



Social enterprise resisting social accounting: reflecting on lived experiences

Social enterprise
resisting social
accounting

41

Jane Gibbon

*Newcastle Business School, Northumbria University,
Newcastle upon Tyne, UK, and*

Arthur Affleck

Social Enterprise Tyneside, Lynnwood Business Centre, Newcastle upon Tyne, UK

Abstract

Purpose – The advantages of using social accounting (SA) by social enterprises are widely evident (e.g. Social Audit Network, New Economics Foundation). The data gathered by the authors, through introductory SA workshops and training attended by 30 organisations and a single case study, are used with the purpose of demonstrating that the barriers and resistance to SA are widespread.

Design/methodology/approach – The paper focuses upon the analysis of the lived experiences of SA discussed by 31 workshop participants and the more detailed experience of one participant organisation over two years. An action research approach was used across the training project, with insider action research used with the single case organisation.

Findings – The research develops a deeper understanding of the issues (real and perceived) surrounding the barriers and resistance to SA, how they could be overcome and leads to the formulation of mechanisms to address them.

Research limitations/implications – This work is based upon a project working with a sample of social enterprises and gives a view of the lived experiences of practitioners approaching SA for the first time, it does not claim generalisability.

Practical implications – The research is of use to social enterprise practitioners and trainers struggling with decisions as to how to approach SA whilst overcoming barriers and resistance. If SA is appropriate then these insights should aid the development of a “model” of SA that is fitting. It also furthers an understanding around the issues of accountability and value measurement within social enterprise and how this needs to be supported at an organisational and government level.

Originality/value – Understanding of resistance in the context of social enterprise this offers a unique understanding for other social enterprises to reflect upon their own organisation and determine, if SA is suitable for them. If SA is appropriate for their organisation, then these insights should aid the development of a “model” of SA that is fitting for their organisation.

Keywords Social accounting, Social audit, Business enterprise

Paper type Research paper

It should be unthinkable that a genuine social enterprise can claim that democracy is unimportant or that encouraging democracy is “not one of our objectives” (Pearce, 2003, p. 39).

The authors wish to thank all who took part in the VtD network including Keith Stamp, Philip Angier and everyone at Jesmond Swimming Pool. Thanks also go to participants at the Social Enterprise Conference 2006 for their helpful feedback and to two anonymous reviewers for their helpful comments and guidance with this paper.



Through their actions, social enterprises promote social bonds of a democratic nature (Laville and Nyssens, 2001, p. 322).

In the proactive rather than analytical sense accountability is essentially a mechanism, the development of which contributes to the normative position of a more justly organised and better informed democracy (Gray *et al.*, 1996, p. 42).

Introduction

Social enterprise is different from the private sector focussing on delivering social benefits, rather than financial benefits to shareholders. This focus should facilitate social enterprise in articulating their social and environmental impacts through the use of many tools available to practitioners wishing to “promote social bonds of a democratic nature” (Laville and Nyssens, 2001, p. 322). This research explores the issues raised by social enterprise practitioners to one such tool, social accounting (SA), enabling them to “promote” their social bonds through the mechanism of accountability (Gray *et al.*, 1996). The Valuing the Difference (VtD) project was developed as a response to a need for SA training, the data gathered demonstrates that barriers and resistance to the use of SA are widespread.

The paper is in five sections with the first section exploring background literature to SA and accountability focussing on the social enterprise sector and acknowledging the UK government agenda for measurement within social enterprise. The second section looks at the VtD project (Affleck and Mellor, 2005) and issues raised at a series of introductory workshops.

The third section covers the training days that followed these workshops, a smaller number of organisations progressed to beginning the process of assembling their social accounts. Once this process was started new issues were raised by organisations. This section will look at why organisations started, but did not complete the SA process.

The fourth section will look at one organisation, Jesmond Swimming Pool (JSP), that completed their social accounts and it explores the barriers that needed to be overcome during the process and demonstrates the benefits to the organisation. The final section and overview look at what has been learned from the lived experiences of those who took part in the VtD project whilst making recommendations for future training projects.

Background literature

The SA literature has a relatively long history (Medawar, 1976, 1978; Geddes, 1992; Gray *et al.*, 1991). Social measurement is not a recent development with many initiatives across the world (Owen *et al.*, 2000). The 1970s, in particular, were a time of experimentation and although, in the 1980s, SA faded from the public agenda, the 1990s saw a resurgence of interest (Gray, 2001). The work of the New Economics Foundation (nef) and Traidcraft in the UK (Gray *et al.*, 1997; Dey, 2000, 2002, 2004) can be seen as part of this resurgence. Even though, SA has a 30-year history, it is still developing definitions and methodologies (Gray, 2001; Owen *et al.*, 2000). Other examples of the practice and role of SA /auditing within specific organisational settings: fairtrade, NGOs and the public sector (Dey *et al.*, 1995; Gray *et al.*, 1997; Dey, 2000, 2002, 2004; O'Dwyer, 2002, 2003, 2004; Hill *et al.*, 1998).

Whilst acknowledging other approaches to SA such as SA1000 (de Colle and Gonella, 2002; Jackson and Bundgard, 2002; Logsdon and Lewellyn, 2000) and GRI,

these are better suited to large corporate settings and not social enterprise. SME sector research calls for recognition that the CSR agenda for large corporates is not always applicable or transferable to an SME setting (Jenkins, 2004, 2006; Spence, 2004), these works do not refer specifically to social enterprise.

There are calls within the SA literature to undertake engagement (Owen, 2008) with fieldwork explorations in “values-based” organisations (Owen *et al.*, 2000) this work is one response working with social enterprises to develop SA and accountability at a community level. Gray (1992) believes that SA through the process of transparency and accountability at a community level can develop a forum for dialogue and action by the public. Through the process of SA, the dialogue is developed rather than through the final documentation produced and accountability should not be reduced to a process of final reporting, whereby it is meaningless and empty. SA is a way of demonstrating the extent to which an organisation is meeting its stated goals. Haugh (2005, p. 9) recognises the contribution of SA to the field of social enterprise evaluation through “social capital, citizenship, community cohesion, relational assets, social well-being, quality of life, social and economic regeneration of communities”. This is relevant to the strategy of the UK government with objectives to make social enterprises better businesses and establish their value (Office of the Third Sector, 2006, p. 72).

The 2000s has seen recognition of social enterprise by government, because of its ability to bring together of strong social purpose and energetic entrepreneurial drive (Blair, 2002). Social enterprise is seen as “a force for change that will contribute to society through tackling social and environmental challenges, improving public services, increasing levels of enterprise and setting new standards for ethical markets” (Office of the Third Sector, 2006, p. 3).

“Doing” social accounting

Whilst wishing to foster a culture where there is full information about the potential of social enterprise it is also seen as problematic due to a lack of information. There are issues around social enterprise currently demonstrating a major evidence gap with the sector as a whole being unaware of its size and characteristics and individual firms finding it difficult to measure their own “impact on people and places” (Office of the Third Sector, 2006, p. 29). Yet there are tools available, at the level of the firm, for quantifying and developing information on social impact. One example being “Proving and Improving: a quality and impact toolkit for social enterprise”, www.proveandimprove.org which was developed with nef as part of the social enterprise partnership, SA is included within this toolkit.

This work is based upon SA workshops attended by 30 organisations and a case study using SA methodology (Pearce, 2001). This was developed with the community enterprise sector and pioneered through the work of Pearce (1993, 1996, 2003) and originated with a workbook developed by Pearce *et al.* (1996) with the nef through to the more recent workbooks (Pearce, 2001; Pearce and Kay, 2005) available from Social Audit Network (SAN), www.socialauditnetwork.org.uk

Within the community enterprise sector the terms “social accounting” or “social audit” refer to specific parts of the process, but are often confusingly used interchangeably for the whole process, involving three stages: internal data collection and analysis (SA), an independent audit of the results (social auditing) and a method of disseminating the outcomes widely (reporting) (Pay, 2001).

The workbook used in the VtD training (Pearce, 2001, p. 9) defines SA as a:

[...] framework which allows an organisation to build on existing documentation and reporting and develop a process whereby it can *account* for its social performance, *report* on that performance and draw up an action plan to improve on that performance, and through which it can understand its *impact* on the community and be *accountable* to its key stakeholders.

The actions of social enterprises in their various forms are strongly linked to stakeholders. SA gives the organisation a way of knowing that “it is achieving its objectives, if it is living up to its values and if those objectives and values are relevant and appropriate” (Pearce, 2001, p. 9).

SA has many benefits including increased transparency and accountability, with a focus on organisational learning (Gond and Herrbach, 2006), the embedding of organisational information systems and the systematic improvement of stakeholder dialogue (Pay, 2001; Thomson and Bebbington, 2005; Zadek and Raynard, 2002). The motivation for social enterprises to measure and report is not always driven by a need for transparency, accountability or towards increased democracy. The work of Bull and Crompton (2006) and Bull (2007) found that some organisations are beginning to make themselves more accountable in terms of their social value yet few were measuring impact beyond a reactive state for funding purposes. Bull (2007, p. 57) found social enterprise managers believed “that the next step was to become more proactive in recording and marketing their social values and that developing social value indicators is the challenge ahead”. Whilst recognising and understanding the motivations for disclosure, for example legitimacy (Deegan, 2002, 2007) it is also important to acknowledge and research the resistance and barriers to disclosure such as lack of information, knowledge, resource issues, cultural issues or emotional issues (Maurer, 1996; Gray, C., 2002).

Valuing the Difference (VtD) project

The project started in 2003 to promote SA amongst social enterprises in the North East of England. The project was initiated by two consultants, who had involvement in the social audit undertaken by Traidcraft in the 1990s (www.traidcraft.co.uk). They found SA had an important role in Traidcraft reaching its social objectives, and were keen to help other values-based organisations develop their own SA. Northumbria University was the research partner on the project. VtD had four main aims to:

- (1) increase knowledge of SA across the region;
- (2) encourage social enterprise organisations to carry out social audits;
- (3) encourage the development of a SA network in the region; and
- (4) research and disseminate findings with a view to influencing policy.

The project was successful in disseminating knowledge about SA through introductory presentations and workshops, reaching 270 people from 100 organisations. The majority of these organisations (22) were social enterprises. Other organisations were in education, support agencies and public sector bodies.

There seemed to be a genuine interest in the subject with 31 organisations following up the initial introductory sessions to attend day workshops, of these nine decided to produce social accounts. However, by late-2005 only two organisations had completed the process, this low rate suggests that values-based organisations have barriers to

starting and completing social accounts. This paper looks at the resistance within organisations to SA as a process of measuring social impacts and the development of solutions to overcome this.

Action research approaches

Both the VtD project and JSP case study followed the central tenets of an action research approach (Argyris *et al.*, 1985) by involving real problems in social systems through the development of iterative cycles: identifying problems, planning, acting and evaluating. The purpose of using an emergent action research approach (Reason, 2006; Marshall and Reason, 2007) was to add to previous work linking the theory and action of accountability (Gray *et al.*, 1997) through SA for social enterprises. This action research approach contributes to the “flourishing of human persons and their communities” (Coghlan and Brannick, 2005, p. 14) whilst one researcher worked with the larger group of VtD participants (Reason and Heron, 1999) and the other took an insider action research approach within JSP (Coghlan, 2001; Zuber-Skerritt and Perry, 2002).

The experiences of the organisations within VtD and the single case of JSP initiating SA go towards addressing some of the issues raised by Gustavsen (2003), who sees single case studies as lacking the potential to make a difference to society unless there is a link between the micro aspects of the case and the macro lessons which can be drawn from wider experiences. It also seeks to further our understanding of how accountability, through the development of SA, could lead to possible social change and emancipatory effects (Reason and Torbert, 2001; Alvesson and Skoldberg, 2000).

Initial VtD training

In February 2003, the project began with an introductory talk and social enterprises were invited to attend follow-up workshops to introduce the principles of SA. The workshops were aimed at generating sufficient interest for group training clusters to develop and build networks. Group training events did occur but organisations progressed at different rates so was then taken forward on an individual organisational basis. In May 2005, a conference was held to report on the project and provide a discussion forum for social auditing, accounting and social impact measurement (Figure 1).

The three training workshops were supported by one to one advice sessions about SA. While the workshops were free, organisations were then asked to make

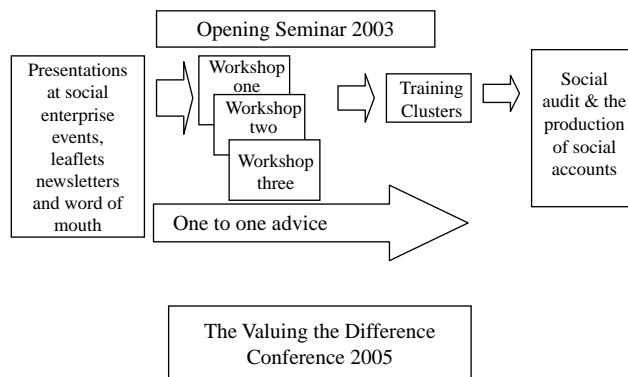


Figure 1.
The structure of the
valuing the difference
project

a contribution of £500 towards the support and follow up training including one-to-one visits and e-mail/telephone advice.

These initial workshops briefly went through the stages to carry out the SA process. The participants went through a check list of processes carried out by many organisations, revealing that they already had between 55 and 85 per cent of the information necessary to produce their social accounts, whilst consulting stakeholders informally. Less than 50 per cent reported on their social and environmental performance yet between 28 and 52 per cent discussed their social and environmental performance externally.

This implied that some participants felt it would not take much additional work to produce social accounts and it was seen as “Formalising/recording things that are already being done” (participant). Once SA had been explained, and examples shown to participants, they were then asked what they thought were the advantages and disadvantages with the process. Their responses could then be further classified as internal or external.

Internal issues

Education and training organisations had individual issues and were the most heavily monitored organisations dealing with vulnerable and disadvantaged young people. These social enterprises found the advantages to be that SA was “comparative”, showing “added value” and could “improve the credibility of organisation”. These organisations were looking for a system to show the additional work they were doing, how far they had taken their pupils, students or trainees. Funding streams are dependent on performance criteria based on numbers of students completing. Organisations wanted a comparative system to demonstrate the worth of their organisation. One organisation targeting disadvantaged people expressed “each person is an individual so how are you to compare effectively between two companies?”

Some organisations that were monitored by third-party contractors wanted SA to be a benchmarking method that could easily be integrated with ISO 9000 and investors in people. It was pointed out that these standards already address some of the external requirements of third-party contractors, whereas SA is not seen as a benchmark. This issue was also raised by many of the other participating organisations.

A major problem for all the organisations, whether social enterprise, enterprise support or the public sector, was time and cost. Potentially, these two factors were the major influences stopping organisations from taking up SA. Even though organisations had a large amount of information already available additional time was an issue. One participant pointed out that it “may in long-term save time by identifying areas of improvement or change” and “Year on reflection on how the company is progressing + improving ... continual process.” Another suggested it “Enables the organisation to identify and implement changes to sustain its position in its sector.” There was acknowledgement that rather than hide the organisation’s shortfalls they could be acted upon and annual improvements made. Another saw “identifying problems” as a disadvantage to be avoided, whilst others stated the benefits of being a “Professional management tool”, “Should provide evidence for future business planning.” These were internal benefits aiding the management of the organisation. Improvement within the organisation was a strong theme with one attendee commenting that SA “Can redirect failing ideas into positive projects/outcomes.”

During the workshops stakeholder views and how to take account of these was discussed. Staff were an important consideration and it was suggested SA could be a way of “Stopping disaffection and create an ‘I can do culture,’” and “Open and honest dialogue with internal customers/stakeholders leads to strengthening of whole ‘team’”. The process would show “Transparency of organisation’s activities, outcomes, aims and objectives.” However, the idea of disclosure was difficult and a few participants commented that there was “fear of disclosure by certain individuals” and “Fear of change” within their organisations. For some it would be difficult “Selling the idea to sections of the staff” and take “time spent engaging all to be on board – more ‘change management.’” Since SA has to include the whole organisation these issues were going to be problematic.

External issues

The external issues were largely seen as disadvantages with one person commenting there was a “Lack of recognition by local authorities” and a “Lack of awareness of elected members of social auditing.” This thematic problem was reinforced by another commenting “How recognised is social audit by funders?” Some participants were unsure whether their additional work would be recognised by their funders. One participant commented it would be “Good for funders, proving the organisation is meeting aims and objectives.” The positive aspects from SA were tempered with the need for acceptance by external bodies.

Marketing and publicity were seen as external benefits resulting from an organisation being first to undertake such a benchmark. Organisations could understand the potential for publicity it would give “Justification for existence” and supply “credibility”.

Verification proved another important factor with a “Lack of nationally recognised auditing validation system” and another asking “Who verifies the verifier?” The value of the social audit process was demonstrated to participants through the process of a social audit panel and audit report. The social audit process is the responsibility of an external verifying social auditor who has received training and is registered through the SAN.

Training days

From these introductory workshops nine organisations decided to go further and take up training. The reasons why some organisations did not go further were varied – ceasing existence, restructuring, staff leaving or had not been introduced at a high enough level within the organisation. At this point, a fee was charged and this partially limited the take up beyond the initial free introductory workshops. This fee was heavily subsidised with organisations receiving five training workshops, one to one help via e-mail/telephone and a limited number of site visits. It was believed that a fee was necessary to attract organisations committed to developing their SA.

In the first training session, the trainer pointed out that it could not be done by one person in isolation, it needed to be across the whole organisation. At a practical level, organisations needed more than one person involved to cover people being absent or leaving the organisation. The first training workshop looked at the aims and objectives of the five organisations attending. It was planned that every workshop would go through a stage using the SAN manual (Pearce, 2001). Organisations were asked to bring their mission statements, as part of the social audit process was to prove that the

organisation was fulfilling its mission statement. This produced a mixed response with some knowing their mission statement thoroughly and one support organisation citing its mission as a series of numerical targets.

During the training days, the issues of resources (cost and time) remained a problem for organisations. The anticipated fee for the social audit panel was a significant issue and a deterrent. Many organisations had their board's agreement, one attendee stating he had support as long as he did not spend any money, he wanted the board to accept the process, because he saw that SA could be used for funding bids. Overall, the session seemed to be useful and the next training day was agreed for six weeks later. Organisations were given tasks to complete before the next session.

The following training day proved problematic. Since organisations worked at different speeds the group-based training was becoming difficult to maintain. It was believed that training cohorts would be able to help each other overcome problems. However, the workshops were stopped, because organisations were having difficulty finding the time to progress to the next stage and from this point it was more appropriate to provide all training on an individual basis.

In July 2004, an evening workshop was held with organisations either carrying out their SA or thinking about starting, at the mid point in the VtD project. A few individuals commented on their difficulty getting the process accepted throughout the organisation. On the one hand, SA was seen as having value and was recognised as not being a passing management fad. Conversely, whilst recognising that no statutory requirement to carry out the process is a disadvantage. Overall, cost and time were still major issues and they were finding the SA process both interesting and energising, however some found it challenging and de-energising. The following quotes summarise their feelings:

(1) Energising:

- Mechanism for additional value.
- Starting the process and finding information already there.
- Social difference – there is a need to measure the difference.
- Going on – creating new ideas.
- Profits are not the only benefits.

(2) De-energising:

- Organisation finds it hard – not being able to do it.
- Organisation keen, but no great push. Still at debating level.
- Organisation has no resources. People already having problems and are busy – the issue of taking on additional work.
- Lack of statutory need – why bother?
- Resistance – from board of trustees.

One training organisation with a number of ongoing projects suggested that linking up different information streams was difficult. During, a training site visit, employees listed 45 options ranging from multi-skills training to assessment to sympathetic listening, to certificates to references to investors in people. What became apparent during some of the training events was that some organisations with numerous projects were finding it hard to carry out the SA process.

Once, it was decided that the social enterprises would receive one-to-one training they worked at their own speed gradually moving forward to developing their own SA. The experience moving forward with SA with JSP is shared in the next section.

The experience of JSP – initial resistance to acceptance

JSP is one of the VtD social enterprises that introduced and embedded SA into their strategic and operational activities. This section gives insight into the lived experience of their struggle and eventual success with SA methodology.

JSP was reopened and run by the community after closure due to local authority budget cuts in April 1992. JSP is a good example of a social enterprise now delivering services previously delivered by the public sector. In the UK leisure sector, there are currently more than 100 leisure trusts running local services (Office of the Third Sector, 2006, p. 53).

The JSP mission statement is “Supporting our community through the provision of swimming and other leisure related activities” and their values “Belief in the power of sport and leisure related activities to benefit all members of our community, regardless of their state of health or disability” and “Belief in the ability of local communities to meet local needs.”

Those involved with the organisation are 12 voluntary trustees, one full-time project manager, 11 full-time employees, ten part-time employees, 26 casual staff (teachers and coaches) and 24 volunteers. JSP is currently self-funding but in the past relied on grant support. The building was refurbished in 2003, increasing the size and activity of the project, as a result of these changes it was believed that the introduction of SA would develop a better understanding of the business and its role within the local community. Agreement to introduce SA was reached after eight months of deliberation and some resistance.

Initially, the trustees chose not to adopt SA due to the following issues:

- Lack of awareness/understanding of SA.
- Unsure of the value to the organisation.
- Overriding deliberative attitude amongst the trustees.
- The financial accounts had been late the previous year and why embark on another “form” of accounts?
- Lack of discussion outside/preceding meetings.
- The project manager not being present at the initial meeting.
- Reservations about cost and other resource implications (time involved for the bookkeeper).

These were overcome by:

- examining examples of other social accounts;
- seeing the value of SA to other organisations and developing an understanding of the impact and improvements it could make to JSP;
- not undertaking new projects lightly, i.e. the lengthy awareness raising eventually led to a stronger commitment to SA;
- the finance director role filled and overseeing a timely and trouble free year end;

- talking to trustees about SA outside meetings, members of staff and trustees going on VtD training days, production of a scoping document;
- project manager having been on VtD training days, developing the SA scoping document and seeing the benefit of the SA to his role and the organisation; and
- commitment from the project manager (assurance on availability of bookkeeper and volunteer time).

The anticipated benefits of the social account were viewed from many perspectives and differing emphasis. The project manager viewed SA as a method of record keeping, a useful tool to assist developing new activities and future applications for small grants to support the local community. Thus, the SA could assist the organisation in reporting on its acknowledged responsibilities to users, customers and supporters (Gray, R., 2002). The trustees viewed SA from different perspectives and emphasis, e.g. the current situation, the strategic vision and the importance of capturing the past through the pool's history. This polyvocal complexity (Gray *et al.*, 1997) of the SA process itself is important and necessitates a listening to and understanding of all voices involved in the process. A review of major stakeholders: staff, trustees and customers was a starting point for JSP in developing their own understanding of SA. As explained, the decision to produce a social account was not taken lightly by the organisation.

The first social account brought together information about operational activities, views of major stakeholders, ongoing projects, consultancy and awards won. The SA enabled JSP to demonstrate the exemplary and special nature of the organisation and the achievements of those involved.

First social account: a learning experience

Firstly, there was a need to review the organisation's objectives and values, these were originally written as part of a business plan in support of a Lottery bid. This was discovered through the stakeholder consultation with customers using a questionnaire based on the organisation's objectives. It was not successful as customers were either not aware of the objectives or saw them as irrelevant to them. Secondly, JSP needed to allow more time gathering stakeholder views earlier in the process as the timescale for the data gathering for the SA was extremely tight. Thirdly, JSP needed to consult stakeholders in different ways for example using focus groups, written comments rather than tick boxes and interviews. Whilst being aware of different age groups (i.e. a questionnaire is not suitable for young users) and gather the views of more stakeholder groups – different user groups, volunteers and external agencies. Fourthly, JSP could investigate the possibility of only going through a full social audit panel every second year with the interim periods investigating a few key issues and gather comments from certain stakeholders.

Finally, JSP has completed an interim social account for 2005 and is planning another full social account for 2006:

Would we recommend social accounting to other similar organisations? Undoubtedly yes. We could not have anticipated the beneficial issues and outcomes and these were not known or tabled when SA was initially proposed in September 2003 (Project manager).

JSP has now completed two sets of social accounts they found the experience worthwhile, although painful at times, and that doing SA has both changed the organisation and informed the management process.

Overview and recommendations

The core aim of the VtD project was to establish SA within the North East of England. Although, the project did not develop into the anticipated SA network there were some successes. As of May 2006, JSP had completed two sets of social accounts, one ethical finance company had completed their SA in 2005 and seven other organisations were in process during 2005. The take up of SA by social enterprises proved lower than anticipated and organisations took longer to gain agreement to implement SA than expected. The major issues for most organisations were due to resource issues of time and money. Previous research on SA in the voluntary sector found that after initial interest organisations decided not to continue because of cost and time (Dawson, 1998; Raynard and Murphy, 2000).

The VtD introductory workshops should have been attended ideally by at least two people from each organisation this would have helped:

- prevent information being lost within the organisation if staff left;
- increase the chances of the practice being embedded throughout the whole social enterprise; and
- encourage implementation of the process.

VtD found that staff turnover or internal changes within the organisation were difficult to overcome. Previously, it was found that “internal restructuring” was a problem for voluntary organisations thinking about SA (Raynard and Murphy, 2000, p. 17). Having two senior staff attending workshops or training sessions would be too expensive for under resourced social enterprises. As one participant pointed out the “exercise” would “take key staff away from their jobs”.

A grant funded small community-based enterprise expressed interest, but did not have the spare time or money. This research suggests that those organisations earning the majority of their income from contracts and trading were more able to produce social accounts. A source of income from trading provides some flexibility for social enterprise freeing them from the demands and bureaucracy of funders enabling them to innovate and experiment (Black, 2002). Organisations with a large percentage of grant income might find it harder to divert funds to SA.

The participants believed that funding bodies could play a major role in the development of SA by recognition, encouragement and support of the method. The VtD project has introduced some of the funding bodies in the NE region to SA, but further work is needed. Whilst individual projects are currently evaluated a suggestion would be to take a more holistic approach supporting the SA of the whole organisation in collaboration with other funders.

The Social Accounting Network’s SA process has been reduced from five to three stages (Pearce, 2001; Pearce and Kay, 2005), which could reduce the time necessary to carry out the recording of facts and figures, structure the information and then disseminate the social accounts. SA needs to be made more attractive to these organisations, possibly through SA training linked to a qualification. SA could then be viewed as being more cost effective. Whilst access through evening courses could increase interest and take up using the amended SA method. The combination of a short course focussed on small social enterprises, recognition by funding bodies and additional funds to carry out social audits for whole organisations would further develop SA in the region. The cost of the final stage, the social audit was a disincentive

for many organisations and it would be hoped that this cost could be reduced or subsidised by funding bodies.

The process of getting social enterprises to agree to take up SA took much longer than anticipated. It has been suggested that it is “a good sign” that trustees and managers have a “sceptical curiosity” towards performance improvement methods (Paton, 2003, p. 164). Social enterprises ought not to immediately reject all forms of social impact measurement including frameworks within measurement can be reported, but think about which method is appropriate to their organisation (www.proveandimprove.org). The VtD project offered only SA, and this research supports other work recognising that “embedding new knowledge requires time and space in the organisation” (Somers, 2005, p. 54). The layered structure of certain social enterprises with a voluntary board, management, employees and volunteers could make it a more difficult to embed SA throughout the organisation. The results from the experiences of VtD participants and JSP would agree with earlier findings that acceptance by senior management and the board was an obstacle (Raynard and Murphy, 2000):

Accountability, like democracy, must be worked at: it does not just happen. The democracy of open membership does not necessarily ensure effective accountability to the local community (Pearce, 1993, p. 81).

Whilst acknowledging the difficulty of resourcing SA it must also be recognised that accountability through SA is not an easy mechanism to develop (Pearce, 1993). This research has shown that to improve the take up of SA amongst social enterprises the costs of carrying out the process need to be reduced. Whilst the acceptance of SA by funding bodies should be increased, they have an important role and need to:

- recognise the value of an organisation’s social accounts; and
- supply funding for organisations to carry out the process.

Recognition and additional funding are only two ways of making SA more attractive to social enterprise. The strategy for delivery of training would need to take account of time and financial resources. The economic impact of carrying out the SA process could be reduced by:

- linking training to a qualification;
- running courses in the evening;
- adopting the SAN three stage SA method for smaller social enterprises (Pearce and Kay, 2005); and
- embedding SA processes in social enterprises preferable from the business start up stage.

These recommendations have been developed through the lived experiences of the VtD project. This project assisted social enterprise practitioners increase the take up of SA and to see the potential of the framework. Their struggle was overcoming their resource issues whilst developing SA to focus on organisational learning and systematic stakeholder dialogue with increased transparency and accountability. The organisations from VtD that did go on to complete their SA are testament to this.

References

- Affleck, A. and Mellor, M. (2005), "Valuing the difference, raising the profile of social accounting in the North East of England", Sustainable Cities Research Report, Northumbria University, Newcastle, available at: www.sustainable-cities.org.uk/db_docs/Valuing%20the%20Difference6.pdf
- Alvesson, M. and Skoldberg, K. (2000), *Reflexive Methodology*, Sage, London.
- Argyris, C., Putnam, R. and Smith, D. (1985), *Action Science*, Jossey Bass, San Francisco, CA.
- Black, L. (2002), "Social enterprise: flavour of the month or sign of the times?", speech given at Social Enterprises and Co-operatives Conference, available at: www.socialenterprises.org.uk/pages/speech (accessed February 2002).
- Blair, T. (2002), "Foreword", *Social Enterprise: A Strategy for Success*, DTI, London.
- Bull, M. (2007), "Balance: the development of a social enterprise business performance analysis tool", *Social Enterprise Journal*, Vol. 3 No. 1, pp. 49-66.
- Bull, M. and Crompton, H. (2006), "Business practices in social enterprises", *Social Enterprise Journal*, Vol. 2 No. 1, pp. 42-60.
- Coghlan, D. (2001), "Insider action research projects", *Management Learning*, Vol. 32 No. 1, pp. 49-60.
- Coghlan, D. and Brannick, T. (2005), *Doing Action Research in Your Own Organization*, Sage, London.
- Dawson, E. (1998), "The relevance of social audit for Oxfam GB", *Journal of Business Ethics*, Vol. 17 No. 13, pp. 1457-69.
- de Colle, S. and Gonella, C. (2002), "The social and ethical alchemy: an integrative approach to social and ethical accountability", *Business Ethics: A European Review*, Vol. 11 No. 1, pp. 86-96.
- Deegan, C. (2002), "Introduction the legitimising effect of social and environmental disclosures – a theoretical foundation", *Accounting, Auditing & Accountability Journal*, Vol. 15 No. 3, pp. 282-311.
- Deegan, C. (2007), "Organizational legitimacy as a motive for sustainable reporting", in Unerman, J., Bebbington, J. and O'Dwyer, B. (Eds), *Sustainability Accounting and Accountability*, Routledge, London, pp. 127-49.
- Dey, C.R. (2000), "Bookkeeping and ethnography at Traidcraft plc: a review of an experiment in social accounting", *Social and Environment Accounting Journal*, Vol. 20 No. 2, pp. 16-19.
- Dey, C.R. (2002), "Methodological issues: the use of critical ethnography as an active research methodology", *Accounting, Auditing & Accountability Journal*, Vol. 15 No. 1, pp. 106-21.
- Dey, C.R. (2004), "Social accounting at Traidcraft plc: a struggle for the meaning of fair trade", *Accounting, Auditing & Accountability Journal*, Vol. 20 No. 3, pp. 423-45.
- Dey, C.R., Evans, R. and Gray, R.H. (1995), "Towards social information systems and bookkeeping: a note on developing the mechanisms for social accounting and audit", *Journal of Applied Accounting Research*, Vol. 2 No. 3, pp. 36-69.
- Geddes, M. (1992), "The social audit movement", in Owen, D. (Ed.), *Green Reporting: Accountancy and the Challenge of the Nineties*, Chapman and Hall, London, pp. 215-41.
- Gond, J-P. and Herrbach, O. (2006), "Social reporting as an organisational learning tool? A theoretical framework", *Journal of Business Ethics*, Vol. 65, pp. 359-71.
- Gray, C. (2002), "Entrepreneurship, resistance to change and growth in small firms", *Journal of Small Business and Enterprise Development*, Vol. 9 No. 1, pp. 61-72.

- Gray, R. (1992), "Accounting and environmentalism: an exploration of the challenge of gently accounting for accountability, transparency and sustainability", *Accounting, Organizations and Society*, Vol. 17 No. 5, pp. 399-425.
- Gray, R. (2001), "Thirty years of social accounting, reporting and auditing: what (if anything) have we learnt?", *Business Ethics: A European Review*, Vol. 10 No. 1, pp. 9-15.
- Gray, R. (2002), "The social accounting project and accounting organizations and society privileging engagement, imaginings, new accountings and pragmatism over critique?", *Accounting Organizations and Society*, Vol. 27, pp. 687-708.
- Gray, R., Owen, D. and Adams, C. (1996), *Accounting and Accountability: Changes and Challenges in Corporate Social and Environmental Reporting*, Prentice-Hall, London.
- Gray, R., Owen, D. and Maunders, K. (1991), "Accountability, corporate social reporting and the external social audits", *Advances in Public Interest Accounting*, Vol. 4, pp. 1-21.
- Gray, R., Dey, C., Owen, D., Evans, R. and Zadek, S. (1997), "Struggling with the praxis of social accounting stakeholders, accountability, audits and procedures", *Accounting, Auditing & Accountability Journal*, Vol. 17 No. 3, pp. 325-64.
- Gustavsen, B. (2003), "Action research and the problem of the single case", *Concepts and Transformation*, Vol. 8 No. 1, pp. 93-9.
- Haugh, H. (2005), "A research agenda for social entrepreneurship", *Social Enterprise Journal*, Vol. 1 No. 1, pp. 1-12.
- Hill, W.Y., Fraser, I.A.M. and Cotton, P. (1998), "Patients' voices, rights and responsibilities: on implementing social audit in primary health care", *Journal of Business Ethics*, Vol. 17 No. 13, pp. 1481-97.
- Jackson, C. and Bundgard, T. (2002), "Achieving quality in social reporting: the role of surveys in stakeholder consultation", *Business Ethics: A European Review*, Vol. 11 No. 3, pp. 253-9.
- Jenkins, H. (2004), "A critique of conventional CSR theory: an SME perspective", *Journal of General Management*, Vol. 29 No. 4, pp. 37-57.
- Jenkins, H. (2006), "Small business champions for corporate social responsibility", *Journal of Business Ethics*, Vol. 67 No. 3, pp. 241-56.
- Laville, J.L. and Nyssens, M. (2001), "The social enterprise: towards a theoretical socio-economic approach", in Borzaga, C. and Defourny, J. (Eds), *The Emergence of Social Enterprise*, Routledge, London, pp. 312-32.
- Logsdon, J.M. and Lewellyn, P.G. (2000), "Expanding accountability to stakeholders: trend and predictions", *Business and Society Review*, Vol. 105 No. 4, pp. 419-35.
- Marshall, J. and Reason, P. (2007), "Quality in research as 'taking an attitude of inquiry'", *Management Research News*, Vol. 30 No. 5, pp. 368-80.
- Maurer, R. (1996), "Using resistance to build support for change", *Journal for Quality & Participation*, Vol. 19 No. 3, pp. 56-63.
- Medawar, C. (1976), "The social audit: a political view", *Accounting, Organizations and Society*, Vol. 1 No. 4, pp. 389-94.
- Medawar, C. (1978), *The Social Audit Consumer Handbook*, MacMillan Press, London.
- O'Dwyer, B. (2002), "Managerial perceptions of corporate social disclosure: an Irish story", *Accounting, Auditing & Accountability Journal*, Vol. 15 No. 3, pp. 406-36.
- O'Dwyer, B. (2003), "Conceptions of corporate social responsibility: the nature of managerial capture", *Accounting, Auditing & Accountability Journal*, Vol. 16 No. 4, pp. 523-57.

- O'Dwyer, B. (2004), "The construction of a social account: a case study in an overseas aid agency", *Accounting Organizations and Society*, Vol. 30 No. 3, pp. 279-96.
- Office of the Third Sector (2006), "Social enterprise action plan: scaling new heights", available at: www.cabinetoffice.gov.uk/thirdsector
- Owen, D. (2008), "Chronicles of wasted time? A personal reflection on the current state of, and future prospects for, social and environmental accounting research", *Accounting, Auditing & Accountability Journal*, Vol. 21 No. 2, pp. 240-67.
- Owen, D.L., Swift, T.A., Humphrey, C. and Bowerman, M. (2000), "The new social audits: accountability, managerial capture or the agenda of social champions?", *European Accounting Review*, Vol. 9 No. 1, pp. 81-98.
- Paton, R. (2003), *Managing and Measuring Social Enterprises*, Sage, London.
- Pay, C. (2001), "Social accounting: a method for assessing the impact of enterprise development activities?", available at: www.enterprise-impact.org.uk/informationresources/toolbox/socialaccounting.shtml (accessed 15 October 2007).
- Pearce, J. (1993), *At the Heart of the Community Economy: Community Enterprise in a Changing World*, Calouste Gulbenkian Foundation, London.
- Pearce, J. (1996), *Measuring Social Wealth: A Study of Social Audit Practice for Community and Co-operative Enterprises*, New Economics Foundation, London.
- Pearce, J. (2001), *Social Audit and Accounting Manual*, Community Business Scotland (CBS) Network Ltd, Edinburgh.
- Pearce, J. (2003), *Social Enterprise in Anytown*, Calouste Gulbenkian Foundation, London.
- Pearce, J. and Kay, A. (2005), *Social Accounting and Audit: The Manual*, CBS Network Ltd, Edinburgh.
- Pearce, J., Raynard, P. and Zadek, S. (1996), *The Workbook, Social Auditing for Small Organisations*, New Economics Foundation, London.
- Raynard, P. and Murphy, S. (2000), *Charitable Trust? Social Auditing with Voluntary Organisations*, ACEVO and nef, Harrow.
- Reason, P. (2006), "Choice and quality in action research practice", *Journal of Management Inquiry*, Vol. 15 No. 2, pp. 187-203.
- Reason, P. and Heron, J. (1999), *A Layperson's Guide to Co-operative Inquiry*, available at: www.bath.ac.uk/carpp/layguide.htm (accessed February 2004).
- Reason, P. and Torbert, W.R. (2001), "Toward a transformational science: a further look at the scientific merits of action research", *Concepts and Transformations*, Vol. 6 No. 1, pp. 1-37.
- Somers, A.B. (2005), "Shaping the balanced scorecard for use in UK social enterprise", *Social Enterprise Journal*, Vol. 1 No. 1, pp. 43-56.
- Spence, L. (2004), "Small firm accountability and integrity", in Brenkert, G. (Ed.), *Corporate Integrity & Accountability*, Sage, Thousand Oaks, CA, pp. 115-28.
- Thomson, I. and Bebbington, J. (2005), "Social and environmental reporting in the UK: a pedagogic evaluation", *Critical Perspectives on Accounting*, Vol. 16 No. 5, pp. 507-33.
- Zadek, S. and Raynard, P. (2002), "Accounting for change: the practice of social auditing", in Edwards, M. and Fowler, A. (Eds), *The Earthscan Reader on NGO Management*, Earthscan, London, pp. 319-28.
- Zuber-Skerritt, O. and Perry, C. (2002), "Action research within organisations and university thesis writing", *The Learning Organization*, Vol. 9 No. 4, pp. 171-9.

About the authors

Jane Gibbon is a Senior Lecturer at Newcastle Business School, her research interests are social accounting in social enterprise, accountability and social responsibility. She has worked with Jesmond Swimming Pool as a volunteer Trustee and Finance Director for over 14 years. She is currently completing a PhD at the University of St Andrews. Jane Gibbon is the corresponding author and can be contacted at: jane.gibbon@northumbria.ac.uk

Arthur Affleck spent seven years at Northumbria University as a Researcher. During this time, he researched community development finance institutions, social enterprise and forms of social impact measurement. Currently, he is the Network Co-ordinator for Social Enterprise Tyneside.