regarding the organisation's accountability to them in

respect of their social or economic relationship. Both the social-related base and the economic and financial base are viewed as constraints in relation to achieving the social mission.

A common feature of the two frameworks is that both have accounting for social mission as a key accountability base for third sector organisations – ‘value’ for Brown and Moore (2001) and ‘mission’ for Andreasson and Costa (2014). Both are seen as distinct from a legitimising account giving associated with developing and maintaining social contracts (Donaldson and Dunfee, 1994) with a range of constituencies in efforts to sustain internal and external social and economic relationships. While neither of these frameworks provides the level of detail that Stewart’s accountability ladder offers in regard to different types of information required for accountability, each highlights the importance of social mission-related accountability as distinct from other bases of accountability. Further, they also note the importance of additional social-related, or OSR, accountabilities. Both mission-related and OSR-related benefits were identified in chapter two as sources of social value.

Bringing together social value in conjunction with third sector accountability bases, highlights how social value spans both functional and holistic accountabilities, and constituency interests – see figure 3.12. Further, it can be seen how the three main conceptualisations of third sector social value discussed in chapter two align with two holistic accountability bases of additional citizenship and ethical responsibilities and social mission, and the functional accountability base of service results. In addition, third sector distinctiveness, which contributes to the social value that crystallises as service-, mission- or OSR-related benefits, can arise in economic resources, sector-specific legal obligations, culture and practice and resource use accountability bases.

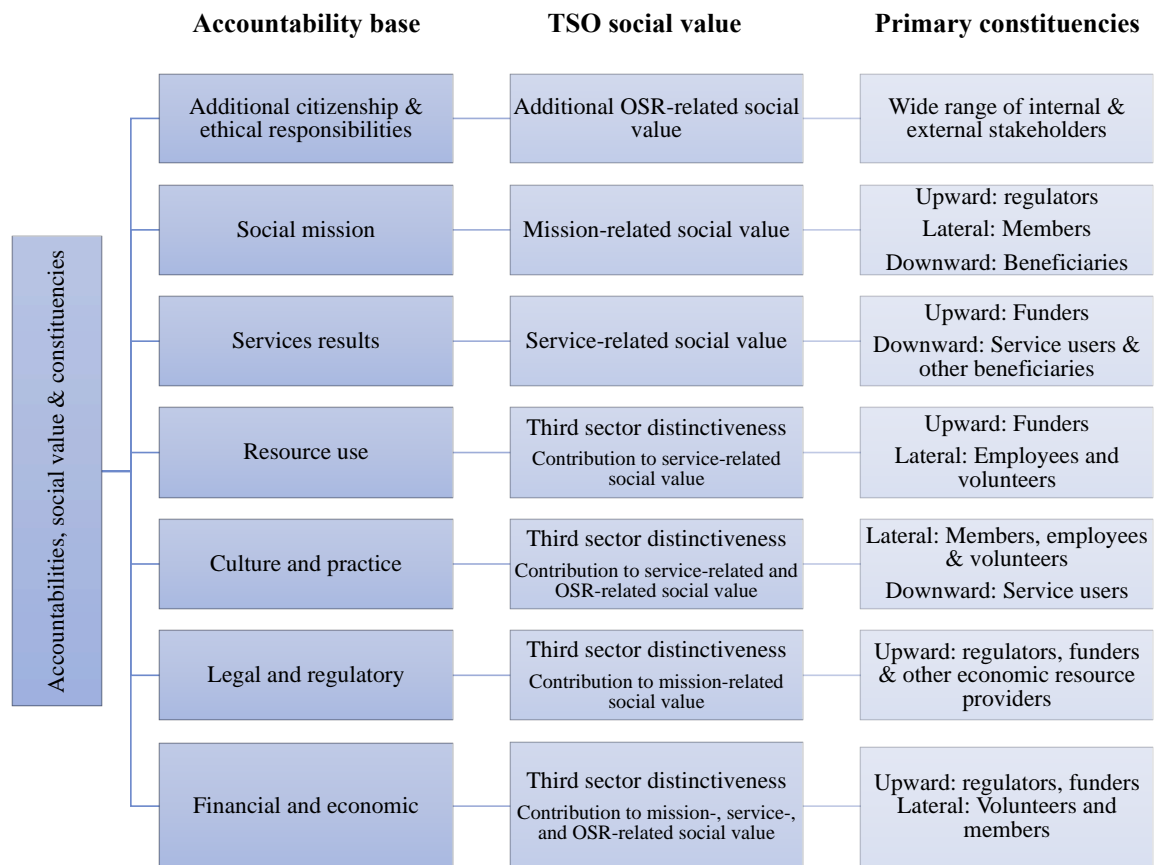


Figure 3.12: Accountability bases, social value concepts and primary constituencies
(Source: author)

In terms of constituencies' social and economic interests in an organisation, there are a number of differences which could affect the nature and content of reporting on social value. For example, funders' primary areas of interest are service performance including results and resource use, as well as the organisation's financial, governance and legal competences (Dhanani and Connolly, 2015; Hyndman and McConville, 2018a). While regulators also have an interest in legal and financial accountability, they may also be concerned with ensuring the organisation adheres to its social mission (Ebrahim, 2003a; Parker, 2003; Hyndman and McDonnell, 2009). Equally, members' interests are associated with whether the organisation is fulfilling its social mission, in addition to organisational culture and practice, and financial sustainability (Ebrahim, 2003a; Onyx, 2008). Employees and volunteers have an interest in services resource use and organisational culture and practices, while social mission, social responsibility and economic stability may also be factors in their involvement in the organisation (Molyneaux, 2004; Brown and Moore, 2001). Service users primarily have an interest in the services they use, their quality and the outcomes for them as individuals (Connolly and Hyndman, 2017; Cordery and Sim, 2018; Hyndman and McConville, 2018a). Accountability to beneficiaries, however, may be weak particularly where their relationship

with an organisation is limited to that of recipient of a funded service (Gray et al., 2006; O'Dwyer and Unerman, 2007; Benjamin, 2012a).

Various internal and external constituencies have an interest in additional organisational social responsibilities. Positive OSR policies and practices supporting, for example, ethical sourcing, employee wellbeing and volunteer participation, could potentially be of interest to employees, volunteers and funders, as well as the wider public (Waters and Ott, 2014). Furthermore, resource providers, national and local government and the general public have an interest in other additional indirect public benefits that can be mission- or OSR-related, including for example, additional contributions to the economic and social wellbeing of communities.

The implications for social value are summarised in table 3.1 below. In terms of accountability, mission-related social value is primarily to members, regulators and beneficiaries; service-related social value is primarily to funders, members and beneficiaries; and OSR-related social value is to a wide range of constituencies including the wider public.

Social value	Primary constituencies
Mission-related social value	Members, regulators and beneficiaries
Service-related social value	Funders, members and beneficiaries
Additional OSR-related social value	Wide range of internal and external constituencies

Table 3.1: Accountability for different notions of social value (Source: author)

The above classification and their links across bases of third sector accountability assists with identifying potential differences between accounting for social value located within the social mission of a third sector organisation and social value associated with a range of constituencies' interpretations and expectations of social value. This is significant for considering multiple definitions of social value and in exploring ways in which social value attached to social mission and social value attached to different constituency relationships may compete or co-exist and may be accounted for in similar or different ways to different constituencies.

3.4 Third Sector Accountability Mechanisms

Accountability mechanisms, as mentioned earlier, encompass the tools and processes by which accountability for certain activities and results is carried out (Ebrahim, 2003b; Murtaza, 2012). While recognising that there is some overlap between the two, tools can be understood

as specific methods, techniques and devices used for collecting and communicating information, while processes can involve broader activities and courses of action which incorporate accountability in the way that they are carried out (Ebrahim, 2003b; Murtaza, 2012). So, for example, a charity's trustees' annual report can be considered an accountability tool, while member participation in a charity's annual general meeting can involve accountability processes along with the use of accountability tools (Cordery and Sim, 2018). The focus of this research is on social value accounting and reporting primarily at the organisational level; however, it is important to note that internal and external accountability mechanisms do occur at various levels in organisations including at the level of the individual, programme or service, as well as at the organisational level (Acar et al., 2012).

Four accountability mechanisms considered particularly relevant to this research are legally required formal annual reporting, voluntary annual reporting, programme assessment and evaluation, and participation, which are looked at in the following sections. While this study is primarily interested in the influence of social value on formal and voluntary annual reporting, programme assessments and evaluations and participation have relevance because they may be locations for defining and accounting for social value which in turn may have implications for how social value is communicated in annual reporting.

3.4.1 Legally required formal annual reporting

Formal annual reporting which complies with statutory and regulatory requirements and accounting standards is recognised as an important accountability mechanism, providing information which is publicly available and in a prescribed format (Dhanani and Connolly, 2012; Hyndman and McConville, 2018a). Laughlin (2008), however, suggests that while useful in discharging legal and fiduciary accountability and providing a general overview of an organisation's actions, activities and results, formal annual reporting inevitably lacks more detailed specific information that some constituencies may seek. Annual reporting therefore meets more general strategic information needs, but not all that is required by certain constituencies with a strong interest in the performance of specific activities or services (Dhanani and Connolly, 2012).

3.4.2 Voluntary annual reporting

Voluntary annual reporting is an internally led, less formal, unprescribed form of public communication and offers a further channel by which an organisation may seek to discharge accountability to constituencies (Connolly and Hyndman, 2013a). Voluntary annual reports vary considerably in content but provide opportunities for organisations to extend the type

and scope of information communicated beyond that permitted within formal annual reporting and can thereby assist with communicating additional information considered of import to constituencies (Hyndman and McConville, 2018a). Studies of UK third sector voluntary annual reports have found that information on organisational, service and programme activities and performance was prevalent, while financial, legal and procedural information was limited or excluded from the reports (Dhanani and Connolly, 2012; Connolly and Hyndman, 2013a). Voluntary annual reports, therefore, do not address all accountability bases or integrate financial and non-financial information, but tend towards providing qualitative content regarding mission- and services-related activities and achievements.

The information included in voluntary annual reports is often considered more accessible than more formal legally required reporting and may therefore play a role in improving upward and lateral accountability (Connolly and Hyndman, 2013b). What is less clear is whether this extends to downwards accountability to, for example, service users and other beneficiaries (Benjamin, 2012b), which could point to asymmetry of information for different classes of constituency.

3.4.3 Service and programme monitoring and evaluation

Performance assessments and evaluations can be internally or externally driven, or a mix of the two and tend to focus on programmes or services rather than the organisation as a whole (Ebrahim, 2003b; Dhanani and Connolly, 2015; Agyemang et al., 2017). The data used in such assessments and evaluations varies and may include activities, outputs, and results expressed as outcomes, impacts or progress towards goals (Ebrahim, 2003b; Dhanani and Connolly, 2015). Externally led programme performance assessments and evaluations are often associated with upward contractual accountability to funders which may be prioritised at the expense of other constituencies' accountability needs (Christensen and Ebrahim, 2006). In relation to the present study, what is of interest is the ways in which notions and definitions of social value are linked to accountability at the level of programmes and services as opposed to the level of organisational mission and social responsibilities, and whether this affects annual reporting. In particular whether differing service performance models of relevance to social value and linked to funders' criteria are incorporated into annual reporting.

3.4.4 Participation

Participation as an accountability mechanism is markedly different from the other mechanisms discussed above in that it is a process and not a reporting device. Participation can range from consultation exercises to involving constituencies in the development,

resourcing or operation of programmes or services (Ebrahim, 2003b; O'Dwyer and Unerman, 2010). It is seen as particularly applicable to improving accountability to beneficiaries (O'Dwyer and Unerman, 2010). Its relevance to the current study is whether such participation is seen as a component of social value creation and accountability.

For charities, annual reporting is a key accountability mechanism through which they account to constituencies and in particular external constituencies with limited access to information on the charity's financial management and mission-related performance (Connolly and Hyndman, 2013b; McDonnell, 2017). It is useful therefore to consider formal annual reporting and voluntary annual reporting in relation to charity and, by extension, LTSIO annual reporting.

3.5 Charity Annual Reporting

As stated above, charity annual reporting is one of the main means of publicly informing constituencies of inputs, activities, outputs and outcomes related to organisational charitable objectives or mission. It also is a means for constituencies to understand and monitor organisational actions and activities and mechanisms by which to hold an organisation to account (Dhanani and Connolly, 2012). Annual reports are both functional and symbolic both for the organisation preparing them and those constituencies who access and review them. Both formal and voluntary annual reports contribute in different ways and the differences are considered in the following sections.

3.5.1 Charity formal annual reporting

All registered charities in England and Wales are required to produce annual accounts, also referred to as financial statements, and a trustees' annual report. At the time of writing, non-company charities with gross income of £250,000 have the option of producing simplified receipts and payments accounts, but all other registered charities are required to produce accounts in line with the Charities Statement of Recommended Practice (SORP) (Charity Commission for England and Wales and OSCR, 2014; 2019). The SORP provides sector-specific guidance on how to apply applicable UK financial reporting standards (FRS) which at the time of the study was FRS 102. The SORP also includes additional guidance addressing charity specific accounting matters not covered by FRS. A distinctive feature of the SORP is the inclusion of guidance on compiling the TAR which accompanies the financial statements. The TAR provides narrative content designed to complement the financial statements and assist with communicating the charity's objectives, the resources available to it, how they

were used and what was achieved (Charity Commission for England and Wales and OSCR, 2019).

Along with the financial statements, TARs are acknowledged as a key component of charity annual reporting and an important public communication to a range of constituencies (Dhanani and Connolly, 2012; Connolly and Hyndman, 2013b). TARs assist with enabling regulatory oversight of charities (McDonnell, 2017) and at least partly discharging accountability to the charity's economic resource providers who are considered a primary audience for formal annual reporting (Connolly and Hyndman, 2013b). Formal annual reporting, then, is considered important for providing confidence in the charity sector and sustaining financial and other resource related support for charitable activities (Hyndman and McMahon, 2011).

Financial information is perceived as dominating formal annual reporting (Connolly and Hyndman, 2013b), although, in recent years, there has been an expansion of non-financial information as SORP guidance has developed (Dhanani and Connolly, 2012). The TAR presents an interesting feature in this regard in that it forms part of charity annual reporting requirements while sitting outside of the more technical reporting. Further, the TAR is non-financial reporting which is not subject to audit or independent examination, and the guidance encourages a less formal telling of the charity's story, albeit within a framework of specified headings (Connolly et al., 2013). The TAR, therefore, incorporates some features of formal account giving and some features of less formal account giving. Moreover, research suggests that in some instances resource providers perceive non-financial information on a charity's activities and achievements as equally or more important than the financial information and capable of influencing funding or donating behaviour (Khumawala and Gordon, 1997; Parsons, 2003; Dhanani and Connolly, 2012). Additionally, increasing interest in narrative and qualitative information may be connected to a desire to address a perceived decline in public trust (Dhanani and Connolly, 2012). The TAR stands out in this regard as being the most important of the publicly available reports for many constituencies (Connolly and Hyndman, 2013b). The extent, however, to which charities make use of the TAR's flexibility to develop their narrative account of the charity's activities and achievements is unclear, with indications that smaller charities in particular tend to adopt more of a compliance approach, providing similar content each year designed to meet SORP reporting requirements (Connolly et al., 2013).

For the first time in 2014, the charities SORP included TAR guidance encouraging, although not mandating, reporting on the impact of a charity's activities (Charity Commission and OSCR, 2014). Impact is defined quite broadly in the SORP, referring to the long-term effects of activities at the level of individual beneficiaries as well as for wider society, further suggesting that impact may represent 'the ultimate expression of the performance of a charity' (Charity Commission and OSCR, 2014; 2019, para 1.43). The guidance also notes difficulties associated with quantifying impact, proposing instead a flexible non-prescriptive approach with the suggestion that a range of information on inputs, activities, outputs and outcomes can be utilised to assist with reporting on achievements (McConville, 2017). TAR content on impact could include, for example, case studies, non-numerical descriptions, quantified outputs and results, and monetised measures of outcomes or impact (Hyndman and McConville, 2018b). The inclusion of impact reporting in TAR guidance can be seen as indicative of a general trend in charity annual reporting towards increased information on outcomes and effectiveness (Hyndman and McConville, 2018b). At the same time there is widespread recognition of the variability and quality of such content (Dhanani and Connolly, 2012; Hyndman and McConville, 2018b).

It has been suggested that the high levels of regulation and scrutiny applied to charities runs the risk of shifting an organisation's attention away from more holistic forms of accountability towards a narrower focus on compliance accounting and reporting skewed towards regulatory requirements and accounting standards (McDonnell, 2017). In turn there may be a concomitant shift away from ensuring greater accountability upwards to resource providers and downwards to beneficiaries (Hyndman and McDonnell, 2009; Cordery, 2013). The growth in outputs and outcomes reporting in annual reports, however, along with the support for impact reporting in recent TAR guidance suggests increasing opportunities for charities to broaden the relevance of formal annual reporting for a wider range of constituencies (McConville, 2017). Further, greater use of the TAR for communicating a wide range of non-financial information, coupled with the flexibility of its format, suggests that it offers a variety of ways in which a charity may account for social value.

3.5.2 Charity voluntary annual reporting

VARs, sometimes referred to as annual reviews or impact reports, are less formal unprescribed forms of communication, which sit outside of accounting standards and the charity accounting legal and regulatory framework (Hyndman and McConville, 2018a). Not all charities produce VARs and, perhaps unsurprisingly, there is no uniformity of approach with reports differing in structure, length and content (Dhanani and Connolly, 2012).

Compared with more formal annual reporting, VARs provide less financial information and more qualitative narrative and visual content, such as brief case studies, pictures and diagrams (Hyndman and McConville, 2018a). Connolly et al. (2009) suggest some constituencies prefer a ‘story telling’ of organisational activities rather than the financial statements and VARs are seen as going some way to address an accountability gap by providing additional, mainly qualitative, information on mission-related activities and performance (Dhanani and Connolly, 2012). As such, VARs are perceived as more accessible to a wider range of constituencies than more formal annual reporting (Connolly and Hyndman, 2013b) and more responsive to constituency expectations (Dhanani and Connolly, 2012).

Performance related content, which often includes activities and outputs, is increasingly incorporating information on outcomes and impacts (Hyndman and McConville, 2018a). By doing so, VARs, to varying degrees, address some aspects of both functional and strategic accountability (Ebrahim, 2003b) by providing a social account of an organisation’s activities and achievements in fulfilling its social aims and objectives and their positive effect or impact on beneficiaries and communities (Gibbon, 2012). This can be explored further by considering formal and voluntary annual reporting in relation to the typology of accountability presented in section 3.2.1.

3.5.3 Accounting for social value through formal and voluntary annual reporting

When discussed earlier, legally required annual reporting was characterised as being externally led and a more formal form of reporting. In comparison, voluntary annual reporting was presented as internally led and more informal. This is mirrored in the discussion above with the addition that the TAR exhibits both characteristics of more formal externally led reporting as well as some characteristics of less formal internally led reporting – see figure 3.13. The flexibility that preparers of the TAR are given in deciding the format and nature of content particularly in relation to activities, achievements and performance suggests it is a potential mechanism for communicating an organisation’s social value. At the same time, voluntary annual reporting is also an option for communicating social value, particularly given perceptions of the applicability of this form of reporting for communicating organisational performance to a potentially more diverse audience. Inclusion of both types of annual report in this study therefore allows further exploration of whether and how social

value is communicated through these two different reporting mechanisms.

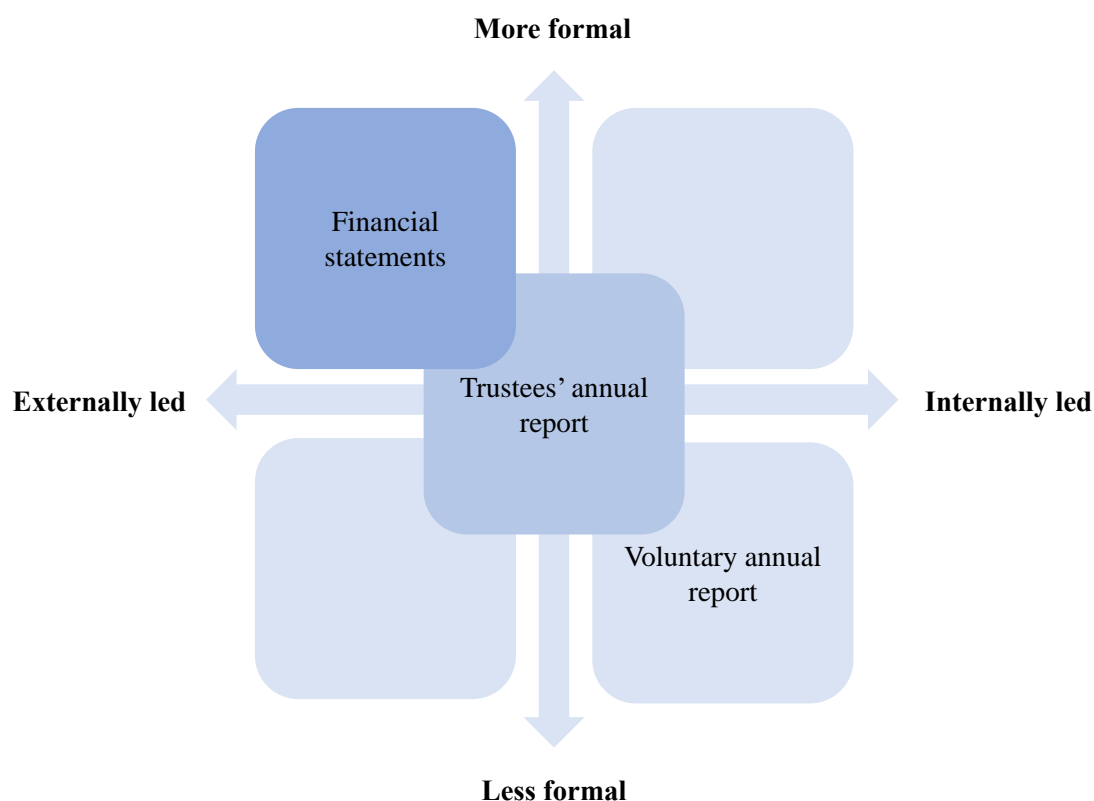


Figure 3.13: Placing charity annual reporting within an accountability typology (Source: author)

3.6 Summary

The organisational accountability literature as it relates to accounting and reporting has three main focal points – first, is accounting for what; second, is accounting to whom; and third is how. In the first instance, accounting for what raises questions about the kinds of actions, activities and events and their effects. The second problematises accountability further by introducing different accountability needs and expectations of a range of constituencies with differing relationships with and interests in an organisation. The third raises questions regarding how accountability is discharged, and the tools and techniques used, including formal and voluntary reporting mechanisms. This chapter has explored these three focal points in relation to different notions of social value and related types of functional and strategic information, their relevance to different constituencies, and ways in which representations of social value may be incorporated into formal and voluntary annual reporting.

Extending Stewart's (1984) ladder of accountability develops understanding specifically in relation to third sector organisations with the inclusion of social mission as a key sector-

specific characteristic. Additionally, extending the accountability bases ensures culture, practice, ethics and citizenship accountabilities are also addressed. Distinguishing between these third sector accountability bases – additional citizenship and ethical responsibilities, social mission, service results, resource use, culture and practice, legal and regulatory, and financial and economic – supports identification of different types of accountability information and enables the mapping of social value concepts to these different accountabilities and types of information. In turn, pertinent constituencies are linked to the accountability bases and social value concepts, highlighting multi-directional relationships and accountabilities.

Placing charity annual reporting within an accountability typology which differentiates internally and externally led, formal and less formal reporting, assists in highlighting the differing levels of flexibility offered for inclusion of non-financial information. Further, the typology suggests that the TAR is in a unique position in being an important component of the established UK charity accounting and reporting framework, while offering considerable flexibility over types of content on performance. This flexibility is a characteristic more readily associated with less formal voluntary annual reporting. Indeed, the degree of flexibility that both the TAR and the VAR offer, suggests that they are both able to accommodate multiple conceptualisations and representations of social value.

The complex nature of third sector constituency relationships, interests and perspectives is developed and explored further in the next chapter. Linking the accountability concepts outlined in this chapter to the introduction and discussion of MCT (Connolly et al., 1980) and IRT (Searle, 1995; 2010) in the following chapter provides a theoretical framework for this study.

PART III: Research Approach

Chapter 4: Theories and Concepts

4.1 Introduction

This chapter introduces the theoretical framework developed to assist with exploring and analysing the study data. It builds on chapters two and three which in turn outlined the multiplicity of definitions of social value and raised the question of accountability to whom in addition to identifying the multidirectional and formal/informal mechanisms linked to accountability and the breadth and complexity of constituencies in the field of third sector organisational accountability. Chapter three also highlighted the VAR and TAR as potential mechanisms for communicating LTSIO social value and noted the lack of research in this area. The theoretical framework is informed by the socially constructed and contested nature of social value and related social accounting and reporting practices and takes into account the heterogeneity and complexity of constituencies' social and economic interests in third sector organisations.

The study utilises several theories and concepts to assist with examining local interpretations and accounts of social value. Multiple constituency theory (MCT) (Connolly et al., 1980; Zammuto, 1984; Kanter and Summers, 1987) is used as an overarching frame for the study for examining different local constituencies' perceptions of and relationships with defining, accounting and reporting social value. In addition, Searle's theory of institutional reality (1995; 2010) is drawn on to assist with further examining local social value accounting practices as methods of communicating factual type representations of social value. The above theories are brought together with accountability concepts discussed in chapter three in order to provide a theoretical framework for exploring local government and third sector engagement with social value and related social accounting and reporting practice with implications for third sector organisational accountability to different constituencies.

The chapter begins with a discussion of MCT and relativistic and power perspectives of the theory and their relevance to the research. Institutional reality theory (IRT) is then discussed in relation to examining social value definitions and accounting and reporting practice as representations of social reality. Accountability concepts discussed in chapter three are then revisited, specifically accountability bases, multi-directional accountabilities and accountability mechanisms. These theories and concepts are then brought together in a framework for exploring social value. The resulting theoretical framework accommodates multiple levels of analysis and provides tools for examining local perceptions and

representations of social value and their relevance to local third sector and, in particular, LTSIO accountability through annual reporting.

Within the discourse on MCT, the terms performance and effectiveness are often used interchangeably. This thesis follows that approach, which is explained more fully in section 4.2.1 below. The chapter structure is summarised in figure 4.1.

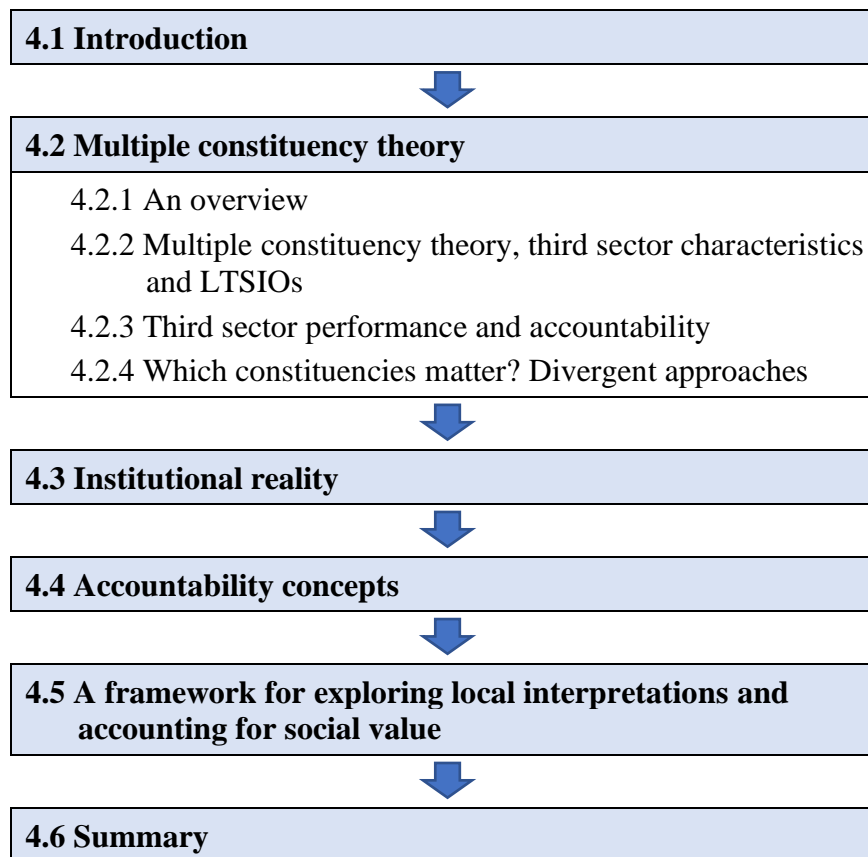


Figure 4.1: Chapter four structure

4.2 Multiple Constituency Theory

4.2.1 An overview

MCT developed within academic research and discourse and, in the main, has focused on organisational effectiveness and questions the notion of a unitary universal definition and method of evidencing organisational effectiveness (Connolly et al., 1980). Instead, by recognising effectiveness as a social construct, MCT asserts that different constituencies, that is individuals and groups with an interest in an organisation, may have differing views on what constitutes an effective organisation. In turn, these socially constructed and multiple views of organisational effectiveness rather than presenting a single reality of effectiveness, give rise to a range of perspectives and approaches on how effectiveness can be evidenced and assessed (Connolly et al., 1980; Herman and Renz, 1997). This multiplicity of perspectives arises from the heterogeneous interests of constituencies with differing social

and economic relationships with an organisation, and who hold or have access to different levels of power and influence. Although asserting a relativistic view of effectiveness, where no one constituency's perspective can be said to be more correct than others, MCT also acknowledges differences in the power of constituencies to influence the basis on which effectiveness is judged (Conolly et al., 1980; Zammuto, 1984). In common with neo-pluralism, MCT acknowledges that while power may be located in disparate groups, this does not necessarily ensure that it is evenly spread or linked to fair representation (Gray et al., 1995; McFarland, 2007; Gray et al., 2014).

In addition, organisations are seen as comprising fluid coalitions of internal constituencies whose diverse, sometimes competing, perspectives on an organisation's purpose and effectiveness (Kanter and Summers, 1987) change over time as interests and relationships between constituencies and organisations change. Again, MCT fits within a broader frame of neo-pluralism in that within different issue domains, different constituencies may emerge at different times. For example, McFarland (2007) considers the emergence and political influence in the public policy field of coalitions of interest groups lobbying for specific actions and outcomes – such as non-profit organisations, social movements, and cause-related coalitions. These alliances of constituencies may be ad hoc groupings that organise to demonstrate support for or against a particular policy and may therefore be short-lived, or they may be more formal interest groups that form more durable forms of organisation. Additionally, individual constituents may occupy more than one organisational space. As previously highlighted, an individual may be simultaneously an in-kind donor, committee member and service user (Rochester et al., 2010), further complicating understandings of constituencies where coalitions of interested internal and external sub-groups coalesce and drift apart (Kanter and Brinkerhoff, 1981).

As already mentioned earlier in this section, how a constituency defines and assesses effectiveness is seen as depending in part on the nature of their social and economic relationship and interactions with the organisation (Zammuto, 1984; Kanter and Summers, 1987). A study of the effectiveness of small businesses, for example, found that organisations were unable to fulfil the needs and expectations of both internal and external constituencies simultaneously (Friedlander and Pickle, 1968). While the various constituencies in Friedlander and Pickle's (1968) study - community, government, customers, suppliers, owners, and employees – shared some points of agreement with regard to organisational effectiveness and degree of fulfilment of expectations, in most cases differences in the relationships and interactions between constituencies and the organisation produced diverse

expectations and needs. Similarly, a later study focusing on the perceived effectiveness of voluntary sector civic associations also found that evaluations differed based on different constituencies' interests and goals (Jun and Shiau, 2012). Treating each constituency as independent or interdependent (Friedlander and Pickle, 1968) additionally increases the complexity and effort required when considering accountability and reporting both in regard to what is reported and the relative salience of constituencies at particular points in time (Hall et al., 2015).

What is also evident from a review of MCT literature is that the words effectiveness and performance are sometimes used interchangeably. One suggested way of differentiating between the two terms, is to use effectiveness in relation to the level of the organisation, and performance in relation to programmes (Campbell and Lambright, 2016). In practice, however, and additionally in the extant literature, the term effectiveness is frequently applied in the context of programmes and services as well as to organisations as a whole (McKevitt, 2015; McKevitt and Davis, 2016). Therefore, in order to maintain clarity, rather than assigning effectiveness to organisation level and performance to levels of programmes and services, the approach taken in this study is to treat the terms as interchangeable and to refer to the level of effectiveness or performance being discussed. This responds to Herman and Renz's (2008) argument that while it is important to distinguish between different levels, it would be a mistake to assume that organisational effectiveness equates to an aggregation of an organisation's programmes and services. Therefore, for the purposes of this study, effectiveness or performance at the organisational level includes both service and programme results as well as incorporating, *inter alia*, longer-term organisational objectives, overall governance and management, organisational culture, values and practice (Onyx, 2014b, Campbell and Lambright, 2016). Levels of effectiveness and their applicability to different accountability bases and concepts of social value are discussed further in section 4.2.3 below.

This dynamic multi-level, multi-constituency environment contrasts with the principal-agent and rational goal approaches to effectiveness. The latter tend to view organisations as rational instruments for delivering certain sets of defined goals, often primarily economic goals, and assume consensus on the criteria for evaluating goal attainment (Etzioni, 1960; Baruch and Ramalho, 2006; Jun and Shiau, 2012). In moving beyond profit maximising, MCT acknowledges that organisations need to account for other actions and activities that denote value and effectiveness. Additionally, by contesting the one-dimensional nature of the rational goal approach along with the notion of a single universally applicable method for evidencing the effectiveness of an organisation, further emphasises is placed on a relational and dynamic

process that takes into account diverse and multi-dimensional interests and preferences of multiple constituencies (Connolly et al., 1980; Costa and Pesci, 2016). In turn, this has implications for the ways in which organisations account for their activities and achievements – as ‘multiple constituencies and multiple environments require multiple measures’ (Kanter and Summer, 1987, p. 158).

Discussions within the organisational effectiveness and performance field often tend to focus on measures and assessments of resource use and goal attainment. Yet, as shown in earlier chapters, a number of organisational goals for LTSIOs are tied to their primary social purpose or mission, often underpinned by ethical and value principles (Dhanani and Connolly, 2012). As such, they are therefore less tangible and less easily measured (Mulgan, 2010). Furthermore, goals focused on social mission may be inconsistent with or even contradict goals focused on management of activities and allocation of resources, or on the quality of services delivered (Kanter and Summers, 1987). Complexities and contradictions in performance criteria therefore arise, reflecting the multiplicity of internal and external constituency demands, organisational functions, accountability bases, and levels of reporting (Kanter and Summers, 1987; Ebrahim, 2003b; Modell, 2019).

While traditionally applied to understanding organisational performance and effectiveness, MCT is also of use in examining concepts of social value which, within UK public service and third sector contexts, have strong connections to organisational, service and programme effectiveness. The various definitions of third sector social value discussed in chapters two and three present differing aspects of what constitutes an effective organisation from different constituency perspectives. Furthermore, because of MCT’s interest in and acknowledgement of the multiplicity of ways of defining effectiveness depending on individuals’ or groups’ social and economic relationships with an organisation, it is a useful framework to examine multiple perspectives on defining and accounting for social value.

By acknowledging the heterogeneity of constituencies’ interests in an organisation, focus is placed on the contested nature of social value and allows for exploration of multiple possible interpretations reflecting differing constituency interests. Further, MCT provides a more appropriate lens for analysis than that offered by stakeholder theory. Although similarly recognising different relationships with and interests in an organisation, the focus of stakeholder theory tends towards strategically and proactively managing stakeholders’ expectations, whether from an instrumental or from an ethical management perspective (Phillips et al., 2003). In contrast, MCT’s focus is on exploring the influence of multiple

internal and external constituencies on processes involving defining and evidencing organisational effectiveness. Power asymmetry is recognised but is not assumed to be the only basis on which different internal and external constituencies are able to contribute to such processes.

To further examine the relevance of ideas of performance, effectiveness and MCT to third sector organisations and social value, the next sections consider three key areas. These are distinctive structural characteristics associated with third sector organisations, performance and accountability, and the applicability of relativistic and power perspectives of MCT to analysis of representations of social value.

4.2.2 Multiple constituency theory, third sector characteristics and LTSIOs

As already suggested, MCT has particular relevance to third sector organisations because of the complex nature of their social purposes and values along with their diverse and, in some cases, multiple social and economic relationships with constituencies (Kanter and Summers, 1987; Forbes, 1998; Speckbacher, 2003). This complexity is echoed in Lecy et al.'s (2012) review of the non-profit effectiveness literature. The authors note a consensus that a one-dimensional measure of effectiveness is not useful due, in part, to third sector organisations' multiple financial and non-financial exchange relationships with, for example, members, funders, volunteers, beneficiaries and communities. Additionally, as mentioned in chapter three, third sector organisations have multiple types of income often involving a more diverse set of constituencies and economic relationships than that encountered in private businesses. So, for example, where a private business may have financial relationships and transactions with investors, customers and suppliers, a third sector organisation may have, in addition, financial relationships with individual donors, grant making bodies and sponsors (Thompson, and Williams, 2014). A further layer of complexity is added when the in-kind contribution of volunteers is included as an important economic resource (Cordery and Narraway, 2010). Furthermore, as mentioned in chapter three, for voluntary and community organisations there is often a separation between the main funders or purchasers of a service and the beneficiaries of that service (Kanter and Summers, 1987; Padanyi and Gainer, 2004). This separation differs from private sector investor owned businesses where the service user frequently has a direct economic relationship as purchaser and where the primary economic relationship with investors as owners seeking a financial return on their investment is said to dominate (Speckbacher, 2003). Increasingly in third sector organisations, the separation between purchaser and user of a service has become more blurred as, in some instances, changes in public funding and commissioning models means beneficiaries may now be paying for all or

part of a previously grant or publicly funded service provision (Kramer, 2000). In many cases, however, where services are funded through public procurement, grants or donations, economic participation of service users remains limited. Furthermore, as mentioned in chapter three, in third sector organisations a service user may have interests extending beyond that of ‘customer’, to also include, for example, volunteer and member of the same organisation.

MCT also addresses shortcomings associated with using agency, resource dependency or institutional theories to explain third sector performance measurement; in particular an overemphasis of the role of funders as resource providers able to prescribe criteria for evaluating third sector performance (Campbell and Lambright, 2014). While representing an important constituency, a focus on resource providers as the dominant constituency runs the risk of understating or ignoring the agency and potential influence of other constituencies, including service providers, in defining and setting criteria and related reporting.

A multiple constituency approach is particularly relevant to LTSIOs because of their roles as third sector member-based intermediaries and support and development organisations. As a key local sector intermediary, LTSIOs have a complex network of constituencies across public, private and third sectors with whom they frequently interact (Costa et al., 2011; Rochester, 2012). The importance of cross-sector engagement for LTSIOs increases the likelihood of their having to balance key constituencies’ differing views on what constitutes effectiveness, or social value, and then deciding on mechanisms for accounting for it (Jun and Shiau, 2012). In addition, LTSIOs’ role as sector support and development organisations makes it likely that they will engage with local authorities regarding social value policy linked to local commissioning and funding, as well as engaging with their third sector member organisations on interpreting and communicating their social value.

4.2.3 Third sector performance and accountability

Two interlinked and overlapping areas where MCT is utilised in third sector research are firstly in exploring different types of performance information in relation to various internal and external constituencies, and secondly in exploring different accountabilities to constituencies. The former tends to focus on performance management and funder information requirements. The latter includes both conceptual research on differentiating dimensions, or bases, of accountability and empirical research on discharging accountability to different constituencies.

Third sector research on performance management tends to highlight various functions and types of performance information of relevance to different constituencies. Kanter and

Summers (1987), for example, identify and distinguish between three functions of performance measures and associated types of information and constituencies applicable to third sector organisations. Included in these kinds of distinctions are indicators of progress or improvement that serve institutional functions linked to resource attraction and legitimacy renewal and which are of interest to funders, volunteers and boards. Information on activities and resources serve internal managerial functions, and information on quality and efficiency serve technical functions of interest to service users and funders. Service quality is also important when considering sources of social value for service users as this would be influenced by their experience of an organisation's service culture and practices (Brickson, 2007).

More generally across third sector research, emerging notions of performance or effectiveness include: project impact, financial efficiency, managerial effectiveness, board effectiveness and effective partnerships and networks (Lecy et al., 2012). Of these, project or service impact is a particularly strong theme in third sector research where social value is defined as social impact. In the same ways that effectiveness is closely associated with outputs and outcomes of public services and programmes (McKevitt, 2015; McKevitt and Davis, 2016), studies of third sector organisations also use programme and service outcomes and impact as a basis for assessing effectiveness and social value. Outcomes and social impact tools such as SROI, for example, are often presented as acknowledged methods for measuring both the performance and social value of organisations and their services (Millar and Hall, 2013; Mook, 2015; Nicholls, 2018). In these instances, the level at which outcomes and impact are assessed is most often at the level of individual services and programmes rather than the organisation as a whole.

In addition to project impact, there is increasing recognition of the relevance of effectiveness at the level of networks (Herman and Renz, 2008). This includes interorganisational networks and organisation linkages to individuals and groups within the community (Schneider, 2009). This differentiation of three levels of networks - organisation-to-organisation, organisation-to-groups, and organisation-to-individuals - is useful when considering the types of social value sought by different constituencies, as well as the types of social value evidenced and communicated. Furthermore, recognition of the importance of inter-organisational networks for achieving desired results suggests that social outcomes and impacts will be strongly linked to a much wider network of activities and social, economic and environmental influences (Mulgan, 2010). Despite this growing interest in networks and even though organisations, including third sector organisations are increasingly asked to collaborate in addressing

particular issues, emphasis on assessing effectiveness, outcomes, impact and social value remains mainly at the level of the programme or service with limited or no reference to the part played by a wider network of organisations, individuals and communities (Herman and Renz, 2008). For this reason, the focus and attention of this study is on interpreting and accounting for social value at the organisational and service level as this is appropriate to current practice. In summary, table 4.1 below sets out levels of effectiveness and corresponding sources of social value. The table, which also draws on literature discussed in chapter two, is useful in identifying different sources of third sector social value applicable at each level. In addition, it points to the likelihood of differing and incomplete accounts of the social value given differences in levels, types of services, and different constituencies' interactions with services and organisations. Mission-related and OSR-related social value are at organisational level, third sector distinctiveness occurs at both organisational and service level and social impact is one aspect of service effectiveness.

Levels of performance and effectiveness	Third sector sources of social value
Organisation	OSR Social mission Third sector distinctiveness
Service	Service results Social impact Third sector distinctiveness

Table 4.1: Levels of performance and effectiveness and social value (Source: author)

As mentioned above, third sector accountability research that specifically adopts a multiple constituency perspective includes conceptual research exploring and proposing models for addressing different constituencies' accountability needs and empirical research examining constituencies' information needs. Examples of the former that are useful for this study include Costa and Pesci's (2016) use of MCT as the theoretical base for a social impact model prioritising constituents' interests and needs, and to a lesser extent Bergsteiner and Avery's (2009) detailed matrix of accountors and accountees. Similarly, Campbell and Lambright's (2016) study of funder and provider motivations for collecting and analysing performance information provides a useful example of empirical research. While most of the third sector accountability research using MCT is conceptual, there have been several studies of charity accountability that explore aspects of third sector constituency relationships in a way that resembles an MCT approach. Connolly and Hyndman (2017), for example, in their study of donor and beneficiary accountability needs, interviewed four constituencies - charity

managers, auditors, donors and beneficiaries – and found that accountability needs to be discharged differently depending on the constituency. Their inclusion of multiple constituencies and more nuanced analysis regarding different constituencies' influence on accountability mechanisms resonate with MCT, and a finding significant to the current study is that donors sometimes cede power to charities and beneficiaries in relation to service design and performance criteria.

Overall, MCT has been used in third sector research to explore organisational performance, effectiveness and accountability; however, as already mentioned earlier in this chapter, it is also of use in examining concepts of social value with strong connections to organisational and service effectiveness. Further, as discussed in chapter two, notions of social value can involve contributions from and benefits to a wide variety of constituents including funders, service providers, employees, volunteers, members of organisations, service users, communities and the general public. These constituencies have differing views, levels of engagement and influence regarding how organisational social value is defined and evidenced. As such, and as discussed further below in section 4.2.4, MCT provides a useful theoretical basis for exploring constituencies' relationships with an organisation and whether they lead to differing views on the types of social value provided by an organisation, with implications for accountability to those and other constituencies.

While a multiple constituency approach includes a plurality of voices, consideration needs to be given to the relative strength and disparity between different organisational actors and constituencies. The consequences of plural accountabilities (Ebrahim, 2003a) include questions regarding whose voice or voices should be heard and whose perceptions of effectiveness and social value prevail (Chelladurai, 1987).

4.2.4 Which constituencies matter? Divergent approaches

Within the MCT literature differing approaches have been identified in relation to which constituencies should form the basis for deciding the criteria for evidencing effectiveness or performance. Drawing on Pfeffer and Salancik's key question regarding organisational action 'who wants what and how important is it that the demand be satisfied?' (1978, p87), Zammuto (1984) identifies three existing approaches, as well as proposing a fourth: relativistic, power, and social justice perspectives, and additionally an evolutionary perspective.

In a similar vein to the earlier discussion on the socially constructed and negotiated nature of effectiveness, the evolutionary perspective argues that as constituents change and their views

on effectiveness also change, so what constitutes an effective organisation will change over time. Moreover, the sum of all constituencies' preferences will never fully represent the organisation's full potential in terms of effectiveness (Zammuto, 1984). This perspective places an emphasis on the adaptability of organisations to the changing demands of constituencies as part of an ongoing process of identifying and improving effectiveness. While this is useful in considering organisational response to changing demands and aspects of sustainability, it also suggests a gradual adaptation and shift from one state to another. What is evident in relation to LTSIOs is a much more dynamic and complex environment and non-linear process. Additionally, Zammuto (1984) proposes that judgements of effectiveness are unhelpful because they are time and context bound and so emphasis should always be on 'becoming effective rather than on being effective' (p.608). In turn, this downplays constituent voices at a specific time, for example a reporting event, in favour of external societal changes which may have more general influences on ideas of value. It does, however, highlight tensions between stability and change, and internal and external environments.

Similarly, although a social justice perspective may at first appear to be intuitively linked with social mission organisations, further examination suggests this may not be the case. The approach draws on Rawls' (1971) theory of justice and its implementation based on House (1980), as well as Keeley's (1978) proposal that participant-satisfaction should be based on the perspective of the least advantaged which then forms the basis for assessing an organisation's performance (Connelly et al., 1980; Zammuto, 1984). House (2014) notes, however, that the notion of an expert arbiter of justice, and by extrapolation effectiveness, promoted by Rawls has been challenged over the years, shifting the notion of justice to include multiple voices whereby views, judgements and evaluations are partial and subjective. Moreover, that there are both formal and informal reciprocal exchange relationships between organisations and constituencies around, for example, expectations, standards, processes and effect. These exchange relationships include a combination of imposed accountability, involving an externally driven holding to account, and felt accountability involving internal efforts to demonstrate accountability (Ebrahim, 2009; O'Dwyer and Boomsma, 2015). Taking on board House's (2014) observations suggests a need to consider more political and relational aspects of account giving. Therefore, for the purposes of this study, the relativistic and power perspectives, proposed by Zammuto and others (see for example Connelly et al., 1980; Tsui, 1990), are drawn on to provide a base from which to examine the ways that local authorities and community foundations, as resource providers, and LTSIOs, as local member-based service providers and sector intermediaries, both interpret and communicate social

value. Furthermore, the question posed as part of the subheading for this section – which constituencies matter – suggests that accountability and perceptions of effectiveness are relational and, as suggested by Ebrahim (2005) embedded in and contingent on or relative to sources of power; relationships are both collaborative and competitive. Combining these perspectives, then, affords an integrated approach to exploring this question and this is now looked at in more detail.

A relativistic multiple constituency perspective (Connolly et al., 1980; Zammuto, 1984; Tsui, 1990) takes account of the nature of the different forms of social and economic exchange occurring between an organisation and the constituencies with which it interacts. Rather than organisational effectiveness being reduced to one set of criteria or statement, multiple criteria and statements reflecting different constituencies' relationships and exchanges with an organisation. Individuals and groups draw on multiple sources of information to inform their own assessment of the organisation and there is no one salient constituency providing an overarching evaluation and opinion (Connolly et al., 1980; Zammuto, 1984). Nor is there one right way of defining and assessing effectiveness. In this way, the relativistic perspective suggests organisations may apply different notions of effectiveness when responding to and communicating with different constituencies as well as at different points in time (Chelladurai, 1987). Similarly, consideration of social value as a plural rather than a singular or absolute concept supports exploration of the differences in defining, accounting for and communicating diverse notions of social value.

The multiple constituency power perspective draws on resource dependence theory (see for example Pfeffer and Salancik, 1978) and takes account of the relative power of different constituencies to influence the criteria for evidencing and assessing effectiveness. For example, funders, as strategic resource providers, may be expected to exert influence and pressure on organisations to perform in particular ways (Verbruggen et al., 2011). Here, there is a dual expectation; on the one hand, from the donor or commissioner in their engagement and interest in how funds are utilised and for what benefit and, on the other hand, from the receiving organisation with regard to maintaining or attracting funds. The perceived power in this bi-lateral relationship, however, may be inflated or diluted depending on the centrality of the funds provided to the organisation's mission and existence. In addition, as identified in chapter three, this type of upward accountability may be programme or service specific and is one of a number of accountabilities to various resource providers funding different services and programmes (Ebrahim, 2005), which again influences its centrality or otherwise to the organisation.

Two ways in which more powerful constituencies might influence an organisation's related reporting are through formation of a dominant coalition of constituencies who jointly establish performance criteria or where different primary constituencies each set out their own criteria (Zammuto, 1984; Pennings and Goodman, 1977). In the former, a dominant coalition negotiates and agree the basis on which an organisation's effectiveness is to be reported and assessed. A dominant coalition could include constituencies other than funders, such as service providers, service users and communities, although resource providers are likely to play a pivotal role. Where different constituencies each set their own criteria, any organisation responding to the different requirements would seek to satisfy those constituencies considered to be the most important (Pfeffer and Salancik, 1978). In both cases an organisation is engaged in responding to the expectations of the group of constituencies considered to be most salient to the organisation (Chelladurai, 1987). Similarly, it might be assumed that more powerful constituencies' interpretations of social value will hold sway, with the expectation that organisations will tend to accommodate those constituencies' perceptions of and criteria for defining, evidencing and reporting social value.

Both the power and relativistic perspectives recognise a multiplicity of views and are useful for examining whether and how differing perspectives are present locally and find expression through LTSIO annual reporting. In this way, MCT theory can be used to explore similarities and differences between local public and third sector resource providers and LTSIOs, and whether particular definitions and methods of accounting for social value dominate or whether a diversity of approaches co-exist. The former is closer to power perspectives (Pennings and Goodman, 1977; Pfeffer and Salancik, 1978) while the latter suggests a relativistic perspective (Connolly et al., 1980). Further, MCT assists analysis of social value across multiple functional and strategic organisational levels together with the complex constituency relationships that can exist in local member and volunteer oriented third sector organisations.

This study's use of MCT assists in enhancing understanding of social value from differing constituency perspectives. Figure 4.2 below summarises MCT's contribution to the theoretical framework. MCT is placed in relation to the study's interest in local interpretations of and approaches to accounting for and reporting on social value, and constituencies' perspectives in relation to what social value means, to whom and how it is evidenced and communicated. In order to enable further analysis of social value accounting representations, the next section discusses institutional reality and its place in the research.

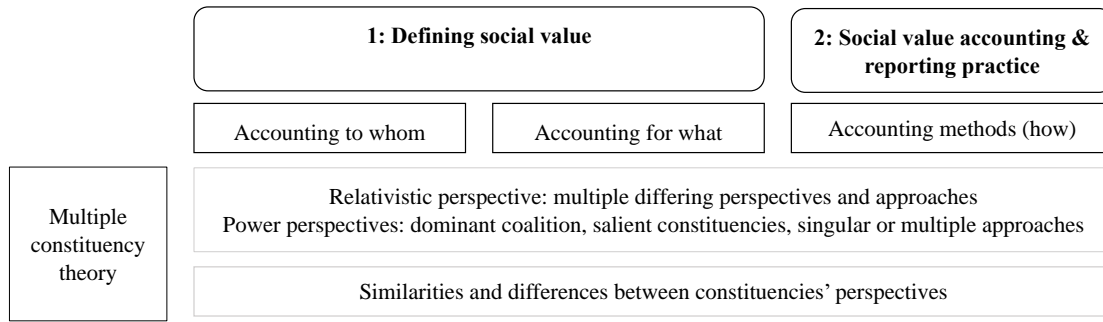


Figure 4.2: Placing MCT within a theoretical framework (Source: author)

4.3 Institutional Reality

Searle's (1995; 2010) theory of institutional reality is primarily concerned with the ontology of social and institutional facts and how, for example, a ten-pound note can be viewed as an objective fact when its status as money rests on human agreement or acceptance that this is the case. In explaining institutional reality, Searle differentiates between brute facts and institutional facts. Brute facts exist independently of human institutions, while institutional facts require human institutions in order to exist. Human institutions are a 'system of constitutive rules', (Searle, 2010, p. 10). Further, constitutive rules in the form of 'X counts as Y in the context of C' can assign functional status to an object. Thus, in the example of a ten-pound note, therefore, a note issued by the Bank of England (X) counts as money (Y) in the UK (C). The ten-pound note requires collective human agreement and recognition to function as money. Searle (1995; 2010) refers to the assignment and collective acceptance or recognition of function of an object or person as 'status functions' (Searle, 1995, p.41). Status functions enable the object or person to function in a particular way that would not be possible without collective recognition of its or their status. Furthermore, status functions carry rights and obligations which regulate power relationships between constituents in respect of, for example, property rights, economic transactions, permitted activities and required actions. In this way, status functions are seen as providing 'the glue that holds civilizations together' (Searle, 2010, p. 9). Institutional facts are not permanently fixed, however, and while some may be imposed through such means as legislation, regulation or rules, most evolve over time.

In summary, Searle (1995; 2010) argues that the three elements needed in order to establish a social reality are assignment of function, collective intentionality and constitutive rules. Firstly, people construct social institutions by intentionally assigning a function to those institutions. Secondly, there must be collective acceptance or recognition of an object or

person's status to perform a particular function. Thirdly, constitutive rules are required to bring into existence and sustain status functions and institutional facts (Lai et al., 2017).

An important characteristic of institutional reality is that while institutional facts are ontologically subjective, they can be epistemologically objective. Money, for example, is ontologically subjective in that it exists as a socially constructed fact and not an intrinsic property of certain pieces of paper, metal or electronic representations. Money, however, is epistemologically objective in that, for example, a certain piece of paper is a ten-pound note irrespective of a person's subjective attitude towards it. Brute facts on the other hand are ontologically objective and there is, therefore, a hierarchy of facts where brute facts have priority over institutional facts (Searle, 1995). Brute facts therefore underly and, to varying degrees, constrain possibilities for creating and sustaining institutional facts (Rutherford, 2017). Institutional facts created independently of brute facts can be seen as 'freestanding Y terms' (Smith, 2003, p. 37) without direct links to physical objects; however, underlying these apparently freestanding socially constructed facts are 'actual people' (Searle, 2010, p. 21) with relevant rights and obligations. Brute facts therefore are seen as always underlying institutional facts.

In applying Searle's theory of institutional reality to financial reporting, an accounting and reporting framework can be viewed as a system for representing and communicating institutional facts related primarily to economic activities, events, rights and obligations (Barker and Schulte, 2017). The unit of measurement in accounting representations of economic reality is money. Financial accounting representations can therefore be both ontologically subjective, and epistemologically objective facts (Mouck, 2004; Barker and Schulte, 2017). For example, land has an ontologically objective mode of existence, yet ownership claims, debts and market value attached to land are both socially constructed and ontologically subjective, and epistemologically objective institutional facts (Mouck, 2004).

Not all financial accounting representations, however, can be characterised as having a basis in institutional facts. In respect of fair value measurement of non-financial assets, for example, Barker and Schulte (2017) differentiate between fair values based on observable market prices and fair values where no market price information is observable. In the former case fair value is based on institutional facts that are already in existence – market prices – while in the latter case existing institutional facts are not available and the conditions may not exist to create a new institutional fact. A consequence of the absence of institutional facts is greater variation in accounting and reporting practices and unstable representation of fair

value (Barker and Schulte, 2017). Mouck (2004), however, suggests that while some accounting representations are based on accounting rules with no basis in brute facts or institutional reality, they may still be said to be epistemologically objective where the rules on which they are based have become established. Accounting standards accommodate these non-institutional fact-based representations as part of an ongoing process of developing and sustaining a financial reporting framework that keeps accounting representations ‘within the bounds of acceptable perceptions of reality’ (Mouck, 2004, p. 539). This differentiation between institutional facts based on brute facts and those that are not suggests a hierarchy of accounting rules and techniques. At the base are brute facts and upon which layers of accounting concepts and rules are constructed, with each layer building on the constructs below it (Rutherford, 2017), albeit with the possibility that some concepts and rules are more loosely connected and, as a result, less stable.

In non-financial reporting research, Lai et al. (2017) used institutional reality as a theoretical frame to examine implementing materiality in integrated reporting preparation in a private sector company. More generally, however, there has been limited application of the theory to examining other social accounting tools and techniques, and none specific to third sector non-financial reporting. Furthermore, the nature of different accounting representations of social value as epistemologically objective or subjective facts is unexplored. As such this study introduces a new way of exploring social value accounting practice at the sector and organisational level by utilising Searle’s theory of institutional reality. Within this frame, social value is ontologically subjective in that it does not exist independently of human institutions. Following on from this, social value definitions and accounting representations are also ontologically subjective because they too do not exist independently of human institutions. This does not rule out the possibility, however, that some social value definitions and accounting representations may be accepted as epistemologically objective institutional facts where the rules on which they are based have become generally accepted and recognised and where the social value representations stand on institutional facts already in existence and are underpinned by brute facts. In analysing local public and third sector perspectives of social value definitions and accounting representations as factual type statements, this study broadens understanding of the nature of different definitions and representations of social value, and implications for discharging accountabilities to constituencies. Figure 4.3 places the contribution of IRT to the study within the research framework. Following this, the accountability concepts covered in chapter three, and that constitute the final components of the research framework, are revisited.

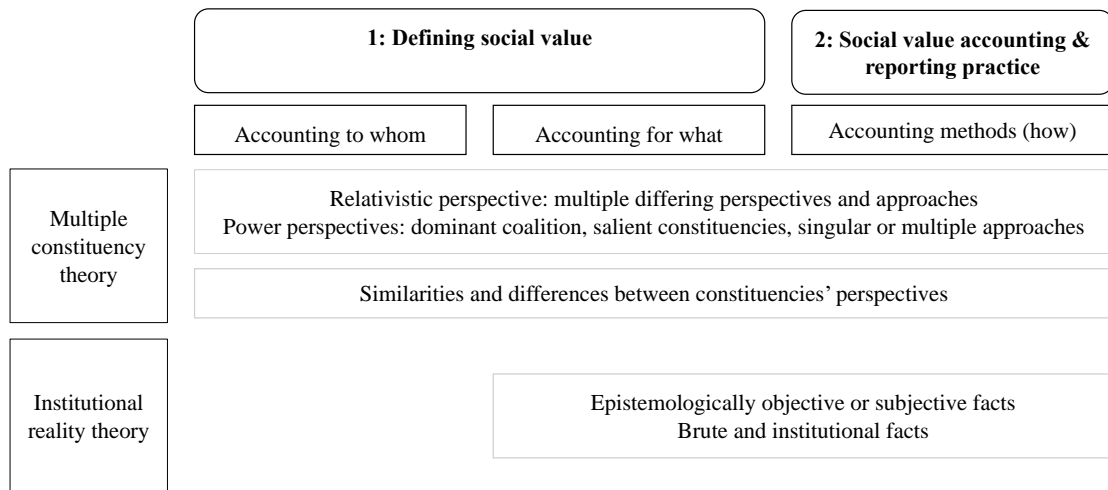


Figure 4.3: Placing institutional reality theory within a research framework (Source: author)

4.4 Accountability Concepts

Accountability bases, multi-directional accountabilities to constituencies and accountability mechanisms are utilised within the research framework in conjunction with MCT and institutional reality theories. The extended third sector accountability bases model developed and discussed in chapter three, section 3.3.3, distinguishes between different forms of functional and strategic accountability and related information requirements. Multi-directional accountabilities to constituencies are matched up to the accountability bases and involve different combinations of upwards, lateral and downwards accountabilities to different constituencies. A key feature of member-based third sector organisations, such as LTSIOs, is the multiple economic and social relationships that members and volunteers sometimes have with an organisation, which can result in upward, lateral and downward accountabilities to these constituencies.

Third sector accountability mechanisms, discussed previously in chapter three, section 3.4, encompass tools and processes by which certain accountabilities are discharged (Ebrahim, 2003b). The accountability bases model highlights different types of information and maps them to different sources and representations of social value, and primary constituencies. As previously suggested, social value may be represented in social accounting as inputs, activities, outputs, outcomes, impacts, policies and practice, and may be in the form of narratives, numerical indicators and monetised results (Hyndman and McConville, 2018b). Therefore, the accountability bases, together with mapping them to different representations of social value and relevant primary constituencies, assist with analysis of constituency perspectives on what social value means, for whom and how it is accounted for and reported.

The next section sets out and discusses the theoretical framework and the links between the research questions and the theories and concepts discussed so far in this chapter.

4.5 A Framework for Exploring Local Interpretations and Accounting for Social Value

In concluding this chapter, this section brings together the research questions, relevant literature and theoretical concepts to present a research framework to consider how the concept of social value is both interpreted locally and incorporated into LTSIOs' formal and voluntary annual reporting. In order to answer the main research question, three supplementary research questions focus more specifically on first, the ways in which local authorities, LTSIOs and community foundations define social value; second, what then are the perspectives of local authorities, LTSIOs and community foundations on accounting for social value; and third, how do LTSIOs account for social value through formal and voluntary annual reporting. Table 4.2 shows the interrelationship between the supplementary research questions and the theories and concepts utilised in the study with further explanation below, followed by visual representation of the theoretical framework in figure 4.4.

Supplementary research questions	Multiple constituency theory	Institutional reality theory	Accountability concepts
In what ways do local authorities, LTSIOs and community foundations define social value?	Multiple, sometimes competing, constituency perspectives	Established and recognised rules (Searle, 1995; Mouck, 2004) Epistemologically objective or subjective facts (Searle, 1995; 2010)	Accountability bases (Stewart, 1984) – extended to include social mission and OSR bases (Carroll, 1991; Pope et al., 2018)
What are the perspectives of local authorities, LTSIOs and community foundations on accounting for social value?	Relativistic perspective – the nature of exchange relationship and engagement with the organisation (Connolly et al., 1980)		Multi-directional accountabilities (Andreasson and Costa, 2014)
How do LTSIOs account for social value through formal and voluntary annual reporting?	Power perspectives -dominant coalition, or competing salient constituencies (Pfeffer and Salancik, 1978; Connolly et al., 1980; Zammuto, 1984)		Accountability mechanisms (Ebrahim, 2003b)

Table 4.2: Supplementary research questions, theories and concepts

As already noted in chapter two, there are multiple understandings of social value, where it is created and how it can be evidenced. MCT assists with analysing the ways in which local social value definitions reflect different local constituencies' perceptions and expectations regarding social value. In addition, MCT supports examination and explanation of the convergence or divergence of views among constituencies, whether definitions are fixed or fluid, and also whether certain constituencies are seen as shaping local definitions with the potential to influence how social value is accounted for and reported. The potential influence of some constituencies over others can be more critically explored through power and relativistic multiple constituency perspectives, helping to identify any indications of a dominant or generally accepted definition and method for accounting for social value.

MCT recognises that different constituencies may prefer different accountability mechanisms because of their discrete reasons for interacting with the organisation and their associated expectations and uses for the data. This may influence and be influenced by their preferred

tools and techniques for accounting and reporting social value. Additionally, the inclusion of accountability bases, identified in chapter three, provides a focus on different accountabilities to constituencies and accounting and reporting practice in relation to both formal and voluntary accountability mechanisms. The accountability bases model developed in chapter three, section 3.3.3, and summarised in figure 3.12, assists with differentiating different forms and types of accountability information and their relevance to different constituencies' interests in an organisation. Inclusion of accountability mechanisms in the theoretical framework supports differentiation of tools and techniques for accounting for social value and exploring their characteristics and inclusion or absence in LTSIO annual voluntary and formal annual reporting.

While MCT is the overarching frame for the research, Searle's (1995; 2010) theory of institutional reality is used alongside MCT in order to deepen analysis of social value definitions and accounting and reporting practice and, in particular, to consider representations of social value. Social value accounting representations encountered in the study data and interviewees' perceptions of the nature of these representations can be examined in relation to their acceptance as epistemologically subjective or objective statements. Applying Searle's theory of institutional reality to different accounts of social value can provide further understanding of their characteristics as 'factual type representations' (Mouck, 2004, p.525), with implications for their contribution to discharging accountability to constituencies.

In conjunction with MCT and institutional reality, concepts of accountability are drawn on not only to consider social value definitions but also because they link to the what and to whom of account giving. They are used to situate different definitions of social value within a range of accountability bases and to identify their relevance to different constituencies and their relationships with an organisation. The accountability bases span both functional and strategic information and provide a holistic model for identifying a range of sources and definitions of social value across both individual service and organisational levels. By identifying where definitions of social value sit across accountability bases and constituency accountabilities, it is possible to explore ways in which social value may play a role in LTSIO accountability.

From the above discussion and overview two main areas of interest are identified: defining social value and social value accounting and reporting practice. Underpinning these key areas are three questions – accounting for what, accounting to whom, and how. Using these areas

and questions, figure 4.4 provides an overview of the theoretical framework for the study, incorporating the theory and concepts identified in table 4.2. above.

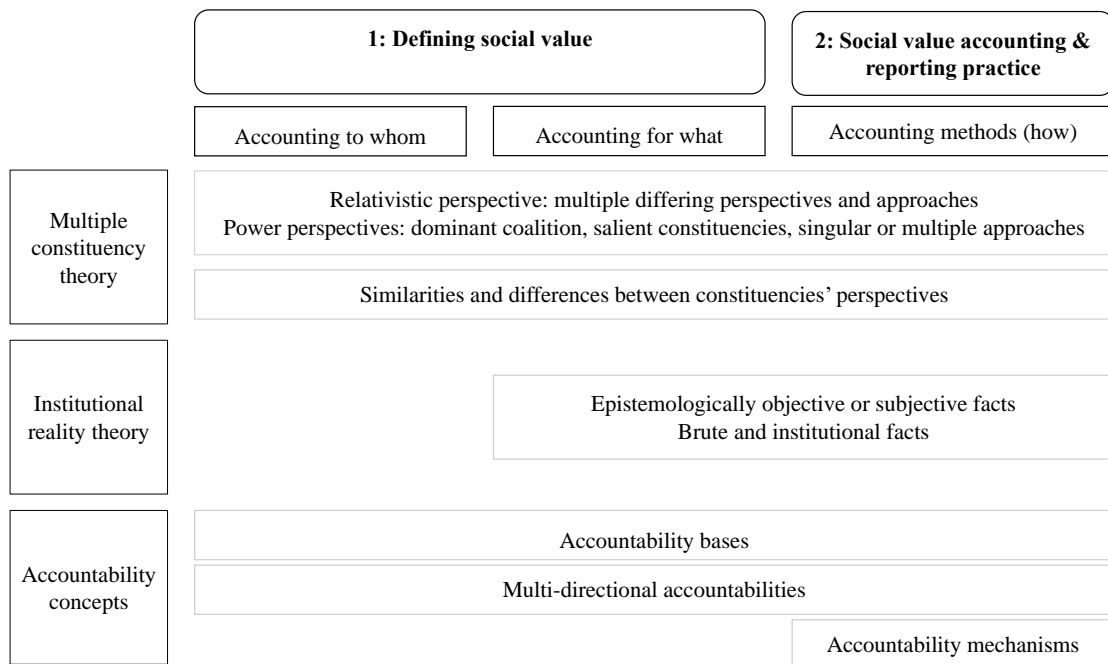


Figure 4.4: Framework for exploring local interpretations and accounting for social value (Source: author)

4.6 Summary

The chapter has provided an overview of the theories contributing to the theoretical framework underpinning this study and that assist with analysis of the data. Key aspects of MCT and IRT are utilised in conjunction with accountability concepts to enable making sense of and to analyse local interpretations of social value, and related accounting and reporting practice.

MCT acknowledges a multiplicity of complex and dynamic internal and external constituency relationships and perspectives on organisational purposes, involving asymmetrical power relationships and, to varying degrees, competing and heterogeneous social and economic interests. MCT is therefore warranted as an approach that will assist in examining social value from differing local constituency perspectives and exploring whether there is convergence around a dominant definition and method of accounting for social value or whether multiple definitions and social accounting practices are acknowledged and applied. In addition, MCT provides a basis for exploring the ways in which differing accounts of social value operate at different levels and bases of accountability and whether they are competing or coexisting representations of social value.

IRT asserts that certain elements of social reality are social constructions and ontologically subjective, and that institutional facts, which are a sub-set of social facts, may be epistemologically objective where their truth or falsity is independent of an observer's attitude or opinion of it. Institutional facts are socially agreed or accepted facts that exist within a system of established rules. IRT is utilised in this study to further explore different definitions and accounts of social value in local social accounting and reporting practice and the characteristics of such accounts as factual type representations.

Accountability concepts discussed in chapter three, including accountability bases, multi-directional accountabilities and accountability mechanisms are drawn on in conjunction with the above theories to assist with analysis of data and to consider the findings in relation to the influence and contribution of notions of social value to LTSIOs accountability through annual reporting. The next chapter sets out the research philosophy and methods.

Chapter 5: Research Philosophy and Methods

5.1 Introduction

This chapter starts by setting out the philosophy underlying the research. The associated research design and methods for both data collection and data analysis are then discussed. The empirical study comprised secondary data collection of publicly available local authority social value documents, LTSIO annual reports, and qualitative semi-structured interviews with key respondents from a sample of local authorities, community foundations, and LTSIOs. Thematic analysis was used to explore similarities and differences in local perspectives on defining and accounting for social value and their influence on LTSIO annual reporting.

The rest of the chapter is organised as follows. Section 5.2 explains the research philosophy underlying the study and informing the research design and methods. In section 5.3, the research questions are re-presented, and the research design is set out. Sections 5.4 to 5.7 outline the research methods used for examining local perspectives and approaches to defining and accounting for social value. The chapter ends with a summary. The chapter structure is summarised in figure 5.1.

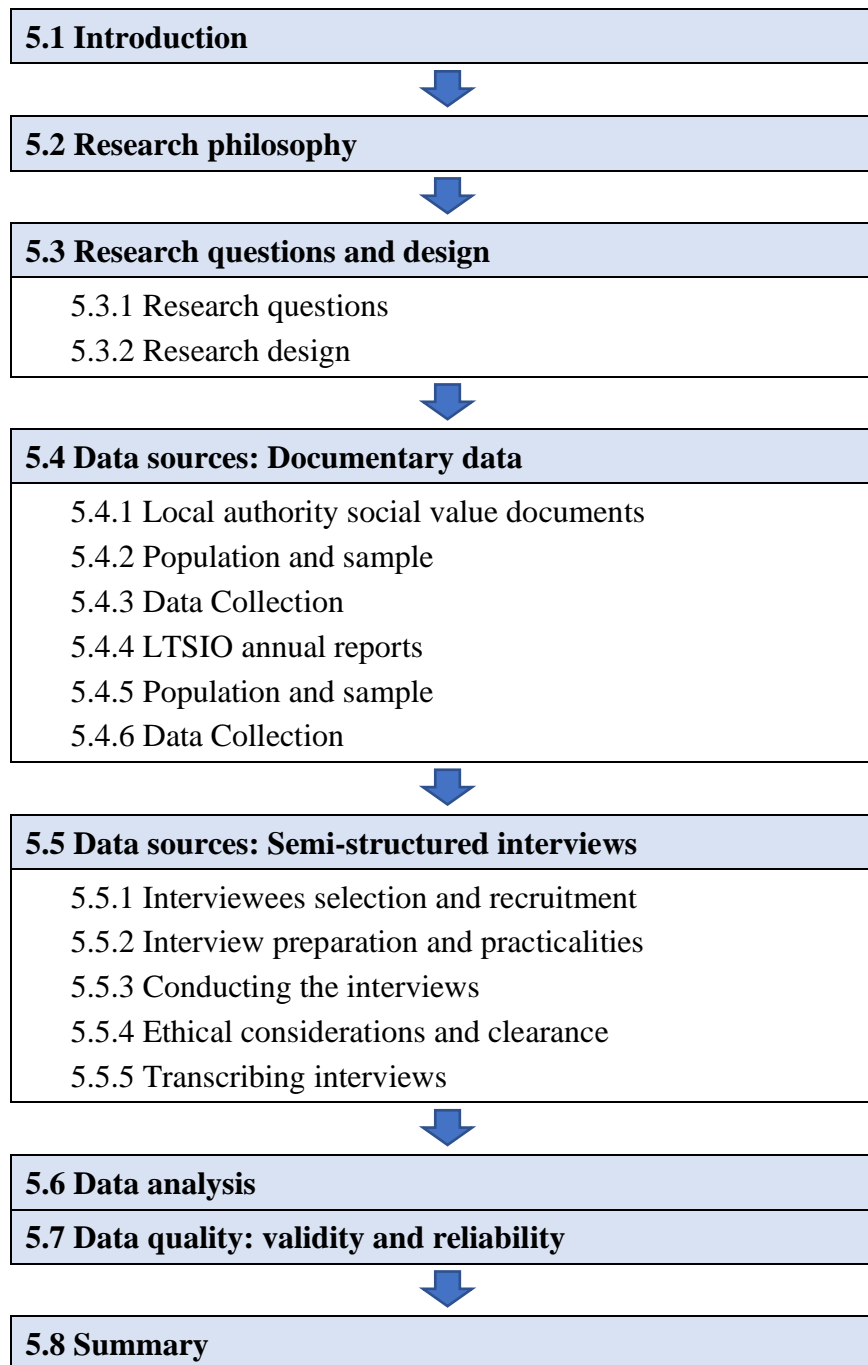


Figure 5.1: Chapter five structure

5.2 Research Philosophy

As outlined earlier in chapter one, the impetus for the research arose from the researcher's previous involvement and experience of working in a senior policy and technical role at an accounting institute and previous experience as a practitioner working as an accountant in and with a wide range of third sector organisations. This has led to an appreciation of theory and knowledge linked to practice and qualitative methods as ways in which to explore knowledge embedded in and emerging from practitioner experience (Nowell et al., 2017). Linking theory and practice suggests giving focus and voice to research participants in deriving the meaning of social value and an understanding of accounting for social value in practice (Baker and

Schaltegger, 2015). In turn, this recognises the situated nature of practice and the negotiated and dynamic nature of meaning. For the purposes of this study, therefore, it is useful to draw on a form of pragmatism often associated with Dewey (Hildebrand, 2008) and social constructionism (Berger and Luckman, 1966) to inform the research design and methods. As Baker and Schaltegger (2015) note, one of the interesting aspects of pragmatism and accounting practice is the concept of truth, which is central to financial accounting standards setters' interest in providing reliable and 'faithful' (Barker and Schulte, 2017) representations of an organisation's financial activities. In this respect, as discussed in relation to the theoretical framing, Searle's (1995; 2010) construction of social reality is also useful in considering truth in relation to institutional and brute facts. Together, pragmatism and social constructionism also support an approach that reduces the duality between objectivity and subjectivity (Berger and Luckmann, 1966). This section looks specifically at pragmatism and social construction.

Pragmatism asserts that meaning can be interpreted from the practical effects of a phenomenon (Williams, 2016), suggesting that the truth of ideas or principles depends on their practicability (Savin-Baden and Major, 2013). Furthermore, pragmatism recognises that truth changes over time in that when a better, more useful, explanation for a phenomenon is developed then it replaces our previous understanding of what is true. As such, pragmatism rejects the notion of a single scientific method for gaining access to truth (Mertens, 2012). Furthermore, knowledge is perceived as a continuous iterative process (Rutherford, 2013) with theories holding true for a period of time within certain contexts and dependent on continued agreement on their usefulness. In this sense, adopting and applying a pragmatic and constructionist approach helps to identify how participants interpret and engage with, in this instance, the concept of social value, how this influences practice and the ways in which research may be useful to both researchers and practitioners (Nørreklit et al., 2016).

Creswell (2018) suggests that a pragmatist research perspective places the research question at the centre and then allows the researcher to choose those research methods that are most useful for providing insights. The researcher is not locked into a specific research method and instead is able to try different methods, seeking those that are most effective for addressing the research question (Tashakkori and Teddlie, 2010). This is compatible with Smith's (2015) assertion that there is no one research method that represents the best option in all situations and that the choice of method is informed by such factors as the research question, access to data and what the researcher is wanting to do.

Rutherford's (2013) comments on the uses of pragmatism in researching mainstream accounting also point to its applicability to social accounting. Pragmatism's relevance to the current research includes the influence of local public and third sector interpretations of social value and the interdependence and interpretation of meanings, for example: how social value is interpreted in relation to public service delivery, meanings attached to third sector organisations' activities, outputs, outcomes and impact, and accountability for their organisational mission and actions. While Rutherford (2013) suggests adopting a scientific attitude albeit not necessarily adopting a specific scientific method, the pragmatism of Dewey encourages the researcher to engage practically with their chosen area, not to 'spectate' but to actively promote social reform (Merino, 1993). This resonates with the researcher's own background as an accountant with experience of working in and with charities and LTSIOs, and interest in the practicalities of accounting for social value and in particular third sector social value. Additionally, Gray (2002) notes that although pragmatism is rarely used in social accounting, it has potential to offer an alternative grounding and argument for research of practical value and which works in the interest of such ideals as democracy, accountability, and justice. Indeed, Tinker and Gray (2003) suggest that both the philosophical tenets of pragmatism as well as its lay usage lie 'at the heart of social accounting' (p.748).

A further example can be found in Baker and Schaltegger (2015) who cite both Shapiro (1997) and McKernan (2007) in their incorporation of pragmatism to consider diverse understandings of objectivity in accounting. Baker and Schaltegger (2015) utilise Dewey's pragmatism to explore constituency engagement processes in social and environmental accountability, particularly the notions of truth and sensemaking. They also point to gaps in previous research that focuses on accountability in often missing the 'presence of the "knower"' and try to address this by attempting 'to understand why and how these reports were produced from the perspective of managers and what purpose ...they may serve in terms of trying to give sense to their organisations' activities' (Baker and Schaltegger, 2015 p. 271). For the purposes of the current research, this is significant in trying to understand local interpretations of social value and in what ways various local actors perceive and account for social value.

A pragmatist approach then, has a closer fit with the researcher's own experience of accounting than that commonly found in more traditional accounting research. The latter tends towards objectivist, positivist perspectives, where reality is often considered to be concrete (Morgan and Smircich, 1980) and unitary (Smith, 2015), and accounting as objective (Morgan, 1988). Positivism can be seen as limiting the researcher's view of reality, presenting

a partial view thereby restricting the researcher's ability to explore how accounting practice contributes to the construction and re-construction of organisational realities, and shapes or rationalises decisions (Morgan, 1988) and their effects.

This limitation is also echoed in calls for a shift in research focus to take into account both social and institutional contexts in which accounting takes place (Hopwood, 1983; Perren and Grant, 2000). This again reaffirms the historically and politically situated aspects of accounting and leads, for example, to commentators such as Gray (2006) to question whose value and whose creation when considering organisational value creation. Adapting Gray's (2006) questions to ask similar questions with regard to social value, a third query can be added in terms of value for whom. Rather than accounting being seen as representing an objective and primarily economic reality, these types of questions further highlight the complexity, ambiguity and multiple roles that accounting plays according to the various constituencies both within and external to an organisational context (Covaleski and Dirsmith, 2012; Hopwood, 1983).

Recognition of the importance of social context to accounting leads to an additional frame of reference - social constructionism, which as Gergen (2015, p. 101) points out aligns with 'a pragmatic conception of knowledge' initially associated with, among others, John Dewey. This supports an understanding of social value as something in process of being socially and symbolically constructed (Berger and Luckman, 1966) through multiple and iterative interactions between a plurality of organisations, groups and individuals. While constructionists take differing views as to whether or not physical reality is also socially constructed (Burr, 2003), there is general agreement among them that social reality is socially constructed (Berger and Luckman, 1966). It is this latter point that is relevant to accounting for social value in relation to how what constitutes social value is developed, gains credence and is maintained and changed over time. Moreover, drawing on Searle's (1995, 2010) theory of institutional reality, Rutherford (2017, p. 102) suggests the existence of socially constructed facts which are treated within the accounting domain as if they are 'brute facts' and which underpin, promote and constrain ways in which meaning is constructed, and how accountants go about their everyday professional practice. Cash flows, for example, which are themselves socially constructed, constitute an underlying brute fact for accountants, acting as a constraint on other accounting constructs such as accruals and depreciation (Rutherford, 2017). Further, social constructs are seen as layered, with each layer or level providing the facts on which further levels of social constructions are built (Rutherford, 2017). The idea of

layers of constructed social facts can also be applied to social accounting and reporting in examining the frameworks within which accounts of social value are constructed.

Gergen (2009) notes the variety of forms of social construction and the approach adopted in relation to this current research is what Perren and Grant (2000) refer to as a broadly social construction perspective rather than a particular, strong or pure form. Further, drawing on Perren and Grant's experience (2000), social construction is used as a lens for viewing data while also utilising other compatible theories and concepts to develop insights, in particular multiple-constituency theory and accountability, discussed in chapters three and four. This allows exploration of idiosyncratic conceptualisations of social value by individual respondents, meso-level interpretations as presented in local authority documents and LTSIO annual reports, and, to a lesser extent, the more macro-level or overarching ideas surrounding social value (Perren and Grant, 2000). Furthermore, it provides a frame to explore the ways in which conceptualisations of social value are to a greater or lesser extent shared and applied to how social value is accounted for and reported.

5.3 Research Questions and Design

The research questions already referred to in chapters one and four are briefly reintroduced in this section before moving on to discuss the research design.

5.3.1 Research questions

The research explores the influence of the emerging concept of social value on LTSIO accountability through annual reporting. This involves exploration of local authority, LTSIO and community foundation perspectives on social value. The following research questions therefore focus on defining and accounting for social value locally. The main research question is:

- How is the concept of social value interpreted locally and incorporated into LTSIOs' annual reporting?

Three supplementary research questions assist with examining local perspectives on defining and accounting for social value and, following on from that, LTSIO accounting for social value through annual reporting. The supplementary questions are:

- In what ways do local authorities, LTSIOs and community foundations define social value?
- What are the perspectives of local authorities, LTSIOs and community foundations on accounting for social value?

- How do LTSIOs account for social value through formal and voluntary annual reporting?

5.3.2 Research design

A qualitative approach was seen as appropriate for exploring different perceptions of the meaning of social value and the ways in which it is accounted for and reported. Qualitative research focuses on how people interpret and make sense of their world (Holloway, 1997), allowing the researcher access to differing perspectives which are at least partially revealed through a closer, more in-depth engagement with the data than that achieved through the adoption of a quantitative approach (Savin-Baden and Major, 2013). Further, a qualitative deep data approach considers extant organisational practice rather than remaining at the level of quantitative surface data (Beattie, 2014). In this way, a qualitative approach provides a richer, more in-depth analysis of perspectives, with the potential for gaining new insights into the complex and contested nature of social value (Teasdale et al., 2012). To address the research questions, a sequential multi-methods approach (Hesse-Biber and Johnson, 2015) was adopted using documentary data and interviews to explore local perceptions of social value. A sequential approach to data collection is considered relatively easy to implement (Creswell, 2018) and assisted with initial data analysis and exploration of the different perspectives offered by each of the data sources. Once all data were collected, and after initial sequential data analysis, an integrated approach (Creswell, 2018) was adopted for further data analysis and interpretation, enabling comparison and clarification of themes and findings.

The research data was collected in three stages:

- i. local authority public documents on social value;
- ii. LTSIO TARs, and VARs published online;
- iii. semi-structured interviews with key respondents in local authorities, LTSIOs and community foundations.

The documentary sources were social value documents from 51 local authorities and formal and voluntary annual reports from 45 LTSIOs operating in one or more of the 51 local authority areas. Interviews were conducted in ten of the 51 local authority areas. A total of 25 interviews took place involving managers from ten local authorities, ten LTSIOs and five community foundations. Figure 5.2 below summarises the data collected.

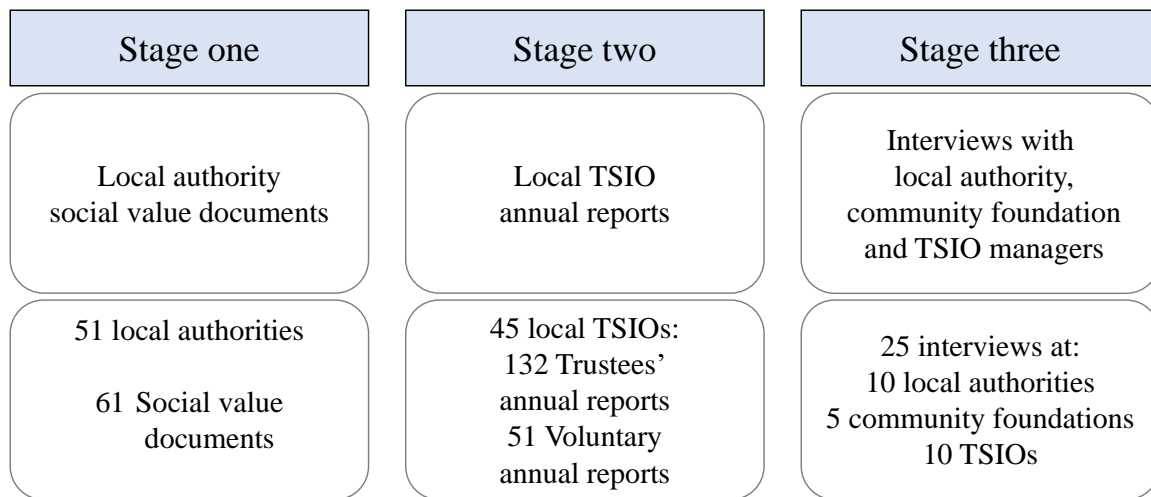


Figure 5.2: Research data collection stages (Source: author)

An initial thematic analysis of the documentary data assisted in identifying topics for discussion during the interviews although the main thematic analysis took place once all of the data had been collected. This then made it possible to compare the documentary data with interviewees' perceptions of how social value was understood, accounted for and reported. The development of themes and findings, therefore, was an iterative process which was guided by the main and supplementary research questions as summarised in figure 5.3 below.

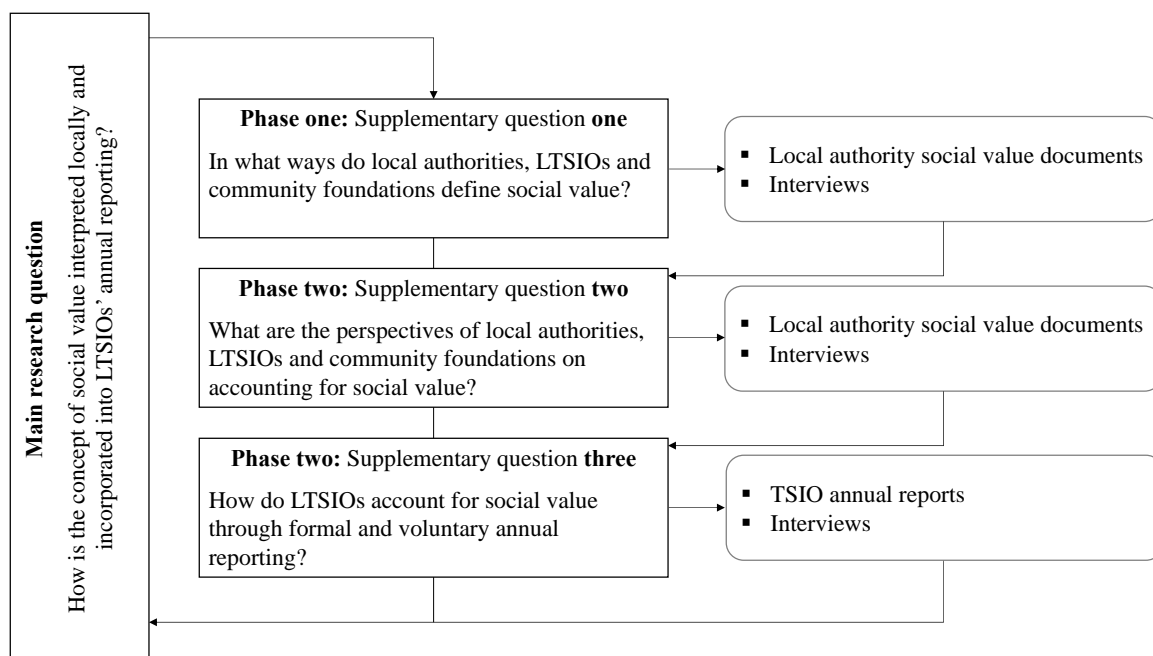


Figure 5.3: Research data analysis: main analysis phases, research questions and data sources (Source: author)

As discussed above and highlighted in figure 5.3, there were two main phases of empirical research linked to the three supplementary research questions. The first phase examined local interpretations of social value by local authorities, LTSIOs and community foundations. Local

authority social value documents were used as a starting point because of the obligation placed on local authorities in England to apply the Social Value Act and because local authorities represent an important constituency for the local third sector. The subsequent interviews deepened understanding of local authority representations of social value and provided insight into different constituencies' views of and engagement with defining social value locally as well as identifying similarities and differences in perspectives. Following on from this, possible implications for LTSIO accountability were explored in terms of what forms of social value might be accounted for and to whom.

The second phase examined local authority, LTSIO and community foundation perspectives on accounting for social value and reporting on social value, and the influence of social value definitions on LTSIO annual reporting. LTSIOs, as registered charities, are required to produce a TAR as a part of their formal annual reporting. In addition, some LTSIOs also produce less formal voluntary annual reports (VARs). The local authority documents, interviews and LTSIO annual reports were used to examine different constituencies' perspectives on how to account for social value including accounting and reporting mechanisms. The following sections discuss in more detail, the research processes, starting with data collection and then moving on to data analysis.

5.4 Data Sources: Documentary Data

5.4.1 Local authority social value documents

Much of the research on social value draws on perspectives encountered at national policy and guidance level and fails to recognise the potential for diverse approaches to exist when interpreted in differing local contexts. An examination of local authority documents provided insights into definitions emerging locally along with examples of different types of social value and approaches to accounting for social value across economic, social and environmental dimensions.

5.4.2 Population and sample

Purposeful sampling was used to select the documents to be analysed. Purposeful sampling is a technique for identifying and selecting potentially information rich data sources (Patton, 2015). The research focused on English principal local authorities, because the Social Value Act does not apply to Scotland or Northern Ireland and has only limited application in Wales. Principal local authorities in England include county, district, and unitary authorities. There are 353 principal local authorities in England (Sandford, 2018). A study carried out by Social Enterprise UK (2016) – which describes itself as a national body for businesses with a social

or environmental mission – looked at local authority adoption of the Social Value Act. The study was based on the submission of Freedom of Information requests to all principal local authorities in England, asking eight questions (see appendix A) with a view to identifying whether a local authority had produced a social value policy or similar, and how they were applying the Social Value Act, including its use in public commissioning. Based on responses from 306 local authorities, the Social Enterprise UK study set out four categories, or levels, of application and engagement with the Social Value Act: embracers, adopters, compliers and bystanders. Embracers and adopters were identified as taking a more pro-active approach to applying social value, producing social value policies and strategies, incorporating social value in tenders, and scoring social value at between 5% and 30% (Social Enterprise UK, 2016, p. 8). A table of the local authorities supplied to the researcher by Social Enterprise UK was used in the current study to produce a purposeful sample of all of the local authorities identified by Social Enterprise UK as either embracers or adopters. Embracer and adopter local authorities were chosen for the current study on the basis that, as shown in the previous study, they would be more likely to have produced and published local social value policies, statements and guidance and were more likely to be actively applying social value in their engagement with service providers and the local third sector including LTSIOs. The resulting sample of embracers and adopters comprised 106 English local authorities.

5.4.3 Data collection

Following identification of the sample of 106 local authorities, a search of their websites was undertaken to identify social value documents produced and made publicly available. For the purposes of the study, social value documents included social value policies, strategies, and guidance. The focus was on those local authorities that had sought to communicate more than simply referring to the requirements set out in the Social Value Act. Commissioning and procurement documents with only limited content on social value, such as brief references to the Social Value Act, were not included. Of the 106 local authority websites searched, a total of 51 local authorities had social value documents available on their websites that fitted the criteria and all 51 authorities were included in the study and constituted the final sample size.

5.4.4 LTSIO annual reports

Examination of annual reports focused on LTSIOs whose membership comprises other local third sector organisations and whose roles include liaising with public sector bodies and supporting local third sector groups in developing their capacity to engage in activities including service delivery (Rochester, 2012). As registered charities, the LTSIOs included in this study are required to produce a TAR in line with guidance set out in the Charities SORP

(Charity Commission and OSCR, 2014; 2019). In addition, some LTSIOs choose to produce voluntary annual reports which do not form part of annual reporting requirements and sit outside of SORP guidance. As already mentioned in chapter three, the format and content of voluntary annual reporting is not prescribed and the reports are given various names including ‘annual report’, ‘annual review’ and ‘impact report’. The second stage in data collection concentrated on two types of annual reporting by LTSIOs, namely TARs and VARs. Examination of the data offered insights into how social value is being incorporated into LTSIO annual reporting.

While there are differing views on the extent of the contribution of annual financial statements and reports to fulfilling accountability to all constituencies (Laughlin, 2012; Connolly and Hyndman, 2017; Cordery and Sim, 2018), the TAR is considered one of the key mechanisms for discharging charity accountability to external constituencies including funders (Connolly and Hyndman, 2004; Dhanani and Connolly, 2012). The Charities SORP (Charity Commission and OSCR, 2014; 2019) states the primary purpose of the trustees’ annual report is to ensure public accountability for the stewardship and management of funds. Furthermore, while not a compulsory requirement, the Charities SORP encourages charities to use the TAR to report on their impact (Charity Commission and OSCR, 2014; 2019), a term often associated in third sector academic literature with social value (Courtney, 2017; Dayson, 2017).

Voluntary reporting presents its own challenges including its variability in content and quality (Hyndman and McConville, 2018a). However, voluntary annual reporting is seen as an important additional mechanism for communicating charity activities and performance to a wider audience than that achieved through formal annual reporting. Connolly and Hyndman (2013a), for example, suggest charity voluntary annual reports can be a meaningful form of communication to individual donors and service users who may find more formal annual reporting less easy to navigate and understand. The inclusion of voluntary annual reports in the study alongside more formal annual reporting allows exploration of the ways in which social value is incorporated into each of the two annual reporting mechanisms.

TARs for three different years were included in order to compare annual reporting on social value since implementation of the Social Value Act in 2013 and the new Charities SORP in 2015. The three years studied cover reporting periods ending in 2016, 2017 and 2018. Looking at reporting from 2016 onwards allows for a potential time lag between implementation of the Social Value Act in 2013 and the emergence of local interpretations

and applications of social value. The period ending 2016 was the first year of reporting under the 2014 edition of the Charities SORP for most charities, because it applied to reporting periods starting on or after 1st January 2015. There was a risk that 2016 was too early to capture changes in TARs due to the potential lag in charities applying all aspects of new SORP guidance (Connolly and Hyndman, 2000). However, in the TARs examined, content referring to social value was found across all three years of data.

Where they were publicly available on the organisation's website, voluntary annual reports published by these LTSIOs, were also collected. The voluntary nature of this less formal form of annual reporting means that not all charities choose to produce them and those that do often produce them sporadically and therefore less regularly than TARs. VARs were collected for the same annual reporting periods as the TARs.

5.4.5 Population and sample

Charity Commission for England and Wales statistics for 31 December 2017 show a total of 168,237 charities registered with them at that time (Charity Commission for England and Wales, 2018). The National Association for Voluntary and Community Action (NAVCA) is the national organisation for local voluntary infrastructure organisations in England and has a membership of around 200 (NAVCA, 2018). The total number of local voluntary infrastructure organisations in England is higher as there are LTSIOs that are not registered with NAVCA. A previous study in 2008 put the number of such organisations at 300 (Rochester, 2012). Since then, traditional funding sources for LTSIOs have come under pressure and there have been a number of closures and mergers. While an exact figure is not available, it seems reasonable to assume that the current total number of LTSIOs in England sits somewhere between 200 and 300.

The research sample of LTSIOs was based on the same geographical localities as the 51 local authorities identified at stage one. LTSIOs tend to operate within similar geographical boundaries as local authorities, with many operating over the same area as a district, county or unitary authority, and some operating across two or more districts. Having conducted a web search to locate individual LTSIO websites, this information was then used to search the Charity Commission for England and Wales online register of charities, from where the annual reports, which include the TARs, can be downloaded. Across the 51 local authority areas, 46 charitable LTSIOs were identified although one failed to file annual reports for the financial years ending 2016 to 2018 and subsequently closed in 2018, so the final sample size was 45 LTSIOs.

5.4.6 Data collection

LTSIOs formal annual reports, which include the TAR, were downloaded from the Charity Commission for England and Wales website. Usually, the five most recent years of annual reports are publicly available for download on the website although it can be fewer where a charity has closed or has recently registered. Recent registrations occasionally arise for existing charities where it has changed its legal structure and, as a result, registered as a new entity. There was one instance of recent registration due to merger with another LTSIO and in this case only two years of annual reports were available. There were two other cases where only two years were available, in one case this was because the charity closed in March 2019. There were no other issues regarding general accessibility to the TAR data. A total of 132 formal annual reports were downloaded.

The websites of the 45 LTSIOs were then searched for VARs published by them. The LTSIOs' website menus were searched for pages with information on reports published by them. In addition, where a search option was available on the website, a search was done using key words including 'annual review', 'annual report' and 'impact report'. Of the 45 LTSIOs, 26 had published and made available on their websites at least one VAR for the years ending 2016, 2017 and 2018. A total of 51 VARs were downloaded.

5.5 Data Sources: Semi-Structured Interviews

Face-to-face qualitative interviews provided opportunities to explore with individual interviewees their views on what social value means and how it might be accounted for and reported. Interviews can be a source of rich, descriptive data, with the potential to enhance understanding and provide insights through the narratives provided by the interviewees (Eisenhardt and Graebner, 2007). Semi-structured interviews allowed for the exploration of potentially complex issues and topics related to defining and accounting for social value including aspects that may only become apparent during the interview process. The semi-structured approach does present challenges. Compared to a structured interview, the semi-structured interview results in a greater amount of data. In addition, skill and practice is needed in developing questions and interviewing styles that can provide the necessary guiding focus to ensure the data collected is relevant to the research, is manageable, and assists with achieving productive analysis (Gillham, 2005). This is dealt with in more detail in sections 5.5.2 and 5.5.3 below.

5.5.1 Interviewees selection and recruitment

Interviews were sought with key respondents with an interest in social value and working in local authorities, LTSIOs and community foundations. Managers within these organisations were considered appropriate because of their engagement with and understanding of social value at the level of local policy implementation, commissioning, funding, service delivery and reporting processes. Manager job titles and roles varied across the three types of organisation. In the local authorities the appropriate manager depended in part on where social value was placed in terms of strategic priorities and departmental structures. As a result, local authority managers interviewed included persons located in procurement, service delivery, corporate strategy and community development departments. Most of the LTSIO managers were in chief executive or deputy chief executive roles while the community foundation managers included a chief executive and persons in senior grant funding, programme development and donor liaison roles. A summary of organisation types and respondents' roles is provided in table 5.1 below. Note that in two of the local authority interviews there were two interviewees attending which is why the table below shows a total of 10 local authority interviews with 12 interviewees.

Interviewee roles	Number
Local third sector infrastructure organisations	
Chief Executive	8
Senior Manager/Strategic lead	2
Total third sector interviewees and organisations	10
Local authorities	
Senior policy/Services manager	2
Commissioning/Procurement manager	6
Voluntary, community, social enterprise development manager	4
Total local authority interviewees *	12
Total local authorities	10
Community foundations	
Chief Executive	2
Senior Manager	3
Total community foundation interviewees and organisations	5
* In two of the local authority interviews, two interviewees attended, which is why the table shows a total of 10 local authority interviews with 12 interviewees	

Table 5.1: Interviews by type of organisation and interviewee role

Managers can be considered elites in that they are particularly knowledgeable about their areas of work, have privileged access to certain resources and influence, participate in specialist professional networks, and are an identifiable elite within their field of activity (Woods, 1998). Suggested solutions to gaining access vary according to context and include adopting a business-like approach, identifying as an insider, or stressing the neutrality of the researcher. Rice (2010) notes the value of institutional affiliations and personal connections and reflects the researcher's experience. The researcher's background and connections meant that, over the years, they have worked closely with public service commissioners, third sector funders and persons in leadership roles in third sector organisations, including managers in LTSIOs. This meant that access was negotiated initially through informal contacts, making use of the researcher's knowledge of and links to public commissioning and third sector bodies and related areas of work. Email and telephone were used to make initial informal contact in order to introduce the researcher and the research and to ascertain interest and

willingness to participate. Snowballing was also used to ensure relevant key persons in an organisation were interviewed. Where the response was positive, a formal letter was sent inviting the person to participate, along with a research information sheet and consent form. The letter and information sheet outlined the scope of the research and helped ensure the interviewee was clear about the purpose of the research and what is being asked of them (Gillham, 2005). A consent form was also provided and was discussed and signed prior to the interview (see appendix B). Important elements in the consent form included an interviewee's right to withdraw at any time and ensuring that the interviewee's name is not used in any report, publication or presentation. Interviewees needed to understand that their participation was voluntary throughout the process (Bryman, 2016), and it was rightly anticipated that they were also likely to welcome anonymity.

The initial list of potential interviewees was based on the local authorities and LTSIOs included at stage one and two of the documentary data collection process. This was then further reduced to take into consideration such practicalities as travel time and the benefits of clustering interviews within certain geographical areas. A total of 18 local authority areas were identified in this way, and interviews were arranged in ten of these geographical areas. A total of 25 interviews were included in the study, comprising ten with local authority managers, ten with LTSIO managers and five with community foundation managers. In eight of the ten geographical areas this included interviews with managers from all three types of organisation. In the other two geographical areas while LTSIO and community foundation managers did participate it was not possible to secure interviews with local authority managers. Despite this, both local funder and local service provider perspectives were explored across the ten localities.

5.5.2 Interview preparation and practicalities

Initial interview questions were developed by drawing on the research questions, the social value and accountability literature, and an initial analysis of local authority social value documents and LTSIO annual reports. Several pilot interviews were carried out to test and refine the questions and interview process. Adopting a semi-structured flexible approach, the interview questions were informed by aspects of organisational accountability, multiple constituency theory and institutional reality theory. The questions, therefore, sought to explore the what, who and how of social value accountability from the different local constituencies' perspectives as well as the ways in which different definitions and accounting representations of social value are perceived and accepted. The resulting interview question themes included ascertaining interviewees' views on definitions of social value, exploring

constituencies' interests in the subject, locating sources of social value across organisational functional and strategic activities and purposes, and identifying approaches to accounting for and communicating social value (see appendix C). Additionally, an example of a value chain was included in the interviews to assist with identifying differing perspectives on definitions and sources of social value. Much of the literature and many of the voluntary frameworks for reporting on social performance and social value refer to logic models or similar results-based models, which commonly incorporate various stages or steps including inputs, activities, outputs, outcomes and impacts (Ebrahim and Rangan, 2014). Drawing on Liket et al.'s (2014) extended value chain, discussed in chapter two, which includes organisational social mission at the beginning, social purpose was added to the social value chain, as shown in figure 5.4 below.

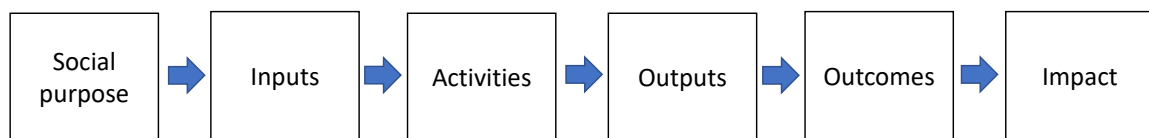


Figure 5.4: Locating definitions and sources of social value: extended social value chain, adapted from Liket et al. (2014)

The interview questions reflected the emergent and contested nature of social value and social accounting methods. With this in mind, an interview style was adopted which encouraged interviewees to discuss those aspects of the subject of interest and concern to them, while avoiding straying too far from the research objectives and themes. Open ended questions were therefore developed and, rather than being rigidly adhered to, provided a framework and guide for the interviews. Interview questions were adapted to take account of differences between the three constituencies being interviewed, although care was taken to ensure the same subject areas were addressed.

Pre-interview practical considerations included developing an interview information sheet for participants, practising interviewing, ensuring familiarity with the interviewee's work setting, using good quality recording equipment, and ensuring an appropriate location was agreed for the interview (Bryman, 2016; Gillham, 2005). Mikecz (2012) argues that an interview at the interviewee's office is likely to result in responses reflecting the employer's official view rather than the respondent's own perspective; the suggested solution is a neutral venue. However, interviewee time constraints were often a factor and so, where possible, interviews took place at or near to their main place of work. Most interviews took place in a meeting room at the interviewees' workplace rather than in their office, although three interviews took

place in their office space. Three interviews took place away from the interviewee's workplace and were carried out at university premises. Interestingly, while some respondents did sometimes present what might be considered an official view this did not usually occur throughout the interview and further it did not appear to be any more common among those who were interviewed at their work premises, compared to those interviewed off premises. Interviewee anonymity was provided to remove a potential barrier to participation as well as to support respondents who may otherwise feel less able to comment and share their views on a subject (Brinkmann and Kvale, 2018).

The relative knowledge, status and power of interviewee and the interviewer needs to be acknowledged and considered. Mikecz (2012) points to literature highlighting status inconsistency between researcher and researched and argues that the differing backgrounds of participants can have a significant impact on the dynamics of the interview. Approaches to dealing with this vary. Some suggest the researcher should emphasise their professional credentials, shared affiliations and relevant experience, while others have deliberately played down their own knowledge and expertise to encourage the interviewee to open up and share more information (Mikecz, 2012; Smith, 2006). As referred to earlier, over the years the researcher has worked closely with local authority commissioners and persons in leadership roles in third sector organisations and was able to draw on that experience. This, along with the researcher's public policy and third sector accounting background, aided appreciation of the context of the interviewee's work, a shared understanding of professional language and sector-specific issues, all of which helped with encouraging discussion.

5.5.3 Conducting the interviews

Interviews are not unproblematic. Bryman (2016) points to various issues including the impact of the interviewer's own attributes, such as race, gender, sexual orientation, and status; interviewee acquiescence which can manifest as a tendency to agree or disagree in line with a perceived desirability of providing certain answers; and differences in the participants' understanding of meanings of words used in an interview. It was therefore important to be mindful of the interviewer's role as an influence in the process and to acknowledge the part played by the nature of the relationship, communication and rapport developed between interviewer and interviewee. Key to gaining new perspectives and insights, was ensuring that the interviewees felt able to express their views without restriction (Cohen et al., 2011).

The research topic was briefly introduced, and respondents were asked to read and, if in agreement, sign an informed consent form (see appendix B). Interviews were digitally

recorded. An initial introductory context setting question offered the opportunity for respondents to provide some background information about themselves and also to allow them to generally describe the sorts of reporting their organisation produces. Follow up questions were then used to steer the conversation towards discussion of their engagement with and views on social value including approaches to accounting and reporting social value. The extent to which the interview questions were used varied depending on the nature of the particular interview conversation and whether, for example, the respondent had already addressed the question themselves. On some occasions, where respondents had taken little prompting to share their views on the subject, additional probing questions were more appropriate in order to draw out aspects of particular relevance to the research. The average interview took around an hour, although time was allowed for continuing beyond then if the interviewee was keen to do so. This did occur on several occasions. Additionally, time allowed at the end of the interview provided a space for respondents to make any additional comments on the subject including items not already covered as well as any aspect of social value they considered as being of particular importance.

5.5.4 Ethical considerations and clearance

Ethical clearance was applied for and approval was granted for the research including interviews with public and third sector managers. Approval was granted by the University Ethics Committee on 6th December 2016. This was prior to commencement of interviews including pilot interviews.

The approach adopted in regard to both the secondary and primary data was to maintain anonymity of both individuals and the organisations where they worked. To this end attention was given to anonymising data and avoiding any descriptions or quotes that might identify individuals or organisations. Codes were assigned to interviewees in place of names and more general job categories were used in place of specific job titles. The reasons for and steps taken to ensure interviewee anonymity are discussed further in this chapter in the sections on interviewee selection and recruitment, practicalities and transcribing interviews.

5.5.5 Transcribing interviews

Interviews were transcribed by the author in order to become much more familiar with the data through careful and repeated listening and was seen as a valuable first step in analysing the data (Bailey, 2008). The transcripts were checked for errors including ensuring they were appropriately anonymised. Anonymising the data involved removing names of individuals, organisations and locations and replacing them with codes or brief descriptions. Repeated

filler words such as “so” and “um” were omitted from quotes where they detracted from the sentence flow and the interviewees’ comments. This approach was considered appropriate because analysis of the interview text focused mainly on content. During this stage, initial notes were made on the content and emerging themes which was then followed by more in-depth data analysis.

5.6 Data Analysis

NVivo data analysis software was used to assist with storing, coding and analysing the documents, while keeping in mind that it is the researcher that analyses the data and that the software is a tool used to assist with that process (Leech and Onwuegbuzie, 2011). A variety of qualitative approaches to analysis of data are available to the researcher (Savin-Baden and Major, 2013). This variety can be seen as desirable (Miles and Huberman, 2014) with no one approach considered superior to others (Robson and McCartan, 2016). Within the range of qualitative approaches, Braun and Clarke (2013) view thematic analysis as a foundational method applicable across a range of theoretical approaches and epistemological positions, while also being a method in its own right. Thematic analysis provides flexibility, although does not negate the importance of recognising and making explicit the researcher’s theoretical and epistemological position along with decisions made regarding the method adopted for identifying themes (Braun and Clarke, 2013). This flexibility is also the basis of some criticisms of the approach, in that it is not embedded within a particular theoretical framework, it lacks a specific set of procedures, can favour description over interpretation and the wide array of possible themes to choose from may inhibit the researcher (Bryman, 2016; Robson and McCartan, 2016). Part of the solution for this study was in ensuring the research framework, questions, and related literature were revisited as part of the process of studying the data and developing themes.

The thematic analysis approach adopted in this study draws on Braun and Clarke’s (2013) six phases, and also incorporates the use of template analysis (King, 2004) – see table 5.2. Use of a template was helpful in providing both a flexible and systematic way of working through the large amount of data in the documents and interviews. It can be argued that using a pre-defined template can lead to bias and may hamper the ability to identify important themes not captured by the template (Robson and McCartan, 2016). Taking Braun and Clarke’s (2006) advice, however, to avoid rigid rules regarding themes and allow for flexibility in developing them further, was an effective counter to this. This is reflected in the inclusion of new themes not covered in the original template, such as the notion of ceded power.

Thematic analysis phase	Template development
<i>Themes in literature relating to research and to further explore</i>	<i>Create initial template</i> Setting out a limited set of codes based on areas of research interest and relevant themes identified in literature. Includes main (high order) codes and sub-codes.
<i>Familiarise yourself with data</i>	<i>Notes and ideas</i> Actively read and produce notes and ideas including implications for template and coding
<i>Generate initial codes</i>	<i>Modify template</i> Includes: insertion of new codes, deletion, changing scope, changing higher order (themes) classification.
<i>Search for themes</i>	
<i>Review themes</i>	<i>Produce final template</i>
<i>Define and name themes</i>	<i>Modify and refine template</i>
<i>Produce report</i>	<i>Interpretation and presentation</i> Interpretation rather than just description. Provide an account of interpretation of the data.

Table 5.2: Thematic analysis using a template approach, adapted from Braun and Clarke (2006) and King (2004)

Template analysis provides a number of techniques for thematically analysing text data (King, 2004). The researcher sets out an initial list of codes which make up a draft template. These codes and their ordering under themes are then amended and added to as the texts being studied are read, re-read and interpreted. As suggested above, template analysis is compatible with a variety of epistemological positions (King, 2004) including a pragmatist and social constructionist view allowing for multiple interpretations dependent partly on the researcher's position and the research context. King (2004) suggests that when adopting such a position, reflexivity, awareness of differing perspectives, and richness of description are important for the researcher in considering the inclusion and justification of particular codes.

An initial template was developed with a view to exploring the ways in which local authorities, LTSIOs and community foundations were developing their own local interpretations and approaches to accounting for social value, with potential accountability and reporting implications. The template was based on relevant themes and concepts from the

social value and accountability literature, as well as incorporating aspects from MCT and IRT applicable to the study. In order to more fully explore local interpretations and accounts of social value the analysis differentiated between definitions, representations, dimensions and types of social value. For the purposes of data analysis these are defined as follows:

- Definitions are statements of what social value is.
- Dimensions refer to the economic, social and environmental dimensions of social value.
- Types refer to examples of activities, events and effects as sources of social value. Social value types can be classified within one or more of the three dimensions and are translated into representations of social value. So, for example, reduced social isolation leading to improved health and wellbeing is a type of social value in the social dimension and which may be represented in a social account in the form of a case study, or numerical indicator or financial metric based on reduced health costs.
- Representations are how types of organisational or service social value are translated into accounts of social value. So, for example, types of organisational or service social value may be represented as actions, inputs, activities, outputs, outcomes, or impacts, and may take the form of narratives or metrics which may be financial or non-financial.

Distinguishing the various representations of social value was key to exploring different social value accounting techniques encountered in the data and constituencies' views on different representations as factual type statements. Table 5.3 summarises the four key elements discussed above.

Code	Description
Definitions	Statements of what social value is
Dimensions	Economic, social and environmental dimensions of social value
Types	Examples of activities, events and effects as sources of social value
Representations	Translations of activities, events and effects into accounts of social value

Table 5.3: Examples of key codes relating to defining and accounting for social value

Other associated themes included in the analysis template were third sector distinctiveness and social value, accountability bases, constituency interest and engagement, social value annual reporting practice, and MCT relativistic and power perspectives. The initial themes were amended as analysis proceeded. The subsequent revised template incorporated

additional emerging themes and led to several changes including an extended version of accountability bases, further refinement of social value representations, the notion of ceded power as an addition to MCT power perspectives, and social value representations as factual type statements. Appendix D summarises the initial and final templates, which set out the main themes.

The idea of social value dimensions and types draws partly on the work of Trainor (2006) on environmental value, who suggests that divergent values are involved in resource decision making. These divergent values can encompass different value realms which may, in some cases, have their own distinct forms of value expression. Identifying different types of social value across the three main dimensions referred to in the Social Value Act - economic, social and environmental - assisted with exploring differences and similarities in local perspectives and the predominance of particular themes within these three dimensions. In addition, under definitions of social value, the template initially reflected the emphasis in third sector social value literature on service outcomes and impact (Cordery and Sinclair, 2013). Subsequently this was amended to incorporate the social value bases set out in the accountability framework, as it became evident during initial analysis of the data that social value definitions are not restricted to service results but can also be associated with organisational social mission and OSR. In addition, all of the third sector accountability bases were included in the template to assist with distinguishing different information needs as well as assisting in distinguishing between those bases seen as contributing to social value and those bases where social value is viewed as crystallising. This demonstrates the iterative nature of theme generation and review and attention to respondents' explanations and examples. Specific references to third sector distinctiveness were included as a theme to capture information on perceived differences in the characteristics and benefits attributed to third sector organisation delivery of social value, compared to other forms of private or public sector organisation.

5.7 Data quality: validity and reliability

Views vary on what constitutes data quality and what criteria should be used for assessing this (Savin-Baden and Major, 2013). Data validity and reliability are seen as key criteria for ensuring quality of process (Yin, 2014), and are often used, although their applicability to qualitative research is contested (Savin-Baden and Major, 2013). While recognising that quality criteria in qualitative research will differ from that in quantitative research, Morse et al. (2002) set out a number of verification strategies to support the reliability and validity of qualitative data. These include methodological coherence, appropriate sampling, collecting and analysing data concurrently, thinking theoretically, and theory development. Methods

utilised in this study to aid data quality included documenting data collection processes, purposeful sampling, and utilising triangulation (Leech and Onwuegbuzie, 2007) by comparing interview and document data. Further, the validity of the data included in this study is not based on its representativeness but on its capacity to provide insights into ways in which social value is being interpreted and accounted for locally.

5.8 Summary

This chapter set out the philosophy underlying the research leading to presentation and discussion of the research questions together with the design and methods employed to explore local interpretations and accounts of social value and related LTSIO annual reporting practice. Pragmatism and social constructionism provide the underlying philosophical paradigm within which the study is located.

Research data were collected in three stages starting with local authority social value documents, followed by LTSIO annual reports and then semi-structured interviews with key respondents in local authorities, community foundations and LTSIOs. Initial analysis of data took place at each of the three stages followed by an integrated analysis drawing on all three data sources.

Data analysis of 61 local authority social value documents, 132 trustees' annual reports, 51 voluntary annual reports and 25 interviews involved two phases aligned with the main research question and three supplementary questions. The first phase focused on how social value is being defined locally and the second phase on local perceptions of and approaches to accounting for and reporting on social value. Accountability and social value concepts discussed in chapters two and three, along with multiple constituency theory and social reality theory were used as a basis for developing interview questions and a framework for analysing data. The following two chapters present the empirical findings of the study.

PART IV: Findings

Chapter 6: Defining Social Value: Local Perspectives

6.1 Introduction

This chapter is the first of two chapters that present the research findings. The chapter addresses supplementary research question one in exploring how social value is defined by local authorities, LTSIOs and community foundations and examines whether, and in what ways, these definitions are shared or diverge across constituencies. The discussion also considers implications for LTSIO accountability. The findings are based on thematic analysis of local authority social value documents and interviews with local authority, LTSIO and community foundation managers.

The theoretical framework developed in chapter four and summarised in figure 4.4 informs the analysis of local perspectives on social value. In particular this chapter draws on the first part of the framework that focuses on local definitions of social value (see figure 6.1 below). Social value definitions, constituencies' engagement with and acceptance or recognition of these definitions is examined as well as how these definitions relate to organisational accountability bases and different constituencies' interests in those bases.

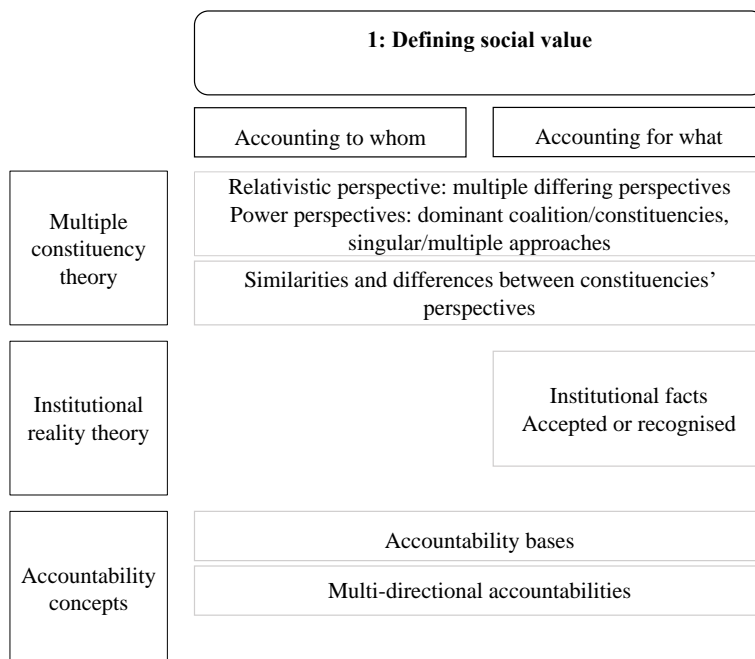


Figure 6.1: Framework for exploring definitions of social value

In addressing how social value is defined, the research draws on MCT (Connolly et al., 1980) and aspects of IRT (Searle, 1995; 2010), both discussed earlier in chapter four. MCT asserts that the multiple internal and external constituencies that interact with an organisation can

have differing views on what constitutes an effective organisation based on their social and economic interests and relationships with an organisation. Further, this study makes use of two multiple constituency theory perspectives identified by Zammuto (1984) – relativistic and power - to examine the influence of different constituencies on local definitions of social value. As outlined in chapter four, the power perspective is based on resource dependence theory (Pfeffer and Salancik, 1978) and takes account of the relative power of constituents to establish definitions and set criteria for evidencing and assessing related performance. The power perspective therefore suggests the possibility of a generally accepted definition of social value agreed by a dominant coalition of the powerful (Pennings and Goodman, 1977) or multiple definitions set by different salient resource providing constituencies (Pfeffer and Salancik, 1978). The relativistic perspective takes into consideration the nature of different internal and external constituencies' relationships with an organisation in shaping their view of an organisation's actions and effects (Connolly et al., 1980). A relativistic perspective suggests multiple definitions of social value may coexist with each definition being applied within the context of particular constituency relationships. Further, the relativistic perspective allows for consideration of a diverse range of internal and external constituency accountabilities, rather than focusing solely on the information needs of resource providers (Ebrahim, 2003b). Taken together, these two MCT approaches provide a useful frame for examining the negotiated and socially constructed environment in which defining social value takes place. IRT assists with exploring local authority and third sector constituencies' perspectives on different definitions of social value and their acceptance or recognition as fact type statements. As discussed earlier, in chapter four, Searle (1995; 2010) suggests three elements are required for establishing a social reality: assignment of function, collective intentionality and constitutive rules. Of particular relevance here is collective intentionality which asserts that there must be collective acceptance or recognition of an object to perform a particular function (Searle, 1995). IRT therefore provides a useful lens for examining the acceptance or recognition of specific definitions of social value by local public and third sector constituencies.

Organisational accountability bases and multi-directional accountabilities also form part of the theoretical framework developed for this study. These accountability concepts are utilised to understand the relevance of the different social value definitions to the various functional and strategic accountability bases discussed in chapter three and summarised in figure 3.12, and the primary constituencies with an interest in those accountability bases.

The remainder of the chapter is organised as follows: local authority, LTSIO and community foundation perspectives on defining social value are discussed in turn. Definitions, representations, dimensions and types of social value are identified, and the role of different constituencies in defining social value locally are discussed. The three organisational viewpoints are then compared including the ways in which these represent shared or divergent views of social value. From this, a social value typology is developed setting out definitions, representations, dimensions and types of social value, and takes account of the three organisational perspectives. Finally, the relevance of each definition to an LTSIO's various internal and external constituencies is considered, drawing on the social value accountability bases framework developed in chapter three and summarised in figure 3.12. The chapter structure is summarised below in figure 6.2.

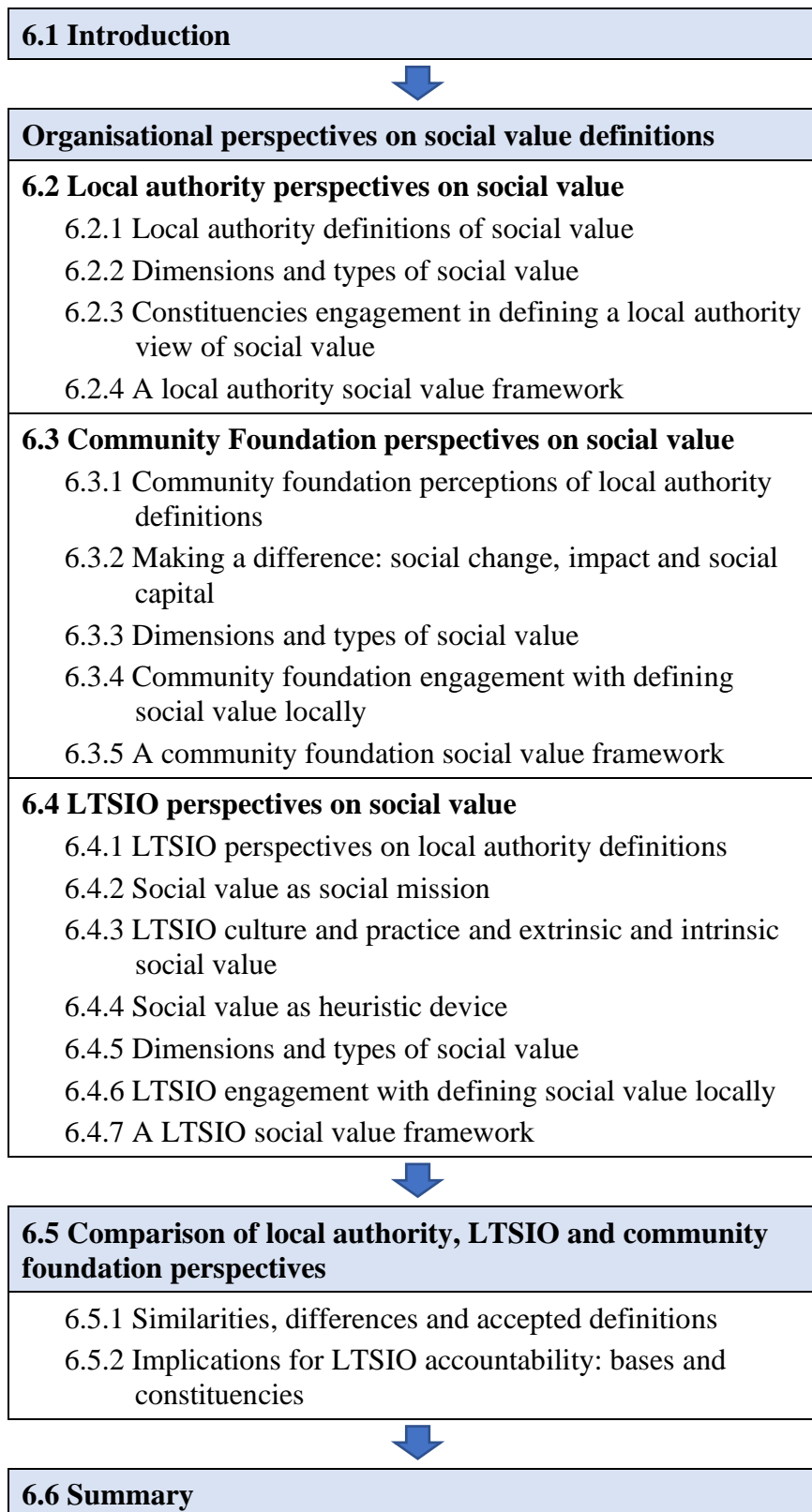


Figure 6.2: Chapter six structure

6.2 Local Authority Perspectives on Social Value

6.2.1 Local authority definitions of social value

This section presents and discusses local authority perspectives on definitions of social value based on analysis of the 51 local authority social value documents included in the study as

well as interviews with ten local authority managers. Alongside a broad definition of social value encompassing economic, social and environmental wellbeing, two narrower definitions are distinguished, one focused on intrinsic social value benefits of a service and the other focusing on extrinsic social value benefits of an organisation.

Economic, social and environmental wellbeing

As mentioned in chapter one, the Social Value Act sets out a requirement for certain types of public commissioning authorities in England and Wales to consider ‘how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area’ (Public Services (Social Value) Act 2012, Section 2, para 3(a)). Many of the local authority documents examined refer back to this wording to establish a broad definition of social value and a platform from which to develop more specific interpretations applicable to their local context. Additionally, several local authority respondents suggested that improving the economic, social and environmental wellbeing of their area was already a primary purpose of the authority reflected in existing legislation and guidance. The Local Government Act 2000, for example, provides local authorities in England and Wales with the power to promote economic, social or environmental wellbeing. Similarly, several of the local authority documents examined drew on earlier guidance to present broad definitions of social value. The most cited was the Sustainability Procurement Task Force (DEFRA, 2006) definition of sustainable procurement, which is not dissimilar to the Social Value Act in emphasising public economic, social and environmental wellbeing:

... a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment (Department for environment, food and rural affairs (DEFRA), 2006, p.10).

The use of the above definitions by local authorities highlights the extent to which the Social Value Act aligns closely with prior government guidance. Contrary to some of the rhetoric surrounding the Social Value Act, it does not necessarily require a fundamental change of approach to public service commissioning, rather it is seen as providing some flexibility and scope to promote concepts of social value which align with local strategic policies and priorities and which change over time:

“... The Act has given us more leverage with members, with officers, with service grouping colleagues, to be able to at least have a discussion about what social value could represent and achieve.” (LAP9)

“Today, it means ... local wealth building ... inclusive economy, co-operative services and thriving communities ... What it meant five years ago was extracting the biggest bang for our buck.” (LAP11)

This perception of flexibility is consistent with a view of the Social Value Act as empowering (Floyd, 2013), and enabling discourse between internal and external constituencies around what social value means and how it may be conceptualised and applied within particular contexts, including at the local level. Social value, therefore, is a fluid concept and the lack of a definition in the Social Value Act other than the reference to economic, social and environmental wellbeing allows for considerable autonomy in interpreting and applying notions of social value. For some, social value in turn can be interpreted as being integral to the primary purpose of the local authority:

“Our mission is social value, so ... I don't need a policy that says I think this is a good idea, please come and join me on the journey. It's what we do.” (LAP9)

Yet, even when seen as reflecting a local authority's purpose as a public body, as suggested by the respondent above, achieving this social mission represents a normative goal (Moore, 2000), shaped by a politically mandated mission represented through central and local government policies and priorities.

While some local authorities have adopted the very broad high-level statement of economic, social and environmental wellbeing (see figure 6.3, below) as their definition of social value linked to their organisational mission, others have chosen to develop more specific definitions which can be summarised into two approaches. One approach seeks social value through service delivery results represented as outputs, outcomes and impacts. This is referred to here as intrinsic service-related social value benefits. The second approach seeks social value through benefits secured from an organisation in addition to those directly related to the service and its outcomes and represented as citizenship and ethical dimensions of OSR as well as wider impacts. This is referred to here as extrinsic additional social value benefits.



Figure 6.3: Local authority broad definition of social value (Source: author)

Intrinsic service-related social value benefits

Some of the local authority documents locate social value in service delivery and related results. Results can be represented as outputs, outcomes or impact – see figure 6.4 below.

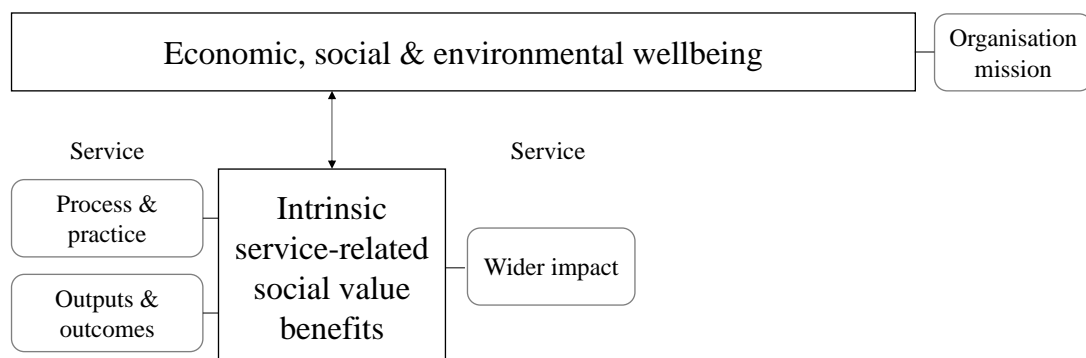


Figure 6.4: Local authority intrinsic service-related definition of social value (Source: author)

The term outputs, when applied to performance, is generally understood to mean products and services delivered (Koontz and Thomas, 2012), whereas the terms outcomes and impact when applied to public services generally refer to desired effects of services on individuals and communities (Wimbush, 2011). While the two terms may be used interchangeably in relation to services and programmes (Edmiston and Nicholls, 2018), the term outcome is also used to refer to high level goals and objectives (Bovaird, 2014a), while the term impact can be used to denote wider and indirect effects (Maas and Liket, 2011).

Where social value is treated as intrinsic to the service, attention is focused on social value arising from how a service is delivered as well as from improved outputs, and outcomes. This demonstrates a broader understanding of a service’s value to incorporate both the ‘what’ or result and the ‘how’ or quality of a service (Gronroos, 1984) and acknowledges both medium- and longer-term outcomes (Bovaird, 2014a), as demonstrated by the local authority document extracts below:

‘Thinking social value’ prioritises the overall value of outcomes, rather than focusing purely on the bottom-line cost. How a service is delivered, and its wider beneficial or

harmful impact, is taken into account as well as simply what is delivered. ' (LA Doc.49)

'Social benefits that deliver positive outcomes for individuals and/or communities.' (LA Doc. 29)

"There is value in 'how' we do things, as well as in 'what' we do and how much it costs." (LA Doc.7)

What is not clear, however, both from the local authority documents and from the interviews is whether how things are done is factored into assessments of the social value provided by a service. The local authority documents that initially refer to how a service is delivered do not elaborate further and concentrate instead on examples of types of results in the form of outputs and short- to medium-term outcomes. Views of local authority respondents on this topic were mixed. Several respondents saw service processes and practices as important sources of social value achieved through reviewing and rethinking delivery:

"... there's probably different ways of doing tired old stuff that we've always done, that actually takes an opportunity to do something slightly different, that adds social value." (LAP7)

"... you really need to communicate that best practice and embed a culture, raise awareness, build understanding." (LAP 5)

"It's trying to use social value as a way of asking, so how could that work better." (LAP8)

Even though some saw social value as a way of enabling discussion on doing things better or differently, several respondents also pointed to difficulties in capturing the social value of organisational and service processes and practice. Instead, as witnessed in the local authority documents, the tendency was to focus on more easily measured results such as outputs, as expressed by the following respondent:

"So, on my [service] tender it means yes, I would count the number of apprenticeships, because they can tell me that. ... it's quite hard to measure the ethos of the way that an organisation is doing its business in the local community. Which means that, oh I don't know, that the home care worker picks up some litter on the way in or pops along to see someone on the way home because they are a bit worried

about them ... Well you are not going to count that stuff, are you? But is that stuff not important?" (LAP6)

Some local authority respondents, however, were more firmly of the view that the primary source of social value was through achievement of desired service outputs and outcomes. The suggestion being that the end result rather than how something is delivered is where the attention needs to be:

"... you can play a beautiful game and deliver nothing. And sometimes you can deliver lots by not playing a beautiful game." (LAP9)

Although respondents LAP6 and LAP9 quoted above present differing views on the relative importance of how a service is delivered, they arrive at a similar point in expressing social value benefits through the end results. A focus on local authority service results, outcomes and impact aligns with successive UK central governments' interest in outcomes-based policy development, commissioning and performance management (Bovaird, 2014a). As such, a definition of social value that incorporates public service results is one that reflects existing central government support for outcomes and results-based approaches to public service delivery. Yet, the extent to which outcomes-based approaches have become successfully embedded in public service management is contested, with indications of a gap between the rhetoric of outcomes and the reality of procurement and contract management practice (Bovaird, 2014a; Lowe and Wilson, 2015).

In the local authority documents examined the terms outcomes and impact, as mentioned above, are used interchangeably and are not clearly defined. Where a distinction is made between the two, social impact tends to be associated with longer-term effects, sometimes including effects on the wider community. For example, one authority refers to social impact as:

"... the difference that the work of the council can have in social, environmental and economic terms, particularly in the medium to long term timescales." (LA Doc.51).

In most of the local authority documents examined, however, there is no clear distinction. Generally, both impact and outcomes are used to describe the initial, medium and longer-term effects of services.

Social value creation identified at the level of service provision is sometimes described in the local authority documents in terms that resemble a value chain or logic model approach

(McLaughlin and Jordan, 1999; Maas and Liket, 2011) where inputs, activities, outputs and outcomes are identified and differentiated from each other. Where this approach is evident in the documents examined, a common feature is the use of outcomes to express both strategic goals and desired service level outcomes. In addition, service level outcomes are commonly translated into actions, activities and outputs. For example:

“Bidders were invited to describe the activities and the outputs they believed would create the outcomes that the commissioner was seeking ...” (LA Doc.18)

“... a thriving voluntary sector ... mean[s] in practice [for example]... Increase in the number of voluntary organisations supported ... Increasing volunteering ...” (LA Doc.60)

Describing actions and outputs in place of outcomes suggests a degree of overlap and connectedness between practice, outputs and outcomes but also may point to recognition of the complexities of capturing and measuring outcomes (Lowe, 2013). This is discussed further in chapter seven in relation to accounting for and reporting on social value.

Extrinsic additional social value benefits

In the local authority documents examined, social value is frequently described as additional benefits which are beyond those directly associated with the service. For example:

“Social value is the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes.” (LA Doc.7)

“The term ‘social value’ refers to approaches that maximise the additional benefits created through the delivery, procurement or commissioning of goods and services, beyond those directly related to those goods and services.” (LA Doc.33).

The terms ‘additional value’, ‘added value’ and ‘additional benefits’ are used interchangeably both in the documents and by respondents. For example:

“This means that we must consider where added value and benefit, in relation to economic, social and environmental aspects, can be delivered to the City above those already delivered as part of the requirements of the specification.” (LA Doc.17)

“... through additional value that a provider might offer in addition to the core requirements of a contract.” (LA Doc. 31)

“... think about the added value that anything you are actually doing in your community might bring.” (LAP8)

The idea of social value as additional benefits aligns closely with two earlier sources of public sector commissioning guidance. The first is a working definition of social value developed by the NHS Pan Regional Social Value Project (NHS North West and CPC, 2010) and later quoted in a guide published by Social Enterprise UK (2012), which defines social value as:

... the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes (NHS North West and CPC, 2010).

The second source quoted in some local authority social value documents is the then Department for Communities and Local Government (DCLG), Best Value Statutory Guidance (2011) which described social value as:

... the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves (DCLG, 2011, para. 2).

Common to these definitions is locating social value outside of and in addition to the service and its effects. Social value is seen as extrinsic to the service. This separation from the service contrasts with understandings of social value as arising from the positive outcomes and impacts of services. One local authority respondent with strong links to social audit and social impact reporting commented on this shift of emphasis away from social value as service outcomes and social impact and towards extrinsic additional benefits:

“... prior to [the Social Value Act] we probably all called it social impact, and then suddenly called it social value, and it took on immediately a very specific definition which really was added value.” (LAP1)

Indications of a move away from social impact and towards an additional benefits definition of social value suggests that public authorities required to apply the Social Value Act are influencing how social value is defined locally at least within the context of public commissioning and possibly more widely. As such, local authorities and other local public bodies required to apply the Social Value Act represent key, or dominant, constituencies involved in shaping local interpretations and applications of social value.

The types of additional benefits described by local authority respondents and found in the local authority documents included in this study closely resemble Carroll's (1991) description of citizenship and ethical dimensions of CSR. As discussed in chapter two, the sector neutral term of organisational social responsibility (OSR) is more inclusive and so is used here in place of CSR, to aid discussion of social responsibility across sectors and organisational types. OSR includes an organisation's obligations that extend beyond its legal and economic obligations to its members, investors or donors, to also encompass ethical and citizenship responsibilities to a wide range of constituencies within society (Carroll, 1991; 2016).

Examples of additional benefits found in the local authority documents and mentioned by local authority respondents are set out in table 6.1 below. For the purpose of this study, albeit recognising that there are likely to be areas of overlap and interconnectedness between these dimensions of OSR, additional benefits social value is categorised here as organisational citizenship and ethical social value.

OSR-related social value	Examples in local authority social value documents
Organisational citizenship social value	Corporate volunteering in communities In kind support to community groups Donating and sponsoring Subsidised or free goods or services Creating apprenticeships for local people Offering curriculum support to schools
Organisational ethical social value	Paying the living wage Employee wellbeing Ethical/sustainable sourcing practices Supporting fair trade Minimising waste, energy use & pollution Support sustainable transport options

Table 6.1: Additional social value: OSR dimensions and examples (Source: author)

Organisational citizenship social value, when interpreted narrowly, is taken to mainly represent forms of discretionary giving by the provider organisation (Carroll, 2016) which are linked in varying degrees to meeting the expectations of certain constituencies. In the case of public service commissioning, expectations are more overtly linked to a commissioning and procurement exercise, although the local authority documents and respondents' comments suggest that potential service providers have considerable discretion in deciding exactly what they offer as additional social value. Extending beyond corporate giving, several local

authority respondents indicated a desire to encourage and embed a broader and more widespread organisational citizenship engagement with local communities outside of any procurement contract relationships and not limited solely to forms of philanthropy:

“... our narrative is about our bit, your bit, result. So, through this contract you have had a small part in changing these things for these people, and these people have got names and got faces and got lives. And so, a company starts to become invested in it. Starts to think about what more could we do with the skills that we’ve got.” (LAP11)

Ethical responsibilities involve expectations that an organisation will do what is considered to be the right thing and covers considerations of what is just and fair as well as a responsibility to minimise negative impacts on constituencies (Carroll, 2016). Types of ethical social value found in the local authority documents vary and often reflect policies adopted by the local authority in regard to its own ethical positioning on, for example, environmental issues, employment practice and supply chain management. Examples include adoption of a living wage policy, promoting diversity in the workforce, supporting workplace wellbeing, ethical, local and fair-trade purchasing, and reducing environmental impact, waste and energy use:

“... you can be fair trade and so on as part of CSR and you can do green and sustainable, and it can be local.” (LAP4)

While the qualitative nature of this study does not lend itself to general assertions regarding the extent of the overall popularity of one interpretation of social value over others, the additional benefits perspective was frequently encountered in this study. The importance of this perspective is in broadening out an understanding of social value beyond its identification with service outcomes and impact to include other dimensions of organisational value and accountability. This may point to acceptance of multiple dimensions of social value encompassing organisational and service objectives, as well as organisational ethical and citizenship responsibilities. Moreover, within this broader understanding, it may also represent a shift of focus away from a service-related concept of social value which incorporates social impact, to an OSR concept of social value.

Several local authority respondents indicated that the emphasis on additional benefits meant less attention was given to the social value embedded in service practice and outcomes. One respondent described how they had originally wanted to build social value into the way in which a particular service was delivered to service users but that they were then encouraged

to adopt more of an additional benefits approach, focusing on OSR type ethical and citizenship social value which was considered easier to identify and communicate:

“I had a really strong steer that I needed to make the social value bit of it more separate, more clear ... So, can they do things in a more environmentally sustainable way, ... what about their recruitment practices, what about their employment practices, those kinds of things.” (LAP6)

This suggests the existence of differing perspectives on social value among internal constituencies with, in this case, support for the additional benefits approach apparent among more senior management. Perceived support for an additional benefits approach to social value may be due in part to its fit with OSR and its ethical and citizenship dimensions as a familiar form of engagement with various external constituencies over issues linked to economic, social and environmental impact, as shown in figure 6.5 below.

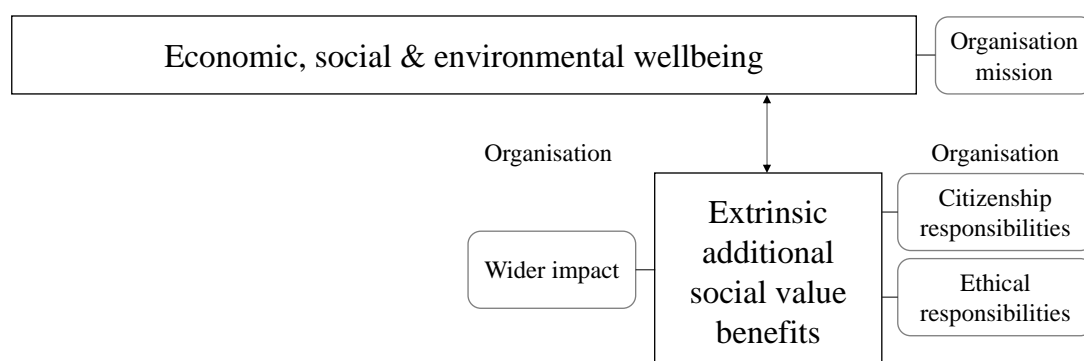


Figure 6.5: Extrinsic additional benefits definition of social value (Source: author)

Interestingly, several local authority respondents commented that private sector businesses often better understand and are able to communicate their social value through the lens of OSR compared to third sector organisations that, in turn, seem less able or willing to apply this approach:

“... [third sector organisations] forget that it’s about how they treat their employees or volunteers, or ... how they manage their supply chain, things like that. They are so focused on direct beneficiaries and the work they are doing that sometimes they forget some of the other stuff. Whereas a good private sector business would be on the CSR and be thinking a bit more broadly about it.” (LAP1)

Several local authority respondents were critical of narrow interpretations of OSR that they sometimes encountered and saw social value as a way to encourage organisations to broaden

their application of OSR in order to improve the resulting additional benefits. Examples provided by respondents included making better use of organisations' and individuals' specialist skills and expertise when volunteering, and directly involving potential corporate donors in the co-production (Ostrom, 1996) of social projects aimed at addressing particular needs:

"... we have these companies that have all this expertise and then we think corporate social responsibility is picking litter, when actually why don't they express it by free expertise of finance, HR, engineering, whatever it might be." (LAP7)

"... individual businesses saying well what's our joint commitment in this place and what could we each do with the resources that we have." (LAP11)

The extrinsic additional benefits view of social value is sometimes the sole definition of social value used in the local authority documents examined and by local authority respondents, although in some cases it is used alongside the definition of social value as intrinsic to service delivery. Figure 6.6 below summarises the local authority definitions discussed above, incorporating both the intrinsic and extrinsic interpretations of social value and their location at organisation or service level.

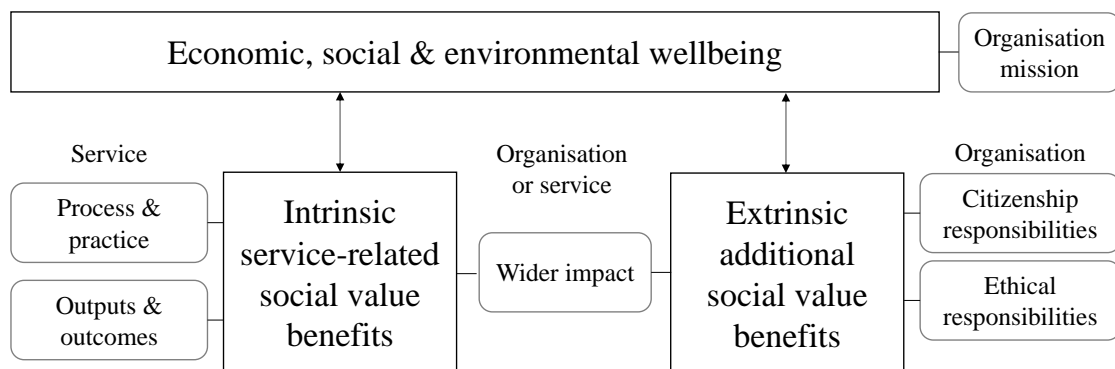


Figure 6.6: Local authority definitions of social value (Source: author)

Discussion of social value as extrinsic to, rather than as a consequence of, service delivery appears to be absent from the literature on third sector and public sector social value. As already stated, studies to date have tended to discuss social value in relation to desired beneficial outputs, outcomes and impacts of programmes and services. Thus, given the prominence in this study of social value as extrinsic additional benefits, the research addresses a significant lacuna in current approaches and literature on social value.

In addition to providing a definition of social value, many of the local authority documents expand on this by providing examples of types of social value across a range of policy areas and operational activities. These examples fall within one or more of three main social value dimensions described in the Social Value Act, namely economic, social and environmental.

6.2.2 Dimensions and types of social value

The examples of types of social value included in the documents flesh out the local authority definitions and indicate areas of focus across the different social value dimensions, policy areas, functions and activities of the local authority. A common feature of the local authority documents is the alignment of dimensions and types of social value with the local authority's existing policies and associated strategic priorities. For example:

“The strategic context for social value outcomes derives from the following key Council policy drivers [including]: ... tackle inequality and deprivation, promote social cohesion, ... ensure dignity for our elderly ... safeguarding for children ... inclusive economy... involve local people and communities in the future of their local area and public services...[and] social inclusion.” (LA Doc1)

“Social Value naturally sits within the overarching framework of the [borough] Sustainable Community Strategy ..., the document that sets out our priorities and vision as a Borough ...” (LA Doc25)

The subjects addressed in a local authority's strategic priorities appear to establish the parameters within which each social value dimension is represented, and different types of social value may be constituted. Table 6.2 below provides examples of social value encountered in the documents examined and the associated social value dimension. The table is not intended as an exhaustive list of all examples encountered but indicates a range of social value types and examples found in the documents and links them to the three social value dimensions.

Dimension	Type	Examples
Economic	Local economy	Buying locally Local apprenticeships, training, employment Improved SME and third sector access to procurement Inclusive economy Living wage
	Reduced costs	Reduced demand through improved health and wellbeing, & early intervention/prevention initiatives Community/voluntary run facilities
Social	Community involvement & social capital	Encouraging resident participation & active citizenship Practical support for local community groups Engaging with hard to reach groups Promote cohesion and social inclusion Reduction in social isolation and loneliness
	Socially responsible ethical and citizenship practices	Consider equality and diversity in the provision and operation of services Ethical sourcing Promoting financial literacy of staff, clients, community Work experience, apprenticeships, training Contribution to community initiatives on education, road safety, reducing crime, and fire safety Working with ex-offenders Volunteering Support for beneficial cultural and heritage projects
	Health and wellbeing	Live healthier, resilient lives and have ownership of their wellbeing Address inequalities of health, wealth and opportunity Promote the safeguarding and welfare of children, young people and vulnerable adults Increased access to recreational, leisure and cultural facilities A good, decent and appropriate place to live
Environmental	Sustainability	Reduce wastage and energy consumption Procure materials from sustainable sources
	Clean environment	Contribution to community environmental cleanliness schemes

Table 6.2: Social value dimensions, types and examples (Source: author)

The dimensions and types of social value outlined in table 6.2 are not discrete but interconnect and overlap. For example, encouraging use of local sport and recreational facilities improves the financial sustainability of those facilities as well as potentially improving peoples' health and wellbeing. In turn, improvement in health and well-being

potentially could lead to reduced demand for certain publicly provided health and social care services.

While all three dimensions – economic, social and environmental - are represented in the types of social value found in the local authority documents, a greater range of examples were encountered in the economic and social dimensions than in the environmental dimension. A similar emphasis on the economic and social dimensions was also a characteristic of local authority respondents' comments. Within these two dimensions, two strong themes encountered in respondents' comments were promotion of the local economy and strengthening community involvement. These themes can be viewed as representing two particular forms of localism that, within a UK context, reside within a broader notion of austerity localism (Lowndes and Pratchett, 2012) discussed earlier in chapter two. The two types of localism introduced below provide a useful lens through which to explore how social value is being interpreted within the contexts of local economy and community involvement.

Social value dimensions and localism

Within the economic and social dimensions, two types of localism were evident in the local authority documents and respondents' comments, and are described here as local economy (Hess, 2009) and community localism (Hildreth, 2011). The former is often associated with a North American social movement view of localism that encompasses economic practices aimed at strengthening the local economy, improving local economic resilience and decreasing reliance on resources from outside of the area (Ciuchta and O'Toole, 2016). The latter is associated with initiatives that seek to strengthen local community involvement in shaping and running local community resources and services (Hildreth, 2011; Clayton et al., 2015).

Often both local economy localism and community involvement localism are found in the same local authority document and stated as social value priorities. For example, two of four social value priorities for one local authority are expressed as:

“To promote the local economy by supporting micro, small and medium sized enterprises and the voluntary and community sector in [the city] to thrive” and “To involve local people and organisations in how we meet the needs of local communities through the commissioning cycle.” (LA Doc8)

Many local authority respondents identified the local economy as a key dimension of social value. Encouraging local service providers to bid on tenders and buying locally, for example,

were seen as beneficial by most of the local authority respondents in producing both economic and social benefits:

“I see it as stimulating the local economy... and within those contracts there is social value, and we are getting a lot of good relationships with people.” (LAP5)

Furthermore, several respondents made reference to the importance of both local economy and community involvement as the main elements of what can be considered a dual form of social value localism, as shown by the quote below:

“Keeping spend local, so every time we spend some money think about whether that can be spent within (the city) and kept within (the city) ... Community focus, so do community have a say in the design of whatever it is we are doing, are they involved in monitoring it, are they involved in making sure it’s delivering what it is supposed to be delivering.” (LAP4)

Another version of dual localism was expressed by a respondent who referred to their authority’s approach as local wealth building. This was described as encompassing the economic and social resources available locally and increasing the amount of community benefit obtained from those resources. The respondent commented that their local authority had discovered that it already spent a comparatively large proportion of its budget locally and so was also looking at how to improve local economic and social wealth through greater involvement of sector partners and residents in the localities in which they interact with each other:

“... it means we maximise the assets and resources available within (town) to create, maximise local wealth building...” (LAP 11)

Several respondents expressed the view that being a locally based organisation or one from outside of the area but with strong local connections was more important than sector differences. These respondents felt a local service provider was preferable and could potentially provide greater social value through local social and economic interactions and networks than a national provider with limited or no connections with the locality outside of delivering a contract. Further, whether the provider was private, public or third sector was far less important compared to whether they had a strong local presence. In these instances, ‘local’ trumps ‘sector’. As one local authority correspondent commented:

“... that came up on the social value groups that we originally started. We had people there from the voluntary sector and ... from small business. ... they actually agreed that it doesn't matter whether it's a voluntary sector organisation or a small local business. If they are providing local jobs or opportunities for local people, and they are investing in their local area and they are doing good things then it doesn't really matter.” (LAP4)

This may have implications for third sector organisations in that their ability to account for and communicate their local connectedness and any social benefits arising from that could be an important part of communicating their social value to local authorities. Additionally, a reliance on social mission-related activities alone as proof of social value could prove insufficient where strong local social and economic connections and interactions, regardless of sector, are given greater weight:

“Third sector organisations very quickly had to recognise that just saying they did things that were good was not the answer. That actually they had to evidence that what they were doing had that value. And where businesses were better was in thinking about it ... and being able to demonstrate it.” (LAP8)

“These are the backbone of our communities, our SMEs.” (LAP5)

Some local authority respondents expressed concerns about a local economy approach. One respondent thought there was a risk that if interpreted too narrowly it could develop into a form of local protectionism, while another respondent queried whether buying locally necessarily results in a healthier local economy. The argument for buying locally appears to rest on the notion of a local multiplier effect, where money spent locally is considered more likely to circulate for longer in the local economy. The extent to which this is beneficial is contested (McCaffrey and Kurland, 2015) and suggests a need for both caution regarding beneficial claims and for further research on not only the multiplier effect, but also consideration of other potential benefits including such things as a more diverse local economy and skills base, and creating and sustaining local social capital.

The references to community localism encountered in the local authority documents and in interviews with local authority respondents reflects, in part, successive central government initiatives which, to varying degrees, have sought to promote forms of community and user participation and engagement in public services and, increasingly, to encourage alternative service delivery models and greater diversity of service providers (Fenwick and Gibbon,

2016). Reductions in local authority expenditure as a result of central government austerity measures also appear to be influencing views of community localism as a method for addressing local social and economic issues (Lowndes and Pratchett, 2012). Several respondents commented on the additional impetus that the need for savings provided for rethinking service provision and delivery including community involvement:

“I hate saying that austerity has helped us think differently ... as if it’s a good thing, but I do think there are some things that we have had to think about differently. So, the communities and health aspect and working with assets in the community. We probably wouldn’t have had quite so much traction with trying to do that if it wasn’t for the fact that we didn’t have a huge number of alternatives. I believe we should be doing it anyway, but it’s helped, it’s made selling [it easier], there’s been no resistance to it at all.” (LAP7)

“I think austerity is interesting, because I’ve done partnership work a long time, and I think we are the closest to seeing genuine system shift ..., institutions, organisations are having to change.” (LAP11)

There does appear to be another important element of community localism evident in the local authority documents and in some of the respondents’ comments, which is the concept of social capital. It was not necessarily defined as such in the local authority documents examined, but some of the examples provided resemble Putnam’s (2000) concept of social capital, discussed earlier in chapter two. For example, social capital is referred to in some local authority documents and by some respondents in relation to social networks, community cohesion, inclusion, reciprocity, and a healthy local voluntary and community sector. Social capital overlaps with the notion of community localism expressed as involvement in shaping and running community resources and recognises the contribution of local individual and associative social networks that exist outside of those engaged in specific public service provision. Furthermore, social capital can also be understood as an important element within the citizenship dimension of OSR and may therefore form an important part of an organisation’s account of its OSR-related social value. Figure 6.7 illustrates how the components of social value localism discussed above can be located within the framework of social value dimensions.

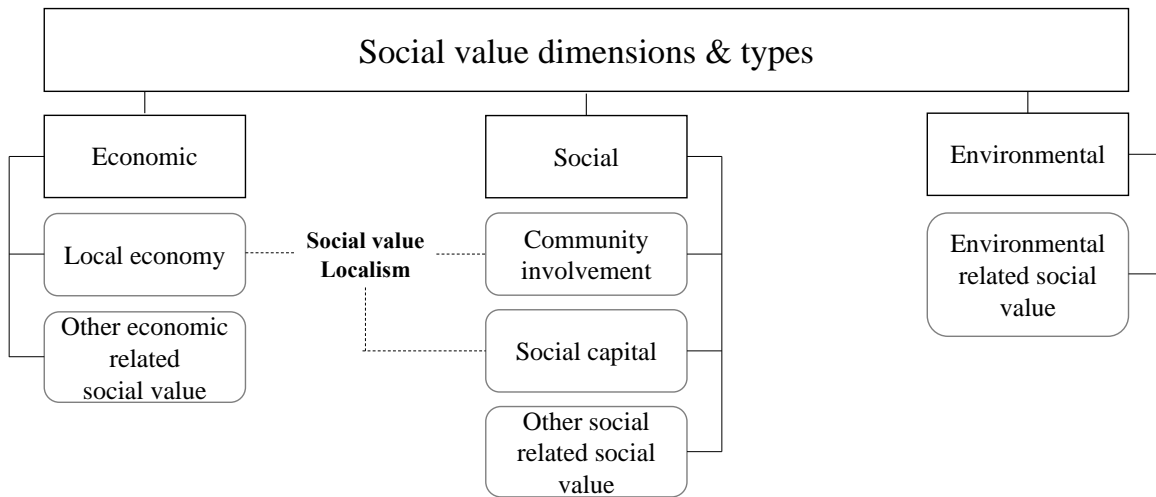


Figure 6.7: Social value dimensions, types and localism (Source: author)

The next section examines the ways in which the local authority data identified particular types of social value as characteristic of benefits associated with third sector organisations. This supports the research objectives in exploring whether and how notions of third sector distinctiveness contribute to local definitions of social value may influence LTSIO accountability through annual reporting.

Social value and third sector distinctiveness

Some of the local authority documents examined and several respondents identified the third sector as an important partner in delivering social value. Indications from the documents and the interviews are that the third sector is perceived as able to provide certain additional social value benefits particularly where third sector organisations have strong links to local social networks and communities. Table 6.3 below summarises the types of benefits ascribed to the third sector in the local authority documents and by local authority respondents.

Dimension	Type	Examples
Economic	Local economy	Alternative funding leverage through access to donors & grant making bodies Increased local spend in communities
Social	Social capital	Volunteering Community social networks Local roots, community pride, self-worth Working with hard to reach individuals/groups Encouraging social integration and community cohesion
	Community involvement	Co-production
	Employee diversity, skills & experience	Employees with relevant local and life experience

Table 6.3: Third sector social value benefits: local authority perspectives (Source: author)

Several local authority documents mention third sector innovation, VfM and the motivation provided by having a social mission, although they do not explain further any associated benefits or provide examples. Several respondents made reference to third sector organisations as social mission driven, although some questioned whether this led to greater social value:

“... they are very focused on people and outcomes. So, ... theoretically they should generate more [social value]. In practice they struggle.” (LAP1)

“You would hope that your social enterprises and your voluntary sector would be doing this stuff naturally, but I think that might be an assumption that we have. And also, you might think it was harder for private sector companies to make that leap, but again, we are making assumptions ... It depends on the people and how the business is going and what the ethics of the business are.” (LAP6)

The respondents’ comments chime with the contested nature of third sector distinctiveness and whether it is a factor in respect of improving service quality and results (Macmillan, 2013; Miller, 2013). This contrasts with assertions made in some UK central government literature that third sector organisations are particularly capable of providing improved public service outcomes while also making savings (Bovaird, 2014b). Respondents’ comments highlight differing views on the nature of third sector social value at national government policy level and local government management level. Furthermore, the types of third sector

social value outlined in table 6.3 above suggests third sector social value distinctiveness is more easily recognised by local authority constituents as social and economic benefits that are often in addition to and outside of those directly associated with a third sector organisation's social mission. This has implications for third sector accountability in that organisations may find they are required to account for different conceptualisations of social value other than that associated with their social mission and which is dependent on the nature of organisational structural characteristics and relationships with internal and external constituencies, such as for example, volunteers and local communities. It suggests adoption of a relativistic approach (Connolly et al., 1980) to defining social value and a relational approach to accountability (Unerman and O'Dwyer, 2006), where third sector organisations differentiate between social value as social mission, and social value as other economic and social related benefits accruing to a range of constituencies.

6.2.3 Constituencies engagement in defining a local authority view of social value

This section discusses the involvement and influence of various constituencies in the formulation of local definitions of social value. Analysis of local authority documents and interviews suggests central government agencies play a key role in establishing broad definitions of social value. Local government and other local constituencies then play key roles in choosing when and how to apply the 'intrinsic' and 'extrinsic' definitions and in interpreting these definitions in relation to specific types and examples of social value within the three main dimensions. Constituencies' involvement in setting broad definitions and establishing types of social value are now discussed in turn.

Establishing broad definitions

As noted earlier in this chapter, the economic, social and environmental wellbeing definition of social value is based on the Social Value Act as well as earlier legislation and guidance. The intrinsic service-related and extrinsic additional benefits definitions of social value are also based on central government supported guidance. The local influence on these definitions begins with choosing whether to adopt the broad definition based on the Social Value Act and so maintain a very high level of flexibility in its application, or whether to adopt one or both of the two narrower, although still quite broad, definitions. The indications are that often the local authority has played a dominant role in deciding which definitions to use, while other external constituencies have had some involvement in establishing types and examples of social value that may be sought within the parameters set by those definitions.

Several local authority documents and respondents indicated the involvement of representatives from various local public sector bodies along with private sector and third sector apex organisations, in developing local social value frameworks. These exercises in multi-sector, multi-agency collaboration have sometimes been temporary working groups formed around the particular task of developing a shared local social value approach. There are indications, however, that some collaborations have continued in various forms ranging from less formal continuing dialogue between constituencies to more formal local social value networks. In general, it appears that working groups did not produce narrower, more specific, definitions of social value and so tended towards versions of the three definitions discussed above. Where different local constituencies appear to have had more influence is in interpreting these broad definitions firstly into strategic priorities and then into types of social value.

Aligning with strategic priorities

At the level of strategic priorities, the influence of elected members and senior local authority management is evident. This is perhaps inevitable given the need to align social value priorities with existing local authority policies and priorities. Additionally, it points to a coalition of elected members and senior local authority management in setting the local strategic parameters within which social value can then be further defined. It does appear to be a complex picture, however, because there are examples where local authorities have allowed for and incorporated the differing views of other constituencies. For example, one respondent mentioned several internal and external constituencies that played a part in shaping different key elements of their social value policy, including elected members, local communities and local businesses:

“... ethical leadership, that was very politically driven, ...elected members were very keen on that and also the social sector ... Community focus, that was... local people saying we want to have a say in how things are commissioned, where you are going to put a community centre, how it’s going to be run, what the opening hours are, that kind of thing. ... [Spend local], a lot of local businesses, through the federation of small business, fed into that.” (LAP4)

This example suggests a partial ceding of power by local authorities as resource providers to a range of external constituencies with differing economic and social needs and relationships with the authority. This can also be linked to the forms of austerity localism discussed earlier in this chapter, with an emphasis on local economy and community involvement.

In general, it appears that the parameters of the local discourse on social value were often set by reference to central government guidance and local authority strategic priorities. Within these constraints, however, there are occasions where other constituencies have participated in establishing areas of focus for the emerging social value approach. The extent to which a broader range of constituencies has been able to participate in shaping how social value is defined appears to increase at the point of defining specific types of social value that may be delivered as a part of a public service contracting or funding exercise.

Establishing types of social value

Several of the local authority respondents referred to the role played by internal and external constituencies in contributing to the development of lists of specific types of social value along with examples and, in some cases, ways of evidencing their social value. Respondents referred to two points at which a wider constituency involvement might occur; the first as a participant in developing a local social value framework or guide and the second at the point of individual tenders for contracts or funding applications. An example of the first is participation in multi-sector working groups. Several respondents referred to the involvement of local external constituencies in delineating and contextualising types and examples of social value:

“[Consultants] helped facilitate a number of workshops with the community and voluntary sector, with local businesses, with our procurement team, with the local authority, in terms of what does this look like in (the borough).” (LAP8)

There were also examples of local authorities working closely with LTSIOs in developing the third sector element of their social value approach. In these cases, the focus appears to be on the potential contribution of the local third sector to strengthening community involvement and the local economy:

“Trying to mature the network of [local third sector organisations]. We used to lead on it and do all the presentations. It is now [the LTSIO] doing it, which is great, and we sit on the panel with them and we invite all these [third sector organisations] ... And we have put £1m worth of funding in for small grants recently, to stimulate, pump prime some projects as well.” (LAP5)

The second point at which external constituency involvement in defining social value is apparent is as part of the procurement process. Some local authorities invite those that tender for contracts to state the type of social value they are able to offer and, in some cases, in the

event of a successful bid, to then state how they intend to deliver that social value. Again, this appears to represent a partial ceding of power by dominant constituencies in respect of defining and evidencing social value, within the parameters set by the local authority's social value policy and related strategic priorities. Respondents' comments suggest that local authorities cede power in this way to encourage greater commitment and a wider range of social value from potential service providers:

"So, by not being prescriptive ... we have found we get more, and more interesting, more diverse range of things that are then coming through." (LAP8)

"If you give them a shopping list, it restricts that ability to actually come up with something that can be quite out of the ordinary and quite extraordinary social value." (LAP2)

Several respondents saw this as a part of a more general shift to adopting a more collaborative approach, which in some cases includes allowing greater scope for external organisations and groups to contribute to co-producing a particular project or service. At the same time there was recognition that this type of collaborative activity was often still emergent:

"You are either involved or you are actually just ticking a button to say you are co-producing. Where you cede control, which in all honesty we don't do it that well in a lot of the public sector, but we are getting there." (LAP5)

One respondent noted a similar shift occurring with some independent grant making bodies moving away from prescribing required outcomes and related measures. Instead these bodies were allowing the recipient organisation to decide what needs evidencing and how:

"... it is sort of saying the people that know best about what works and what doesn't work in getting outcomes are the grant recipients." (LAP1)

If this is the case, then it is particularly significant given the extent to which much of the current research on third sector performance assumes an increasing focus by funders as salient constituencies in setting criteria and requiring reporting on outcomes and social impact (see for example Nicholls, 2018). While there has been some research on third sector involvement in shaping funder accountability requirements (see for example, O'Dwyer and Boomsma, 2015 and Connolly and Hyndman, 2017), partial ceding of power by local public commissioners to service providers is an interesting development requiring further research beyond the scope of this study.

Additionally, a key area where external constituencies may be influencing the types of social value sought by local authorities is where ethical business practices are incorporated into social value goals. Examples include sourcing fair trade products and sustainable materials and adopting a living wage policy. Inclusion of these requirements as sources of social value is partly the result of policies initiated by elected members, but it also indicates the indirect influence of campaigning constituencies outside of the local authority. Fair trade and living wage campaigns have arisen from social movements that, in part, seek to challenge a neo-liberalist focus on competition and profit maximisation (Fridell, 2006; Clawson, 2008). These campaigns are supported by some but not all constituencies. Their inclusion as types of social value therefore suggests the influence of external social movements and internal local authority elected members over some aspects of what constitutes social value for the local authority.

Indications are, therefore, that although national and local government constituencies provide a broad base for defining social value in the context in which local authorities work, local authorities are able and, in some cases, willing to cede power to other constituencies. This may be those to whom they are closely related such as local third and private sector partners. Other key influencers may be further removed but may have some impact on local authority policies and priorities which in turn influence the way in which social value is applied.

6.2.4 A local authority social value framework

Figure 6.8 below summarises the local authority social value definitions, dimensions and types identified within the data. The three broad definitions discussed earlier in this chapter can be summarised as consisting of an overarching broad wellbeing definition under which two approaches to locating social value in relation to organisations and their services are located: intrinsic service-related social value benefits and extrinsic additional social value benefits. These definitions shape local authority approaches to applying and accounting for social value encountered in the local authority documents and in interviews with local authority respondents. All three approaches feed into three dimensions of social value and the different types and sources of social value within those dimensions.

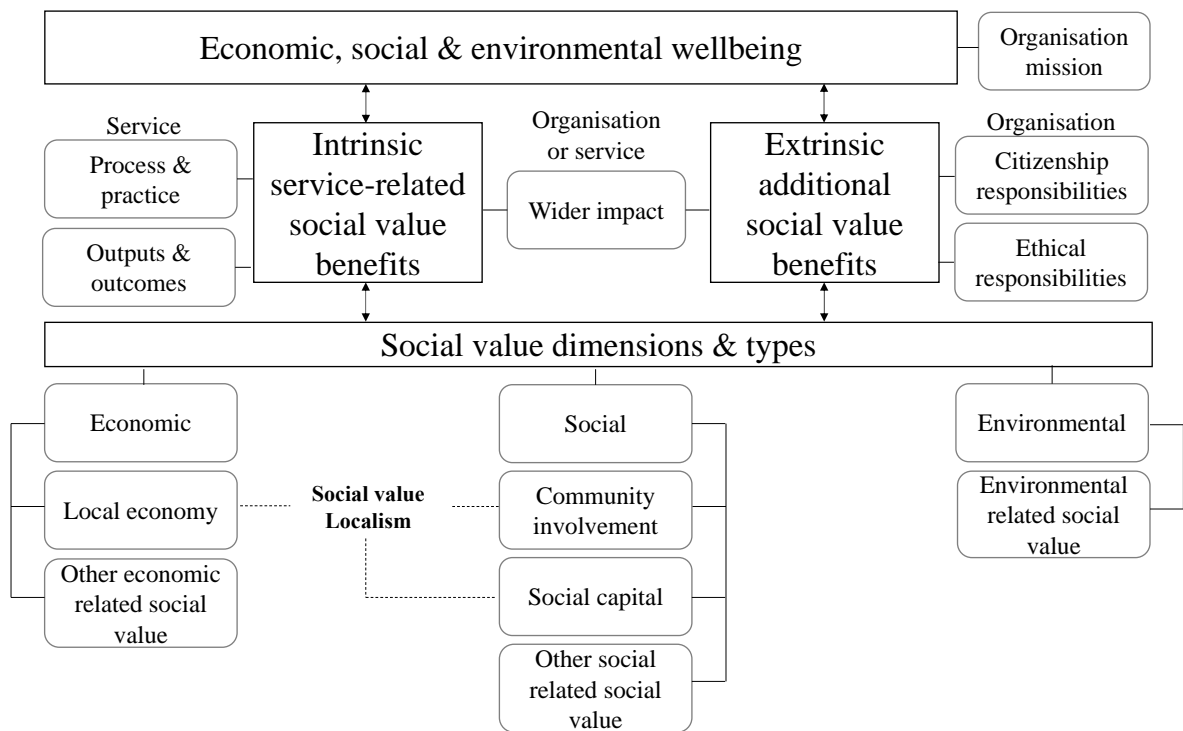


Figure 6.8: Local authority social value framework (Source: author)

The overarching wellbeing definition is broad and non-specific. The key difference between the two more specific definitions is whether social value is seen as intrinsic or extrinsic to a particular service. While there are indications in the documents of some authorities adopting both approaches and applying each on a case-by-case basis, by far the most frequently encountered approach in the local authority documents and in the interviews is the additional benefits definition. The additional benefits and service-related benefits definitions of social value align with the OSR and service results accountability bases discussed in chapter three. Drawing on the accountability framework developed in chapter three, a service results approach may suggest a social value focus on meeting central government, taxpayer and service user interests and needs. Contrasting with this, an OSR approach may point to a social value localism driven partly by an imposed funding austerity, but also capable of incorporating elements of local economy and community localism that reflects a range of local constituencies' interests.

The next section discusses community foundation respondents' perspectives on social value including their response to local authority definitions encountered by them. From this discussion, two approaches to defining social value are identified.

6.3 Community Foundation Perspectives on Social Value

Community foundations are not mandated to implement the Social Value Act but operate in the same localities as local authorities and LTSIOs. Therefore, interviews with community

foundation managers were included in the study in order to provide further insight on the concept of social value from a different local funder perspective. This section discusses community foundation respondents' perspectives on definitions of social value. It commences with respondents' perceptions of local authority social value definitions. Following from that, an alternative approach centred on organisational social mission and 'making a difference' is identified with two differing perspectives on the nature and type of social value associated with social mission driven organisations.

6.3.1 Community foundation perceptions of local authority definitions

Several community foundation respondents indicated awareness of the Social Value Act and local authority approaches to it, but saw this as something specific to local authority commissioning and funding processes and of less direct relevance to their own work with foundation donors and beneficiaries. There was no indication from community foundation respondents of any involvement with local authorities in constructing a shared local definition of social value. Respondents' experience of local authority approaches to social value included on the one hand, requirements to produce CSR type information and on the other, producing information on the results of a funded activity. These two reporting criteria examples align with the extrinsic additional benefits and intrinsic service benefits definitions of social value referred to by local authorities and discussed earlier in this chapter.

Outside of reporting to local authorities, comments made by respondents suggest that the term social value had not been adopted more widely within their community foundations to describe their work and related social benefits to their donors or beneficiaries. Other terms more commonly used by community foundation respondents included 'making a difference', 'social change', 'impact', and 'social capital'. These are discussed below.

6.3.2 Making a difference: social change and social capital

When describing their understanding of social value, in addition to citing local authority definitions of additional benefits and service-related benefits, community foundation respondents frequently referred to the social mission driven organisations they fund and their capacity to make a difference. Social value in this sense is seen as a characteristic of local community based third sector organisations, and is associated with both the social mission and with other characteristics of local third sector organisations such as volunteering, closeness to communities, and an ability to generate and sustain local social capital:

"The grassroots ... charities and organisations who are doing stuff on the ground."
(CFP2)

“[Social value] is delivered with huge passion, and [through] local connections and use of volunteers.” (CFP1)

“Pretty much any community activity you could say is adding social value if it’s getting people together, if it is building relationships.” (CFP3)

Responses suggest recognition of two definitions of social value. One is similar to the additional benefits definition of social value and linked to third sector structural features; the other definition is associated more with social mission-related benefits. The strong link to social mission reflects the sector-specific role of community foundations as funders of local third sector organisations whose primary purpose is providing social rather than private benefit. This contrasts with local authority commissioning which, as mentioned earlier in this chapter, is generally required to adopt a sector neutral position when procuring services under public contracts regulations and so applies definitions of social value other than that associated with organisational social mission. As one community respondent commented when comparing a local authority perspective to their own view of social value:

“[Social value is] a little bit different for us because that is what we do. We award small grants mainly to smaller grass roots organisations. So essentially everything that we award has social value in it. That’s our whole purpose of being.” (CFP5)

The term making a difference, referred to at the beginning of this section, has been used in a third sector context in relation to service quality, accessibility, outcomes (Koning et al., 2007), social impact (Dawson, 2010), social capital (Howell, 2003) and social change (Mercer, 1999). Most of the community foundation respondents tended to use the term in relation to social change and the social outcomes and impact of the funding they provide to local third sector organisations. One respondent, however, disagreed with a focus on social change, outcomes and impact and offered an alternative view which focused primarily on the contribution of the third sector to creating and sustaining local social capital. Both perspectives are now discussed in turn.

Several respondents suggested a shift in focus by community foundations from outputs to the resulting social outcomes and impacts of a funded activity or service. This includes outcomes and impact at various levels from positive changes for individuals, to the impact of multiple programmes within a particular community:

“... there is definitely a shift away from just looking at outputs. To recognising that it’s less how you do it ... It’s more what difference are you going to make and how you

show the difference to people. So, definitely, there's a shift towards outcomes."

(CFP1)

"... to look at one place with a theme if you like, to tackle one particular thing or a group of things in one place." (CFP4)

The terms impact and outcomes were used interchangeably by several respondents and in a similarly flexible way to that encountered with local authority and LTSIO respondents. Outcomes and impact were seen by respondents as being of importance to their own donor constituencies as well as for the third sector organisations funded by the community foundation. Respondents' comments highlight the perceived importance of accounting for outcomes and social impact in meeting upward accountabilities to external resource providing constituencies, both for the community foundation's relationship with its donors and for the third sector organisation's relationship, as grant recipient, with the foundation:

"...social impact is why they are creating the fund with us and working with us in the first place. ... they want to make that difference to individuals' lives." (CFP5)

Both the community foundation and the third sector organisations they fund have an interest in outcomes and impact which centres on evidencing the positive effects of third sector organisations' mission driven activities to resource providers. This perspective aligns with a definition of social value as intrinsic to third sector social mission-related benefits and places a particular emphasis on funded programme outcomes and impact albeit with less emphasis on how an activity or service is delivered:

"It comes back down to the difference. It's... the non-financial impact of programming." (CFP4)

As mentioned above, while most of the community foundation respondents discussed social value in relation to social outcomes and social impact, one respondent presented an alternate view which placed greater emphasis on social capital and civil society:

"I would see us as more of a social capital organisation than a social change organisation ... our very philosophy is about community is a good thing and therefore we heavily invest in stuff happening in communities and we take a very broad view of what that might be." (CFP2)

Respondent CFP2 took the view that, while not ignoring outcomes and social change, it is important to recognise the difficulties associated with discerning the contribution of an activity to a particular outcome. Additionally, the respondent felt that there is already general acceptance and understanding of the positive effects of local voluntary, community and associative activity:

“... there is an intrinsic good to or an intrinsic value to activity, association, civil society ... my concern about the impact agenda is as simple as how do you prove cause and effect.” (CFP2)

Again, the above comment points to social value seen as intrinsic to third sector organisations and associated not only with social mission but with other structural features such as voluntary membership and active participation in social activities. A feature of the social capital approach described by respondent CFP2 is that the burden of evidencing impact is not placed on individual community organisations. Rather, reliance is placed on other sources of information, such as sector research and reports which point to the positive effects of local voluntary and community organisations’ activities on their communities. The community foundation’s assessment of funding applicants instead focuses on their *“organisational health”* (CFP2). This approach to assessing an organisation includes consideration of such aspects as governance and financial management, as well as discussions between funder and potential recipient to clarify what the third sector organisation would seek to achieve with the funds. Further, the community foundation partially cedes power to the applicant by asking the applicant to define the aims or goals of the funding and subsequently reporting on the extent to which they have been achieved:

“So, rather than going, you have to show your value or your impact against these predetermined set of values that we have set out ... we say to them tell us what success looks like to you. And when the grant is ended, we’ll say how did you do against those things that you set yourself.” (CFP2)

Community foundation respondents’ comments, therefore, suggest that competing views exist among internal and external constituencies regarding the relative merits of social impact and social capital approaches. The impact approach was seen by some as offering an attractive way of communicating the benefits of funded programmes, although respondents’ comments indicate the existence of a mix of views within community foundations’ lateral constituencies, including among trustees and staff. Overall, the impression given by respondents was of a general move by many of the community foundations towards equating social value with

outcomes and impact, although with no generally accepted method of measurement or assessment and some questioning of the merits of such an approach.

6.3.3 Dimensions and types of social value

Community foundation respondents focused almost exclusively on the social dimension, although one respondent did refer to the local economy. The local social dimension was seen as important in contributing to community involvement, supporting the local voluntary and community sector, and generating social capital. Similar views to those of local authority and LTSIO respondents were expressed regarding the ability of local organisations to generate more social value than national organisations regardless of sector. Local organisations were described as being more rooted in communities, less bureaucratic, flexible, more able to attract and utilise volunteers, and potentially cheaper. Larger national organisations were seen as having other advantages but were not seen as being comparable with local third sector organisations in terms of local connectedness, depth of local knowledge, community engagement and involvement. Contrasting a local community group with a national charity one respondent described them as “... as different as the corner shop is to Amazon” (CFP2).

Outside of supporting local voluntary and community involvement, social change and building social capital, the community foundation respondents were unprescriptive in relation to other or more specific types of social value that might be provided. Some foundations have funding programme themes which change over time, but these are often quite broad and funded organisations appear to have considerable flexibility regarding what is delivered in furtherance of a particular theme. Respondents’ comments suggest that community foundations that adopt programme themes are likely to still engage in ceding power to the applicant organisation regarding the type of activity or service they provide:

“[The fund’s aim] ... may be trying to improve employability skills of individuals or reduced social isolation, that type of thing. So, that can be the overarching theme ... We are not looking for something very specific to be delivered, with a certain outcome achieved ... What we are essentially looking for is a positive impact on a thematic level and then leave that up to the community organisations who are applying to the funding, to present to us different ways of how they will have that impact. And then decisions are made on a strength-based approach on the information they provide.”
(CFP5)

As such, respondents’ comments suggest that the nature of an organisation’s social mission, structural features and capacities provides the basis for assessing the relevance of a particular

community foundation programme to a particular organisation, and that thereafter establishing more specific expected social benefits involves a process of discussion and negotiation. The resulting type of social value, therefore, may reflect a mission/social change or additional benefits/social capital perspective on making a difference.

6.3.4 Community foundation engagement with defining social value locally

As mentioned earlier in this chapter, the community foundations included in this study had not been involved in developing a joint local social value definition. Respondents were aware of the Social Value Act and local interpretations, and one foundation was producing a social value report based on an additional benefits definition of social value for a local authority as part of a funding agreement. The language of social value was not something that appeared to be in common use by the community foundation respondents outside of reference to public sector procurement:

“Well, I’m aware it’s part of the tendering process and part of the consideration, that there’s something called social value, which the local authorities, if they are doing a contract, are supposed to consider alongside the monetary value ...” (CFP1)

“... to be honest, the Social Value Act doesn’t really come into conversations with our donor, because, as I say, the social impact is why they are creating the fund with us and working with us in the first place. The reason why they want to work with us is because they want to make that difference to individuals’ lives.” (CFP5)

Several respondents referred to their national body, the UK Community Foundations Network, as a source of guidance on capturing and communicating the impact of the grants they award, although respondents’ comments suggest the extent and ways in which impact measurement is embedded in local community foundations varies. Most of the community foundations included in the study appear to favour a social impact approach to assessing a specific programme’s social value, although this too is often described in broad terms as ‘making a difference’. Further, in the same way that applicants define activities linked to a programme theme, respondents indicated that their community foundation often allows the funded organisations to define what ‘making a difference’, ‘outcomes’ or ‘impact’ mean within the context of the funded project:

“We essentially are saying this is the criteria of the fund in terms of the theme it is trying to make an impact on. Over to you, to the applicant, to tell us what about your project and what are the outcomes of that.” (CFP5)

“But the other thing [the community foundation will] say is right ok tell us what you want to do. So, rather than have to have a 25-word outcome they can simply say this is what we are planning, this is how we think it’s going to help people, or we’ve been doing it and we can demonstrate it.” (CFP3)

A constituency identified by respondents as having a strong interest in the difference made by the grants awarded is the community foundation’s own donors. Respondents often referred to donors’ keen interest in seeing the difference that their donation made. Donors therefore represent a dominant resource providing constituency for the community foundation, although they are a large group with diverse interests and preferences regarding the use of the money they provide:

“We’ve got 204 funds. Different donors ...” (CPF4)

“Each will have their own criteria that they are aiming to address.” (CFP5)

These different donors’ interests may translate into different types of social value rather than coalescing around one universally applicable view of social value. In general, community foundation respondents’ comments suggest that their engagement with the concept of social value has been limited and that currently the interest is in interpreting ‘making a difference’ as outcomes and impact or social capital, or both. Moreover, the dominant constituency for community foundations in relation to their own accounting and reporting are donors.

6.3.5 A community foundation social value framework

Figure 6.9 below presents a framework of community foundation social value incorporating perspectives identified within the interview data. The two understandings of ‘making a difference’ expressed by respondents – social change and social capital - can be linked to social mission and additional benefits definitions of social value. Social change links primarily to social mission-related social value represented as positive outcomes and impacts. Benefits may arise at the organisational or service level but are strongly linked to the organisation’s social mission, reflecting the primary sector and geographic specific role of community foundations in supporting the local third sector. Social capital is seen as arising from a third sector organisation’s structural characteristics outside of its social mission and therefore links primarily to an additional benefits definition of social value represented as citizenship OSR.

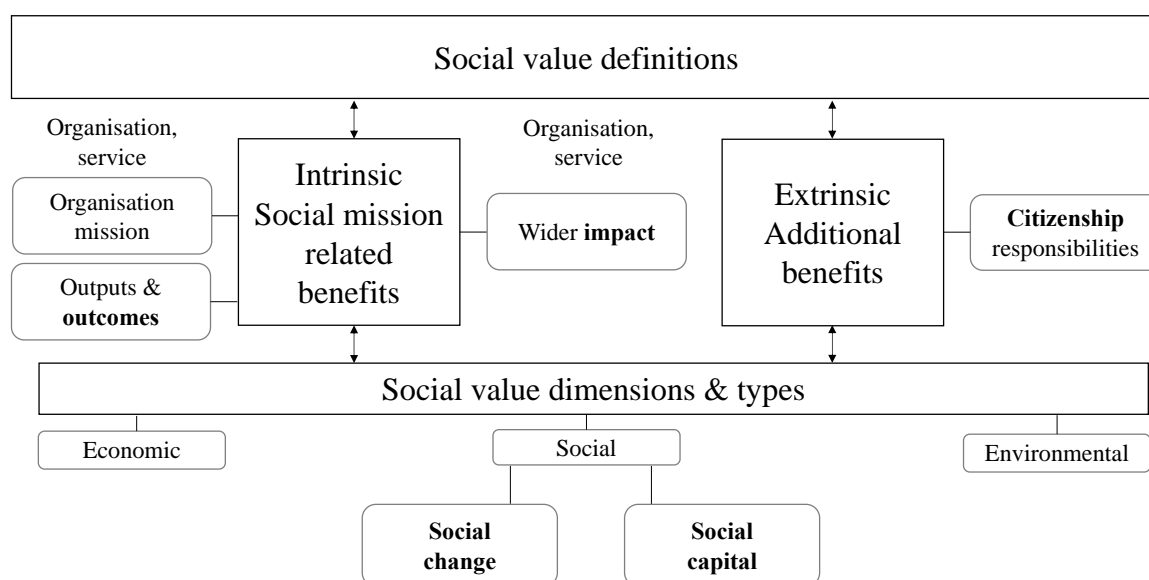


Figure 6.9: Community foundation social value framework (Source: author)

The next section presents and discusses findings on LTSIO respondents' perspectives on social value and commences with consideration of local authority definitions encountered by LTSIOs and their responses to these. This is followed by consideration of social value definitions from the perspective of LTSIOs. From this, two definitions are identified.

6.4 LTSIO Perspectives on Social Value

6.4.1 LTSIO perspectives on local authority definitions

In general, LTSIO respondents were aware of the Social Value Act and local authority interpretations and applications of the legislation at a local level. There were a variety of responses from LTSIO respondents regarding local authority definitions of social value. These ranged from passive acceptance of a local authority definition in respect of that local authority's procurement and funding activities, to active participation in attempts to shape local social value guidance as members of local multi-sector working groups.

Where LTSIO respondents mentioned a local authority definition of social value, they more often referred to the additional benefits definition rather than the intrinsic benefits definition, although some mentioned both. Several LTSIO respondents referred to their own and other third sector organisations' additional social value benefits, particularly in relation to ethical responsibilities. Examples of organisational ethical practice mentioned by respondents included accreditation as a living wage employer, employee health and wellbeing initiatives, purchasing fair trade goods and sourcing from local third sector suppliers. Several respondents mentioned volunteering as an additional third sector benefit, referring to the value of the time donated by volunteers, and as such representing a form of citizenship or

philanthropic benefit. While most LTSIO respondents appeared neutral in regard to the relative abilities of public, private and third sectors to embed OSR practice in their organisations, one LTSIO respondent saw ethical behaviour as a fundamental characteristic of local voluntary and community organisations:

“... for 99% of the voluntary community sector that sits at the core. The fairness, the equity, the non-discriminatory equal treatment, being careful about what they do for who ...” (TSP9)

It is apparent from respondents' comments that LTSIOs engage in what could be described as OSR, although often they do not express it as that. There are various possible reasons for a limited use of or communication of OSR-related actions among LTSIOs. One possibility is a reluctance to use the language of OSR because of its perceived association with private sector marketing and 'CSR-washing' (Pope and Waeraas, 2016). Another possibility is the precedence of the social mission over other social related concerns and perceived or actual pressure from key constituencies to remain focused on the mission (Waters and Ott, 2014). Additionally, it might be that LTSIOs view their ethical and citizenship activities in a more fragmented way because of their complex constituency relationships and the 'loose coupling' between resource providers and service users (Kanter and Summers, 1987, p.159). As a consequence, the various elements of what would constitute the LTSIO's OSR-related policies and actions are not commonly brought together and comprehended or communicated as a whole:

“I just think [the private sector] are slightly better at ... being able to communicate and articulate what they [do], and in some respects [are] slightly better at what they do.” (TSP9)

Several LTSIO respondents saw their local authority's definition of additional benefits as very flexible and capable of multiple interpretations, for example:

“... wider economic, social, environmental benefits. Wider than what you are necessarily paying for as a commissioner, but ... it can be anything can't it.” (TSP8)

A flexible definition was seen by some LTSIO respondents as beneficial to the third sector in reducing the likelihood of a top down prescriptive application of the Social Value Act by local authorities as resource providers. Furthermore, some LTSIO respondents felt a flexible non-prescriptive approach improves the ability of both local public and third sector

organisations to respond to changing community needs and the potential for bottom up solutions that draw on local community knowledge and experience:

“... often it’s the grass roots organisations [that] have a really good idea for something that could be valuable for society. But if you had a really strict definition of what it was that might mean that you couldn’t consider that. I think it’s good to have some flexibility.” (TSP8)

Some LTSIO respondents, however, felt that very broad definitions of social value led to a lack of clarity about what it represents and its relationship to other notions of ‘social’:

“But around the same time as social value, we hear about social enterprise, we hear about social investment, and I think a lot of terms are used interchangeably which they shouldn’t be. They are completely different. So, there is quite a lot of confusion, there is a bit of when you put something called ‘social’ in front of something that will make it nice.” (TSP2)

The above comment is congruous with Teasdale et al.’s (2012) assertion that the contested nature of social value is in part connected to the lack of an agreed view of what constitutes ‘social’. Furthermore, positive sounding but vague definitions may hamper constituencies’ engagement with the subject or obscure policy intentions (Sinclair and Baglioni, 2014).

A distinction was made by most LTSIO respondents between the additional benefits that local authorities were seeking and the social value arising from activities undertaken in fulfilling the LTSIO’s social mission. The notion of third sector social mission as social value differs from the local authority definitions discussed earlier and represents a sector-specific definition which is now discussed further.

6.4.2 Social value as social mission

Most LTSIO respondents identified social value as being intrinsic to their social mission. For LTSIOs their primary social mission is stated in their charitable objects. One respondent pointed to charity law as endorsing the social value of charities in that certain activities are legally recognised as charitable and socially beneficial. The respondent suggested this amounted to state recognition of the social value of charitable activities; charity law, in effect, legitimating certain forms of social value action and activity:

“... we’ve enshrined in law that advancing education is a social good ... we’ve sort of accepted that. So, anybody who does it is adding to social value.” (TSP1)

Broadening this out beyond charities, most respondents referred to a variety of organisational forms found in the third sector which share the characteristic of being social mission or social purpose driven. Several respondents referred to the third sector as including both voluntary and community organisations and social enterprises, while one respondent referred to the social sector and social economy and included member owned businesses, such as commercial co-operatives and mutuals. Inclusion of member owned businesses as social purpose organisations is based in part on their socially inspired ownership structures (Moulaert and Ailenei, 2005) that emphasise member participation, reciprocity, and restrictions on economic property rights (López-Espinosa et al., 2012). Whether LTSIO respondents defined the third sector more or less broadly, they shared a view of social value as inherent in a third sector organisation's social mission:

“To me, this sector is social value by default. It just is. Even when it's not articulating what it does, it is social value by default.” (TSP4)

“...not everyone would necessarily immediately think social value, because it's almost the water they are swimming in isn't it.” (TSP10)

“... there is something about voluntary and community action that's intrinsically about adding value socially.” (TSP6)

Those LTSIO respondents adopting a social mission definition of social value referred to the associated benefits arising both in the mission-related activities they undertake and in the difference these activities make for individuals and groups. In other words, the LTSIO's activities, outputs and beneficial outcomes and impacts for intended beneficiaries. This is similar to the local authority definition of intrinsic social value benefits of services. Where the two definitions differ is that one is at organisational level and one is at service level. For the third sector organisation, the intrinsic social value is linked directly to the organisation's specific social mission which informs the activities it undertakes and services it provides. For the local authority, however, the intrinsic social value is linked directly to a service's specific objectives or purpose. This difference is already recognised in relation to a particular issue facing third sector organisations in ensuring alignment of public commissioners and funders' goals with their own organisation's social mission; an issue sometimes referred to as mission drift (Jones, 2007). This is an issue that does not arise in the same way for private sector businesses where their primary purpose is to maximise shareholder value (Jensen, 2002) and where they are more readily able to consider moving into different areas of activity in search of improved financial return.

Positioning social value in the social mission of the organisation differentiates it from other forms of social value arising from an organisation's actions and activities that are not directly related to the primary purpose of the organisation:

“Whereas [for] a voluntary organisation, its day job is to create social good. It may be better or worse at doing that but that's what it aims to do full stop. And then almost if it does anything else, that's peripheral.” (TSP10)

This distinction between social mission social value and other service-related or additional social value has implications for accountability in terms of what is accounted for and to whom. This is discussed further in section 6.5.2 of this chapter, though it is useful to note again here that third sector organisations find themselves dealing with an additional conceptualisation of social value as organisational social mission which is distinct from service-related and additional OSR-related definitions discussed in relation to local authorities.

While most of the LTSIO respondents identified social value as inherent in a third sector organisation's social mission, this did not necessarily mean that respondents viewed social value as solely the preserve of third sector organisations. As already mentioned, LTSIO respondents recognised the local authority definition of extrinsic additional benefits whereby social value is not linked to the primary mission of an organisation whether that be profit maximisation, public service or advancement of charitable objects. The ability of private sector companies to deliver significant social value in the form of additional benefits was recognised by several LTSIO respondents, some of whom provided examples of local philanthropic and social-related social value. In addition, several LTSIO respondents viewed organisations from other sectors as just as capable or in certain contexts better at providing social value. Mixed views were expressed, however, regarding differences in the social value that each sector could deliver when looking at dimensions and types of social value. This is discussed further in section 6.4.3 below.

6.4.3 LTSIO culture and practice and extrinsic and intrinsic social value

Several LTSIO respondents emphasised the importance of third sector organisational culture and practice as a source of social value. As mentioned in chapter two, culture and practice is interpreted in this study as incorporating organisational underlying basic assumptions and values, people's understanding of the way in which an organisation works and the effects this has on how work is done (Sinclair, 1993; Schein and Schein, 2016), including building and sustaining social networks and relationships (Onyx, 2014b). Culture and practice, therefore,

may be a factor in both extrinsic additional social value and intrinsic social mission-related social value.

Several respondents mentioned ethical behaviour as a component of their organisation's social value, referring to such concepts as equity and non-discriminatory practices. This overlaps to some extent with notions of OSR, and some respondents see it as reflecting their support for social driven activities and relationships with less powerful constituencies. It is not necessarily inherent in the organisation's social mission but is seen as a way of furthering socially beneficial practice, while also recognising that it can provide social and economic benefits to the organisation, for example:

"... you could argue that there is also an intrinsic value in it as well as an extrinsic value in [resourcing staff health and wellbeing activities]. Because as an employer ... the last thing I want is ... people off sick all the time." (TSP2)

In addition to this ethical dimension, several respondents pointed to how activities and services are carried out as an important source of social value creation. This takes two different forms. On the one hand, it refers to the way in which a service is provided to intended service users. On the other hand, it includes the ways in which individuals/groups participate in activities rather than being recipients of processes from which they are excluded. Examples of the former include adopting an open and supportive approach and making services accessible to diverse, sometimes hard to reach, constituencies:

"... our support of them is almost a social value output. We put lot of time into trying to write something down, but ... for me it's a cultural thing, rather than something written on a piece of paper." (TSP3)

Examples of the latter include situations where volunteers benefit from participating in service or product delivery activities. The benefits might be in undertaking activity that is personally rewarding and enjoyable or through increased opportunities for social interaction, social connections and networking:

"... part of ... the benefit is the social value of just coming together to knit. And it is not really about increasing the numbers of people that can benefit from the product. It is about the value that they can create in coming together to knit." (TSP7)

Several respondents referred to the importance LTSIOs place in encouraging individuals and groups to connect with each other and to develop and sustain supportive social networks. This

was seen as being a key part of LTSIO culture and practice and relates also to the concept of citizenship in the third sector social responsibility pyramid (see chapter two, figure 2.5). In turn, this is not dissimilar to Onyx's (2014b) assertion that a welcoming organisational culture and commitment to supporting the wider community are important for building and sustaining local social capital.

6.4.4 Social value as heuristic device

A very different view was expressed by one LTSIO respondent who rather than defining social value in terms of specific types of social value benefits, saw it more as a mechanism for encouraging dialogue between diverse constituencies. The dialogue is seen as enabling different constituencies' interests and needs to be discussed as part of a process of seeking ways in which organisations from different sectors might work together to achieve increased social benefits as well as benefitting the organisations in some way:

"... if you put a voluntary sector organisation and a private sector organisation in the same room, that they talk about what their values are and then they talk about what work they could do together, and then they enhance each other. So, there has to be, essentially, a business case for both." (TSP5)

As such, social value can be viewed as a heuristic device that can catalyse cross-sector discussion between potentially competing perspectives and that supports understanding of differing constituencies' interests in order to bring about improved social benefits. This resembles the notion of shared value (Porter and Kramer, 2006), where social value is said to come about through active engagement between businesses and communities, described also as a form of co-creation (Shrivastava and Kennelly, 2013). The underlying assumption is that the resulting social and economic value brought about through discussion, negotiation and consensus can be mutually beneficial to business and to society (Porter and Kramer, 2011). The shared value perspective is potentially problematical, in that private sector businesses may favour certain types of social initiatives which are seen as more beneficial to their own value chain, resulting in a skewing of social value towards business interests (Aakhus and Bzdak, 2012). An alternative view of social value as heuristic could draw on the concept of public value, where the competing interests of different constituencies are acknowledged and where discourse would include candid discussions and negotiations of who pays and what capacity exists to deliver desired results (Benington, 2011; Mulgan, 2011). Both LTSIO and local authority respondents' comments, however, reflect the shared value view of mutual social and economic benefits arising from cross-sector dialogue and collaboration. The

influence of austerity measures on public service provision may be a factor here, with an emphasis on finding more immediate deliverable solutions within reduced budgets and a willingness to engage with other sectors around this objective. Figure 6.10 below summarises the LTSIO definitions of social value and places the heuristic perspective between the two main definitions and social value dimensions, the latter being discussed in the next section.

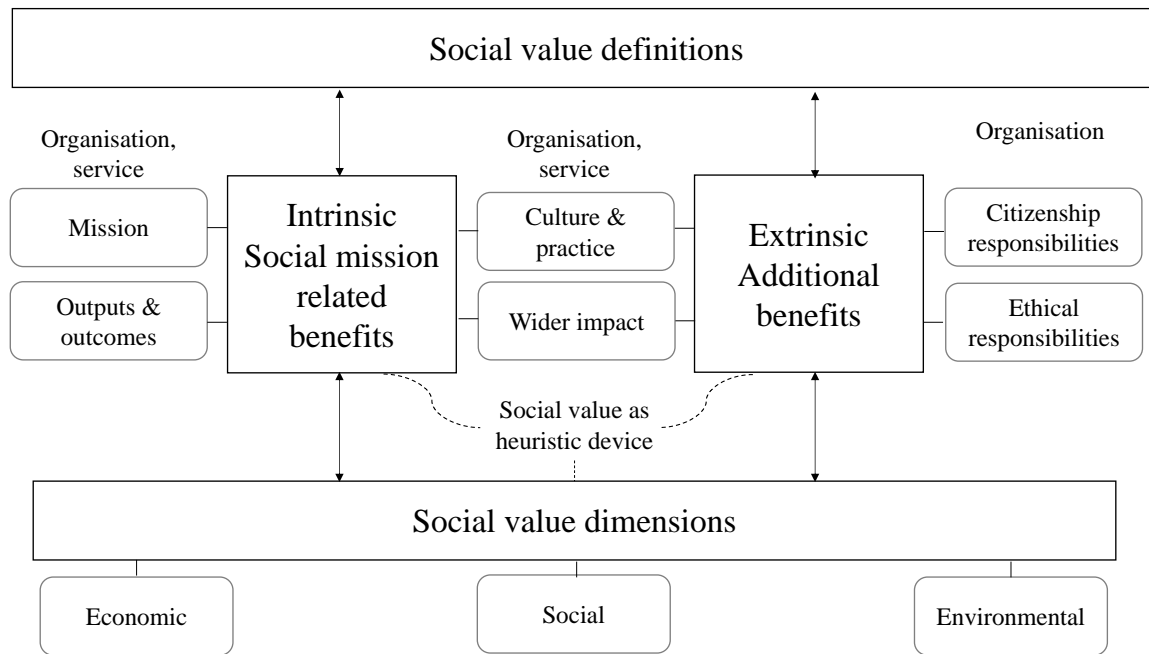


Figure 6.10: LTSIO social value definitions (Source: author)

6.4.5 Dimensions and types of social value

LTSIO respondents mostly referred to social value in relation to the social and economic dimensions with limited reference to the environmental dimension. Several respondents did comment on the seemingly limited attention given to environmental related social value compared to the social and economic dimensions. One respondent suggested this tendency to focus on the economic and social dimensions of social value was common across all sectors. Within the dimensions and types of social value, themes emerging from LTSIO respondents included the importance of local embeddedness, multiple perspectives on volunteering and the role of LTSIOs in generating social capital. These are now discussed in turn.

Importance of local embeddedness

As with the local authority respondents, local embeddedness was seen as important by many of the LTSIO respondents, with similar views expressed regarding the depth of social value achievable from local organisations when compared to national organisations:

“I think the local is really key. And actually, there’s often more, there’s a greater level of shared values, in what drives people” (TSP6)

As mentioned earlier, several LTSIO respondents viewed the local private sector as being just as capable as the third and public sector in delivering social value across the economic, social and environmental dimensions. One expression of this was a suggestion by one respondent that the discussion needed to move away from sectoral differences and instead concentrate on how all sectors can contribute to both the local third sector and commercial economies. Where respondents did differentiate more strongly between sectors was in relation to the ability of each sector to deliver particular types of social value within certain dimensions. So, for example, the private sector is perceived as leading in the economic dimension whereas the third sector is seen as leading in certain areas in the social dimension:

“... in an economic sense of it, [local business] wealth recycles, but ... there is much greater social investment in a voluntary organisation and charity than would be in a local small business. Although both are very valuable.” (TSP7)

The picture is a complex one however, with respondents expressing diverse views on differences between local third and private sector social value. Several respondents provided examples of local businesses engaging with communities in ways that extended beyond commercial transactions and generated social value. The examples encompassed local philanthropy, mentoring and social capital building:

“There’s often a greater connection and affinity with what some local for-profit businesses might be trying to achieve. Which is quite interesting for us, because I’ve been quite ideologically opposed to the private sector most of my life. But you end up thinking ... it’s not quite as black and white as we think ... Because they are, he is definitely bothered about (the borough) and ... (the borough’s) people.” (TSP6)

When LTSIO respondents pointed to specific third sector characteristics, the differences from other sectors identified were in regard to the primacy of their social mission, their culture and the importance of volunteering. Social mission and culture and practice have already been discussed under definitions of social value; however, it is of benefit to consider volunteering as characteristic of third sector organisations and one that respondents viewed as particularly important in generating and demonstrating social value.

LTSIO perspectives on volunteering

Volunteers and volunteering as a form of social value was a recurring theme across many of the LTSIO interviews. This partly stems from the importance of volunteers in local third sector organisations that often are relatively small in terms of annual income and dependent

on volunteer input to sustain them. These smaller voluntary and community organisations represent an important member constituency for LTSIOs. As one respondent pointed out:

“... 80% of them are small micro organisations run by volunteers, run on under £10,000 a year turnover, that sort of thing. So that is pretty much our primary focus of where we think the majority of our services go to.” (TSP7)

Respondents’ comments on the social value of volunteers highlight the diverse ways in which volunteering can be valued. Four different perspectives on volunteer social value were discernible from respondents’ comments on the subject. Table 6.4. summarises the four perspectives and connects them to the different definitions and types of social value discussed in this chapter as well as the social value accountability bases discussed in chapter three. The four perspectives are not mutually exclusive and, to varying degrees, overlap with each other. They are used here to explore their alignment with different definitions, accountabilities and types of social value.

LTSIO perspectives on volunteering	Social value definitions	Third sector org. accountability base	Types of social value
Volunteering as donation of time and expertise	Additional benefits	OSR: Citizenship: Philanthropic	In-kind donation Local economy
Volunteering as member participation	Additional benefits & Social mission-related benefits	OSR: Citizenship & Social mission	Social capital & Participation, self-help, social capital
Volunteering as a personally rewarding leisure pursuit, or ‘serious leisure’	Additional benefits	Culture and practice & OSR: Citizenship	Social capital
Volunteering as work experience, pathway to employment	Service-related benefits	Service results	Local economy

Table 6.4: Perspectives on the social value of LTSIO volunteering (Source: author)

The first three perspectives listed in table 6.4 are similar to those identified by Rochester et al. (2010), who describe volunteering as service-related, activism related and serious leisure. The first of the four perspectives in table 6.4 is a view of volunteering as a gift of time utilised to support activities and services. Several respondents referring to this perspective saw it as interlinked with other perspectives. For example, one respondent referred to a situation where

the volunteers were students who gave their time and specialist knowledge to assist in delivering a specific service, while also gaining work experience useful to them in furthering their careers. The second perspective is where volunteers participate as members of a group which can be on a self-help or mutual aid basis (Lyons et al., 1998) or other associative activity such as participating in the governance and management of a charity (Rochester et al., 2010). One respondent, for example, referred to the contribution made by their volunteer trustees. The third perspective is where the volunteer finds volunteering activities interesting and rewarding in themselves. As one respondent commented:

“... people’s lives can be transformed by being involved in some way with an organisation.” (TSP6)

The fourth perspective involves a shift in focus towards volunteering as a means for achieving a desired economic outcome, whereby an individual acquires skills and experience with a view to securing personal economic benefit through paid work. This can be in relation to promotion opportunities, such as management development through board-level volunteering, or in pathways to employment. Several respondents suggested that this latter aspect had increasingly become a basis for valuing volunteering:

“Particularly with volunteering, there’s ... this assumption now that it’s part of the work programme or getting people back into the paid workforce. Volunteering is part of that...” (TSP6)

The four perspectives highlight different dimensions and representations of social value. In the context of local authority and LTSIO perspectives on social value, the first primarily represents economic related value in the form of a gift of a person’s time analogous to a monetary donation (Rochester et al., 2010). The second and third primarily represent social related value in the form of social capital through civic engagement (Putnam, 2000), and the fourth primarily represents economic value to the individual and to the public sector in terms of reduced public service demand and contribution to the local economy. Given the centrality of social capital to the work of LTSIOs as voluntary and community infrastructure organisations, this is now discussed further.

Social capital

Core elements of the work done by LTSIOs involve developing and sustaining local third sector networks and providing services and support to local voluntary and community organisations (Rochester, 2012). Both the support of multi-sector, multi-agency networking

and the services provided to individual organisations can be sources of social capital creation through building and sustaining inter-organisational trust and voluntary activity (Maloney et al., 2000; Milligan and Fyfe, 2004). Several LTSIO respondents referred to their inter-organisational networking role in terms of bridging social capital:

“... it’s about building social capital in your area. ... local brokerage [in] neighbourhoods or communities. Where you put together in interesting ways, all of the different local organisations that are working in that area.” (TSP5)

“We really do see our role as that bridging social capital role. There’s a lot of work that is absolutely done directly through the voluntary sector to empower, build connections within places, but ours is how to network that together for its maximum benefit for the place.” (TSP7)

Furthermore, several respondents referred to their LTSIO’s support of local volunteering not only as an important source of social value as seen above, but also in developing and sustaining social capital, for example:

“So, lots and lots of people volunteering, but that is what I see changing communities. It is people caring about something and giving their time. And that is the thing for me. That is what social value is, or it is what social capital is I suppose.” (TSP8)

The value placed by LTSIO members on different types of networking activities appears to vary depending on the size of the member organisation. Several respondents made the distinction between the information and support that smaller third sector organisations seek from the LTSIO compared to the larger ones. Smaller organisations were deemed to value the local support services, advice and training provided, while larger organisations required this less and instead placed greater value on opportunities to network with key sector bodies in their area of activity. This may point to two different member constituency approaches to social capital. One is closer to Putnam’s (2000) civic engagement and the other closer to Bourdieu’s (1986) concept of social capital where membership of networks is a resource for furthering the interests and position of the individual member in various fields:

“... you do find that the larger organisations ... they tend to interact with you around the core functions of voice.” (TSP6)

“... there is also much more informal ... leadership ... with some of the voluntary sector leaders. There’s a kind of coalition ... that work and can connect across the different parts of the (city region) structures.” (TSP7)

One LTSIO respondent indicated a divergence of view between third sector organisations and local authority commissioners regarding the importance of civic social capital, with a greater emphasis placed by authorities on reducing expenditure. One example provided involved a shift from commissioning contracts with eight local third sector providers to just one larger contract with a national charity resulting in a thinning of local social connections with communities and loss of local volunteer participation. A respondent commented on the subsequent efforts of authorities to re-establish community involvement after similar savings driven exercises:

“... local authorities ironically in some instances are trying to re-create social capital having got rid of it.” (TSP2)

Recognition of social capital as an important type of social value within the social dimension is evident among LTSIO, community foundation and local authority respondents, while at the same time there is awareness of economic pressures on local authorities which influence service provision and its potential contribution to social capital. The aim of reducing costs as a priority of the procuring/funding organisation may favour forms of social value that can more readily be identified as assisting with making savings either in public service provision or welfare benefits. In the case of volunteering, for example, the social value that is sought by a local authority may be defined in terms of the contribution of volunteer time in sustaining a service or volunteering as a pathway into paid work. Here the focus is on the economic value of volunteering rather than the contribution to social capital. Figure 6.11 below summarises the LTSIO social value dimensions and types discussed above.

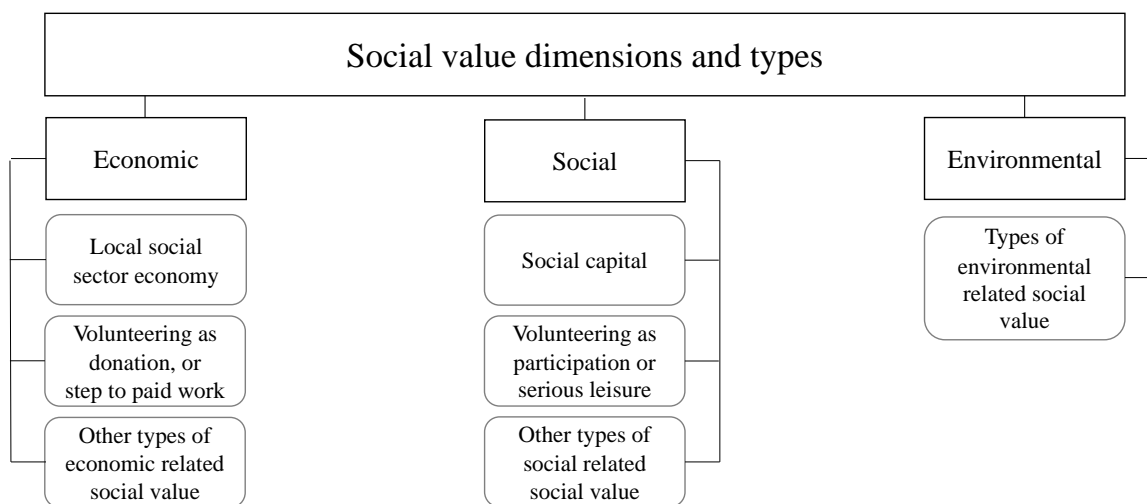


Figure 6.11: LTSIO social value dimensions (Source: author)

6.4.6 LTSIO engagement with defining social value locally

Several respondents mentioned the involvement of their LTSIO in social value working groups or networks which sought to clarify and provide local guidance on social value. As already mentioned earlier in this chapter, these multi-agency, multi-sector working groups were often initiated by local authorities and other public bodies in response to the Social Value Act. Some were temporary task and finish groups while some have continued in various forms.

LTSIO respondents that had been involved in working groups had mixed views regarding the usefulness of the exercise, their ability to influence resulting guidance, and the local authority's subsequent application of the Social Value Act. Some LTSIOs that had been closely involved in developing local social value charters and have continued to work with authorities on related initiatives where the third sector is seen as an important contributor to local social value reported a positive experience:

"... we've still got a brilliant working relationship with the head of procurement. We just became a double act. He was learning from me, I was learning from him, stuff I never knew about procurement. We were testing things against legislation, ... It was that kind of just common-sense approach." (TSP4)

Other LTSIO respondents, however, felt that very little had come out of their contribution to developing a local framework. One respondent commented on the failure of the working group to agree a more specific definition of social value with the result that it remained very broad and potentially of limited influence on policy, commissioning and funding decisions:

“I had some experience of working on social value with the local authorities. ... But ... I don’t think we ever really managed to pin it down properly.” (TSP8)

Several respondents mentioned the lack of contact with local authorities on the topic once the working group had finished, and with little sign of its application on the ground. For example, one respondent commented on their surprise at the lack of any mention of social value in a local authority tender for which they subsequently bid.

The influence of LTSIOs on the definitions of social value adopted in local charters and frameworks appears to be limited, although there are instances where reference is made to the third sector. One respondent, for example, pointed to the inclusion of the social sector in the social value definition alongside the public and private sectors. More often mention of the third sector was found within examples of types of social value that can be generated, rather than in the definition itself.

LTSIOs appear to be adopting a relativistic approach to social value in that they see their own charitable objects as analogous to social value, while also recognising that there are local authority and funder definitions that may differ from their own. Where the local authority has adopted an extrinsic additional benefits definition of social value there are signs that LTSIOs are able to accommodate it alongside their core social mission as additional organisational ethical and citizenship related benefits. Where an intrinsic service-related social value definition applies then LTSIOs are likely to consider the degree of fit between the service level social value sought by the funder and the LTSIO’s own social mission-related social value. One respondent saw this as not dissimilar to what they already do in matching up their social mission driven service offer to funders’ criteria including the language that they use to articulate that:

“Since [the Social Value Act] 2012, ... local authorities ... have been given a different message. They’ve got a new thing to think about, and so will couch their commissioning requests in a slightly different language which in turn makes us respond in a slightly different way. ... we see them as a customer, so we’ve got to communicate to them ... to reassure them that we are providing what they want.” (TSP1)

At the same time, the respondent indicated that they were aware of the need to also understand the value of their services from the perspective of the service users and to discuss this internally with staff, trustees and members as well as communicating this externally to

non-member beneficiaries and funders. In general, LTSIO respondents appear to accommodate multiple local definitions of social value which, although differing, are not necessarily directly competing. Additionally, the shift from social impact to additional benefits definitions of social value described by some respondents may be making it easier for LTSIOs to incorporate a local authority view of social value alongside their own social mission view of social value.

6.4.7 A LTSIO social value framework

Three approaches to defining social value can be summarised as intrinsic social mission-related benefits, extrinsic additional benefits and social value as a heuristic device. Figure 6.12, below, presents a framework of LTSIO social value incorporating definitions and types of social value identified within the interview data.

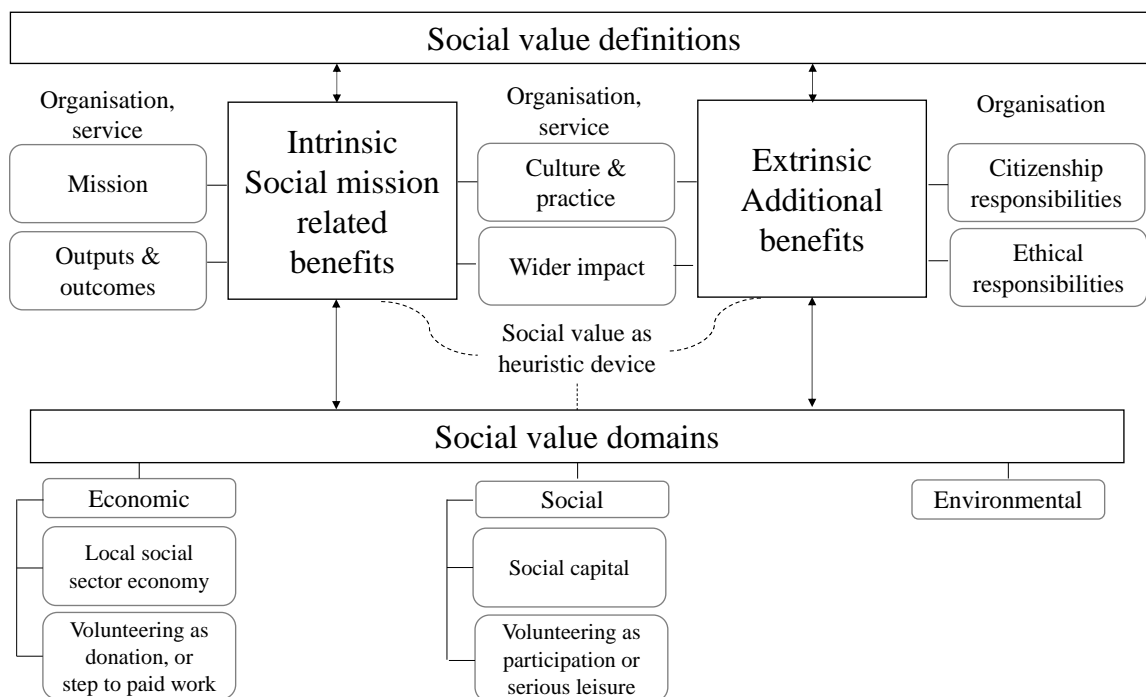


Figure 6.12: A LTSIO social value framework (Source: author)

Intrinsic social mission benefits only include social value which directly relates to the stated mission of the organisation. As mentioned earlier, in the case of LTSIOs these are set out in its charitable objects. It is likely that LTSIOs' organisational and services outputs and outcomes are connected to its social mission as well as some of the organisation's wider impacts and positive externalities. Conversely, extrinsic additional social value benefits are not directly related to LTSIOs' social mission. They include corporate citizenship and ethical responsibilities related to constituency expectations as well as organisational culture and practice in terms of an organisation's underlying basic assumptions and values (Schein and Schein, 2016) and their influence on how a service is delivered. In addition, some of the wider

beneficial social impacts of the organisation may arise from its citizenship, ethical, culture and practice related actions and behaviour.

Social value as a heuristic device is situated between the definitions and the dimensions of social value. This location suggests that cross-sector interactions and collaborations aimed at delivering greater social value need to take into account organisational social mission and citizenship, ethical behaviour, culture and practice, along with perspectives on different dimensions and types of social value. In this sense, it acts as a device to explore, understand and interconnect, where appropriate, aspects of both intrinsic and extrinsic sources of social value.

The types of social value shown under the dimensions are limited to those discussed earlier in this chapter as key themes emerging from the interview data. Although limited in number, they highlight contrasting social and economic perspectives of LTSIO social value. This is perhaps clearest in relation to volunteering and the diverse social and economic ways in which different constituencies may value it and the LTSIO's role in creating and sustaining it. The lack of content under the environmental dimension reflects the absence of respondents' comments on this dimension in relation to social value. The environmental dimension is still of relevance to the framework because of its inclusion in the Social Value Act. Further it suggests an area requiring further research in relation to local third sector engagement with social value.

6.5 Comparison of Local Authority, LTSIO and Community Foundation Perspectives

6.5.1 Similarities, differences and accepted definitions

There appear to be both points of congruence and divergence between local authority, LTSIO and community foundation interpretations of social value. The broad economic, social and environmental wellbeing definition was commonly accepted as the starting point for local authority interpretations of social value. Even so, LTSIO and community foundation respondents saw this definition as so broad that it was of limited use in differentiating social value from other notions of value. The extrinsic additional benefits definition appears to be the dominant definition for local authorities particularly where the Social Value Act is seen as a way of negotiating additional benefits through commissioning and funding exercises.

LTSIOs were aware of the additional benefits definition and some appeared to have adopted it as a generally accepted definition of social value, while others were recognising and applying it purely in the context of relationships with local authorities. Community foundations included in the study appear to have adopted the additional benefits definition more narrowly.

It is either limited to the context of a particular funding relationship they may have with a local authority, or to social capital as a particular type of third sector additional benefit that can be placed within the citizenship dimension of OSR.

All three groups referred to versions of an intrinsic service-related benefits view of social value, often describing it in terms of service or programme outcomes and impact. Views differed both within and across the three groups of respondents on whether this definition is successfully implemented as the basis for assessing social value. LTSIO and community foundation respondents provided a sector-specific version of this definition summarised here as social mission-related benefits. Having a social mission was not necessarily seen as a precursor to generating greater social value. In a similar vein, local authority respondents did not see a third sector organisation's social mission as necessarily being an advantage in delivering service-related benefits. All respondents acknowledged that private for-profit organisations were also capable of creating social value through service delivery. The sorts of benefits associated with third sector distinctiveness by local authorities were in relation to extrinsic additional benefits not directly linked to mission and flowing from other third sector structural features which support, for example, volunteering and community involvement.

One LTSIO respondent viewed social value primarily as a vehicle for encouraging cross-sector discussion and collaboration with the aim of finding ways to improve local community wellbeing. Some local authority respondents also saw social value as an aid to both internal and external discussions on community needs and service delivery although they did not define social value primarily in those terms. Indeed, several local authority respondents pointed to other key mechanisms driving collaborative cross-sector discussions such as austerity and the need to make savings. The view of social value as primarily a heuristic device rests on the broad economic, social and environmental wellbeing definition and the notion of shared value in that the assumption is that cross-sector, multi-constituency discussions focus on how to deliver greater community wellbeing in a way that benefits all those involved.

The main points of difference between the three organisational constituencies appear to be in respect of social value as additional benefits and social value as social mission-related. Local authority documents and respondents placed greater emphasis on social value as additional benefits, while for LTSIO and community foundation respondents the emphasis was on social value as strongly associated with third sector organisational social mission. Table 6.5 below provides a summary of sector convergence/divergence with regard to conceptualising social

value. Drawing on IRT and in particular the notion of collective acceptance or recognition of an object to perform a particular function (Searle, 1995, 2010), the table distinguishes between general acceptance of a definition, recognition of a definition within certain contexts, and situations where the definition was not referred to by respondents. The distinction being made in this case between acceptance and recognition of a definition is congruent with that discussed by Searle (2010) where acceptance encompasses a range of views from endorsement to acknowledgement, whereas recognition is limited to acknowledgement without implying endorsement. This distinction between acceptance and recognition is useful in acknowledging social value as emergent and heterogenous, with differences in the levels of support for definitions across constituencies. Service-related social value is generally accepted across all three constituency groups. Mission-related social value is generally accepted outside of public service contracts. Additional benefits related social value is generally accepted by local authorities and accepted or recognised by LTSIOs, while community foundations recognise the definition within more specific contexts. All three definitions have gained recognition within certain sector and constituency relationship contexts.

Social value definitions	Local authority	Community Foundation	LTSIO
Economic, social and environmental wellbeing	Accepted	Recognised in LA context	Recognised in LA context
Additional benefits	Accepted	Recognised in LA context only or Specific to social capital	Accepted or Recognised in LA context only
Organisational social mission-related benefits	Not recognised where procurement regulations applied Accepted outside of procurement regulations	Accepted	Accepted
Service-related benefits	Accepted	Accepted	Accepted
Heuristic device	Not referred to	Not referred to	Not generally referred to

Table 6.5: Definitions of social value: Local acceptance and recognition (Source: author)

6.5.2 Implications for LTSIO accountability: bases and constituencies

The definitions of social value are now considered in relation to different bases of LTSIO accountability and constituencies. To assist with this, the third sector accountability bases framework developed in chapter three is used to place each of the social value definitions alongside relevant accountability bases and primary constituencies. This is summarised in table 6.6 below.

Third sector org. accountability bases	Social value definitions	Primary constituencies identified as having an interest in social value
Citizenship responsibilities	Additional benefits = OSR-related social value	Upward: Funders Lateral: Members, volunteers Downward: Wider community
Ethical responsibilities	Additional benefits = OSR-related social value	Upward: Funders Lateral: Members, paid staff, volunteers Downward: Special interest groups, wider community
Social mission	Social mission-related benefits = Mission-related social value	Upward: Funders, regulators, volunteers as donors Lateral: Trustees, members Downward: Service users, members as service users, wider community
Service results	Service-related benefits = Service-related social value	Upward: Funders, regulators, volunteers as donors Lateral: Trustees, members Downward: Service users, members & volunteers as service users, wider community
Resource use	Contributing to service, mission & OSR-related social value	Upward: Funders Lateral: Employees & volunteers
Culture and practice	Contributing to service, mission & OSR-related social value	Lateral: Members Downward: Service users, members as service users
Legal & regulatory	Contributing to service & mission-related social value	Upward: Funders, regulators Lateral: Members
Financial and economic	Contributing to service, mission & OSR-related social value	Upward: Funders, regulators Lateral: Members

Table 6.6: Aligning social value definitions with LTSIO accountability bases and primary constituencies (Source: author)

The social value definitions included in this analysis are intrinsic social mission-related, service-related and extrinsic additional social value. These three definitions closely align with the three social value bases identified in chapter three; mission-related, service-related and additional OSR-related social value. The broadest definition of economic, social and environmental wellbeing is not included in the table because it is so broad that no inference can be made regarding its relevance to any particular accountability dimension or constituency group. The primary constituencies with an interest in social value are identified on the basis of their inclusion in the local authority documents and respondents' comments.

Social mission accountability which includes mission-related social value is of relevance for a wide range of constituencies. This includes upward accountability to resource providers and regulators, lateral internal accountability to trustees and members, and downward accountability to service users and the wider community. Where members are also service users the importance of downward accountability for the LTSIO is increased given the members' greater voice and exit power compared to non-member beneficiaries (Ebrahim, 2003a).

A service-related social value definition is narrower than the LTSIO's overall social mission. Service results accountability is primarily upward to funders and downward to members and other service users. In addition, two different types of accountability may also apply depending on whether or not the service falls within the charitable activities of the LTSIO. Where the service falls within the parameters set by the charitable objects of the LTSIO then it would also be relevant to social mission accountability. Where the service falls outside of the charity's objects and is being undertaken primarily on a commercial basis to generate funds for the LTSIO, then it would come under economic related accountability. In the former case, the social value to the LTSIO would be service- and mission-related and in the latter, it would be service- and economic-related. Economic-related accountability would primarily be to the funders, regulators, trustees and members.

Additional social value benefits are outside of the LTSIO's social mission and include ethical and citizenship OSR-related accountabilities. Where this definition of social value is applied purely in a local authority context by the LTSIO then this suggests that upward accountability to resource providers is a primary concern and influence. Where the LTSIO has adopted OSR as a generally accepted definition of social value, however, then lateral and downward accountabilities are also important for the LTSIO. Lateral accountability includes internal

constituencies such as paid staff, volunteers, trustees and members of the LTSIO. Downward accountability includes special interest groups and the wider public.

The relevance of the other accountability bases is in terms of their contribution to the creation of social value in the form of OSR-, mission- or service-related social value. Third sector distinctiveness, other than social mission, is of particular relevance here. Volunteering, for example, can be accounted for as an in-kind economic resource, an important element of culture and practice, or a skills resource, but the resulting social value arises as part of service, mission or OSR benefits.

The above overview and summary table 6.6 suggest that LTSIOs are required to account for multiple definitions of social value across multiple accountability dimensions and to multiple constituencies. Important aspects of addressing this complexity are firstly, in differentiating between mission-related, service-related, and ethics and citizenship related social value and secondly, understanding the contribution of third sector distinctiveness to social value which resides in culture and practice, legal and regulatory, and economic accountability bases. This has implications for how these different social value bases are communicated by the LTSIO to the various constituencies. As such, understanding the relevant accountability bases and the associated constituencies helps clarify what sort of social value is to be accounted for and to whom. Further, where a LTSIO accepts both additional benefits and social mission-related concepts of social value, it may be better placed to articulate and communicate both mission-related and OSR-related social value as well as the contribution of third sector distinctiveness located in economic, legal, and culture and practice accountability bases.

6.6 Summary

This chapter has presented and discussed findings on definitions and types of social value from the perspectives of local authorities, LTSIOs and community foundations. Multiple definitions and types of social value appear to co-exist under an overarching broad definition encompassing economic, social and environmental benefits. The more specific definitions fall into two different forms: (a) organisational social mission or service purpose related benefits and (b) additional organisational benefits. Organisational mission- and service-related social value are commonly linked to outputs, outcomes and impact, and in some cases, organisational culture and practice. Additional benefits related social value is commonly linked to ethics and citizenship related social value and can also incorporate organisational culture and practice. All three social value definitions are recognised by constituencies included in the study, although their acceptance or recognition is context specific and varies

between constituencies. Service-related social value is generally accepted across all constituencies while mission-related social value is generally accepted outside of mainstream procurement, and OSR-related social value is either generally accepted or recognised mainly within procurement or funding contexts.

An additional benefits OSR perspective presents a view of social value that has, to-date, been under-researched. Generally extant research literature has focused on understanding social value as social change and social impact and in some cases as a distinguishing characteristic of third sector organisational mission. An additional benefits OSR perspective presents an alternative and suggests a non-sector-specific view of social value that extends beyond organisational social mission or service results, while also highlighting distinctive structural characteristics of third sector organisations outside of their social mission.

A view of social value as heuristic was not widely encountered although one respondent saw it as central to social value. Nevertheless, it represents an alternative view of social value as primarily a device for encouraging multi-sector, multi-constituency collaborative discussion and relationship building aimed at jointly exploring and addressing local needs and ways of improving community wellbeing. Social value as a cross-sector enabling process within the context of austerity or community localism may, therefore, be an interesting area for further research.

Local public sector bodies as resource providers appear to be dominant constituencies influencing the local definitions of social value being used. An example of this is the emergence of the additional benefits definition of social value alongside and, in some cases, in place of a social impact definition. Local authorities appear to be advancing the notion of social value as extrinsic additional benefits while also recognising service-related economic, social and environmental benefits as another source of social value. Although LTSIOs and community foundations recognise the additional benefits definition, this tends only to be in respect of local authority transactional relationships. There appears to be more general agreement by third sector organisations that social value is associated with social mission and fulfilment of charitable objectives.

There are indications of power being ceded by funders to other constituencies in response to major changes in resource interdependencies between funders and service providers. Where power is ceded, this generally occurs within parameters established by resource providers at one of two levels of planning and decision making. These are at the level of local strategic priorities and at the level of specific procurement and funding exercises. It is at these levels

where other local constituencies, to varying degrees, are able to play a role in shaping the types of social value sought within a particular local area. This local influence is complex with indications of diverse, fluid, sometimes competing, constituency views, both within and between the different organisations included in this study. Ceding of power by resource providing constituencies suggests a more nuanced version of the MCT power perspective. Instead of prescribing the type of social value required and associated assessment criteria, dominant constituencies cede these decisions to service providers, particularly where major changes in resourcing and resource interdependency are occurring.

Finally, viewing social value through the lens of an accountability bases framework, extended to include OSR dimensions, provides a way of distinguishing the different definitions of social value presented and discussed in this chapter. Additionally, it provides a way for third sector organisations to clarify different forms of social value and their relevance to different constituencies. In turn it supports consideration of appropriate mechanisms for communicating multiple forms of social value to multiple constituencies. The next chapter builds on this discussion by exploring local authority, LTSIO and community foundation perspectives on accounting for and reporting on social value.

Chapter 7: Accounting for Social Value: Local Perspectives and LTSIO Practice

7.1 Introduction

Chapter six focused on how the research respondents and local authority documents defined social value and the implications this has for LTSIO accountability. As might be expected, and noted at the end of that chapter, multiple definitions and types of social value can be seen to co-exist and incorporate social, economic and, to a lesser extent, environmental dimensions. Working with different conceptualisations of social value points to a need to consider what mechanisms are appropriate for communicating diverse forms of social value to multiple constituencies. This chapter, then, addresses the main research question along with supplementary research questions two and three by exploring the different constituencies' perspectives on accounting for and reporting social value. In particular, it considers local perspectives on representations of social value in social accounting and the ways in which LTSIOs communicate social value through formal and voluntary annual reporting. This chapter, therefore, draws on the second part of the theoretical framework developed in chapter four (see figure 7.1 below).

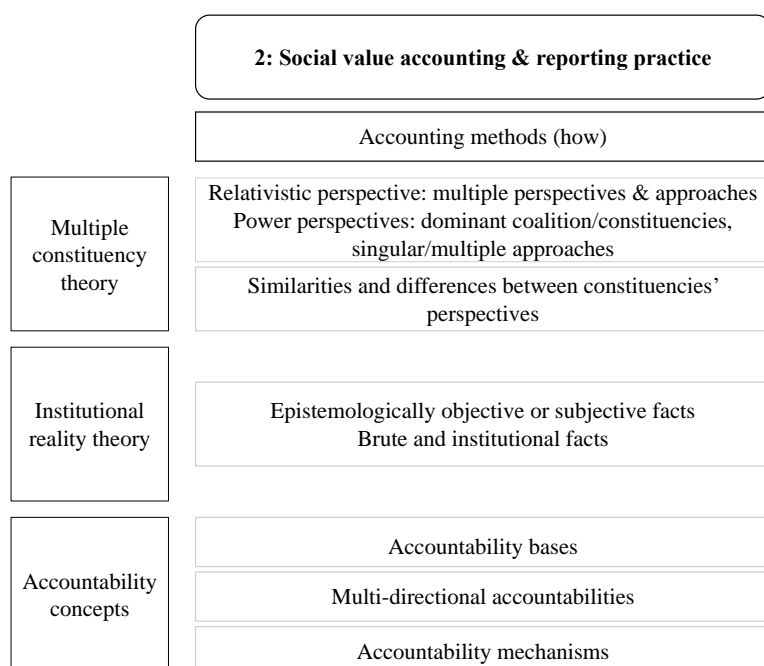


Figure 7.1: Framework for exploring social value accounting and reporting practice

As outlined in chapter four, discussion is underpinned by both MCT (Connolly et al., 1980) and aspects of IRT (Searle, 1995; 2010). The chapter revisits power and relativistic multiple constituency perspectives (Zammuto, 1984) to assist analysis and discussion of different constituencies' views and influences on mechanisms used for accounting and reporting social

value. IRT acts as a lens to critically explore local authority and third sector constituencies' perspectives on social accounting representations of social value as epistemologically subjective or objective fact type statements. As discussed earlier, in chapter four, Searle (1995; 2010) distinguishes between brute facts, which are independent of human opinion, and institutional facts based on how collectively we might assign status functions, and which may guide actions. In this way, socially constructed ontologically subjective facts may be either epistemologically subjective or accepted and recognised as epistemologically objective. In addition to MCT and IRT, concepts of accountability are also utilised in order to consider LTSIO social value annual reporting in relation to different accountability bases and constituencies.

The remainder of the chapter is organised as follows: local authority, community foundation and LTSIO perspectives on accounting for and reporting on social value are discussed in turn. Views on methods of accounting for social value and communicating it through annual reporting are presented and discussed. The three organisational viewpoints are then compared including ways in which views on accounting and reporting social value converge or diverge. Following from this, the social value definitions presented in chapter six are revisited and considered in relation to LTSIO annual reporting practice. A framework of LTSIO social value annual reporting is set out based on current practice encountered in the annual reports examined. The framework locates definitions and types of social value in relation to different bases of third sector organisational accountabilities. The chapter structure is summarised in figure 7.2.

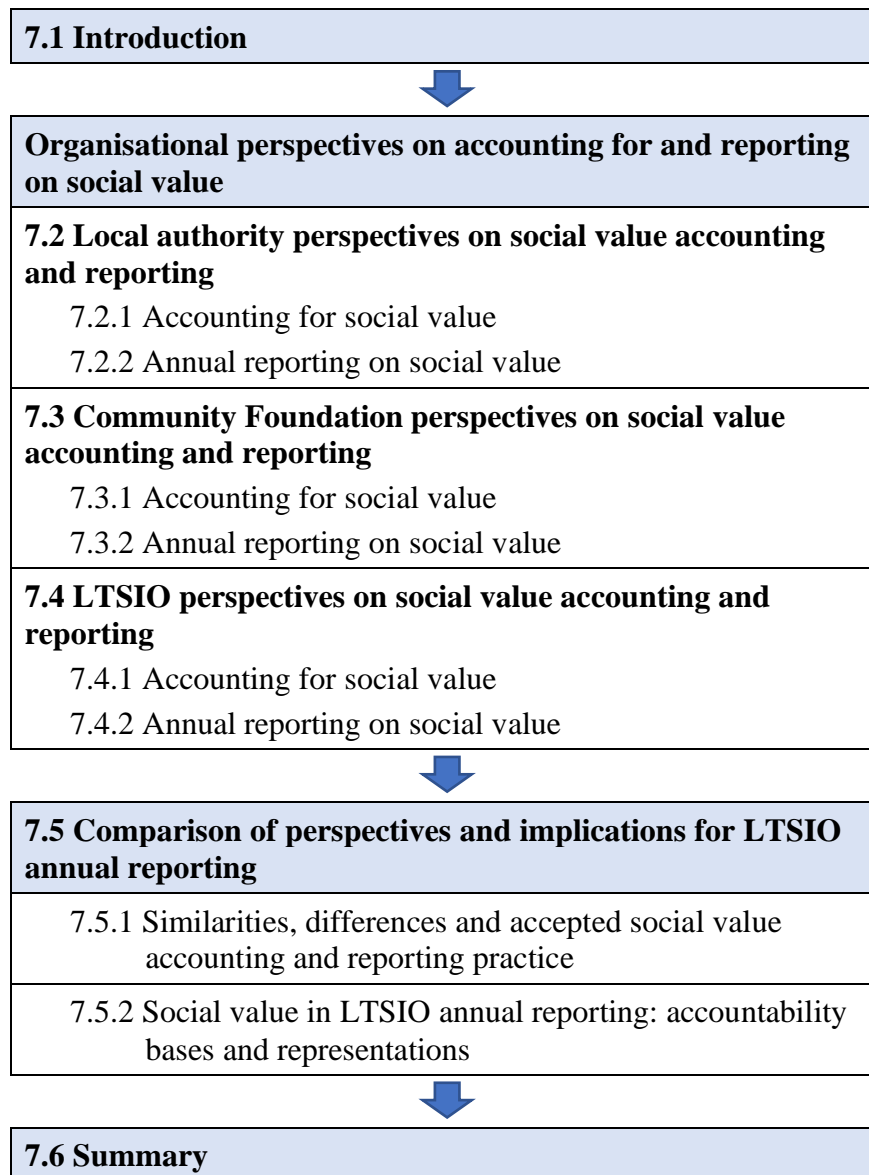


Figure 7.2: Chapter seven structure

7.2 Local Authority Perspectives on Social Value Accounting and Reporting

From analysis of local authority social value documents and interviews with local authority managers, several methods for accounting for social value were identified and respondents' views on each of these methods are discussed. Following this, respondents' views on incorporating social value into third sector annual reporting are also discussed.

7.2.1 Accounting for social value

As already established, it became clear through the analysis of local authority documents and interviews with local authority respondents that there was no universally accepted approach to accounting for social value. During the time of the fieldwork and since, no single framework incorporating a set of rules on which to base social value accounting has become universally accepted or recognised across the sectors. Instead, several different approaches emerged from the data which can be categorised as non-specific, organisational and service performance

indicators, monetised metrics, and numbers and stories. These methods of accounting for social value are not mutually exclusive, and often more than one approach was evident across different authority departments, services and funding arrangements. Table 7.1 below summarises these approaches and each is discussed in turn, in relation to the local authority definitions of social value presented in chapter six.

Social value accounting approach	Service-related social value	Additional benefits social value
Non-specific: Decided on case-by-case basis or evolving	Dependent on service specification and may involve co-production Or evolving	Dependent on service provider's social value offer Or evolving
Organisational and service performance indicators	Service outputs and outcomes Mainly quantified with some narrative information	OSR-related policies, practice, inputs, outputs and outcomes Mainly narrative with some quantified information
Monetised metrics	Service outputs and outcomes converted into monetary amounts	OSR-related inputs, outputs and outcomes translated into monetary amounts
Numbers and stories	Brief qualitative case studies providing inputs, activities, outputs and outcomes information. Mix of narrative and some quantified information	n/a

Table 7.1: Approaches to accounting for OSR and service-related social value (Source: author)

Non-specific

Several local authorities favoured the flexibility offered by a non-specific approach to evidencing social value contributed by service providers in that it was seen as beneficial in providing sufficient latitude for new ideas regarding improvements in service delivery, in allowing for additional benefits to emerge, and in encouraging collaborative working. In addition, both from respondents' comments and through analysis of local authority documents where a non-specific approach to evidencing social value was prevalent, local authorities had adopted a case-by-case approach that encouraged service providers to participate in deciding what types of social value would be attached to a particular procurement or funding agreement. Where local authorities applied an additional benefits definition of social value,

service providers were invited to set out their additional contribution as part of their procurement bid or funding application. Where a service-related definition of social value was applied, service providers participated in establishing the nature of the social value expected from the service and the information required as part of monitoring and reporting processes.

Using both additional benefits and service-related approaches to social value can be a means to ensure that the purpose and context of a particular procurement or funding exercise is considered when designing social value related performance criteria. For example:

“... we design them differently for every single contract. We don’t have one standard set ... having set indicators just stifles innovation. And you might get some really valuable information from your production session that you then can’t measure because you are bound by a predetermined list of outcomes.” (LAP4)

Furthermore, an additional benefits view of social value also allows for a wider range of OSR-related benefits to be considered that do not necessarily need to be specific to the service being procured or funded. This is attractive for local authorities seeking to secure additional value from their relationships with suppliers:

“By not being prescriptive as such, we’ve found we get more and more interesting, more diverse range of things that are then coming through.” (LAP8)

For some local authorities it is apparent that methods of accounting for social value are not seen as fixed or universally applicable, but rather as context specific and relational. Lack of specification, however, can be a barrier both for service providers bidding for contracts and for local authorities seeking specific social gains. There was a recognised desire for clarity from various internal and external constituencies including local authority managers, elected members and service providers. In these instances, respondents’ concerns regarding the lack of clarity pointed to the potential for variation in reporting practices and highlighted the fluid representations of social value:

“I just want to make sure that when I sit with groups and talk about the change that they are looking to effect and the benefits that are coming from their activities and call it social value, that I’m comfortable in saying that and doing that.” (LAP2)

“... businesses are saying to us, well if we knew what you wanted.” (LAP11)

Several respondents indicated that while social value had been built into tendering processes it had not yet been fully incorporated into subsequent contract management, monitoring and reporting. As a result, some local authorities were in the process of developing guidance for commissioners and service providers on measuring and reporting social value. In some cases, respondents indicated that the intention was to eventually move from a non-specific approach to preferencing quantitative social value data:

“...where people have said they will deliver something, if it is vague, I’m going to scrap it out, but if it is measurable, I can attach a unit price if you like.” (LAP5)

While positive reasons were provided for working with a non-specific approach in that it supported more collaborative relationships and engagement with service providers, the push for clarity and standardisation was, in some cases, seen as outweighing this perceived benefit. As such, for some respondents, a non-specific approach was presented as being an intermediate stage in a process of transitioning to a more structured approach to accounting for social value.

Organisational and service performance indicators

There was some evidence of social value indicators found in several of the local authority documents examined. These indicators differed depending on whether an additional benefits or service-related definition of social value had been adopted and are looked at in more detail in the following sub-sections.

Additional benefits indicators

Indicators linked to OSR practices were found in local authority documents particularly where an additional benefits definition of social value had been adopted. Table 7.2 below provides examples drawn from several of the local authority documents examined. Many of the indicators are quantitative, although some require a descriptive explanation of relevant organisational policies, actions and practices. These indicators can be matched up to elements of OSR found in corporate social reporting (Welford 2005), such as non-discrimination, equal opportunities, fair wages, vocational education, human rights, fair trade and support for local communities. There is, therefore, already a degree of familiarity and acceptance of these types of OSR indicators among larger private sector service providers, a view supported by local authority respondents’ comments such as the one below:

“The [private sector companies] seem to have full departments of people who are social value leads, are CSR leads.” (LAP4)

OSR style goals	OSR type indicators
Reduce or mitigate environmental impact	Size of carbon footprint
	Amount of CO2 emissions
	Use of sustainable sourced materials
	% waste recycled or going to landfill
Ethical sourcing	Awareness of and action on environmental impact & labour conditions in supply chain
	Purchasing fair trade goods
Local sourcing	Percentage spend in local supply chain
	Local business partnerships
	Local workforce
Workforce wellbeing	Reduced or equitable zero hours contracts
	Work towards living wage
	Workforce diversity
	Reduced gender pay gap
	Workforce health initiatives
Employment development opportunities	Number of students given advice, guidance
	Number of apprenticeships
	Work experience opportunities
	Education, skills & training opportunities
Supporting local third sector & community	In-kind support
	Donations
	Volunteering

Table 7.2: Examples of OSR style social value indicators (Source: author)

In several cases, the local authority documents and respondents did not distinguish between indicators providing information at the organisational level and those at the service level. Additionally, a combining or blending of OSR-related and service-related performance indicators was encountered in local authority documents and in respondents' comments, for example:

*“measures of impact ... [include]: ... Contribution of x hours of support to community and voluntary organisations through **employer supported volunteering** schemes ... Work with x number of service users to **design/deliver the service**. ” (LA Doc60)*

*“So, the idea is that you try to get x% more **volunteering** in the city x% more **use of parks and open space**. ” (LA2)*

This mixing of organisational and service-related performance indicators may contribute to some of the ambiguity around social value in that service providers are being asked to account for two very different types and levels of actions and effects; one at the level of organisational

social responsibilities, the other at the level of specific service provision performance. At the level of the organisation, social value reporting will primarily have an institutional function centred on supporting the legitimacy of the organisation and attracting resources. At the level of service provision, it may have more of a technical function providing information on the effectiveness and benefits of a service (Kanter and Summers, 1987). Moreover, this has implications for the relevance of different accountability mechanisms used by service providers to account for the different types and bases of social value. Annual reporting, for example, is seen as more suitable for addressing general forms of organisational accountability to a wider set of constituencies, while more focused and detailed forms of reporting are required for addressing service performance accountability to funders (Laughlin, 2012).

Service-related performance indicators

Unlike additional benefits indicators, indicators for service performance were not commonly found in the documents reviewed. Where information on accounting for service-related social value referred to service performance indicators these were usually in the form of inputs, activities, outputs and outcomes. Table 7.3 provides examples encountered in some of the local authority documents.

Service area	Examples of service-related indicators
Safeguarding and welfare of children and young people	Number of children in local authority care
Adult social care	Percentage of service users supported to self-help
	Percentage of social care users supported to live independently
	Percentage or number of people reporting a reduction in feeling isolated
Community facilities	Number of facilities and resources available for community use Number of hours per year provided Number of groups, clubs and associations Number of people in attendance
Service users - general	Percentage of people reporting improved access to service or facility Percentage of service users directed towards lower-cost forms of contact Work with x number of service users to design and deliver the service

Table 7.3: Examples of service-related performance indicators found in local authority social value documents (Source: author)

In most cases, the documents advised that service-related performance indicators would need to be service specific and established as part of the process of designing and commissioning the particular service:

“Measurable Outcomes. Social value outcomes will be different for each contract depending on the service specification.” (LADoc58)

Where outcomes measures are referred to in the documents, they tend to be in relation to initial outcomes, that is benefits arising almost immediately upon delivery of a service (Buckmaster, 1999). Less common are intermediate and longer-term outcomes. This then leads to some overlap and strong linkages between outputs and initial outcomes. For example, increased attendance at swimming lessons for beginners represents a desired initial outcome which is based on an output in the form of numbers of persons attending lessons. Here, the example illustrates how initial outcomes are directly linked to outputs based on institutional facts, that is where it is generally accepted that attendance is denoted by the numbers of individuals attending, a fluctuation of which may indicate increase or decrease in attendance, and may therefore be considered as epistemologically objective facts. While perhaps a simple

and uncontroversial example, it nonetheless shows the practical value of providing stable representations of social value for decision making.

Quantified outputs and initial outcomes indicators appear commonplace and are, in some instances, used as proxies for intermediate and longer-term outcomes and impact. This may reflect the short-term nature of some public service contracts and grant funding along with the desire, stated in several of the local authority documents, to ensure reporting requirements are deemed reasonable, relevant and proportionate for the particular contract. Relevance and proportionality are important elements in UK public commissioning regulations (The Public Contracts Regulations, 2015), and the Social Value Act makes clear that criteria used to assess and evaluate social value should be proportionate (Henty, 2012). Such legislative and regulatory guidance is likely to be a factor in commissioners' considerations of whether more complex and resource intensive forms of data capture and reporting are appropriate for a given service contract.

Reflecting a context specific and service level approach, several local authority documents, as with LADoc58 quoted above, state that service-related social value indicators are developed on a case-by-case basis, within the parameters set by the particular service specification. The service provider, then, may engage in shaping social value indicators in a variety of ways depending on the commissioning practice and the services being commissioned. Service provider roles may therefore range from relatively minor whereby the commissioner takes the lead, to co-creating indicators or, in some instances, taking the lead in suggesting indicators:

“Commissioners and providers will agree measures for social value outcomes during the commissioning and procurement processes.” (LA Doc9)

“The onus is on the provider to propose key performance indicators.” (LA Doc58)

The above quotes point to the degree in variation in the influence of constituencies in shaping how social value is accounted for, partly arising from the extent to which the power to decide is ceded by the commissioner or funder as resource provider and partly from the particular procurement or funding context.

In general, local authority respondents indicated support for some form of quantification of service-related social value to assist with securing accountability of service providers in respect of what they have agreed to deliver. Furthermore, although respondents often recognised the value of capturing and communicating qualitative information, quantifying

social value was seen as important for making it manifest for decision making and overall assessment:

“... it helps if it’s hard numbers because it’s easy to quantify. Because we’ve got to make an objective judgement about how much of the stuff that they’ve done and is it good, bad or otherwise.” (LAP9)

Respondents comments also pointed to quantitative indicators being perceived as providing more objective information. There is a potential risk here in that where the socially constructed and subjective nature of indicators (Brewer, 2006) is not acknowledged and objectivity is assumed, then it makes it more difficult to differentiate between the qualities and relevance of different forms of numerical information. Moreover, qualitative information which can assist with providing a more meaningful understanding of the social effects of services (Kanter and Summers, 1987; Ebrahim, 2003a) may be undervalued.

In the main, examination of the documents showed a tendency for immediate and short-term indicators. However, there was some evidence of longer term and community wide strategic goals and indicators in local authority documents and supported by respondents’ comments. Examples include linking social value to local authority health and wellbeing strategic goals and citywide economic, social and environmental targets. For example:

“This will be measured, for example, in terms of changes in levels of employment, health, education, economic regeneration and so on.” (LA Doc4)

“The output indicators and desired outcomes will be thematic and linked to the priorities of the [town] Plan.” (LA Doc44)

Interestingly, where local authority documents contained longer-term outcomes at organisational and service levels, these tended to move away from a reliance on quantitative ‘objective’ measures to include qualitative accounts and short case studies. This will be returned to when considering numbers and stories below but indicates the complexity and associated difficulties of capturing social value as quantified intermediate and long-term outcomes and social impact. Indeed, mixed views were expressed regarding the ability of local authorities and service providers to reliably quantify service-related outcomes and impact. Moreover, several difficulties were highlighted by respondents including attributing outcomes to a particular service or intervention, working out the relative influence of multiple factors contributing to an outcome, and tracking outcomes over the long term:

“... there isn't a series of linear relationships that lead to that outcome. There's a whole raft of things that meander around and create that.” (LAP7)

“... five, ten, fifteen, twenty years' time. It doesn't happen overnight.” (LAP8)

While recognising limitations in the accuracy and completeness of outcomes measurement, several respondents saw a role for producing outcomes information on the basis that it can support the social objectives of the service or activity. Additionally, such information was seen as useful in communicating the purpose behind a particular policy or programme to constituencies and in sustaining support for initiatives through highlighting positive changes in line with local authority priorities:

“It's a hearts and minds thing, because what we are actually saying is look at all this, these people are beaver away and look at the difference it is making to (the city). And yes, ok, you can't prove [the work] is directly responsible for x point % shift in [outcomes] but ... we can celebrate the fact that worklessness is reducing or there are fewer NEET [Not in Education, Employment or Training] young people ... And we know that the more of this that goes on ... the more likely it is that those things are going to shift.” (LAP1)

For some local commissioners and funders then, outcomes and impact measurement were perceived as having limited use in assessing and comparing performance. Even so, they acknowledged their efficacy in supporting their own organisation's policy objectives. In this regard, commissioners provide a judgement with a view to what is considered valid whereby outcomes measures are seen by some as being epistemologically subjective and primarily of symbolic use (Johnson, 1998). This symbolic use, in this context, is either 'legitimative' and used to justify past decisions, or 'persuasive' when used to promote particular issues and actions (Mayhew, 2012, p.198). In contrast to outcomes viewed as primarily of symbolic value, several local authority respondents saw outcomes measurement as also being of instrumental use in planning and decision making. In examples provided by several respondents, they asserted that it was possible to quantify and attribute certain outcomes to particular actions and services, albeit limited to certain types of outcomes considered easier to measure. One respondent, for example, explained how replacing a vehicle fleet with lower emission vehicles resulted in a reduction in CO² emissions by that service. Further, they suggested that it was easier to quantify outcomes in the environmental dimension than in the social dimension in that *“green and sustainable is easier to measure” (LAP4).*

Additionally, several respondents also saw outcomes measurement as being of instrumental use across the economic and social dimensions. Those taking this broader multiple dimension view placed reliance on the structural and personal legitimacy (Suchman, 1995) associated with the involvement of recognised national bodies and individuals in developing and agreeing detailed national outcomes measurement guidance:

“... these guys working together with lots of other clever people including Treasury and Office of National Statistics.” (LAP9)

The differences in local authority respondents' views regarding the ability of current outcomes and impact measurement techniques to provide information of instrumental use, suggests that the rules on which such outcomes measurement are based are not generally accepted as providing epistemologically objective fact-based representations (Mouck, 2004) of social value. These views may change as development and refinement of social value outcomes and impact measures continue and several respondents made reference to recent developments in social value models at the national level. The key initiative cited was the National Social Value Measurement Framework endorsed by the Local Government Association and also referred to as the National Themes Outcomes and Measures (TOMs) initially launched in 2017. A feature of TOMs, which is shared by several other social accounting and reporting models, is the translation of non-financial indicators into monetary values to represent social value. Local authority respondents' views on monetised indicators are presented and discussed next.

Monetised indicators

In general, non-financial metrics were commonly encountered in the local authority documents, accompanied by some financial information. Some of the local authority documents examined, however, together with several respondents, made specific reference to social value accounting frameworks that translate non-financial metrics into monetary values. Several respondents, for example, indicated their interest in applying the TOMs model:

“I’m more interested in the actual measurable thing, ... And then taking these nationally accredited unit economic values and thinking we’ll add twenty-six apprenticeships that’s twenty-grand value.” (LAP5)

In the main, methods used to monetise non-financial metrics were seen as applicable to both service-related and additional benefits versions of social value. While such monetised metrics methods have not been adopted universally as accepted ways of accounting for social value,

several of the local authority documents and respondents did perceive a monetising approach as offering a number of diverse benefits. For some respondents, translating non-financial metrics into monetary values was seen as providing an understood economic, financial market language for communicating social benefits, which then enabled social value to be incorporated into the organisation's internal management accounting and reporting:

"... the benefit to society... put a figure on that and then work it in to a statement of accounts... So, it's a bit like spend against budget, under or over, and then a variance by classification, category. And then report on it." (LAP5)

Additionally, several local authority documents and respondents' comments suggest that, while not necessarily ignoring other less tangible benefits, monetising non-financial indicators provides a common monetary unit of value that enables comparison of services, service providers and sectors:

"Placing a monetary value on social benefits allows commissioners to make simple comparisons between different services." (LADoc9)

"We'll be able to say well, actually statistically, the private sector is delivering more social value than the third sector, or conversely, do you know the third sector deliver more?" (LAP9)

Such a monetised approach to social value is not dissimilar to existing cost benefit analysis and project appraisal methods set out in central government publications such as the Treasury Green Book (HM Treasury, 2019). These guidelines include methods for valuing non-market goods and services. The social value models that use a monetising approach further extend this financial-centric way of valuing activities and services to a much wider set of social contexts and interactions in organisations and communities. To date, it is debated whether these types of models give added visibility and weight to the social alongside the economic, or whether they merely replace qualitative intangible social outcomes with inaccurate monetary representations of these outcomes (Sillanpää, 2013; Arvidson and Kara, 2016).

Views of local authority respondents on monetising social value were similarly mixed and complex. Some saw a need to distinguish between activities and results that can have a monetary value attached to them and those that cannot. The latter category included more complex, or less tangible, less clearly defined social goals and outcomes:

“Some things you actually can count the cost of. Other things they are giving a cost to, I don’t know, digital inclusion of an older person. And it’s such a strange concept that I can’t quite understand how they have come up with the cost of that.” (LAP4)

The respondent’s comment underlines the relevance of differentiating between monetised representations of outcomes that are based on institutional facts and representations that are not. Further, there is an issue of transparency in that where the basis of the monetised figure is not apparent it then becomes more difficult for the user of the information to verify or assess the epistemological subjective/objective status of the information provided as a statement of fact.

There were also expressions of concern regarding approaches to monetising that equate social value with reduced demand for public services resulting in notional savings. For example, economic priorities were seen by one respondent as replacing social goals and outcomes as a basis for supporting social programmes or services:

“Quite often the numbers that they will aggregate in there are notional savings. They work out the cost of providing x, y and z, and they say this person has changed, ... you don’t need to buy those [services] so therefore we’ve saved you. And I wonder whether ... that’s a good thing or whether it’s, well is it believable and if it is believable is it necessarily good? Is it necessarily the aim of what the intervention is?” (LAP6)

The above comment both questions the reliability, or factual status, of the monetised representation of social value and whether social value is best understood and expressed as a measurement of reduced costs, which may then overshadow the social purpose of a service or programme. Further, several respondents who were supportive of some forms of monetising also expressed scepticism over the reliability of monetised indicators and some of the claims made by organisations based on monetary proxies:

“We have used it and it’s got its purpose. Equally I’ve witnessed some spurious claims. So again, it is how it is utilised.” (LAP3)

“I don’t know if people do take it literally, but it’s not really to be taken literally.” (LAP7)

While recognising that monetising may be useful as part of a process of discussing service needs and development and for promoting a particular initiative, one respondent suggested

that it becomes less beneficial where the information is used as a comparator between organisations:

“... what I see a lot of authorities doing is aggregating up the cost and saying we’ve made £2m of social value savings, which aren’t real savings. And it becomes a political message, and it becomes a competition.” (LA4)

Respondents’ comments question the reduction of complex social issues and related public service responses to a more easily digested financial number, shifting the focus of social value accounting from the social to the economic dimension. As such a monetised accounting approach can be seen as reductionist (Andrew 2011), simplifying and making financial interpretations of social value more visible (Miller, 1990) and the basis for justifying public service provision, thereby privileging the economic over the social.

As suggested above, while some respondents expressed scepticism over the status of monetised indicators as factual type representations, nonetheless they held the view that monetising can be of use when advocating for or justifying a particular project or service to constituencies. The intended audience for a monetised account of social value may include internal local authority constituencies, such as elected members, as well as external constituencies such as cross-sector partners and local taxpayers:

“It is an easier sell if you are able to say we did this thing, we have used this methodology, and for every pound we spend we get back £10 of value.” (LAP7)

Respondents’ comments suggest that, in such cases, the monetised information is seen as being epistemologically subjective and primarily of symbolic use (Johnson, 1998).

Numbers and stories

Contrasting with approaches that monetise social value, several respondents’ comments pointed to an alternative approach which combines non-monetised metrics with narrative content designed to convey outcomes through stories or case studies. The narrative provides illustrative descriptions of particular outcomes for individuals or groups and may replace or accompany a numerical representation of initial outcomes achieved by a service. Other metrics on inputs, activities and outputs are also commonly included. This combination of numbers and narrative was seen by respondents as particularly relevant to communicating service-related social value. The narrative element was referred to by some respondents as ‘the story’:

“... the stories are the bit, you know, we worked in this community, we brought these groups together ... we got some external resource to do this... This plot of land used to look like this, and people dumped their settees there and this ... is now a beautiful garden that everybody enjoys. So that’s the real point but you might have some numbers ... you probably need both to describe it properly.” (LAP7)

The story was seen by some respondents as a crucial part of communicating service outcomes to key internal and external constituencies, providing additional depth to outcomes information and sometimes incorporating the service users’ own perspectives:

“The case study, the narrative, from individuals or groups, are more powerful than us saying we work with this group and this was the outcome.” (LAP3)

Comments by several respondents suggested a distinction between numbers that can assist with making an economic case for the particular service and stories which can assist with making a social case, through an illustrative representation of positive social outcomes for individuals or groups. As illustrated by LA7’s responses above and below, communication of both economic and social benefits was seen as necessary for making a business case to key constituencies:

“... stories are really powerful. I’ve realised that, in terms of hearts and minds, stories is what does the trick. But then you’ve also got to win, a kind of, wallet battle or numbers battle, economic battle that is about the numbers. You’ve got to do both.” (LAP7)

Such views are compatible with the notion that a more rounded understanding of the social and economic benefits of a service can be achieved through considering both qualitative and quantitative information (Dayson, 2017). Furthermore, respondents’ comments suggest that giving an account of service outcomes through stories provides a meaningful way of communicating the social dimension of social value alongside the economic. It also suggests that two very different techniques exist for accounting for outcomes. One achieved by using qualitative information in the form of case studies of individuals or groups presented as exemplars of the benefits of a service, and the other through quantifying and sometimes monetising the aggregate outcomes of a service. Both techniques appear to have varying degrees of support among local authority constituencies.

Overall, local authority respondents’ comments paint a more complex picture than is sometimes represented in extant literature. The prevalence of inputs, activities, outputs and

initial outcomes measurement in the local authority documents and flexibility shown towards other methods and models contrasts with some of the third sector social value literature that emphasises commissioner and funder pressure to adopt social impact and outcomes reporting often incorporating monetised values (Gibbon and Dey, 2011; Kay and McMullan, 2017). In addition, the prominence of OSR-related indicators encountered in this study is absent from social value accounting and reporting literature. This may partly reflect differences between central and local government policies and initiatives. While outcomes and social impact measurement tools are promoted at central government level, local government appears to be taking a flexible approach to accounting for social value, with mixed views expressed both within and between internal local authority constituencies. Furthermore, respondents' comments suggest that metrics on inputs, activities, outputs and initial outcomes are generally accepted as capable of providing fact type statements with the characteristics of epistemologically objective representations. The emphasis is on more immediate short-term outcomes and, in line with this, frameworks and rules for producing medium- and longer-term outcomes metrics including monetised metrics do not appear to have gained general acceptance as methods for providing epistemologically objective information. Outcomes represented through stories or case studies of individuals and groups appear to occupy a different space. They are recognised as illustrations of positive results and outcomes achievable, while not claiming to be a comprehensive statement on the effectiveness of a particular organisation, programme or service. The story, understood as an illustrative example, appears to be more generally accepted as a representation of outcomes, than quantified and monetised representations of aggregate medium- and longer-term outcomes. Social value accounting representations as epistemologically subjective or objective facts is discussed further in section 7.5.

7.2.2 Annual reporting on social value

Local authority respondents were generally supportive of the idea of including a social value statement within third sector annual reporting. Inclusion of social value content was seen as beneficial for them as commissioners and funders in providing a reliable source of information on the service provider and their contribution to social value creation, as well as to the reporting organisation in communicating the benefits of its activities:

“So then if you imagine if we are saying [during] the selection phase, explain to me how and what social value benefits you have delivered. ... Well, it says here in our annual report and there's a case study that does that or there is the social value.”
(LAP9)

All three social value definitions described in chapter six – additional OSR-related, social mission-related and service-related - were evident in respondents’ comments and led to differing views on incorporating social value into annual reporting. These are summarised in table 7.4 and are discussed in turn below.

Social value definition	Respondents views on inclusion in annual report
Additional benefits, OSR-related social value	Seen as beneficial to incorporate in annual report. Interest in working with organisations taking a positive stance on ethical practice and engagement in citizenship related activities.
Service-related social value	Seen as beneficial but questions raised regarding multiplicity of methods for accounting for service-related social value.
Mission-related social value	Mixed views. Potential confusion arising from overlap with existing content and language used to account for social objectives of organisation.

Table 7.4: Social value definitions and relevance to annual reporting (Source: author)

Those respondents expressing an additional benefits OSR-related definition of social value saw its inclusion in annual reporting as useful for their assessment of potential suppliers as socially responsible businesses, as well as being of increasing interest to other constituencies:

“... from a supplier selection point of view, we want to deal with companies that do good business and do business well, in a good way. So, because of the selection criteria they use, that needs to be evidenced.” (LAP9)

Where a service-related social value definition applied, information on this was considered useful to include in annual reporting. Some respondents, however, pointed to difficulties regarding the multiplicity of service performance assessment methods and how they might be incorporated into third sector annual reporting:

“It is about how it is articulated and captured. The social value is there, and some of those social values ... will be the same as those that are formalised through the procurement stuff. But we don’t necessarily piece them together when we come to reporting. But equally we don’t have, necessarily, an established approach which articulates and captures all of that. It is ad hoc.” (LAP3)

The multiplicity of criteria for assessing service performance poses problems for those who would welcome a single agreed social value accounting framework and highlights the

difficulty of developing rules capable of gaining general acceptance. Further, it presents challenges for the service provider in accounting for similar service activities to multiple funders applying a range of different criteria. Where this multiplicity of criteria is carried over into annual reporting it is likely to work against the establishment of more coherent and stable representations of social value.

Where a mission-related definition of social value was mentioned by respondents, mixed views were expressed. As might be expected, some saw this as a useful way for third sector organisations to account for their social mission. The question was raised, however, as to how this would differ from current third sector annual reporting, and whether it was possible or desirable to differentiate social value from reporting on the organisation's formally stated social mission and related activities and achievements:

"Talking about voluntary and community sector groups then I can see that thing about, how would you? Wouldn't social value be everything that you do, how would you separate it out?" (LAP6)

Where social mission and social value are seen as synonymous by key constituents, it suggests that third sector organisations may not be expected by key resource providing constituencies to adopt the language of social value when accounting for their core social objectives and related activities and achievements. In addition to the potential for confusion if notions of social mission and social value are used interchangeably in reporting, there were also some reservations expressed concerning the ability of third sector organisations to fully articulate their social value. Some local authority respondents saw smaller local third sector organisations as being particularly disadvantaged because of a lack of knowledge or resources for communicating their social value:

"... if you asked a walking group to fill that in, they actually might have loads that they do ... but they don't realise." (LAP5)

Knowledge, skills and resource barriers are likely to be more pronounced where more complex and resource intensive methods of social accounting linked to measurement of outcomes and social impact are involved. Alternatives involving a blend of stories and non-financial metrics could prove less problematical while potentially meeting the information needs of funders. It suggests the value of discerning the applicability of different methods of account giving for meeting different constituencies' information needs, taking into

consideration the resources available to the reporting organisation as well as the social and economic relationships of constituencies with the organisation.

Both the TAR and VAR were viewed by most respondents as appropriate mechanisms for communicating social value. The TAR was seen by some as offering a greater degree of credibility in part because of the legitimacy it affords as an integral component of an established charity accounting and reporting framework backed up by legislation and accounting standards:

“... it looks less like marketing ...the Charities SORP, it is a standard way of reporting.” (LAP1)

The respondent's comment points to the importance attached to reporting based on generally accepted rules which impose at least some constraints on the way in which activities and events are translated and presented. Further, formalising reporting was seen by several respondents as contributing to an ongoing process of embedding social value practice, standardising communicated information and improving accountability:

“If we could come up with a consistent way of doing it across the council and the voluntary sector and local businesses... If people start seeing that commonality of approach, they might start to understand it would become useful.” (LAP4)

There was some recognition among local authority respondents of the differing accountability needs of different constituencies. The TAR and VAR were viewed by some as providing alternative ways of communicating social value to different audiences. By using both mechanisms, third sector organisations could broaden the potential reach and the depth of information to multiple constituencies:

“I would say it is a combination. I'm not sure it is one or the other. Because if there are different ways you can demonstrate your delivery and your impact then you will want to, different audiences will receive that in different ways.” (LAP3)

There may be a presumption here, reflected in third sector accountability research (Ebrahim, 2003b; Connolly and Hyndman, 2013a), that the formal annual reporting of which the TAR forms a part, is more appropriate for partially meeting upward accountability to larger funders and regulators. The less formal VAR is oriented towards a broader range of internal and external constituencies while also addressing funders information needs not met by the TAR. There are indications, however, that some charities are now incorporating non-financial

qualitative content previously reported separately in a VAR, into their formal annual reporting:

“[The charity] are combining the two in their annual report this year. So, the social impact stuff is in the annual report. (LAP1)

This move to a more integrated approach may be a consequence of changes in the new Charities SORP, discussed earlier in chapters one and three, which encourages charities to report on the social impact of their activities on beneficiaries as well as on wider society. The SORP’s stated support for outcomes and impact reporting as a method for accounting for the performance of the charity, provides further assurance to organisations who currently produce a VAR in the form of an impact report and who are considering merging it with the TAR. The inclusion of additional qualitative content previously associated with less formal account giving may represent an important change in charity annual reporting, which suggests a need to reconsider the relevance of formal annual reporting for communicating more extensive information to a wider range of constituencies.

7.3 Community Foundation Perspectives on Social Value Accounting and Reporting

This section discusses community foundation respondents’ perspectives on accounting for and reporting on social value. As noted in chapter six, the term social value had not been adopted within the community foundations to describe their work and the social benefits arising from it. Besides indicating an awareness of local authority definitions, the community foundation respondents also associated social value with social mission and making a difference which was further interpreted in terms of either social change or social capital. Community foundation respondents’ comments are discussed in relation to these latter two perspectives on social value: social change and social capital.

7.3.1 Accounting for social value

Social value as social change

Most of the respondents expressed a desire to see organisations account for the outcomes and impact of the activities and services funded by the community foundation. As already mentioned in chapter six, however, the terms outcomes and impact are not clearly defined, and respondents’ comments suggest that community foundations do not currently share a standard approach to defining and accounting for outcomes and impact. Respondents did refer to a framework for use by the community foundations themselves in assessing the impact of their grant funding, although the ways in which it was being utilised appeared limited and varied.

As with some local authorities, several foundations were considering the development of outcomes and impact measurement tools, with indications that models had been looked at, but none were currently part of foundations' reporting requirements at the time of the interviews. Most respondents indicated that their community foundation was either waiting for further guidance from their national body or exploring other models. At the time of the interviews, the locally promoted practice for accounting for social impact was a combination of indicators and stories:

"... what [charities] need to be better at is stories and numbers. It is numbers ... and stories which illustrate our value." (CFP2)

"In terms of the measurement of impact as we do it now ... It is based on outputs, outcomes and case studies." (CFP4)

As was the case with local authority respondents, views of community foundation respondents on the merits of attempting to capture service outcomes and impact through measurement were mixed. Some respondents saw it as a technical issue requiring further refinement of measurement techniques and models:

"I think it would be really good for the sector to have some clearer tools... the whole social return on investment put lots of people off because it's so expensive. I think what we need is something much simpler and more accessible." (CFP1)

The above respondent's view that outcomes and impact measurement models that currently fail to meet constituencies' social accounting and reporting needs can be fixed with further refinement is very similar to that often expressed in third sector research on the subject, as commented on in chapter two. In contrast, several community foundation respondents expressed a more critical view regarding the feasibility of accurately capturing cause and effect when dealing with social issues and attributing social outcomes and impact across a multiplicity of diverse actors and factors:

"I'm always slightly sceptical of things that I would not say people are trying to make things look scientific but actually it's all a bit built on sand. There's so many variables going on that it is actually really difficult to say that this is a solid figure." (CFP3)

"... it is a bit of a dance of mutual deceit really." (CFP2)

Respondents' comments illustrate differing funder perspectives on the qualities and uses of outcomes and impact metrics. The more critical position of CFP2, quoted above and echoed by other respondents, suggests that outcomes and impact measurement has not gained general acceptance among foundations as providing factual type information that can be considered epistemologically objective. Further, CFP2's comment points to a mutual resource interdependence between funder and service provider constituencies (Ebrahim, 2005; Nguyen et al., 2015). Outcomes and impact information is seen as symbolic rather than substantive and of use to the community foundation in promoting itself to its own donors, and as useful to the service provider in helping secure funding from the foundation. Resource dependence is therefore emphasised as an important factor for both funder and provider and influences their engagement with outcomes measurement as a means of communicating to external resource providing constituencies.

Differing views within funder constituencies also signalled the potential for emergence of alternative approaches which place less emphasis on quantifying outcomes and impact. One respondent, for example, mentioned recent shifts by a grant-making body away from prescribed outcomes measurement and towards co-production of criteria for assessing an activity or service:

"Rather than have to have a 25-word outcome, they can simply say this is what we are planning, this is how we think it's going to help people, or we've been doing it and we can demonstrate it." (CFP3)

Following on from this, the respondent posited an alternative approach which could focus more on the competence of an organisation to deliver a particular activity or service, and on capturing and reporting relevant information. Further, where the case for a particular type of intervention has already been made, the funder would not require the service provider to produce comprehensive evidence of impact or calculate all of the benefits. As the respondent suggested:

"... you can say to the [funder] you are wanting to reduce poor health. Isolation is a major cause of that. We are reducing isolation. Give us £1,000 a year and we will do that. ... Using the research and solid facts and figures that people have produced and just making the connection." (CFP3)

The respondent continues in terms of reducing the complexity of the process:

“... does it have to be really technical and scientific and academically rigorous? No. How do you feel now on a scale of one to five? It’s those sorts of things that say, right we’ve done this for 80 people and 90% of them say yes, they feel at least two points better than they did before, or whatever.” (CFP3)

Overall, for community foundation respondents who have adopted a social change stance, there is a shared focus on programme or service results linked to social mission. Nevertheless, there are some differences in their views on how results are and can be evidenced as well as indications of flexibility regarding the information required from funded organisations.

Social value as social capital

In contrast to respondents who focussed on social change, those taking a social capital view expressed scepticism over the ability of organisations to fully capture and measure social outcomes and social impact. Instead, there was a belief in the third sector’s ability to generate social capital where an organisation is embedded in local communities and exhibits characteristics associated with a healthy third sector organisation. As to what constitutes a healthy, well-run organisation is a negotiated and socially constructed concept (Herman and Renz, 2008) and as such there were variations in its meaning and interpretation for different constituencies. In the main, respondents referred to organisational aspects such as a clarity of purpose, a history of successfully delivering activities or services, indications of good governance and management, and financial sustainability:

“Do I need a whole trail of complex impact reports to know that that’s a good thing? ... I’m not saying we are perfect by any means, but we try to go ok, well what you are doing makes logical sense, some rationale for it, so are you a good organisation? So, you seem to be a well-run, sensible organisation and if so, that is fine.” (CFP2)

The above response brings to the fore the importance of functional accountability bases for assessing the health of the organisation in relation to competencies in financial and economic resource management, legal and regulatory compliance, and good practice. Furthermore, a social capital view of social value places greater emphasis on a third sector organisation’s structural characteristics and less on social mission. The creation and sustaining of social capital are seen as associated not so much with the core mission, but rather with the act of participation in voluntary activities in association with others in a community:

“[There] was a group of mainly older guys doing model railways, and the chap who came said oh, I feel terrible because all you people are doing really important stuff

And we were very clear that there is nothing less valid from our point of view, about what you are doing, and actually of course we can see the thread of, well actually older men are hugely at risk in terms of isolation and mental health. And ... that kind of activity is working and getting a group of guys out of their homes and socialising and being in a social network and all the benefits that brings... We know it is intrinsically a good thing, the power of association ... So, that's the kind of philosophy we come at it [with]. That there is an intrinsic good to or an intrinsic value to activity, association, civil society.” (CFP2)

The view expressed by the above respondent shifts focus away from mission and service objectives and outcomes, towards third sector structural characteristics. As mentioned above, this suggests the relevance of key functional accountability bases when accounting for an organisation's capacity to contribute to a broader community oriented social capital aspect of social value. This functional accountability includes technical elements such as financial management, as well as social elements such as culture and practice.

7.3.2 Annual reporting on social value

Community foundation respondents had mixed views on whether incorporating a social value statement into the trustees' annual report would be beneficial. Where respondents supported incorporation of social value into annual reporting, a number of reasons were given including formalising the account provided, encouraging a move towards a standardised approach, enhancing clarity and comparability, improving external constituencies' access to information, and providing an additional source of assurance for funders:

“... has it got a clear format so that it can be compared. That's the thing isn't it? You end up with everybody doing these things in very different ways. So, should you have some guidelines for how a format to standardise it?” (CFP1)

“That would certainly help us as funders because it is information that we check. And information we provide to the donors and the decision making panels as well.” (CFP5)

Where there was less support for inclusion of social value content, the reasons given included the possibility of duplication. For example, in equating social value with 'public benefit', one respondent felt that charities would already be reporting on their social value under that heading, which is in line with a social mission-related view of social value:

“I’m not sure how what you would say under a social value heading might be different to what you’d say under a public benefit heading.” (CFP3)

Another respondent was less concerned with where the reporting was located and more concerned that third sector organisations should account for it somewhere:

“... it’s much more important that they can ... and ... do [account for] it rather than being prescriptive about where it appears.” (CFP2)

Other options suggested were inclusion in voluntary annual reports and on websites. While offering a more flexible approach and potentially improving accountability to a broader range of constituencies (Hyndman and McConville, 2018a), these options place less emphasis on the quality of the information provided including its consistency and comparability. The resulting variability and instability of content places limitations on its relevance to improving accountability to constituencies.

7.4 LTSIO Perspectives on Social Value Accounting and Reporting

This section turns attention to LTSIO perspectives and draws on analysis of TARs and VARs in addition to interviews with LTSIO managers. Approaches to communicating social value encountered in the annual reports examined are presented and discussed along with LTSIO respondents’ views on accounting for and reporting on social value.

7.4.1 Accounting for social value

Most LTSIO respondents indicated that their organisation was not accounting for social value and this was reflected in the limited content found in the TARs and VARs. Surprisingly, this included several LTSIOs that had provided training on social value accounting for their member organisations. Where social value was mentioned in the TARs and VARs, it took one of two forms of reporting. One form was where social value was presented as a public policy area with which the LTSIO had engaged during the year. The second form was where an account of the LTSIO’s social value was provided in the form of an OSR statement. The latter only occurred in TARs. These two forms of accounting for social value are summarised in table 7.5 and are discussed further below.

Annual report social value content	Accounting method
Discussions and information dissemination on the topic of social value undertaken in role as sector intermediary	<u>Not accounted for as social value</u> , but as part of the LTSIO's activities and events linked to local policy development, training and guidance Narrative and indicators
OSR ethical and citizenship related policies, actions, and results	Narrative and indicators

Table 7.5: LTSIO annual reporting: social value content and accounting (Source: author)

Social value accounted for as an area of local public policy related activity

As stated above, when social value was referred to in the TARs and VARs it was often presented as an area of public policy that the LTSIO had responded to in its role as sector intermediary and support organisation. In the TARs, this content was included within sections that reported on the activities and achievements of the charity in furtherance of its objectives. In these examples, social value was reported on as a public policy area of interest to the LTSIO's member organisations, but not as an account of the LTSIO's own social value. The social value related content involved descriptions of the LTSIO's engagement with public, private and third sector organisations on the topic. The account given was in the form of narratives describing actions, activities and in some cases, outputs arising from these activities:

“We have worked with [the] District Council to pilot and implement a new approach to the maximisation of social value. We acted as a coordination point between local businesses, the local authority and local community groups. This has successfully increased local social value around developments in [two local areas] and provides a model for future practice.” (VAR49)

Narratives such as that shown above contribute to an account of LTSIO actions and activities in line with their purpose as a local intermediary between sectors and as a support and development organisation for the local third sector. The three main areas of focus of this form of reporting on social value are in highlighting the LTSIO's role in contributing to local policy, developing potential sources of financial and in-kind support for the third sector and disseminating guidance and training:

“The Social Value Policy was developed by the group and implemented from April 2016. Our involvement helped to ensure the inclusion of specific targets, such as 25% of contracted spend going to SMEs [small and medium sized enterprises], VCS

[voluntary and community organisations and social enterprises] and equalities organisations.” (TAR14)

“A training session was undertaken with over 50 Commissioners from across the council portfolios. [In addition] Volunteer Co-ordinators and Managers were trained in Social Value.” (TAR66)

As indicated, such activities are likely to be of interest to the LTSIO’s member organisations as well as to local public commissioners and funders. Additionally, the narratives communicate the LTSIO’s active participation in local cross-sector discussions and events about application of the Social Value Act, rather than accounting for any form of social value creation that could be directly attributed to the LTSIO in relation to its activities.

Social value accounted for as organisational social responsibility

In contrast to the account of public policy related activities as shown above, are examples of LTSIO social value reporting based on OSR. One LTSIO incorporated a social value statement into its TAR providing an account of organisational ethical and citizenship related policies and practices. In relation to ethical responsibilities, the social value statement described certain actions, outputs and effects linked to ethical sourcing and employee pay. In relation to citizenship responsibilities the statement briefly described volunteer involvement in the organisation. While succinct, the statement provided both narrative and numeric information of potential interest to various internal and external constituencies:

“Social Value – [the LTSIO] uses other voluntary sector facilities and services wherever possible... sustainable products ... local suppliers... fair trade products... It is a Living Wage employer... Fifty-five people volunteered ... supported in line with current volunteering policies.” (TAR82)

Metrics presented in the social value statement consisted of the number of volunteers and a wage ratio. Both of the metrics used in the annual report can be considered to be epistemologically objective representations. In the case of the wage ratio, this is based on a series of epistemologically objective institutional facts including the concepts of money and employees. Here, an underlying brute fact is the people with the status of employees together with cash payments to those employees, which can be considered a brute fact in the accounting domain (Rutherford, 2017). The ratio calculated is not based on a hypothesised notion of employee wage value, but rather on the wages actually paid to people. In the case of the volunteers, the concept of a volunteer is an institutional fact which is ultimately based on

the underlying brute fact that volunteers are people. The number of volunteers is not a hypothesised notion of the value of volunteering, but a simple count of the number of people volunteering. In the three years of annual reports examined, each social value statement avoids estimating a monetary value for volunteer work, indicating that a monetising approach to representing volunteer social value had not become accepted annual reporting practice for this LTSIO.

The inclusion of volunteering in the social value statement highlights a key differentiating structural characteristic of local small third sector organisations which was absent from other LTSIO annual reports examined. One LTSIO TAR, for example, incorporated a brief statement of policies associated with organisational ethical responsibilities, but these did not extend to citizenship social responsibilities such as volunteer participation:

“As part of our drive to demonstrate social value and promote best practice, [the LTSIO] is signed up to the following frameworks: Living Wage Accreditation, Mindful Employer Charter, Fair Tax Campaign, Pay Compare.” (TAR74)

The examples listed in TAR74 suggest recognition of OSR-related social value as additional to the core social mission of the organisation. Even so, the extent to which representations of OSR are used by LTSIOs to bring together and account for different ethical and citizenship dimensions varies considerably. In most of the LSIO documents studied, a fragmented OSR approach is commonplace with ethical and citizenship dimensions accounted for and reported on independently of each other. In addition to internally fragmented accounting of a LTSIO's OSR, there are also examples where an OSR social value perspective is focused externally in respect of social and economic relationships with other organisations. This was particularly the case where third sector organisations were the receivers of corporate philanthropic giving arising from social value initiatives:

“We worked closely with [local authority] programmes to embed social value in their commissioning and procurement process and to ensure that voluntary and community groups benefitted. As a result, £70,000 was committed by contractors to be invested in community projects.” (TAR121)

Private sector corporate philanthropy, such as that described in the quote above, is often the basis on which OSR is considered in relation to the third sector. This is reflected in OSR research where the main focus is often private sector social responsibilities, with less attention given to third sector organisations' social responsibilities (Pope et al., 2018). Even so, of the

different definitions of social value discussed earlier in chapter six, it appears that the OSR-related definition has been the main influence on LTSIO annual accounting and reporting, albeit to a limited extent in terms of content and scope. Respondents' comments point to possible reasons why examples of the two other definitions of social value – service-related and mission-related – are not found in LTSIOs' annual reports. These are now discussed in turn, starting with mission-related social value before returning to discuss the types of social value reported in the TARs.

Absence of mission-related social value

While several LTSIO and community foundation respondents suggested a strong link between social value and third sector organisational social mission, this was not communicated in the TARs and VARs examined. There was no overt reference in the annual reports to social value as relating to a LTSIO's achievements in meeting its core social mission. This may reflect the dominance among local authorities of the additional benefits OSR definition of social value, which is not sector-specific and aligns with ethical and citizenship bases of accountability rather than social mission. As noted in chapter six, LTSIO respondents were aware of the additional benefits definition of social value promoted by local authorities and frequently referred to it as the locally accepted definition.

An additional contributing factor was the perceived difficulties of regularly capturing and accounting for a LTSIO's mission-related impact as an infrastructure organisation. In the TARs and VARs examined there were three examples of an LTSIO mentioning SROI. In each case, it was not a regular feature of their annual reporting, rather it was reported in only one of the three years examined, and limited to particular services. Further, in each case the social impact information provided was a relatively brief headline description of impact without providing further detail of the process by which social value was created, the resulting economic and social benefits or their translation into monetary values:

“... two Social Return on Investment (SROI) reports were completed on our core Infrastructure Services and our Community Development work — both reports identified the significant value for money and impact [the LTSIO] provide.” (TAR77)

The limited and sporadic nature of such content would suggest that social impact measurement is not embedded in LTSIO annual reporting. Instead, it is associated with either internally led reviews of specific services or externally driven reporting requirements attached to specific services and funding agreements at particular points in time. In addition, several

respondents suggested that capturing and accounting for mission-related impact was widely recognised among LTSIOs as problematic:

“Within the ... infrastructure movement, there is a big debate about the value of infrastructure. How do we show, by virtue of our intervention, what difference it made? What if we hadn't existed, what would have happened?” (TSP2)

The reasons for the difficulty in capturing impact given by LTSIO respondents were similar to comments made by local authority and community foundation respondents. Like their counterparts, LTSIO respondents also expressed scepticism regarding the ability of organisations to accurately account for their contribution to specific social outcomes and quantify less tangible social impacts of some activities:

“... being able to give the sector a voice on things. I know that there is a value there, but how do you put a price on that?” (TSP8)

The LTSIO's role as infrastructure support rather than front line service provider was seen by some respondents as adding a further layer of complexity when accounting for mission-related impact. The multiple points of interaction between LTSIOs and local third sector organisations over varying time periods, and the distance between support given and any associated longer-term benefits arising for third sector organisations and their beneficiaries were seen as contributing to this complexity:

“... we know outputs ... but we don't necessarily know the impact. Sometimes because it's quite long term, we will capture bits of it through case studies, but nobody wants to read 1,000 case studies, do they?” (TSP8)

TSIO respondents' perceptions regarding the difficulty of capturing their mission-related impact provide further reason why it is less likely that LTSIOs use social impact reporting other than when it is made a condition of funding imposed by the funder. This more reactive use of reporting would suggest the relevance of resource dependence as a primary driver for outcomes and social impact measurement.

Absence of service-related social value

Overt reference to social value as service-related outcomes and impact was also absent from the TARs and VARs examined. Services provided by a LTSIO were frequently reported on in the annual reports, mainly in the form of descriptions of activities, outputs and initial outcomes. Reports involved various combinations of narrative, numerical data and brief case

studies. There were also several examples where the effectiveness of a service was accounted for using quantified outcomes although these were specific to particular services and not generally applied across all of the services accounted for in the LTSIO's annual report. For example, a LTSIO annual report may include outputs for some services, outputs and qualitative descriptions of initial outcomes for another service, and numerical outcomes indicators for another service, as shown in the three examples from one annual report shown below:

"We delivered over 260 interventions with over 200 organisations." (TAR2)

"2,723 people have participated in the programme... The programme has benefitted participants by offering valuable opportunities for social interaction, making new friends, positive activity and boosting feelings of mental wellbeing." (TAR2)

"A 72% reduction in presentations at A&E (67% reduction in 2016)." (TAR2)

The variety of methods used to account for service performance again reflects the absence of a universally applicable singular performance framework. Moreover, this absence further supports a view of performance, effectiveness and social value as being subjective and context related. While there are indications that techniques and data used to produce more detailed reports for particular funders are sometimes drawn on for use in LTSIO annual reporting, the method of accounting used in these instances is generally not applied to other services provided by the LTSIO, and is not sustained beyond the life of a particular funded programme or service. This patchwork of methods for reporting on service activities and results, arises in part from different constituencies' views of effectiveness and methods for accounting for it. Respondents' comments along with the annual reports content examined suggest that in the case of LTSIOs the relevant constituencies with a strong interest include their member organisations, who are also often service users, and the various funders to whom the LTSIO is accountable. The task of accounting and reporting on the social value of services is therefore complex and perhaps only attainable when producing more specific information relevant to a particular service and targeted at particular funders or member service users. This can be contrasted with the greater degree of uniformity of content possible when accounting for an OSR definition of social value and at the level of the organisation rather than at the level of individual services. Of relevance here is the nature of annual reporting as a mode of general-purpose communication and its effectiveness in relation to diverse users and needs. As such, annual reporting is useful for at least partially addressing organisational accountability to constituencies (Laughlin, 2012) but less useful for

communicating more complex and specific service or programme performance information regarding, for example, service quality and outcomes.

Monetised indicators

While none of the annual reports examined included monetised representations of social value, there were several examples of monetised metrics in some of the TARs and VARs. Two types of monetising were evident. One involved translating volunteer time into a monetary value and the other provided a monetised estimate of the social impact of a specific service described in terms of a financial return on the funds invested in delivering the service. While monetised volunteer time or monetised social impacts cannot be recognised in the financial statements, they can be accommodated within the TAR. As examples of both types of monetising were found in TARs as well as VARs, this suggests that the more formal annual reporting framework is not a barrier to this type of monetised reporting.

Methods used for monetising volunteer time varied as did the extent of disclosure regarding the basis for the calculation. Sometimes a notional wage was applied to the total number of volunteer hours, representing volunteer value as donated input. In other cases, an estimate of the monetary value of the benefits arising from volunteering activities was used, representing volunteer value as an economic value of social benefits arising from outputs or outcomes. In most of the annual reports examined, limited information was provided as to why and how the monetary value of volunteering was calculated, as shown in the following quote:

“During this year volunteers contributed in excess of 19,069 hours to voluntary sector organisations, making an economic contribution of £11.1 million.” (TAR121)

As touched on earlier, few examples of social impact reporting on services were found in the annual reports. In the example quoted above, there was a brief statement on separate SROI reports produced for specific services although no figures were provided, and the narrative was limited to a general assertion that the reports had been positive. There were additional examples where a monetised SROI was reported, although interestingly in those cases the word ‘social’ was missing so that the term ‘return on investment’ was used:

“... using an established methodology to establish the economy, efficiency, effectiveness and equity of each project, enabling the calculation of a return on investment figure. This generated a whopping ratio of £29.98 of added-value for [the city] for every £1 invested.” (TAR96)

The term ‘return on investment’ is commonly associated in accounting with a ratio used to assess an organisation’s financial performance, that is the profit for an accounting period as a percentage of the capital employed (Law, 2016). The term is also used in project investment decision making involving, for example, estimates of the unit cost of delivering a quantified benefit (Murdoch et al., 2007). The omission of the word ‘social’ in the LTSIO social impact reporting examples results in ambiguity regarding the meaning attached to the reported ‘return on investment’ and suggests the need for greater disclosure of definitions, assumptions and calculations used. Further, the use of the term return on investment would support Luke et al.’s (2013) assertion that monetised social impact performance measures such as SROI are primarily used by reporting organisations to provide symbolic legitimacy. Even so, while purporting to bring a sense of legitimacy to the activities of the reporting organisation, there is a level of understanding or appreciation of its performative properties. This resonates with the community foundation respondent’s comment quoted earlier (CFP2), describing a “*dance of mutual deceit*” in that several LTSIO respondents had little or no confidence in the proclaimed return on investment:

“So, they bring somebody in to do SROI to give them a number so that they can say to somebody here is a number. Nobody believes the number. Literally. You can’t use the number.” (TSP5)

“I’m just not that convinced with what I’ve seen.” (TSP3)

Such comments suggest a disconnect between respondents’ own perceptions of outcomes and impacts and that represented through monetised metrics, potentially alienating the report reader (Thomson and Bebbington, 2005). Additionally, concerns were raised by LTSIO respondents regarding monetary representations leading to a narrow economic-centric understanding of social value. Some respondents perceived a monetised representation of social value as moving the focus away from the quality of service delivered. Others suggested that it restricted possibilities for gaining insights not captured within monetary calculations:

“... as far as ways of measuring it ... the innovative, the different gets missed unless given sufficient weight. And so that means that we are losing a whole lot.” (TSP3)

There was also concern that monetised estimates of social value lacked credibility because of the problems associated with claims made by organisations regarding their contribution to particular outcomes and the economic benefits attributed to them:

“I’ve yet to come about any situation where somebody can tell me about any savings they actually accrued. It is very odd. It is just satire, that is the only useful thing about it.” (TSP5)

Further, for some respondents the contested legitimacy of monetising techniques used in social accounting was seen as representing a risk which could undermine the service provider and their reporting:

Well, I just think it undermines the credibility of the thing and people are quite cynical about the whole thing. (TSP3)

Critical comments made by several respondents suggest that while certain social accounting methods for monetising social outcomes have pragmatic and cognitive legitimacy for some consultants and funders (Luke et al., 2013), this does not appear to extend to all local commissioners and funders or to other constituencies including LTSIO managers. Furthermore, both the volunteer and social impact financial metrics found in the annual reports examined in this study can be interpreted as epistemologically subjective facts, resulting in fluid and unstable representations of volunteer and service value. For example, when volunteer time is translated into a monetary input based on an estimated market value of the volunteers’ time, whether based on minimum wage or rates of pay for specific tasks, then the representation of the volunteer input is no longer based on institutional facts. Rather, it is a hypothesised market value of a volunteer where no such monetised volunteer market exists and where the nature of volunteer relationships with an organisation do not equate to that of a paid employee relationship.

In the case of social impact accounting frameworks such as SROI, there appears to be limited acceptance by LTSIO respondents of such frameworks as being able to provide epistemologically objective factual type representations. Moreover, there are several examples of a certain amount of cognitive dissonance (Festinger, 1957) where on the one hand several respondents indicated recognition of tools such as SROI, while on the other not viewing resulting monetised metrics as necessarily representing factual type information:

“While I was working with [a particular client group], monetising stuff was the best model possible, because it favoured everything we did. But it wasn’t really true.” (TSP3)

In such cases the respondents placed value not on the accuracy of the metrics themselves, but on either the process in assisting discussion and exploration of activities undertaken by an

organisation, or as a means of promoting or justifying a service or programme to funders and donors:

“That value is subjective. Financial proxies are useful especially when we are using them as an influencing tool or as a leverage for investment. Putting that proxy on it and having an economic debate is valid, needs to happen.” (TSP4)

Yet, similar issues arise such as those outlined in the volunteer example discussed earlier in this section, in that hypothesised subjective monetary values are used to translate non-financial metrics into financial metrics. The financial metrics’ status as institutional facts are unclear, suggesting that they are more likely to be epistemologically subjective and unstable representations of social impact and social value.

7.4.2 Annual reporting on social value

While most LTSIO respondents were supportive of inclusion of social value in annual reporting, some expressed reservations over the effectiveness of this form of communication. Indeed, several respondents did not support the inclusion of social value in the annual report. This contrasts with local authority and community foundation respondents who were generally supportive of the idea and expressed fewer concerns over the appropriateness of the TAR for communicating social value.

Where LTSIO respondents expressed support for inclusion of social value in annual reporting, they generally pointed to different characteristics of the TAR that were seen as beneficial for communicating social value. These included its flexibility in accommodating diverse content, the regularity of the communication as part of an annual process of account giving, and recognition of the TAR as part of formal annual reporting. Flexibility was seen as important in allowing the reporting organisation to decide on the type of content whether qualitative or quantitative, as well as being responsive to constituencies and changes over time in the perceived importance of different dimensions and types of social value:

“... I kind of like the free rein that it’s up to you ... to figure out what your audience is and communicate to the audience.” (TSP1)

The respondent’s comments above point to the socially constructed, relational and dynamic nature of social value. The response indicates the relevance of a relativistic multiple-constituency perspective where coalitions of constituencies, both internal and external, change over time along with changes in their social and economic relationships with the organisation. This can be seen, for example, in accounts of austerity localism, discussed in chapter two,

where reductions in local authority funding have required a rethinking of the relationship between local authorities and the local third sector.

Incorporating social value into formal annual reporting was viewed by some respondents as assisting with embedding the concept in the organisation's planning and decision making processes and improving accountability. In this way, annual reporting and in particular the TAR can be seen as providing an established mechanism for accounting for and reviewing the organisation's activities in relation to their social value, whether that is mission-related or OSR-related:

"Absolutely that's where it needs to be. ... I'd like it to be within that regulatory best practice framework. That it is an agenda item ... that you are fundamentally considering, to help you make decisions across the rest of the organisation. And that you are accountable for it on an annual basis." (TSP4)

Several respondents commented on the visibility and credibility offered by the TAR as a component of required annual reporting which is publicly available through the regulators' website as well as via the LTSIO. The TAR was not considered a widely read document, but was seen by some respondents as an important mechanism for communicating to key constituencies including funders, regulators, members and staff:

"I'd like to think initially it would be the members. Certainly, it could go wider than the membership because I do think this, I mean obviously charity commission, companies house, it becomes a public document, but articulating something like that on the website." (TSP9)

"... the fair-trade thing has been in because there are some staff who still don't understand ... the arguments, so ... we have to keep raising with people." (TSP2)

The above comments indicate a mix of external and internally motivated account giving, the former associated with being held to account and the latter with a more pro-active willingness to give an account (Edwards and Hulme, 1996; Cornwall et al., 2000; Ebrahim, 2003a). There is recognition here of LTSIOs as having multiple relationships and accountabilities that require a range of methods of communication. The TAR was seen as one of a number of mechanisms for communicating social value, with different internal and external constituencies requiring different types of information and levels of detail and disseminated through a variety of channels:

“There’s quite a lot of information in our trustees’ report which we publish in friendlier formats elsewhere. The actual accounts with trustees’ report attached I suspect it is only funders who might have a quick look at that. For example, if they are just checking we stack up.” (TSP10)

As mentioned above, there were also several LTSIO respondents who did not support inclusion of social value in the TAR as a separate item distinct from other content. Several reasons for excluding social value from formal annual reporting were given. A common theme was the perceived lack of a universally accepted definition of social value and a preference for more familiar and more easily understood terms. The reasons given differed to a degree depending on the particular definition of social value being used by the respondent. Where a social mission-related definition was used, the reason given for excluding social value was because it would be an unnecessary and less easily understood alternative to the existing and more widely understood language used by third sector organisations to express their social mission:

“I would struggle to see what the difference would be between that and your overall vision and mission... [It would] make it more difficult to focus and people to understand what you do ... Trying to communicate that in a mission or a vision is really useful, so if it was to then have other elements it might just complicate it too much.” (TSP8)

The respondent’s comment, above, echoes that expressed by several local authority respondents in that where social value is seen as synonymous with social mission, there is little perceived gain from introducing a new and less clearly defined term such as social value. Where an OSR-related definition of social value was used, the term “community benefit” was preferred by one LTSIO respondent as a basis for reporting on social value. This alternative term was seen as avoiding confusion arising from the multiple meanings attached to social value and more clearly communicating the nature of what was being sought in terms of benefits for local communities arising from local public, private and third sector activities:

“What I want in an annual report is what is our overall community benefit. Not a separate social value statement ... And that’s what I want in the private sector as well. What are we doing for the community and everything that’s involved in what we are doing for the community.” (TSP5)

As mentioned earlier in this chapter, in the VARs examined, there were no examples of LTSIOs reporting on their own social value. Where an LTSIO reported on its own social value it was only found in the TARs. Table 7.6 below summarises social value content found in LTSIO annual reports, in relation to definitions and types of social value. The table highlights content reported as social value as well as other content not specifically reported as such, but that matches types of social value associated with the definitions discussed in chapter six. As discussed earlier in this chapter, an OSR-related concept of social value was adopted by all of the LTSIOs reporting on their social value in their TARs. There were other references to social value in the TARs and VARs, but these were descriptions of activities where social value was the subject matter of inter-organisational discussions and information dissemination, and not an account of the social value of the LTSIO per se. There were examples of service-related impact reporting included in some VARs and TARs, which incorporated a mixture of descriptions of services, case studies, key output and initial outcome indicators. In all of these impact reporting examples, however, there was no overt reference to social value made and very few references to social impact accounting models such as SROI.

In contrast to mission- and service-related definitions, it appears that the additional benefits OSR-related definition has had an influence on how social value is represented through LTSIO formal annual reporting. Yet inclusion of OSR-related reporting of social value in LTSIO TARs is nascent with only a few of the TARs examined reporting on the social value of the organisation. Further, content was limited with only one example incorporating elements of ethics and citizenship dimensions of OSR. In addition, reporting on the contribution of volunteers was limited despite their importance as an additional resource and a distinguishing characteristic of many local third sector organisations. Indeed, there was only one example of reporting on volunteering as a type of social value input. Although several LTSIOs attached a monetary value to volunteer donated time and expertise, they did not refer to this as social value. Further, all LTSIOs reported on grants and donations received, but did not identify such funding brought into the local area as a form of social value.

Social value definitions		Types of social value	Reported as social value?	Location of content in annual reports
Mission-related social value		Social capital: Sector capacity building Strengthening third sector networks & networking Supporting participation in community	No	Reported in TAR: under ‘objectives & activities’ and ‘achievements & performance’
Additional benefits OSR-related social value	Ethics-related social value	Ethical sourcing	Yes	Reported in TAR: ‘achievements & performance’
		Local sourcing	Yes	
		Third sector sourcing	Yes	
		Fair tax	Yes	
		Fair pay	Yes	
		Living wage	Yes	
		Mindful employer	Yes	
	Citizenship-related social value	Volunteer participation	Yes	
		Member participation	Yes	
		Volunteering as resource contribution	Yes	
Service-related social value		Service activities, outputs and outcomes	No	Reported in TAR: ‘achievements & performance’

Table 7.6: Types of social value reported in LTSIO TARs (Source: author)

The limited use of an OSR-related definition of social value encountered in the TARs examined can be partly explained by perceptions of OSR as being more relevant to the private sector (Acar et al., 2001) and of having less relevance for social mission driven organisations focused on delivering social wellbeing (Lin Hi, 2015). Additionally, LTSIO respondents' comments emphasise the primacy of social goals in third sector organisations and point to a perception of these organisations as inherently socially responsible:

"... for 99% of the voluntary community sector that sits at the core. The fairness, the equity, the non-discriminatory equal treatment, being careful about what they do for who and things." (TSP9)

One consequence of this perspective of social responsibility as inherent to third sector organisations may be a downplaying of potential tensions between creating social value linked to social mission and additional types of social value sought by other internal and external constituencies (Bouckaert and Vandenove, 1998). The additional benefits OSR-related definition of social value goes some way to addressing other bases and dimensions of social value outside of social mission. Further, rather than resulting in social value reporting aimed solely at funders, it encompasses social responsibilities of relevance to a range of constituencies' interests and involves upward, lateral and downward accountabilities.

Integration of qualitative content into formal annual reporting

Within the sample of LTSIO annual reports examined there were several examples of where content previously reported separately in a VAR had been incorporated into the more formal TAR. This had resulted in an increase in the qualitative content in the TAR including descriptions of activities, related key indicators and short case studies as well as images. While not widespread among the annual reports examined it is an interesting development which reflects comments made by one of the local authority respondents, referred to in section 7.1, regarding LTSIO integration of social reporting into TARs. As suggested in section 7.1, integration of the VAR into the TAR might be a consequence of the new Charities SORP's encouragement of inclusion of social outcomes and impact reporting. The non-prescriptive nature of the TAR guidance on outcomes and impact reporting could lessen demand for less formal forms of reporting (Cordery et al., 2019) such as the VAR. As such, it represents an opportunity for charities to broaden and deepen their non-financial reporting within the TAR framework, which could extend to incorporating social value. This is discussed further in section 7.5.2 below.

7.5 Comparison of Perspectives and Implications for LTSIO Annual Reporting

This section brings together similarities and differences encountered when analysing the text and verbal accounts of local authorities, community foundations, and LTSIOs. The comparisons on perspectives provides a platform for considering implications for LTSIO social value annual reporting.

7.5.1 Similarities, differences and accepted social value accounting practice

One of the features of local authority, community foundation and LTSIO perspectives on accounting and reporting was the range of views expressed within each of the constituencies regarding various approaches to capturing and representing social value. Within each constituency there were expressions of support for quantified outcomes and impact

measurement and monetisation as well as expressions of doubt concerning the ability of these methods for providing a meaningful account of the social value delivered. Local authority respondents tended to be more supportive of using monetised outcomes than the other respondents. This may reflect the more extensive promotion and use within the public sector of tools and techniques for assessing both the financial and non-financial benefits of projects, using such methods as cost benefit analysis.

All three constituencies indicated the lack of a universally accepted or recognised method or framework for accounting for social value. Some local authority and community foundation respondents mentioned their involvement in work to develop outcomes and impact tools and techniques, with several local authorities indicating their interest and support for the TOMs framework, although implementation locally was still at an early stage. Amongst those respondents supportive of outcomes and social impact measurement models there appears to be a divide between those who see the resulting information as epistemologically subjective and symbolic and those who see it as epistemologically objective and substantive. There was a lack of agreement within constituencies suggesting that it is unclear whether a dominant constituency view on the use of outcomes and impact measures as representations of social value exists. Respondents' comments point to the possibility of two potentially competing trends. The first, using the example of initiatives such as the TOMs framework, suggests sustained interest and further development of methods for measuring and monetising social value outcomes and impacts. The second suggests methods other than monetary measures are increasingly being explored.

There was some level of general agreement across all three constituencies regarding the usefulness of a combination of 'numbers and stories' in representing social value in reporting. Here, numbers are often in the form of performance indicators which include quantified inputs, activities, outputs and initial outcomes. The stories are case studies of individuals or groups and provide a deeper and often more personal connection and insight into positive service outcomes and related benefits. The purpose of the stories is to provide illustrative representations of positive outcomes while the numbers tend towards more easily quantified information that does not extend to claims regarding medium- and long-term outcomes and impacts.

Where an additional benefits definition of social value is applied, there was common acceptance by local authority and LTSIO constituencies of the types of non-financial reporting associated with OSR such as providing information on relevant policies, actions and

practices and related outputs. Comments by respondents, along with guidance provided in the local authority documents and the OSR content found in the LTSIO annual reports, suggest that funders are not dictating the information that LTSIOs provide in their annual reporting under an additional benefits definition of social value. In part, this is likely to be a consequence of the less prescriptive approach of local authorities adopting an additional benefits OSR view of social value, which recognises that providers take different positions on ethical and citizenship responsibilities depending on the nature of organisational constituency relationships. It also suggests that constituents other than funders are also a factor in shaping the OSR-related social value that is reported. As such, the content of LTSIO OSR reporting is influenced by a range of internal and external constituencies whereby local authorities do not represent a sole dominating constituency in regard to the types of OSR social value reported. Nevertheless, local authorities have been an important influence in establishing an additional benefits OSR-related definition which has, in some localities and areas of commissioning and funding, gained primacy over a social impact definition of social value.

Both local authority and community foundation respondents were generally supportive of the idea of incorporating a social value section in LTSIO annual reports, with most supporting its inclusion in the more formal TAR. In spite of this, some local authority and community foundation respondents did express reservations, including concern regarding a possible overlap with existing mission-related reporting by third sector organisations. Social accounting and reporting skills were seen to be of particular relevance to measuring outcomes with concern expressed over potential disadvantages to smaller organisations that may lack such skills. However, although there may be issues over collection of basic output data by smaller organisations, this may be more of a capacity related issue rather than one of skills per se. Additionally, more so than other respondents, LTSIO respondents expressed concern over the difficulties of capturing and accounting for their mission-related outcomes and impact. Notwithstanding the potential barriers to reporting on social value expressed by some respondents, the existing mission-related reporting and lack of skills appeared less relevant where an OSR-related approach to reporting social value was adopted.

An interesting feature in those cases where LTSIOs included a social value statement in their annual report was the use of metrics that did not involve translating inputs, activities or outputs into outcomes, impacts or monetised metrics. From the standpoint of IRT, metrics that have the characteristics of institutional facts and which are not translated into other metrics, provide opportunities for epistemologically objective representations of social value. Attributed and monetised medium- and long-term outcomes and impacts, however, are not

generally perceived as epistemologically objective facts. Certain inputs, activities, outputs and initial outcomes take the form of existing institutional facts, upon which representations of social value can be based. Organisational inputs or outputs such as donations and volunteer time, for example, are based on various institutional facts including socially constructed concepts of money and volunteering. As the earlier example of volunteer input demonstrates when time is translated into a monetary input or output based on an estimated market value of each volunteer's time, whether based on minimum wage or rates of pay for specific tasks, then the representation of the volunteer input is no longer based on institutional facts, but on a hypothesised market value of a volunteer. Similarly, where, for example, the output of volunteer time is translated into a metric of social capital creation as an outcome or impact then the volunteer output is no longer based on institutional facts but on hypothesised notions of social capital, subjective attributions of social capital creation to volunteering activity and, where monetised, market values of social capital where no market exists. These examples are limited and while the possibility of producing epistemologically objective outcomes or impacts metrics is not ruled out, respondents' comments suggest that current outcomes and impact frameworks lack collective acceptance or recognition and constitutive rules capable of bringing into existence and sustaining institutional facts. The relevance of this to third sector accountability is that a numbers and stories approach, where rules are established that seek to ensure epistemologically objective representations of social value, offers a basis for a more stable, consistent, form of reporting on social value. The resulting information provided is likely to be more easily verified and queried by interested constituencies, so improving accountability.

7.5.2 Social value in LTSIO annual reporting: accountability bases and representations

This section sets out an LTSIO social value reporting framework drawing on the findings. Each definition of social value is looked at in turn and considered in relation to its inclusion or exclusion in LTSIO annual reporting and ways in which it is represented. Following on from that a LTSIO social value framework is offered as a way of understanding social value in relation to bases of organisational accountability.

Mission-related social value

TSIOs already report on their activities and achievements in furtherance of their charitable objectives. In general, this content mainly takes the form of qualitative information on the main activities undertaken during the period together with related inputs, outputs and initial outcomes. Some quantitative information is provided and is sometimes in the form of performance indicators. As discussed above, this content can be characterised as 'numbers

and stories', where intermediate and longer-term outcomes are reported mainly through qualitative information which sometimes includes brief stories of service users or projects.

Both funder and LTSIO respondents' comments suggest that there is general acceptance that LTSIOs and other third sector organisations generate social value through activities linked to their social mission. The term social value, however, is not currently used in LTSIO TARS to report on their mission-related actions and activities. Further, funder respondents expressed mixed views on whether or not it would be beneficial to refer to social mission-related achievements and performance as social value.

Where funder influence is more noticeable is in regard to LTSIO reporting on specific services funded by them rather than on the LTSIO's mission-related activities taken as a whole. As suggested above, the result is sometimes a patchwork of methods and styles of non-financial reporting used to report on different activities and services within the 'achievements and performance' section of the TAR. The different methods and styles appear to link to and reflect differences in reporting criteria of funders. This patchwork approach is in line with resource dependence theory in that LTSIOs accommodate funder criteria for accounting and reporting on services funded by them, while not universally adopting the funder's preferred method across all activities reported on in the TAR. LTSIOs, then, may be expected to continue with their current relativistic approach to annual reporting on their mission-related activities, with any references to social value being service and funder criteria specific, rather than being universally applied.

Service-related social value

As noted in the discussion above on mission-related social value, LTSIOs draw on content produced for particular funders when reporting on specific programmes and services. This suggests that LTSIOs are likely to incorporate service-related social value in their TAR where the information was the result of compliance with reporting requirements attached to a funding agreement. As already discussed in section 7.4.1 in relation to inclusion of content based on social impact accounting methods such as SROI, this form of social value reporting within the TAR is likely to vary in content and methods used and be symbolic, sporadic, and partial.

The complexity of service-related reporting is further compounded by the loose coupling between those providing the resources and those receiving the services (Kanter and Summers, 1987). The asymmetrical power held by funders and service users favours service-related social value reporting primarily geared to meeting funders' needs. Where a funder partially

cedes power, we may see service providers influencing the type of data collected and reported, although, as previously discussed, this will be within the parameters set by the funder's service goals. A universal approach to annual reporting on service-related social value is therefore unlikely given the diverse performance and reporting criteria that apply to different service contracts and funding agreements.

OSR-related social value

Of the three definitions of social value discussed in chapter six, the additional benefits OSR-related definition was predominant among the local authorities included in the study and it was the only basis on which LTSIOs accounted for their social value in the annual reports examined. The applicability of this definition to reporting on social value appears to rest on perceptions of OSR as being applicable across all sectors and types of organisation and in its ability to accommodate diverse types of social value across different accountability bases and OSR dimensions.

For the local authority as commissioner and funder, engagement with OSR offers a way of encouraging service providers to contribute further added value on top of that considered inherent to the contracted service. OSR also provides funders and service providers with a relatively familiar concept with which to come to a shared understanding of social value when applied in the context of public procurement and funding. Furthermore, the cross-sector applicability of OSR makes it attractive to public commissioners for managing perceived procurement risks associated with a more discriminatory sector-specific view of social value. A view of social value as predominantly organisational social mission-related, for example, would favour third sector providers and so conflict with the notion of fair competition promoted in procurement regulations (Loader, 2007).

For LTSIOs, an OSR-related approach offers a way of distinguishing between social value arising from the primary social objectives of the organisation and social value arising from other social and economic relationships between the LTSIO and various constituencies (Andreaus and Costa, 2014). In this way OSR provides a way for LTSIOs to consider a broader social value view of the organisation by incorporating elements of third sector distinctiveness and extending beyond its mission. The social value of volunteers working in the LTSIO, for example, can be recognised in terms of their contribution to mission-related activities and also as a source of additional economic and social value arising from other aspects of the volunteers' relationships with the LTSIO and the internal and external

constituencies with whom they interact. Table 7.7 below summarises different types of LTSIO volunteer social value across mission, ethical and citizenship accountability bases.

Accountability bases	Volunteer social value
Additional citizenship & ethical responsibilities	Volunteer participation in LTSIO including trustees
	Volunteering as serious leisure
	Volunteering as pathway to employment
	Volunteering code of practice
	Volunteering as in-kind donation
Social mission	Volunteers activities and achievements in furtherance of the mission

Table 7.7: LTSIO volunteering as multiple forms of social value across multiple accountability bases (Source: author)

Drawing on the above discussion, the accountability typology presented in chapter three – see figure 3.13 – is revisited to consider the three definitions of social value in relation to the TAR. Interest is focused on the TAR not only because that is where the examples of social value statements were found, but also because the TAR has both formal and less formal, internal and external led characteristics within which the definitions may be usefully differentiated. Figure 7.3 summarises the typology. What can be seen is that mission-related social value, considered synonymous with the LTSIO’s charitable objectives, falls within existing Charities SORP requirements to report on the LTSIO’s objectives and its activities and achievements in fulfilling those objectives. While the LTSIO must state its objectives, what can be included under activities and achievements is not tightly prescribed. Mission-related social value can therefore be placed in the middle of the typology. Service-related social value, while not overtly reported on as social value, appears to be closely aligned with funder service performance criteria. This suggests that such reporting if it occurred would be more often externally led than mission-related social value. Service-related social value is therefore placed to the left of mission-related social value on the typology. OSR-related social value is outside of the LTSIO’s mission and is mostly internally led content and so is positioned to the right on the typology.

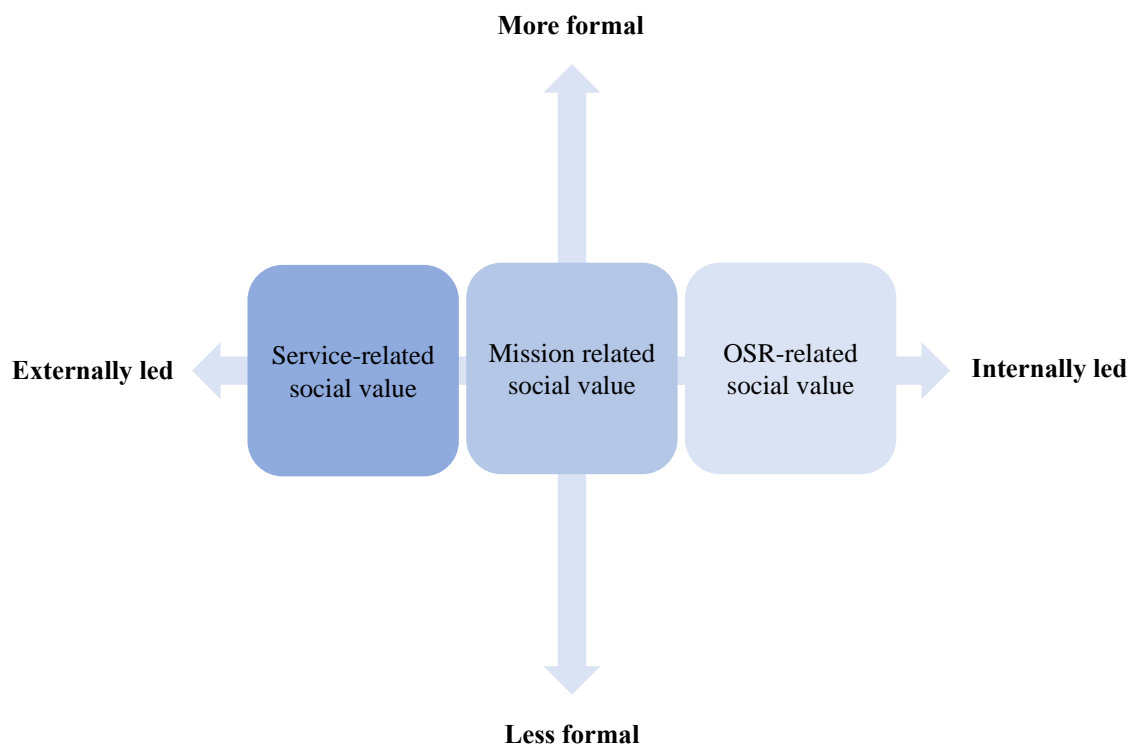


Figure 7.3: Placing social value within a TAR accountability typology (Source: author)

The next part of this section goes on to present and discuss an LTSIO social value accountability framework based on the study findings.

An LTSIO social value framework

The LTSIO social value and reporting framework outlined in this section and summarised in figure 7.4 below is a representation of current reporting practice based on the study data and examples found in the TARs and VARs. The three definitions presented in chapter six and their relationship to accountability bases assists both in distinguishing between different conceptualisations and types of social value reported and in considering their relevance to multiple constituencies.

Missing from this framework is social value reporting on the organisation's social mission as a whole as opposed to at the level of individual services. While LTSIO respondents generally associated social value with social mission as well as wider social responsibilities, they appeared reticent to adopt the term for reporting on their organisational effectiveness in fulfilling their primary social objectives. Two reasons were commonly provided by LTSIO respondents: first, that it was not evident that incorporating the term social value would improve on existing reporting on activities and achievements, and second that LTSIOs have not yet found a satisfactory way to fully account for their effectiveness as social mission

driven infrastructure organisations. The reasons given reflect the contested nature of the concept of social value and methods of accounting for it.

As stated earlier in this chapter, none of the LTSIO annual reports examined included overt reference to mission-related social value although several referred to their social impact and social return, which are concepts sometimes associated with social value. In taking account of these associations, mission-related reporting has been included in the framework although it is limited to reporting on service results where social value may form part of a specific service agreed with funders. Social value linked to funder requirements regarding specific services is likely to differ from one service to another depending on the funder and the service.

Furthermore, it will be episodic because of the short-term nature of much of the funding provided for programmes run over set periods. This makes it unlikely that a universal approach to accounting for social value will emerge from diverse funders and funding arrangements. Furthermore, aggregating different service-related assessments of social value with a view to arriving at an account of total organisational social value is likely to result in imperfect information because of the heterogeneity of services and social accounting methods. It is not clear what additional information would be required to make such aggregated information meaningful for the reader of the account. In addition, a focus on services alone and associated social value at the level of the service, ignores social value created at the level of the organisation.

While mission-related social value will continue to be of interest to LTSIO constituencies, there is considerable scope for LTSIOs to further develop their accounting for social value outside of mission and in relation to ethical, citizenship and economic accountability bases. Current annual reporting practice suggests that LTSIOs could further develop their communication of ethical policies and practice, both internally around employee and volunteer health and wellbeing, and externally around ethical sourcing, sustainability and supporting local communities. Within the economic base, current approaches to accounting for volunteers as an economic input provide limited information on the diverse nature and importance of this resource in sustaining the local third sector. The citizenship base, however, is an important area for LTSIOs given their structure as member-based organisations and where members participate as service users as well as being engaged in the governance of the organisation. Moreover, because of the role of volunteers as participants in the LTSIO and in many of the member organisations, the citizenship base could be a basis for LTSIOs to further develop an account of their contribution to local social capital.

The concept of social capital was seen as important by respondents across all three constituencies included in this study. Onyx (2014a) has suggested that social impact is more closely related to the extent of active participation of citizens in communities rather than to specific services or programmes. Further, that both individual and organisational social capital play an important part in building and sustaining active participation and in contributing to local community wellbeing. LTSIO engagement in building and sustaining sector networks, encouraging the development of local member-based voluntary and community organisations, and supporting volunteering, points to social capital as a possible basis for LTSIOs to define and account for elements of their citizenship-related social value as well as their mission-related social value. This would require further exploration beyond the scope of this study and is suggested as a research area of potential relevance to third sector infrastructure social accounting.

Finally, the framework accommodates accountability bases and OSR dimensions as useful concepts for distinguishing and accounting for multiple conceptualisations of social value and for differentiating between mission-related and non-mission-related forms of social value. Differentiating between accountability bases assists with identifying what types of social value are accounted for and their relevance for different constituencies. Overall, the proposed framework allows for the possibility for third sector organisations to accommodate third and public sector interpretations of social value in their annual reporting by recognising and incorporating organisational social mission, service results and organisational social responsibilities as accountability bases.

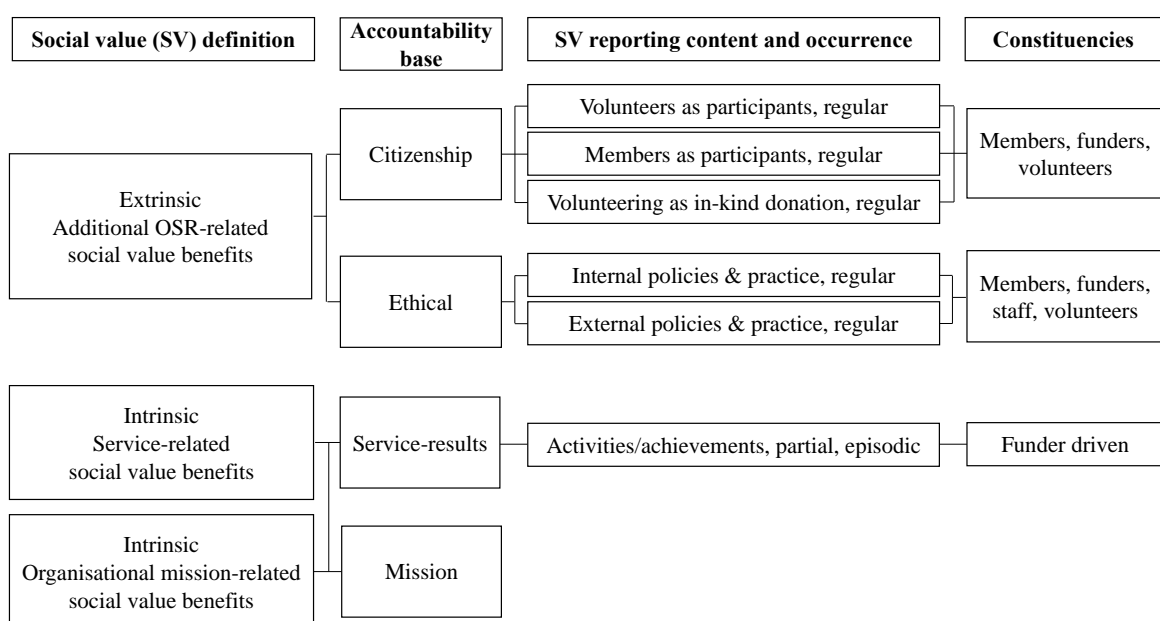


Figure 7.4: LTSIO social value accounting and reporting framework (Source: author)

7.6 Summary

The findings presented and discussed in this chapter have focussed on accounting for and reporting on social value from the perspectives of local authorities, LTSIOs and community foundations. This has included an exploration of the views of local constituencies on approaches to social value accounting and reporting as well as an examination of the influence of social value on LTSIO annual reporting.

Multiple methods for accounting for social value exist locally and there is no generally accepted or recognised social value reporting practice. Respondents' comments point to several factors that contribute to multiple accounting and reporting approaches at this time. These include differing views within and between constituencies on the characteristics of different forms of information, and their applicability for accounting for social value at service or organisational levels. Points of difference, for example, include the extent to which qualitative and quantitative information on social value are considered symbolic or substantive, and connected to that, whether outcomes and impacts are best represented through stories, measurement, monetised proxies or a mix of these methods. In addition, differences of view arise in relation to the feasibility or appropriateness of a singular method for accounting for different bases and dimensions of social value at the level of individual services and programmes, organisational social mission, and organisational social responsibilities. In general service-related indicators were not considered generic, but as service specific and established as part of the commissioning or funding process.

A key finding is that some local authorities who present as a dominant constituency are partially ceding power to service providers in relation to deciding criteria for accounting for social value. As already touched on in chapter six, ceding of power can occur within a local public procurement and funding environment where major changes in resourcing and resource interdependency are in process.

Where social value is service-related, ceding of power is shaped within the parameters set by the overall objectives of a service and the degree to which service providers are encouraged to contribute to setting the social value accounting criteria. Where social value is OSR-related, providers appear to have a greater say in how social value is accounted for and are able to draw on established reporting models and indicators for reporting on OSR. Ceding power is seen by some as problematic, particularly where it leads to a lack of clarity between constituencies as to what is required and a lack of standardised data for assessing social value performance. Indeed, for some commissioners and funders a less prescriptive approach to

setting social value accounting criteria is seen as a temporary phase on a journey towards a more standardised approach longer term.

Critical comments made by respondents in this study suggests that while certain social accounting methods for monetising social outcomes have pragmatic and cognitive legitimacy for some individuals and groups (Luke et al., 2013), this method of social accounting has not gained general acceptance or recognition. Monetising frameworks such as SROI, therefore, do not appear to be generally accepted or recognised as providing epistemologically objective representations of social value. Furthermore, the financial metrics encountered in the annual reports examined exhibit features associated with epistemologically subjective facts, and provide malleable, unstable representations of volunteer and service value.

In general, inclusion of a social value statement or similar in LTSIO annual reports was supported by funders. Even so, there were some reservations over possible confusion arising from an overlap with the existing established charity accounting and reporting framework, particularly in relation to the attention already given in the TAR to accounting for mission-related activities and achievements in furtherance of charitable objectives. Overall and despite this caveat, the TAR was seen as appropriate by funders, as a way of formalising content over time and allowing standardisation and increased credibility.

Where LTSIOs had incorporated a social value statement into their annual reporting, it was located in the TAR and reported on OSR-related policies and practices. Social value was not overtly referred to in relation to mission- or service-related achievements. Social mission-related activities and achievements equate to mission-related social value and as mentioned above are already embedded in existing charity reporting practice. In relation to service-related reporting, content was seen to vary, relating to and reflecting differing services and programme goals and funder or LTSIO member information needs.

The incorporation of VAR content in LTSIO's TAR suggests an increasing ability of the TAR to accommodate all three definitions of social value across the corresponding accountability bases of OSR, social mission and service results. Furthermore, differentiating between the three accountability bases allows for differing methods of accounting for social value to co-exist within the same annual report. In the case of LTSIOs, for example, social mission is already accounted for within existing TAR practice on reporting on charitable objectives and public benefit, while service results and impact are often reported using information reflecting funder reporting criteria, and OSR is reported using generic non-financial narrative and numbers.

The emergence of the prominence of OSR-related social value in local authority interpretations as well as in those examples of LTSIO annual reporting on social value is noted. Furthermore, it suggests the need for further study of OSR in relation to third sector organisations.

Chapters six and seven have presented the findings from the analysis of both documents and interview data. The following chapter will conclude the study, summarising various elements of the research and offering a reflective overview of the research including findings, contribution and limitations of the research.

PART V

Chapter 8: Conclusions

8.1 Introduction

As outlined in chapter one, the non-prescriptive approach of the Social Value Act provides considerable flexibility to authorities applying the legislation thereby allowing differing local approaches to defining, operationalising and accounting for social value. Similarly, while there has been increased interest and discussion in the extant academic and practitioner literature to support the idea of social value as significant for third sector organisations, there has been limited examination of the ways in which LTSIOs regularly account for and communicate their social value to constituencies. This identified gap, plus the researcher's practitioner experience of working in this context, provided the impetus for this research, and this chapter provides a reflective overview in order to conclude the thesis.

The study's finding of the Social Value Act as sector neutral and accommodating multiple interpretations of social value that co-exist within an overarching theme of economic, social and environmental benefits, addresses gaps in the literature on social value within UK public procurement and third sector reporting contexts. Additionally, identification of ethical and citizenship social responsibility as the basis of LTSIO annual reporting on social value contributes to the currently sparse literature on third sector OSR and discussions on 'the evolving relationship of NGOs to CSR' (Hogan, 2009, p. 279). The study further contributes to third sector social accounting literature by highlighting epistemologically objective input, activity and output metrics and illustrative case studies as powerful, stable and accepted ways of representing social value. Moreover, the findings provide a more critical view of social impact monetising models as providing epistemologically subjective unstable representations of social value which lack widespread acceptance or recognition as presenting social or economic reality.

The hybrid MCT and IRT framework developed provides a unique and applicable lens for understanding local interpretations and accounts of social value from differing public and third sector constituency perspectives within UK public procurement and charity annual reporting contexts. Furthermore, the study develops a more nuanced version of the power perspective of MCT by recognising that dominant constituencies cede power to other constituencies where there are major changes in resource interdependency. In addition, by applying institutional reality theory, the distinction made between epistemologically objective

and subjective factual type statements assists with identifying ways in which monetised and non-monetised accounts of social value contribute to transparency and accountability.

Findings suggest the joint SORP-making body, should consider extending the TAR guidance to include recommendations to report on the ethical and citizenship dimensions of the charity’s actions, activities and achievements. Specifically, the joint SORP-making body should clarify and distinguish between social value arising from activities undertaken in furtherance of charitable objectives and that arising from non-mission related socially responsible actions and behaviour. This would assist in promoting a more holistic approach to annual reporting and recognise the value of socially responsible organisational behaviour in furthering improvements in economic, social and environmental wellbeing.

The chapter continues with a review of the research aims and considers implications of the findings. This is followed by further discussion of contributions and limitations of the study and areas for further research. The chapter structure is summarised in figure 8.1.

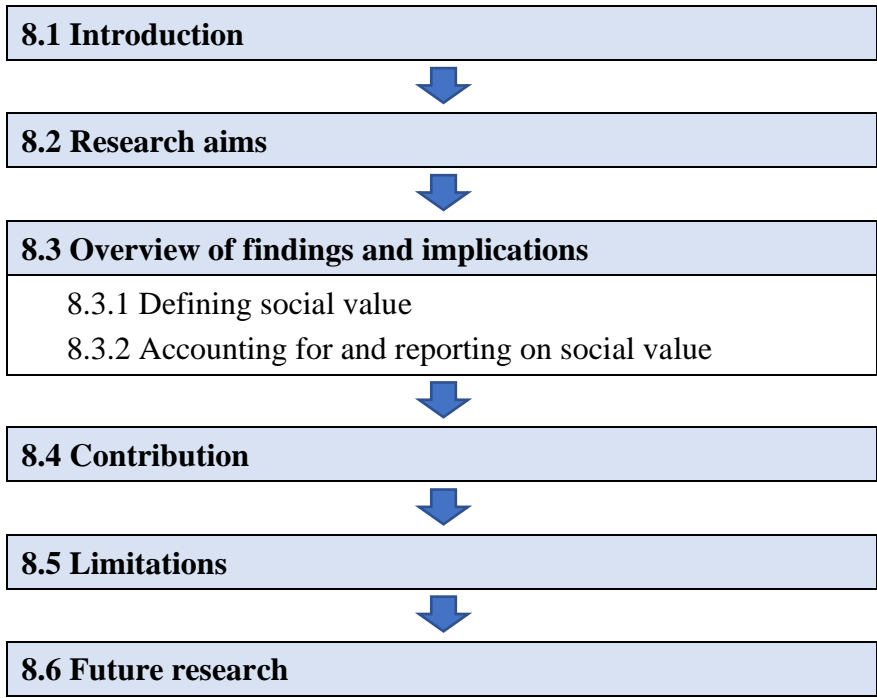


Figure 8.1: Chapter eight structure

8.2 Research Aims

The research aimed to provide a deeper understanding of local perspectives on defining and accounting for social value, which in the context of Social Value Act, necessitated a focus on local authority, local community foundations and LTSIOs. The study adopted a critical approach, noting the flexibility and sector neutral characteristics of the Social Value Act, the contested nature of social value and social impact measurement, and the changing

relationships between local government and local third sector organisations in response to austerity localism (Lowndes and Pratchett, 2012). Furthermore, the substantial number of local third sector organisations in England (Mohan, 2012a) and the requirement on local authorities to apply the Social Value Act, provided the opportunity for a timely examination of local interpretations and social accounting approaches to provide further insights into third sector accountability. The study therefore contributes to the limited research on both local funder and local third sector interpretations of social value and the ways in which this influences LTSIO annual reporting.

As explored in chapter two, existing academic research on social value within a UK third sector context tends to see the Social Value Act as particularly beneficial for third sector organisations. Furthermore, outcomes and social impact measurement is frequently the focus of attention and seen as the basis for social value accounting and reporting. Both the perceived advantages of the Social Value Act for the third sector and the focus on outcomes and social impact measurement derive, in part, from a discourse informed by interest in and promotion of alternative public service delivery models and outcomes/impact measurement tools. This discourse is largely driven by central government, national sector bodies, think tanks and consultancies (Benjamin, 2012a; Arvidson et al., 2013; Hall et al., 2015) and dominated by nationally promoted concepts of social value. Conversely, the Social Value Act itself provides little prescribed direction and considerable latitude in both consideration of what social value means and in approaches to capturing social value as part of public procurement processes and organisational reporting practices. This initial observation prompted the main research question: how is the concept of social value being interpreted locally and incorporated into LTSIOs' annual reporting? The objectives of the study, therefore, were to examine the ways in which local authorities, LTSIOs and community foundations define social value; to explore with key sector respondents their perspectives on accounting for social value; and, finally, to identify how LTSIOs account for social value through both formal and voluntary annual reporting.

8.3 Overview of Findings and Implications

8.3.1 Defining social value

The concept of social value is of importance to public service commissioners in England when considering the contribution of procured services to the economic, social and environmental wellbeing of an area. At the same time social value creation is asserted as an important distinguishing characteristic of third sector organisations with a social mission. How social value is defined, therefore, has implications for the types of benefits recognised as

arising from public services and social mission driven third sector organisations. Furthermore, for a third sector organisation the issue of how social value is defined and communicated has relevance in relation to organisational accountability to different constituencies. Having clarity over what constitutes social value can therefore be seen to assist third sector organisations in communicating their activities and achievements within a service or organisational context. The study findings, however, point to multiple definitions of social value co-existing and the lack of an agreed unifying definition therefore compounds the search for clarity. Yet, in many ways, as Connolly et al. (1980) suggest in their exploration of effectiveness, there may be little to be gained by trying to narrow down the concept of social value, which needs to take into account differing constituencies' interests and relationships with an organisation, as well as local contexts. Indeed, rather than a narrow focus on social value as part of service-related or third sector mission-related results, the research found diverse definitions that extend the concept of social value to encompass ethical and citizenship dimensions of OSR together with aspects of third sector organisational distinctiveness extrinsic to social mission. A consequence of widening social value in this way is that it highlights the importance of other bases of organisational action and activity which, in turn emphasises the need to move beyond a research focus that restricts social value to service results or social mission.

The study's findings point to the inclusion of an additional OSR-related benefits definition of social value as partly a response to the Social Value Act's location within a public procurement framework and also the substantial reductions in public spending that occurred before and after implementation of the legislation. As discussed in chapter two and six, the Social Value Act is a part of public procurement guidance which, in the interests of competitive markets, is, in general, required to avoid favouring one sector or organisational type over others. It would be difficult therefore for commissioning bodies to adopt an organisational social mission-related definition of social value. In a mixed economy of public service provision, where investor owned businesses provide a substantial part of outsourced public services (Bovaird, 2016), a social mission-related definition would be seen to disadvantage organisations whose primary purpose is providing private economic benefit rather than public social benefit. In some respects, the lack of a tightly defined concept of social value helps to avoid preferencing one sector organisational type over another. This sector neutral aspect of the Social Value Act is often ignored or misunderstood in the extant third sector literature and the study goes some way to addressing this gap in relation to a local public and third sector context.

The lengthy period of substantial reductions in public spending, which bookend introduction of the Social Value Act, was accompanied by both a dismantling of some aspects of centralised performance management and increased decision making powers for local authorities (Ferry et al., 2019). What can be seen from the perspective of the key respondents in this study is that social value is interpreted within the context of austerity localism (Lowndes and Pratchett, 2012), where local authorities have a sense of increased control over some areas of local consultation and decision making, but are considerably constrained by reductions in funding. Encouragement of certain forms of cross-sector organisational and citizen engagement and support for the local economy in this context emphasises local individual, community and organisational responsibilities (Lister, 2011; Lowndes and Pratchett, 2012). An additional benefits OSR-related approach to social value therefore resonates with the notion of austerity localism as well as echoing aspects of NPM, VfM and Best Value.

An OSR-related definition of social value is attractive for both local public service commissioners and potential private sector service providers. For local authorities faced with greatly reduced funding from central government, an OSR approach offers opportunities for negotiating additional benefits from service providers above and beyond those sought as part of service outputs and outcomes. For private sector service providers, OSR is something that is relatively familiar and easily understood as socially responsible business practices and corporate citizenship. As such, it offers a degree of clarity to both parties – funder and private sector provider - with the potential to generate additional contributions to local community wellbeing at a time of much reduced local government resources.

In a third sector context, OSR presents an alternative non-sector-specific view of social value that contrasts with a social mission definition and initially may prove challenging for third sector organisations more used to the latter perspective. Notwithstanding this challenge, the study found several examples of LTSIOs already engaging in OSR-related social value reporting. Moreover, it is an area of social reporting that if further developed, has the potential to improve and broaden accountability for LTSIOs' actions and effects outside of that associated with their social mission.

The emergence of an additional benefits definition of social value alongside and, in some cases, in place of a service-related social impact definition, points to the influence of local public service resource providers in establishing local interpretations of social value. Although the additional benefits definition builds on existing public sector commissioning

guidance, although it does not draw on social impact or outcomes commissioning models that are more strongly associated with service results. The local authorities are therefore actively engaged in choosing between alternative approaches to defining social value and, in turn, are influencing local interpretations. Furthermore, this study found that where cross-sector working groups have developed or are developing local frameworks, even though a definition of social value a service-related benefits was recognised, local authorities and other local public sector bodies have been the main promoters of the additional benefits definition. Local government, therefore, represents a salient constituency defining social value within their field of public commissioning and funding.

An interesting finding emerging from interviews with key respondents was that, even within the parameters set by an overall definition of social value, there were indications and examples of power being ceded externally to cross-sector collaborations and service providers. The nature of power ceding and the influence of various local constituencies was found to vary with examples of temporary alliances of constituencies around particular projects or services. In the case of local authorities, there were a number of examples of partially ceding power to cross-sector collaborations and networks, as well as examples of ceding power on a case-by-case basis, to service providers. In the main, such alliances appeared to be limited to funders' lateral constituency relationships and, unlike Connolly and Hyndman's (2017) findings, did not extend to involving service users. As such, the inclusion of local constituencies at different levels and stages of planning and decision making and their related influence on what constitutes social value suggests a more complex picture than that presented by a purely dominant constituency view.

As mentioned above austerity is relevant in explaining the way in which some local authorities adopt a collaborative or partnering approach to social value. It is a continuing trend in the relationships between local authorities and local constituencies. Funding constraints reduce their capacity as a local resource provider and make it more likely that they will seek other ways in which to engage with partners to find ways and means of addressing local social issues and needs. Partially ceding power can be seen as assisting with this in encouraging private and third sector involvement in local communities in ways which extend beyond service contract relationships and obligations.

Although there have been differences in constituencies' views of what constitutes social value, the study's findings suggest that economic constraints on local public services have favoured moves towards an additional benefits definition of social value. At the same time,

rather than this representing a single and highly prescribed definition, there is considerable opportunity for different constituencies to decide what constitutes additional OSR-related social value. Moreover, other definitions of social value are not necessarily excluded which means that OSR-related social value can co-exist alongside other definitions. As some respondents described and was seen in some of the annual reports, a third sector organisation may continue to assert the primacy of its social mission while also setting out its OSR-related ethical and citizenship policies and practices. In turn, this offers flexibility in entering into service contracts that have locally agreed social value objectives attached to them.

The accommodation of multiple conceptualisations of social value supports the relevance of a relativistic multiple constituency perspective which recognises that constituencies will interpret social value in relation to their own interests and relationships with organisations (Kanter and Summers, 1987). At the same time, the study findings, in line with MCT, acknowledge that multiple conceptualisations of social value are constructed within the constraints set by those relationships and in accordance with the relative and perceived power of different constituencies in particular contexts and points in time. While this again confirms the complexity of diverse, fluid, sometimes competing constituency views and goals, there are indications that a multiple constituency relativistic approach to social value does not necessitate decoupling of policy-practice or means-ends (Bromley and Powell, 2012). Rather, this study suggests that a distinction is made between longer-term, broad social mission objectives, and more immediate and more specific service results. Furthermore, OSR relates to different but interrelated concepts of social value, which are associated with different accountability bases, constituency interests and types of information.

The fundamental difference between an additional benefits definition and the other two main definitions of social value found in the study was in their differing relationships with the primary purposes of either an organisation or a specific service. Mission-related and service-related social value are intrinsic to and directly arise from activities and results in furtherance of either the primary social purpose of the organisation or the primary purpose of a service. In contrast, additional benefits are extrinsic to organisational mission or service purpose. The extrinsic/intrinsic and organisational/service distinctions are significant in highlighting how organisational accountability for social value may arise at more than one of the accountability bases. For third sector organisations, social value accountabilities arise at organisational social mission, service results and OSR ethical and citizenship accountability bases whereas for private sector businesses these accountabilities arise at service and OSR accountability bases, but not the organisational mission. The latter is primarily addressed through accounting

for financial performance. The utility in differentiating between the three definitions is that it assists with understanding different social value accountabilities to different constituencies. For third sector organisations, mission-related social value accountability is associated with accounting for the coherence of the organisation's activities with its social mission (Andreus and Costa, 2014). This type of accountability is of primary interest to the organisation's members, regulators and some funders. Service-related social value accountability is associated with accounting for service results, which is primarily of interest to funders and service users. OSR-related social value is associated with accounting for ethical and citizenship dimensions of an organisation's actions, which is of interest to a wide range of internal and external constituencies.

Although in general organisational mission and service goals are closely interrelated in third sector organisations, the study's findings point to several differences. Each have implications for and influence accounting for social value. Firstly, social mission is oriented towards the long-term purposes of the organisation which may involve achievements in furtherance of broader social change goals and/or sustaining activities aimed at meeting members' or services users' needs. Secondly, service results are often focused on more immediate and more specific service goals, outputs and initial outcomes. Further, the study found that funders are more often focused on service results, which also includes a focus on particular constituencies and accrued benefits at a particular time linked to the provision of said services. Although community foundations expressed an interest in social mission, this was less important for local authorities in assessing social value. From these observations, there is reason to suggest that when social value is associated with impact that, in practice, this is largely linked to more immediate service-related outputs and initial outcomes rather than intermediate or longer-term outcomes.

Overall, the findings suggest that the flexibility of the Social Value Act has offered opportunities for local constituencies to interpret and apply multiple conceptualisations of social value. In particular, flexibility over defining social value has assisted in advancing a definition of social value as additional economic, social or environmental benefits which are over and above those directly associated with the contracted outputs and outcomes of a service or programme. Furthermore, the continuing contested nature of the concept and resulting multiplicity of possible interpretations of social value emphasise the applicability of a multiple constituency framework that allows for the lack of a single definition of social value. Instead, it embraces different interpretations depending on the organisational, social and economic context and the constituency perspective from which social value is considered.

Thus, the removal of a specific definition allows for an increased focus on conceptual clarification between commissioner and provider that might then account for how and the extent to which local authorities cede power to service providers in framing and accounting for social value. As such, the latitude available for deciding on content and differences in criteria for reporting on funded programmes and services provides opportunities for a multiplicity of methods of reporting on social value to occur.

8.3.2 Accounting for and reporting on social value

In the same way that different definitions of social value were encountered in the research so too were diverse approaches to accounting for social value. Given the lack of a single agreed and recognised social value accounting and reporting practice, the findings point to several factors contributing to the multiplicity of social value accounting methods. These factors include differences in definitions and associated characteristics of social value arising at different accountability bases; differing views on the relative merits of quantitative and qualitative information; and the feasibility or appropriateness of capturing social value outcomes and impact through measurement and monetising methods.

In relation to the different accountability bases, OSR ethical and citizenship information can be in the form of more regularised content that is organisational rather than service specific and which can be developed for inclusion within an annual report. In contrast, service-related social value information is often funder and service specific and as such is less easily compared or aggregated with other unrelated services. Accounting for mission-related social value also presents particular challenges in regard to meaningfully capturing the extent to which fairly broad organisational social objectives are being achieved. In the case of LTSIOs, this study's findings suggest the challenge is further exacerbated by the difficulties encountered in trying to assess the contribution of their mission-related activities on their member organisations' own mission-related achievements. Taking on board these complexities questions the desirability of a singular method for accounting for different accountability bases and types of social value occurring at the level of individual services, organisational social mission and organisational social responsibilities. Furthermore, the heterogenous and incomplete nature of information on social value remains a fundamental problem for accounting and reporting on social value and raises doubts that even if a singular method were to be attained, that it would improve accountability.

Although LTSIO respondents acknowledge social value attached to social mission, there remained a general preference not to incorporate the term social value into their existing

reporting on mission-related activities and achievements. The rationale provided for this decision included the belief that social value was already addressed through formal annual reporting on charitable objectives and related activities and achievements and that it was accounted for within the recognised parameters set by TAR guidance. In addition, possible confusion over multiple meanings attached to the term social value, and perceived difficulties in capturing and evidencing the results of LTSIOs' work as infrastructure support and development organisations also added to the reluctance to include. Similarly, there was a lack of reference to service-related social value in LTSIO annual reporting. As already mentioned, this can be partly accounted for in that service-related content varies and often reflects differing service and programme goals linked to funding criteria which may be represented as activities, outputs and initial outcomes rather than social value. Furthermore, where the service is funded directly by LTSIO member organisations who are also the main users of a service, accountability and information needs are likely to focus more on service culture, practice and quality as opposed to social value in the form of social outcomes or the estimated wider social impact of a service.

Where social value, as interpreted locally through the Social Value Act, appears to have influenced LTSIO annual reporting is in highlighting and encouraging reporting on organisational policies and practices associated with socially responsible business practice. In the LTSIO annual reports examined, the only concept of social value that was overtly reported on was OSR-related and linked to certain ethical and citizenship aspects of organisational policies and practices. In addition, where social value is OSR-related, service providers report greater latitude in establishing what is accounted for and how. Further, they are able to draw on established OSR models to help support and frame reporting. While only a few examples were encountered, it points to a role for social value in promoting accountability on wider social-related organisational policies and actions, which goes some way to meeting the assumed commitment of third sector organisations to addressing the interests of a broader range of constituencies (Cordery et al., 2019).

Even though, in some respects OSR is a neglected area of third sector discourse, it is of increasing relevance given ethical concerns raised around, for example, the aggressive fundraising activities of some UK charities (MacQuillan and Sargeant, 2019) and reports of UK charity staff misconduct and exploitation of women (Phillips, 2019). Commentary around such examples suggests the importance of transparency and accountability for improving and embedding relevant policies, culture and practice, and building public trust (Sargeant and Lee, 2004; Phillips, 2019). In addition, reporting on the citizenship dimension of OSR provides an

opportunity for LTSIOs and other third sector organisations to communicate the contribution of sector-specific structural and cultural differences to creating social value. Volunteering, for example, is a distinctive feature of local third sector organisations, often extrinsic to the core social mission of an organisation, and yet it represents an important contribution to the organisation's resource base as well as to local social capital. The study findings therefore suggest that an OSR approach to social value provides a basis for LTSIOs to report on and communicate their engagement with ethical and social issues which are outside of the organisation's mission but are of interest to various internal and external constituencies.

Local funder support for inclusion of a social value statement or similar in the TAR and the prevalence of the additional OSR-related benefits definition of social value suggest the possibility for LTSIOs to develop and formalise OSR content in their annual report, which could add to and co-exist with mission-related and service-related reporting. As such, the possibility exists for all three conceptualisations of social value - mission, service and OSR - to be accommodated within the same annual report and accompanied by different techniques for representing social value.

The use of qualitative and quantitative methods of reporting, and more specifically capturing social value outcomes and impact through measurement and monetising methods, presents a strongly contested territory. Respondents' use of language to describe this area of activity clearly expressed the dilemma associated with measuring and monetising outcomes and social impact: "*a dance of mutual deceit*" (CFP2); "*built on sand*" (CFP3); "*it's not really to be taken literally*" (LAP7); "*I'm just not that convinced with what I've seen*" (TSP3). In grappling with this issue, it is pertinent to return to some basic characteristics of accounting and also to consider the meaningfulness of monetised metrics for social value and impact reporting linked to LTSIO activity.

It is generally acknowledged that mainstream financial accounting information can be understood as an aggregation of heterogeneous assumptions, values interests and calculations (Ball and Brown, 2014; Andon et al., 2015), which is considered 'good enough' (Andon et al., 2015, p. 990), to both assist with understanding and to enable financial decision making (Roberts, 2009). Furthermore, while financial accounting presents a limited view of an organisation and its performance, it can be considered an 'elegant and broadly benign' mechanism, particularly when used by smaller organisations (Gray, 2006, p.797) such as local voluntary and community organisations where closeness to their members is a common characteristic.

A key ingredient in financial accounting and reporting is the use of a standard monetary measure, whereby accounting concepts are both constructed out of and constrained by the monetary brute facts of accounting such as cash flows (Rutherford, 2017). There has been a tendency for some social value accounting methods to attempt to replicate aspects of financial and management accounting by monetising non-monetary representations of social value, without a constraining connection to monetary institutional or brute facts such as organisational cash flows. Often this shift to monetised social accounts, such as that provided by SROI, is perceived as being increasingly requested by funders and other external constituencies. However, the local authority and community foundation respondents in this study did not uphold this perception. Indeed, there were strongly divergent views across all three respondent groups as to whether monetised accounts of social value provided substantive, purely symbolic, or misleading information. Several respondents, critical of monetised outcomes and impact reporting, suggested there was potential for monetised accounts to undermine the credibility of an organisation where the account provided is doubted by the reader. In part, this perceived antipathy explains why so few examples of monetised social impact reporting were encountered in the LTSIO annual reports studied. Instead, the findings suggest that other approaches to non-financial reporting were more commonly used, incorporating a mix of narrative accounts and non-monetised numerical indicators to provide information on activities and outcomes.

Respondents generally acknowledged that illustrative stories and numbers related to activities outputs and initial outcomes provided both symbolic and substantive information. Furthermore, such representations can be more readily connected to what constitutes brute or epistemologically objective facts for specific constituencies. In doing so, the story of an individual client's journey through a social programme has potential to resonate with service users' own lived experiences and provides the funder with verifiable case examples that are brought to life through narrative. Similarly, the description of one volunteer's involvement in governance and service delivery provides a 'template' by which another volunteer may match up or assess their own experiences of participation in the charity. Moreover, reporting the number of volunteers participating in an organisation during the year and the associated hours provided are more readily discernible as epistemologically objective facts connected to the brute fact of the volunteers' presence, whereas a monetised account of volunteer time as being worth, say, £20,000 is not. This has implications for discharging accountability to constituencies. Indeed, a feature of many of the TARs examined was the use of different types of narrative and numerical content for reporting on the activities and results of different

services delivered by the same organisation, often related to and reflecting differences in funder criteria. A stories and numbers approach which provides an account that is more readily discernible as reflecting constituencies' experiences is more likely to be considered meaningful than monetised claims which risk alienating the reader of the report (Thomson and Bebbington, 2005). Where relevant and verifiable representations of social value are required, then metrics that are clearly institutional facts, that is they are epistemological objective facts, along with associated narrative case studies provide more stable, verifiable and comparative representations that, in turn, provide meaningful accounts of social value.

8.4 Contributions

This section discusses the study's contributions to knowledge, theory, policy and practice. Each area is considered in turn.

Knowledge

The study adds to academic literature on the concept of social value in relation to local UK public and third sector organisations and third sector accountability through annual reporting. It provides a specific analysis of social value from the perspective of several key local public and third sector bodies with strong economic and social links to the local third sector. As such, the study provides a local focus with particular attention given to local voluntary and community funders and infrastructure providers. The analysis of similarities and differences in constituencies' views of and engagement with notions and representations of social value contributes to a better understanding of their influence on local interpretations and social accounts of social value. This approach addresses a knowledge gap and stands in contrast to the extant academic and research literature on social value that adopts nationally promoted conceptualisations of social value linked to initiatives, models and guidance emanating from central government, national sector bodies, think tanks and consultancies.

The study also provides further insights into the under-researched areas of third sector social accounting and reporting (Gray et al., 2014). The research findings have importance for the sector given the common assertion that social value creation is a defining feature of organisations established primarily for social purposes (Di Domenico et al., 2010; Hlady-Rispal and Servantie, 2018).

In addition, the study's findings contribute to the literature on outcomes and social impact accounting by highlighting perceptions of monetised metrics as providing epistemologically subjective, malleable, unstable representations of social and economic reality. Furthermore, the findings add to the literature in support of alternative methods of social accounting that

incorporate epistemologically objective input and output metrics and illustrative case studies as more stable, transparent and accountable ways of representing social value.

Theory

The use of MCT and IRT alongside accountability concepts demonstrates a highly applicable framework for understanding multiple local interpretations, representations and accounts of social value from differing constituency perspectives. In particular, it assists with differentiating between accountability to dominant constituencies at the level of service and organisational goals, and accountability to a wider set of constituencies on organisational ethical and citizenship practices. By applying relativistic and power perspectives from multiple constituency theory, the study was able to explore local engagement in defining and accounting for social value from the perspectives of resource provider and service provider constituencies. MCT and IRT supported exploration into whether there is convergence around a dominant singular concept or acceptance of multiple conceptualisations of social value. Furthermore, utilising power and relativistic perspectives in analysing the data, led to a more nuanced understanding of the relationship between constituencies. Power asymmetry in the economic relationship between resource providers and service providers was acknowledged while also recognising the potential for ceding power in furtherance of gaining additional social benefits. As such, the study adds to the literature on multiple constituency theory by highlighting partial ceding of power by resource providers where major changes in resourcing and resource interdependency are occurring and where additional economic or social benefits may be secured through negotiation or collaborative working. The study also demonstrates the relevance of both power and relativistic MCT perspectives when exploring third sector mission- and OSR-related bases of accountability.

In addition, the incorporation of aspects of Searle's theory of institutional reality (1995; 2010) in the research framework provided a unique and applicable lens for exploring perceptions of social value accounting and reporting practice as providing epistemologically objective or subjective factual-type representations of reality. By providing a means to examine how social value accounting methods and reporting practice encountered in this study are perceived in terms of representations of reality, the research builds on the concepts of brute and institutional facts. Application of IRT to examining social value accounting contributes to a more critical exploration of why outcomes and impact models still struggle to gain widespread acceptance as presenting a social or economic reality.

Policy and practice

The study's findings on local interpretations and reporting of social value contribute to discourse on the concept's application in local public sector commissioning and service delivery. Differentiating between social value arising at the level of service delivery and that arising at the level of OSR can assist local commissioners and funders in identifying appropriate criteria for capturing and assessing social value depending on the particular definition being applied. Further, it can assist with improving both clarity and the prospects for a negotiated and common understanding of social value for commissioners and service providers.

Study findings of relevance to the Charities SORP are the incorporation into the TAR of content previously reported separately in less formal VARs, and the increasing relevance of OSR to formal annual reporting. OSR is seen as integral to maintaining trust in charities and ensuring organisational culture and practices meet increasing constituency expectations, particularly in relation to ethical and citizenship dimensions of OSR. These findings suggest the joint SORP-making body should review and broaden the range of constituencies considered to be the primary audience for the TAR. Furthermore, the study's finding of OSR-related social value disclosures in the TAR, suggests the need for additional TAR guidance supporting reporting on charities' wider social responsibilities extending beyond charitable objectives.

Similarly, the findings support the need for LTSIOs, and charities in general, to review their current annual reporting practice in the light of increased scope for inclusion of qualitative content as well as increasing constituency interest in OSR dimensions of social value. This moves away from a narrow focus on mission-related achievements to include ethical policies and practice, and the LTSIO's contribution to local social capital.

8.5 Limitations

The study's adoption of qualitative research methods enabled closer engagement both with the research participants and with the data than that afforded by a quantitative approach (Bryman, 2016), enabling exploration of ways in which those individuals and organisations in the study interpret and make sense of social value. A qualitative research approach does have limitations and its subjective orientation is sometimes stated as a weakness when compared to quantitative research. Qualitative research, however, acknowledges subjectivity as inherent in the social world and in the researcher's own perspective and research choices (Savin-Baden and Major, 2013). Further, by recognising subjectivity it is then possible to address aspects of

this through engagement with transparency and criticality. The study addressed limitations by giving priority to the respondents' voice and their perceptions and views when presenting findings. In addition, the use of publicly available documents as part of the data collection and analysis supported the ability to generalise and overall, the research methods have been robust and appropriate to the research task and aims.

The study's findings are limited in terms of context and time period. The Social Value Act is specific to England and Wales and more applicable in England than Wales particularly in relation to local authorities. In addition, while the Charities SORP is applied outside of England, differing charity legislation and regulations apply in Scotland and Northern Ireland and therefore differences in associated reporting requirements would need to be considered. More widely, generalisability both inside and outside of the UK is limited given the study's focus on local authorities, community foundations and LTSIOs in England and where UK public procurement regulations and the UK charity accounting framework apply. Furthermore, the study focused on local interpretations of social value and their influence on LTSIOs. However, findings regarding accounting for and reporting social value by reviewing the use of the TAR are relevant to constituencies in the wider third sector and public service commissioning communities.

The LTSIOs included in the study are local member-based charities whose members are mainly other organisations and who make up a substantial part of LTSIOs' service users. They therefore have particular constituency relationships that give rise to differences in social reporting practices. The findings may therefore have less relevance to, for example, national third sector organisations with limited connections to local communities, limited volunteer involvement or that are not member-based organisations. Similarly, community foundations are a distinct form of local funding body with strong local connections to donors and local third sector constituencies. This local orientation may give rise to differences in views on social value compared to national grant making trusts and similar, who may have stronger links to national public and third sector bodies and consultancies promoting social value accounting models. However, the limited research on local perspectives on social value provided the opportunity for the study to add to knowledge on the subject and contribute to understanding ways in which social value is being conceptualised. Additionally, many of the research participants have long careers in their sectors and were included in the study because of their expertise and position in their organisations, including their knowledge of regional and national contexts. Further, the range and amount of data collection of documents as well

as interviews provides scope for application of findings beyond the immediate localities of the participating organisations and individuals.

8.6 Future Research

Third sector academic research has tended to approach social value as a distinguishing characteristic of third sector organisations based on the primacy of their social purpose. Two interrelated areas for future research stemming from the study's findings are the relevance of other aspects of third sector distinctiveness outside of social mission, and the increasing relevance of third sector ethical and citizenship OSR for third sector accountability. Further research to explore the role of organisational structural differences in generating social value, such as the involvement of service users and members in the governance and running of an organisation, and volunteers as source of social value for the organisation as well as for local communities would address research gaps in relation to third sector distinctiveness. In terms of OSR, future research to further explore ways in which social value is understood as ethical and citizenship social responsibilities would build on and extend current findings. Related areas for consideration highlighted by this study include exploration of existing OSR reporting practice across different types and sizes of third sector organisations, how OSR relates to third sector distinctiveness, whether and in what ways third sector social responsibilities differ from other sectors and the role of OSR in third sector accountability.

A useful extension of the current research would be to broaden the research focus to consider other internal and external constituencies influencing or affected by how social value is interpreted and accounted for by funders and service providers. The views of local authority elected members, community foundation donors and LTSIO members, for example, would provide further insights into understandings of social value in relation to different constituencies with close relationships with the organisations included in the study.

This study supports the view that social value accounting and reporting practice is still emerging and remains fluid and dynamic. The recent development of the National TOMs framework is an example of this, as is the relatively recent repositioning of SROI as a social value accounting framework. Further research across the third sector to examine different types of organisation and areas of activity, could deepen understanding of the influence of these and other methods of accounting for social value and the implications for third sector accountability. The continuing interest in monetising outcomes and impacts suggests the need for further critical research given the divergent views expressed by interviewees in this study regarding the subjective/objective status of monetised representations social value.

Furthermore, the contested utility of monetised accounts suggests the need for further research examining whether monetised outcomes and impact frameworks provide inherently unstable representations of social value because of their disconnect from brute and institutional facts. Future research could explore ways in which monetised representations meet constituencies' information needs, including whether monetised indicators provide stable or unstable accounts of social value, and whether they constrain or enhance accountability.

Appendices

Appendix A: Social Enterprise UK freedom of information requests

In 2016, Social Enterprise UK sent the following information requests to local authorities in England:

1. A copy of, or link to, the Authority's social value policy, strategy, framework or similar document if there is one.
2. How and whether the Authority has applied the concept of social value more widely than is required.
3. The percentage of the Authority's tenders over the past 12 months where the Public Services (Social Value) Act 2012 has been applied (that is to say, how much use does the Authority make of the Act).
4. Where social value is included in assessing tenders, the average weighting that it is given in your scoring across those contacts.
5. A copy of, or link to, any evaluation or estimation of savings made as a result of the Authority's application of the Social Value Act.
6. Where the responsibility for social value sits within the Authority (e.g. with the head of procurement or with a cabinet member).
7. If you monitor it, how many social enterprises supplied the Authority in the last financial year.
8. The percentage of suppliers which accounted for 80% of your spend in the last financial year.

(Source: Social Enterprise UK, 2016)

Appendix B: Example consent form

Title of study: Social accounting: the concept of social value in local commissioning, funding and third sector reporting

Please retain this sheet for your own records

I, the undersigned, confirm that (please tick box as appropriate):

1.	I have read and understood the information about the project, as provided in the Information Sheet dated xx xx xxxx.	<input type="checkbox"/>
2.	I have been given the opportunity to ask questions about the project and my participation.	<input type="checkbox"/>
3.	I voluntarily agree to participate in the project.	<input type="checkbox"/>
4.	I understand I can withdraw at any time without giving reasons and that I will not be penalised for withdrawing nor will I be questioned on why I have withdrawn.	<input type="checkbox"/>
5.	The procedures regarding confidentiality have been clearly explained (e.g. use of names, pseudonyms, anonymisation of data, etc.) to me.	<input type="checkbox"/>
6.	I consent to being audio recorded and understand that the recordings will be stored anonymously on password protected software and used for research purposes only.	<input type="checkbox"/>
7.	The use of the data in research, publications, sharing and archiving has been explained to me.	<input type="checkbox"/>
8.	I understand that other researchers will have access to this data only if they agree to preserve the confidentiality of the data and if they agree to the terms I have specified in this form.	<input type="checkbox"/>
9.	I do not want my name used in this project.	<input type="checkbox"/>
10.	I, along with the Researcher, agree to sign and date this informed consent form.	<input type="checkbox"/>

Participant:

Name of Participant

Signature

Date

Researcher:

Name of Researcher

Signature

Date

Appendix C: Examples of interview questions

Examples of interview questions, which were supplemented with follow on questions for a better understanding of the interviewee's response. Indicative questions included:

- Can you tell me a bit about your role in the organisation?
- How long have you been with the organisation?
- Besides your annual reporting what other kinds of reporting does the organisation do?
- What does social value mean to you?
- Are there people or organisations that are interested in the social value of your organisation?
- Are some more interested than others?
- What do you think they see as being of social value?
- Looking at a value chain, where would you say social value occurs in your organisation?
- What types of social value are they and who for, eg: members, service users, employees, volunteers, funders, local community, wider public?
- Are some points more important than others?
- Do you think third sector organisations provide different types of social value compared to other organisations or is it the same?
- Do you think third sector organisations provide more or less social value?
- Do you try to account for your organisation's social value?
- What types of information do you capture on your organisation's activities/achievements?
- Have you come across any methods or frameworks for accounting for social value? If so, what are your views on them?
- Is the information useful to you internally in the organisation?
- What do you think are the pros and cons of accounting for social value?
- Do you see annual reporting as a useful way of communicating social value, either through the Trustee's Annual Report or a separate Voluntary Annual Review or similar?
- Who do you see as the audience for such reports?
- In what other ways does/could the organisation communicate its social value. Internally or externally, informally or formally?
- What benefits do you think your organisation gets/could get from communicating its social value?
- What would you say are current issues regarding reporting on social value?
- Do you have any questions, comments or ideas?

Appendix D: Template analysis – examples of main theme codings

Initial draft template of main theme codings for documents and interviews data analysis

1. Definitions of social value
 - a. Additional benefits
 - b. Outcomes and impact
 - c. Improvement in economic, social and/or environmental wellbeing
2. Dimensions
 - a. Social
 - b. Economic
 - c. Environmental
3. Types
4. Representations
 - a. Logic model elements
 - i. Outputs
 - ii. Outcomes
 - iii. Impact
 - b. Monetised
5. Third sector distinctiveness
6. Annual reporting practice
7. MCT perspectives
 - a. Power
 - b. Relativistic

Revised template of main theme codings for documents and interviews data analysis

1. Definitions of social value
 - c. Overarching - economic, social, environmental wellbeing
 - d. Additional benefits
 - e. Mission-related benefits
 - f. Service-related benefits
2. Dimensions
 - a. Economic
 - b. Social
 - c. Environmental
3. Types
 - a. Community involvement/engagement

- b. Environmental benefits
 - c. Local economy
 - d. Social capital
 - e. Social change
 - f. Volunteering
 - g. Other social benefits
- 4. Accountability bases
 - a. Citizenship
 - b. Ethical
 - c. Mission
 - d. Service results
 - e. Resource use
 - f. Culture and practice
 - g. Legal and regulatory
 - h. Financial and economic
- 5. Representations
 - a. Policies and actions
 - b. Inputs
 - c. Activities
 - d. Outputs
 - e. Outcomes
 - f. Impacts
 - g. Case studies
 - h. Monetised
- 6. Annual reporting practice – locating social value
 - a. OSR
 - b. Mission
 - c. Service
- 7. Annual reporting practice - methods
 - a. Narrative
 - b. Indicators – Non-financial
 - c. Indicators - Monetised
 - d. Financial information
- 8. Third sector distinctiveness
 - a. Local community based

- b. Additional funding streams
- c. Social capital
- d. Volunteers

9. MCT Perspectives

- a. Constituencies
- b. Power
 - i. Ceded power
- c. Coalition
- d. Relativistic

10. Factual type social value representations

- a. Accepted
- b. Recognised
- c. Not accepted or recognised
- d. Epistemologically objective
- e. Epistemologically subjective

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