Engagement with institutional pressures in the social impact reporting process

A multiple case study on Swedish NGOs

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Abstract:

Universally there is an ongoing struggle for non-governmental organizations (NGOs) with the implementation of social impact reporting practices for accountability reasons. By drawing on institutional work and insights from a multiple case study, we examine how NGOs implement these practices and how they are shaped by institutional pressures. Despite increased calls for accountability, our findings disclose substantial practice variation among NGOs. More specifically, the findings show how NGOs as actors engage differently with different institutional pressures. The different modes of engagement and the presence of various institutional pressures have predominantly been neglected in the current research on social impact reporting. Hence, our study contributes to the literature by showing how NGOs are guided by the cognitive-cultural pillar when implementing their social impact reporting processes. Furthermore, the study finds that multiple types of donors exist and that they exert different types of institutional pressure. Lastly, we find that NGOs can employ a wide range of strategies to engage with the different kinds of institutional pressures.

Keywords:

Social impact, Non-governmental organizations, Performance measurement systems, Accountability, Institutional theory

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1. Introduction

> "The complexity of social impact is our biggest challenge. As soon as we try to make it black and white, it is as if we are doing violence to our operation."
> - Secretary General, Beta

The quote illuminates the challenges of measuring and reporting social impact as a performance dimension. Social impact is an ambiguous term entailing different meanings for different organizations (Yang, O'Leary, & Tregidga, 2021). Too much simplification runs the risk of leaving out valuable information (Ryan, Mack, Tooley, & Irvine, 2014; Yang et al., 2021). Despite the ambiguity and challenges, social impact is becoming more important by the day, not only for non-governmental organizations (NGOs) and other not-for-profit organizations but also for for-profit organizations as well (Yang et al., 2021). It is well-known that NGOs are increasingly being held accountable by external stakeholders to ensure that the funding received from donors is used in the best way possible (Cazenave & Morales, 2021; Ebrahim, 2003; Yang, Northcott, & Sinclair, 2017). As part of the increasing calls for more accountability, the focus has shifted from financial efficiency to social impact (Ebrahim & Rangan, 2014; Yang & Northcott, 2018). In combination with the complexity of social impact, this development has proved to be an interesting area for accounting research. For example, previous research has studied organizational responses to increasing pressures from external stakeholders (Cazenave & Morales, 2021; Ebrahim, 2003; Fry, 1995; O'Leary & Smith, 2020; Yang & Northcott, 2018).

However, research on different modes of engagement with institutional pressures is still underexplored. While researchers have established that engagement and organizational responses exist, previous research has not examined this on a further level. For example, Fry (1995) highlights the notion of conversation of accountability where organizations can 'negotiate' on what terms they are held accountable and align it more to the internally 'felt responsibility'. But how different forms of this engagement come about in different settings has largely evaded further scrutiny. Even though research acknowledges that different types of funders exist and can be divided into 'institutional funders' and 'non-institutional funders' (Cazenave & Morales, 2021), a more in-depth and nuanced view of how NGOs engage in this setting is necessary in order to establish an adequate understanding of how NGOs operate.

Hence, there are evident gaps in the current literature on social impact reporting that need to be addressed.

Although social impact reporting has proved to be an interesting area for research, it is still a relatively understudied field of research (Yang & Northcott, 2018). NGOs operate in a space that is highly dependent on trust from their funders (Adams, Tweedie, & Muir, 2020). However, there have been multiple scandals in the past which has led to increased concerns over NGOs effectiveness and have called for increasing requirements regarding accountability (Ebrahim, 2003; Yang et al., 2017). In addition to this, given the ambiguity and complexity of the term social impact, it is interesting to understand how NGOs handle social impact as a performance metric and how NGOs cope with the challenges that emerge in establishing these measures. Considering the increasing relevance of social impact and the current gaps in the literature, we think that this setting provides a relevant and interesting area for research. Further studies are required to better understand how NGOs implement social impact reporting processes and how NGOs engage with different kinds of institutional pressures. Hence, our research question is: *How do NGOs implement social impact reporting processes and how do they engage with institutional pressures in these processes?*

A multiple case study was carried out on a Swedish fundraising association with six selected member organizations in order to answer the research question. By using the methodology of a qualitative multiple case study it is possible to interpret the findings from the cases and compare them to each other. This approach enables us to get in-depth data as well as the sample size required to answer the 'how' in our research question (Lillis & Mundy, 2005). We develop a theoretical framework based on Lounsbury's (2008) ideas of actors with agency and practice variation, together with various organizational responses (Fry, 1995; O'Leary & Smith, 2020; Oliver, 1991) to be able to provide insights into how NGOs respond differently to the institutional pressures that exist in the field.

This study contributes to the social impact reporting domain by providing further empirical insights into two gaps in the current literature. Firstly, we provide more insights into how NGOs implement social impact reporting processes. As the area of social impact is still rather new, insights into how organizations deal with social impact reporting in practice are still valuable (Yang & Northcott, 2018). Secondly, we also provide new insights into how NGOs engage in a setting with pressures from external stakeholders. Despite Cazenave & Morales'

(2021) division of funders into institutional and non-institutional funders , we believe that there are meaningful subgroups within these two groups of funders and that different modes of engagement are available for each subgroup. The latter contribution aims to add nuances to the research conversation regarding how funders and institutional pressures are viewed in the social impact domain going forward.

The rest of the study is structured as follows. An overview of the theoretical development is presented in section 2, including a review of the previous research conducted in the field, identification and description of a method theory as well as the theoretical framework used in this study. Section 3 provides an outline of the research methodology. This is followed by a presentation and analysis of the empirical findings in section 4 , while section 5 discusses the empirical findings in relation to previous research and our theoretical framework. Finally, section 6 covers a conclusion with limitations of our study and suggestions for future research.

2. Theory

This section outlines the relevant theoretical developments of social impact measurement and reporting. Section 2.1 is a review of the previous literature. This is followed by the method theory derived from the institutional perspective and is presented in section 2.2. Lastly, section 2.3 introduces our theoretical framework which will lay the foundation for this study.

2.1. Social impact reporting

2.1.1. Increased calls for accountability and standardization of social impact

In recent years there have been increased calls to hold NGOs more accountable for their social impact (Cordery, Belal, & Thomson, 2019; Ebrahim & Rangan, 2014; Yang & Northcott, 2018; Yigitbasioglu, Furneaux, & Rossi, 2021). A key reason for this has been the multiple scandals experienced in the fundraising sector where NGOs have been found to engage in fraudulent behavior and use the money they have been gifted in ways they were not meant to be used (Ebrahim, 2003). Additionally, increased concerns over NGOs' effectiveness have led to more external stakeholders (e.g., donors and regulators) demanding more transparency and accountability from the NGOs (Yang et al., 2017). So far, there are no international standards regarding social impact reporting, but some standards have started to

be implemented on the national level (Cordery et al., 2019; Yang & Northcott, 2018; Yang et al., 2021). The standards that currently exist for for-profit and public sector organizations are not suited for NGOs, which calls for new standards to be created with the purpose of NGOs in mind (Ryan et al., 2014). There are also membership organizations that make their own guidelines, and the membership serves as a form of assurance for external parties. However, there are no legal requirements to follow these guidelines and there is little auditing done in order to make sure the guidelines are being followed (Parsa, Roper, Muller-Camen, & Szigetvari, 2018). One reason it takes a lot of time to create standards for social impact reporting is that it is a broad and complex field (Yang et al., 2021).

2.1.2. Social impact is a complex and challenging concept to define and measure

One of the challenges of 'social impact' is that it is a complex concept to define (Yang et al., 2021; Yigitbasioglu et al., 2021). Despite the ascendance of the term social impact, it has not been defined in a consistent manner (Ebrahim & Rangan, 2014). Yang et al. (2021) view social impact through the lens of a hembig perspective. Hembig "is an acronym for a hegemonic, ambiguous, big concept" (Yang et al., 2021, p.315). Even though they conclude that social impact is not a hembig concept, they conclude that social impact is an ambiguous term and that the concept has a wide range of meanings attributed to it. One problem with defining social impact is that the meaning of the term has to be wide enough to cover the range of activities organizations can engage in, but if the meaning is too wide it becomes a 'catch-all' term and loses a lot of its meaning (Ryan et al., 2014; Yang et al., 2021). Therefore, there is a problem in finding a definition that is narrow enough to have a clear meaning but not so narrow that the definition excludes activities that create social impact. This is a problem not only for academics but also in practice.

Organizations struggle to define social impact (Bosa, 2021; Lagström & Ek Österberg, 2020). Bosa (2021) finds that a social enterprise struggled to find a definition that encompassed all the work done by the employees in the organization. A consequence of this was that some employees felt excluded because their work was perceived to not create any impact. This is in line with the discussion of the importance of aligning the internal 'felt responsibility' and the external accountability (Fry, 1995). Lagström & Ek Österberg (2020) found that a Swedish county often had meetings to discuss topics such as how to define what qualifies as a social investment. Therefore, an organization's definition of social impact becomes essential because it will affect what factors are included and excluded in calculating its social impact.

How social impact is defined therefore has a direct effect on what measures are used, how it is measured, and how it is reported.

Measures are chosen because of their capturability and communicability (Hall & Millo, 2018). Hall & Millo (2018) studied how government policymakers in the UK chose a measure to explain the social impact of their policy to involve non-profit organizations to a greater extent in the delivery of public services. They found that a measurement method is not only chosen based on its ability to measure the social impact but also on its ability to communicate the social impact to the broader public. If the measurement is not understandable by external stakeholders, it is harder to gain public support for the policies. The same could be argued for NGOs' relationship with donors. Donors donate more money to NGOs with high project ratios because it is an easy-to-understand measurement (Yetman & Yetman, 2013). The project ratio is the organization's program expenses divided by the organization's total expenses and can be viewed as a measure of social impact.

However, since there are not a lot of standards around social impact reporting, organizations can also choose measurements that paint them in a better light than other measurements would (Connolly & Kelly, 2020). Frameworks carry biases that will affect the outcome of an organization's social impact measures (Ruff, 2020). Ruff (2020) set up a case competition asking participants to evaluate the social impact of an organization. Using the same data but different frameworks, the participants ended up with vastly different results. Some participants labeled the organization's social impact as highly favorable, while other participants labeled it as highly unfavorable. This is because different frameworks and devices omit or include different types of information creating a bias in the framework or device. Ruff (2020) also concludes that if one framework or device was to become standard there would be a systematic bias across all organizations forced to use the specific framework or device.

As mentioned above, there are multiple frameworks and devices that can be used to measure social impact (Ruff, 2020; Yang et al., 2021). Case studies have shown that some counties have implemented the framework of social investments (Lagström & Ek Österberg, 2020; Weichselberger & Lagström, 2021). The framework of social investments focuses on quantifying the benefits of a project and turning them into monetary terms. This is done by appreciating the future cost of not implementing the project and then comparing it against the

cost of carrying out the project. If the avoided future cost is higher than the cost of carrying out the project, the county would make a ‘profit’ from the project. The counties then measure their social impact as the ‘profit’ they made from carrying out social projects (Lagström & Ek Österberg, 2020; Weichselberger & Lagström, 2021). The framework of social investments is very similar to the framework of social return on investment (SROI), which also focuses on quantifying benefits (Bosa, 2021; Lagström & Ek Österberg, 2020). Instead of just calculating the ‘profit’, as in the social investment framework, you divide the ‘profit’ with the investment cost to get a return metric in percentage of the initial investment. However, this does not come without challenges as most NGOs’ missions often are related to dealing with wicked problems such as fighting poverty or fighting for human rights (Burns & Jollands, 2020; Lagström & Ek Österberg, 2020). Because of the wickedness of the problems, the results from the NGO’s actions are often hard to quantify (Cuckston, 2021; Lagström & Ek Österberg, 2020). Some even go so far as to say it might be impossible to quantify certain aspects of social impact (Bosa, 2021).

While the social investments and SROI frameworks focus on quantifying the social benefits, there are also those who believe qualitative methods work just as well (Cuckston, 2021). For traditional companies with corporate annual reports, the most important disclosures are the financial statements which present quantitative measures such as assets and revenues (Ryan et al., 2014). This has put a lot of focus on quantitative measures in social impact reporting as well (Cuckston, 2021). However, as mentioned above, NGOs often deal with wicked problems where the outcomes might be difficult to quantify (Bosa, 2021; Cuckston, 2021; Lagström & Ek Österberg, 2020). Therefore, Cuckston (2021) argues that qualitative accounts can play a more important role in accounting for NGOs performance than in corporate annual accounts. Cuckston (2021) uses the case of WWF-UK. One of WWF-UK’s missions is to reduce the amount of poaching in the world. However, it is hard to know how many people engage in poaching or how many animals that are being poached each year. It is therefore hard to quantify the social impact WWF-UK has in this area. Instead, WWF-UK identifies the problem of poaching and what actions can be taken to stop it. They can then qualitatively account for the actions they are engaging in and how the issue has developed, which to some extent accounts for the social impact of the organization (Cuckston, 2021).

2.1.3. Accountability and reporting of social impact

Social impact as a performance metric is, as discussed in the above-mentioned sections, a cumbersome and challenging term to define and measure. However, it has not avoided accounting research as it still is relevant for accounting purposes. As discussed by Killian & O'Regan (2020), accounting serves several functions. To begin with, it serves as a means to enhance decision-making and impact behavior. Furthermore, accounting can also serve the purpose of legitimacy and establish confidence among actors and institutions. For NGOs, accounting can also function to build and legitimize relationships with external stakeholders in the field (O'Dwyer & Boomsma, 2015). Given the lack of standardization, NGOs report the social impact to external stakeholders in various ways (Adams et al., 2020). This is not only because the definition of social impact is vastly different between NGOs, but also because there are different types of accountability mechanisms within NGOs (Ebrahim, 2003).

Accountability of social impact has both an external and internal aspect (Ebrahim, 2003). Reporting to external stakeholders is referred to as upward accountability (Ebrahim, 2003; Yang & Northcott, 2018) and is related to NGOs' evidencing the efficiency and effectiveness of the funding received (Yang et al., 2017). The internal aspect of accountability integrates "organizational values and goals with governance and strategic planning only to the extent that its users are committed to acting on findings" (Ebrahim, 2003, p.824). Even though NGOs report according to upward accountability, NGOs can still have and develop internal accountability mechanisms that better reflect the NGOs identity (Ebrahim, 2003; Yang & Northcott, 2018). As social impact is becoming more important for external stakeholders, the stakeholders feel the need to professionalize the sector and they require more upward accountability (Cazenave & Morales, 2021; Ebrahim & Rangan, 2014). The development has been that donors and regulators no longer require accountability solely on financial efficiency but also on social impact and actual outcomes (Ebrahim & Rangan, 2014; Yang & Northcott, 2018). The idea of professionalization is intended to make the NGOs more legitimate and improve the overall impact. But the increased obsession with measurement, professionalization, and accountability have not come without its drawbacks (Ebrahim & Rangan, 2014).

In parallel with the strong emergence of calls for accountability, voices of skepticism and criticism have also been raised. While the intended results were to improve legitimacy and

the social impact of organizations, previous research suggests that social impact reporting demanded from external stakeholders is performed because of compliance reasons (O'Dwyer & Boomsma, 2015). Consequently, criticism has been raised by practitioners in NGOs who claim that too standardized and extensive upward accountability can be counterproductive as it not only draws capabilities and resources away from activities that generate actual social impact, but also that the linkages between measurements demanded and the actual social impact often are ambiguous and unclear (Ebrahim & Rangan, 2014). More accountability will not necessarily lead to better outcomes in situations with unclear linkages. This is in line with the reasoning provided by Messner (2009) where he discusses the limits of accountability and finds that more accountability is not always a good thing. The paper acknowledges that accountability per se is not a bad thing but that there are limits to what you can be held accountable for. This can be derived from situations where multiple and conflicting accountabilities are demanded from various stakeholders or where something is impossible to measure. Meeting external stakeholders' demands can be a time-consuming process that draws a lot of scarce resources. But since the NGOs survival is conditioned on being perceived as legitimate and getting funding from donors, it is of the utmost importance for NGOs to comply with these demands. This dilemma can force NGOs to focus on satisfying the upward accountability but whose requirements are irrelevant for NGOs internal accountability (Ebrahim, 2003).

2.1.4. Increased external pressures but variations in practices

Given the increased calls for more accountability from external stakeholders, there is an emerging institutional infrastructure on how to measure and report social impact (Yang & Northcott, 2018). As the field develops, there are pressures for increased professionalization with elements such as frameworks and guidelines (Cazenave & Morales, 2021). Hence, NGOs face external pressures to measure and report their social impact. Some argue that the increase in pressure should lead to more similar organizations (DiMaggio & Powell, 1983). However, this is not evidenced in the previous research where NGOs are found to engage in a wide variety of different practices when reporting their social impact (Ruff, 2020; Yang et al., 2021). As this phenomenon is related to how organizations respond and make sense of these external pressures, this study will use the lens of institutional theory.

2.2. Institutional theory

Institutional theory concerns itself with how organizations respond to pressures from their external environment (institutions) (Scott, 2008). Scott (2014) argues that institutions are made up out of three pillars. The pillars define what is acceptable and unacceptable behavior and have the capacity to control and constrain behavior. The first pillar is the regulatory pillar. The regulatory pillar is mainly concerned with establishing rules, inspecting if organizations are following the rules, and potentially sanctioning or rewarding those who break or follow the rules. The second pillar is the normative pillar which is mainly concerned with values and norms. Values are described as the prefered standards to which you can compare behaviors and structures. Norms are described as the way things should be done and define legitimate ways to pursue what is deemed to be valuable. The normative pillar therefore describes both what the objective should be but also how you are allowed to reach the objective. The third pillar is the cultural-cognitive pillar. Scott (2014) defines the cognitive-cultural pillar as "the shared conceptions that constitute the nature of social reality and create the frames through which meaning is made" (p.67). Cultural systems work on multiple levels, from a shared understanding of local events, to the common beliefs and patterns that comprise an organization's culture and identity, to the logics that structure organizational fields, to the shared ideologies that define political and economic systems on national and international levels. The different pillars work through different mechanisms and start different processes within organizations. In some cases, one pillar can dominate the other pillars but usually they work together in a combination.

When institutional theory was emerging, it was believed that organizations adapt to the external rules and norms of their field in order to survive (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). This adaptation was mainly thought of as conforming to the pressures in order to gain legitimacy and other rewards (DiMaggio & Powell, 1983). Organizations were thought to mindlessly conform to the pressures because behaviors were taken-for-granted, instead of making calculated decisions themselves (Zucker, 1977). This would in turn create an institutional isomorphism where all organizations in a field became more and more like each other (DiMaggio & Powell, 1983). If an organization was to stand out in its practices and go against the social norm, it would be at risk of being seen as illegitimate and would therefore be at a competitive disadvantage. However, institutional theory has developed over the years.

Another view of institutional theory has emerged where organizations are considered to be mindlessly conforming to social norms but rather as being actors with agency to follow their self-interest (Oliver, 1991). Even though it is true that external pressures are affecting the organizations, the organizations can choose how they respond to these pressures. Oliver (1991) presents a number of strategies that an organization can choose to employ depending on the institutional pressure they face. She acknowledges that some organizations choose to simply conform to the institutional pressure because going against said pressures would hurt the organization. This could take form in different ways, including habits as a form of following established norms, imitations as a form of mimicking institutions, and to comply as a form of following and accepting existing rules and norms. But organizations can also choose to try and compromise with the stakeholders. Tactics to compromise encompass balancing as a way to satisfy several stakeholders, pacifying which can be seen as a way to just meet the minimum external requirements, or bargaining as a way to negotiate with the institutional stakeholders. Furthermore, if organizations would not like to adopt certain aspects of the institutional pressures, organizations can avoid the pressure. This can be done through concealing to disguise the nonconformity, buffering to lose the attachments to the institutional setting, and escaping through amendments in the organization's domain, activities, or goals. Additionally, organizations can also more explicitly resist institutional pressures by either dismissing existing norms, challenging existing rules, or attacking the origin of institutional pressure. Lastly, organizations can also manipulate the institutional pressure by actively trying to change their expectations of themselves. Tactics to manipulate include importing important constituents, influencing the institutional pressure through for example lobbying, and controlling by specifically trying to control the external constituents that put pressure (Oliver, 1991). Evidently, organizations can affect and engage with institutional pressures in different ways. How organizations respond is often linked to how aligned the external pressures are with the core mission of the organization. When there is a significant misalignment, there is a risk of mission-drift (Battilana & Lee, 2014). To deal with the risk of mission-drift, organizations can adopt several approaches, among them, engaging in institutional work and employing decoupling strategies (Yang & Northcott, 2018).

To manage intensified external pressures, organizations can employ different strategies. On the one hand, organizations affected by institutional pressures often develop practices to conform to these pressures. On the other hand, if the pressure is in conflict with the

organization's core mission, it is rational to try to avoid conforming to the pressure to the greatest extent possible. This form of strategy is in line with ‘buffering’ (Oliver, 1991), and is often referred to as ‘decoupling’ (Meyer & Rowan, 1977). By deploying different strategies, different practices can emerge among organizations in the same institutional setting.

Previous research highlights the idea of organizational heterogeneity and practice variation (Lounsbury, 2008). The idea is derived from institutional work and the role of rational actors with agency who entail a significant role in organizations' decision-making. Institutional work conceptualizes how individual and organizational actors act with agency to affect institutionalized practices (Lawrence, Suddaby, & Leca, 2009). Institutional work is a branch within the institutional theory and emerged from two sides within institutional theory who, on the one side, viewed institutionalization as means of isomorphism (DiMaggio & Powell, 1983), and on the other side, saw how actors with agency affected institutionalization (Oliver, 1991). Even though organizations are under external pressure, the rational actor navigates in its field and makes rational decisions (Lounsbury, 2008). More recently, the notion of embedded agency has surfaced (Modell, 2022). The embedded agency highlights the fact that institutional work and the agency already is embedded institutionally. Thus, there is a paradox of the embedded agency. On the one hand, actors can engage and act with agency. But on the other hand, since the agency is already conditioned on pre-existing institutional practices, the agency can never be independent, and the actors cannot act in a vacuum (Modell, 2022). Consequently, organizations will to some extent always be impacted by the institutionalized practices that prevail.

2.3. Theoretical framework

Existing literature provides insight into the emerging phenomenon of social impact reporting and how increasing calls for accountability and standardization affect organizational practices (Cazenave & Morales, 2021; Cordery et al., 2019; Ebrahim & Rangan, 2014; O'Dwyer & Boomsma, 2015; Yang & Northcott, 2018). Research has established that institutional pressures exist; however, there is limited research covering how NGOs engage in this setting (Cazenave & Morales, 2021; Ebrahim, 2003). Thus, in order to be able to answer our research question, we develop a theoretical framework that integrates the institutional work perspective of rational actors with agency and practice variation (Lounsbury, 2008), with

different organizational responses (Oliver, 1991), and the existing literature on social impact reporting (Fry, 1995; O'Leary & Smith, 2020).

As regulators and donors increasingly try to standardize and professionalize the sector, the NGOs get confronted by more upward accountability (Cazenave & Morales, 2021). On the one hand, some theorists might expect these pressures and institutionalization to lead to isomorphism (DiMaggio & Powell, 1983). However, previous studies report a wide variety of practices being used, indicating organizational heterogeneity (Ruff, 2020; Yang et al., 2021). Hence, we are interested in how this practice variation comes about and how the NGOs respond to and engage with the institutional pressure. To answer these questions, we draw on previous research that finds that different organizations can apply various strategies when engaging with institutional pressures (Oliver, 1991). Furthermore, literature also shows how organizations can engage in collaboration and conversation for accountability, which is a way for organizations to negotiate and more closely align the internally 'felt responsibility' to the upward accountability demanded from external stakeholders (Fry, 1995). There are also moments of resistance where NGOs receive upward accountability demands in an authoritative manner with strong pressure, but this can be handled or 'resisted' through interaction and dialogue, which eventually result in more independent reporting practices (O'Leary & Smith, 2020). This enables us to analyze what strategies NGOs use and what practices the strategies lead to with regards to their social impact reporting practices.

Additionally, research has found that there are different types of donors. One distinction has been that donors can be divided into 'institutional funders' and 'non-institutional funders' (Cazenave & Morales, 2021). The article does not have a definition for what entails an 'institutional funder'; however, a distinction is that 'institutional funders' have more power and higher requirements than 'non-institutional funders' (Cazenave & Morales, 2021). But when organizational responses have been analyzed, it has been too simplified. Additionally, previous research has mostly focused on the increasing amount of upward accountability but rarely analyzed how NGOs respond to and engage with the increasing amount of accountability (Cazenave & Morales, 2021). As previous research on organizational responses and engagements (Fry, 1995; O'Leary & Smith, 2020) view the institutional pressures as rather one-dimensional, we would like to take a broader perspective and dig deeper into these studies as we think that there might be other ways to analyze these engagements and activities. Because of this, we come up with a more fine-grained theoretical

framework in terms of how organizations engage with different institutional pressures by drawing on the institutional work perspective of rational actors with agency and practice variation (Lounsbury, 2008) with existing literature on organizational responses and social impact reporting (Fry, 1995; O'Leary & Smith, 2020; Oliver, 1991). This enables us to analyze how different kinds of institutional pressures impact NGOs as well as how NGOs engage in this setting. By elaborating on the different modes of engagements, we intend to contribute with a more nuanced view to the social impact reporting literature.

We acknowledge that the process is more complex in practice and that it is not as linear as our theoretical framework intends to make it. In reality there is not a one way pressure from donors and regulators onto the NGOs. However, even though this framework is simplified, it provides us with a better understanding of how the interaction between external stakeholders and NGOs look like. By applying our developed theoretical framework on our collected empirical data, we aim to answer our research question: *How do NGOs implement social impact reporting processes and how do they engage with institutional pressures in these processes?*

3. Method

This section describes the methodology used to conduct this study. In section 3.1, the research design is presented and motivated. Thereafter, a description of the data collection and data analysis is explained in sections 3.2 and 3.3, respectively. Lastly, a discussion of the quality of data and research is given in section 3.4.

3.1. Research design

3.1.1. Multiple case study

This paper is a multiple case study using a qualitative methodology, meaning that the study focuses on in-depth explanations and understanding the context (Lillis & Mundy, 2005). This methodology fits our research question as qualitative studies are good at answering questions of ‘how’ and ‘why’ organizations conduct specific processes (Lillis & Mundy, 2005). The multiple case study allows us to see how social impact measurement and reporting is implemented in different organizations with different contexts. These different contexts then allow us to understand ‘why’ organizations might implement different processes for measuring and reporting their social impact.

There has been some criticism against multiple case studies not providing the sufficient depth and abundance of the insights, meaning that those studies will only touch the surface of the researched topic (Dyer & Wilkins, 1991). On the other hand, there are also critics against single case studies saying their findings might not be generalizable (Ferreira & Merchant, 1992). For generalizability, surveys are a good methodology (Lillis & Mundy, 2005). Overall, different types of studies have different levels of applicability on what you are researching. In our study, we look to examine how social impact reporting processes are implemented and how institutional pressures shape those practices. Consequently, we need in-depth answers as the level of complexity is relatively high. In order to get an understanding about multiple different contexts, we also needed some breadth in our data. Even though our findings are not statistically generalizable, they might still be analytically generalizable. Hence, we deem the multiple case study as applicable in this study as the methodology allows us to interpret our findings and compare them to each other.

3.1.2. Selection of research setting

The research setting was conducted with six member organizations from a Swedish fundraising association (hereafter “Omega”). We got in contact with Omega through our supervisor. Omega was interested in having us conduct a study regarding social impact reporting on their member organizations. Initially, Omega sent us a list of 12 NGOs that had expressed an interest in participating in the study. Out of the 12 proposed NGOs, we choose six organizations to participate in the study. The selection of the NGOs was not conducted randomly but rather in the following systematic manner. Firstly, the interested NGOs were categorized into two distinct categories based on the design of their social impact reports provided to Omega. In this process, we identified two distinctly different approaches among the NGOs. Some organizations use a lot of pictures and colors to try to make the reports aesthetically pleasing. This signaled to us that the reports were made as communicative tools to external stakeholders. Meanwhile, other reports were plain text documents which signaled to us that they were mainly a tool for reporting on the social impact guidelines to Omega. After this distinction, we wanted NGOs with different missions as they might face different challenges in their social impact reporting processes. This selection was based on the explicitly stated missions on respective NGOs' websites. Lastly, we wanted NGOs with different sizes (based on annual funds received) as we wanted to examine if resources play a critical role in social impact reporting processes. This systematic approach resulted in our six

selected case organizations. As we are interested in the NGOs' processes regarding social impact reporting, the study will look at the NGOs at the organizational level. This selected research setting is appropriate and justified by the following.

Firstly, being members of the same fundraising association, the NGOs are part of the same institutional setting. This could lead one to believe that similar reporting practices should be performed by the NGOs. Still, we see some practice variation in how the NGOs choose to do their social impact reporting. Therefore, it could be interesting to look at these NGOs because they seem to respond differently to the same institutional pressure.

Secondly, as reporting of social impact is an ascendance trend for organizations in general (Ebrahim & Rangan, 2014), studying the phenomenon of social impact reporting is relevant. Since social impact is related to the core activities of NGOs, their setting provides a compelling context for further examination of how social impact reporting processes are performed. Further, this enables us to study how the social impact reporting processes of the NGOs are shaped by the institutional environment as well as examine how different NGOs engage in this setting.

3.2. Data collection

The data has mainly been collected through semi-structured interviews with key people involved in the social impact reporting processes. We conducted 3-4 interviews with each NGO except for one NGO who only contributed with one interview. We also conducted an interview with Omega and two third-party experts to get a more holistic perspective. Omega plays the role of a regulatory body imposing guidelines for social impact reporting on all the members. The third-party experts have helped some of the NGOs to set up their social impact measurement processes and therefore have relevant experience in the field. We conducted 20 interviews in total, consisting of 17 interviews with employees of the NGOs, one interview with the fundraising association, and two interviews with third-parties in the form of one consultant and one researcher (see Appendix A). Table 1 provides an overview of the interviewees. As one interview with an NGO was with two individuals, the interviewees total 21 individuals. The case organizations will hereafter be referred to a letter in the Greek alphabet for convenience. Hence, NGO 1 = Alpha, NGO 2 = Beta, NGO 3 = Gamma, NGO 4 = Delta, NGO 5 = Epsilon, NGO 6 = Zeta.

Table 1. Overview of interviewees

Omega	Alpha	Beta	Gamma	Delta	Epsilon	Zeta
1 Employee	2 Employees	2 Employees 1 Researcher	4 Employees	3 Employees	3 Employees 1 Consultant	4 Employees

We collected the data between February and April 2022. The interviews lasted between 40-70 minutes, except for one interview that only lasted for 12 minutes. The average interview length was 55 minutes. Most of the interviews were conducted digitally over video calls but some of them were conducted physically, this was chosen by the preference of the interviewee. The interviews were carried out in Swedish or English, depending on the preference of the interviewee. This was to allow the interviewees to explain concepts to the best of their abilities. Some answers have therefore been translated from Swedish to English for this paper. Quotes of interviewees were sent to the participants for review to ensure that the quote(s) and context reflected their views correctly or if they would like to clarify something before the publishing of this paper. All interviews were recorded to be able to transcribe them and analyze the data more thoroughly afterwards.

Semi-structured interviews have become an important tool when conducting qualitative studies (Qu & Dumay, 2011). We chose to use semi-structured interviews because it allowed us to prepare an interview guide before the interview but also to explore interesting lines of questions that might emerge throughout the interviews that we could not have known about beforehand. We set up our interview guide based on the three important areas we had identified as internal processes, engagement with donors, and views on regulations. After setting up our first draft of the interview guide, we asked for feedback from our supervisor and an external professor with connections to our supervisor as they have more experience in conducting interviews. We, therefore, thought their feedback would be valuable to our study and allow us to receive better data from our interviews. Subsequently, a general interview guide was developed. However, the interview guide was continuously updated throughout the data collection process as we reflected on the empirics and the theory. As more data was collected, the adjustments became fewer. Before interviewing a new case organization, we researched the website and read through respective case organizations' social impact reports. Adjustments to the interview guide were made where applicable. Additionally, the interview

guide was also adjusted depending on the role of the person we interviewed. For example, if the interviewee was responsible for the NGO's communication, we changed the interview guide to focus more on how the organization communicates its social impact and the relationships with its external stakeholders. In contrast, if the person was directly responsible for the measuring of social impact, the interview guide was adjusted to focus more on what tools and approaches the NGO uses and how they relate to different guidelines. Alpha would only do one interview with us. We therefore used this interview as a pilot interview where we could test our interview guide and see what questions that worked and what questions that had to be improved. Before each interview we sent the interviewee some preparation material with the broad areas we would like to discuss with them during the interview. We did not want to send out the interview guide as it would allow the interviewee to prepare written answers to the questions. However, we wanted the person to be able to make some preparations in order to avoid the interviewee not being able to answer the questions.

As we were not only interviewing NGOs but also interviewing Omega as well as third-party experts, we had to make different interview guides for these different types of interviewees. While the interview guide for the NGOs focused on internal processes, engagement with donors, and views on regulations, the interview guide for Omega focused on what they want to achieve with their guidelines, how the guidelines have developed over time, and what feedback they have gotten from NGOs regarding their guidelines. The interviews with the third-party experts were more focused on how they work together with the NGOs they consult for and if they have tailor-made tools for each NGO or if they have one tool that they think fits all of them.

Except for interviews, we also collected secondary data from internal documents within the organizations. For the NGOs, these were the social impact reports, annual reports, tools, and powerpoint presentations. For the regulatory organization, the documents were the social impact reporting guidelines the members had to follow.

3.3. Data analysis

When analyzing the data, we used an abductive approach. This means that we moved back and forth between theory and empirics when developing our theoretical framework and our research question (Dubois & Gadde, 2002; Dubois & Gadde, 2014). This research was

initially aimed at understanding how NGOs implement social impact reporting in their organizations and what challenges they face while doing so. At the start, we developed a broad understanding of the most prevalent theories and perspectives in the social impact field. This enabled us to have various routes to go as the initial data would be collected. The abductive research process was facilitated by spreading the interviews and data collection over two months. Hence, our initial starting point was extensive. Subsequently, as our initial empirics evidenced traits of institutional pressure, we adjusted the theories and the research question in that direction. This process continued throughout the data gathering process. These continuous iterations enabled us to specify our research question further.

The collected data was analyzed with the lens of our developed theoretical framework. The data analysis started immediately after each interview as we discussed the interviews with each other, either physically or digitally depending on how the interview was conducted. These discussions brought up what we thought were the most interesting parts of the interview and how it related to previous literature and interviews that we had conducted. We also considered if there was something surprising that we should dig deeper into in the following interviews with the NGO. In addition to this, we also had weekly meetings with our supervisor where we discussed our findings which allowed us to get an external perspective from a person with great knowledge of the social impact domain.

In order to do a more thorough analysis of the data, we transcribed all the interviews ourselves. The act of transcribing the interviews allowed us to become more familiar with the data. Once the interviews had been transcribed, we coded the transcriptions. The coding was executed in google documents where we assigned distinctive colors to each topic. The coding process started by first reading through the transcribed interviews. Secondly, we discussed and identified common categories in the interviews. Four topics emerged and were the basis for the coding. The first topic is descriptions of the internal processes for measurement and reporting of social impact. The second topic is what problems the NGOs experience when implementing social impact reporting processes. The third topic is how the organizations perceive the external pressures from donors as well as what strategies they engage in in relation to the pressure from donors. The fourth topic is how the organizations perceive the pressure from regulators and what strategies they engage in in relation to the pressure from regulators. These categories emerged from our research question in combination with being distinct topics from each other. We deemed the institutional pressure from donors to be

different from the institutional pressure from regulators as they are different types of stakeholders and exert different kinds of institutional pressure.

3.4. Quality of data and research

The established way of evaluating data quality in academia is through reliability and validity. However, the original intention of these evaluation criteria was for quantitative studies (Dubois & Gadde, 2014). Consequently, literature on evaluation criteria for qualitative research has emerged (Lukka & Modell, 2010). The authors suggest that assessments of interpretive studies should be examined through the authenticity and plausibility of the study.

The authenticity of an interpretive study relates to how trustworthy the researchers have constructed and conducted the study (Lukka & Modell, 2010). The authors emphasize the importance of abundance, in-depth views, and multiple perspectives to gain authenticity. This approach reduces the risk and suspicion of only providing partial views, which helps the researchers avoid biases. This study has followed these pieces of advice by thoroughly gathering extensive data from different individuals with different roles in various organizations. Furthermore, the usage of different data sources and the triangulation of these indicate further authenticity.

The plausibility relates to how well the explanations provided in the study 'make sense' (Lukka & Modell, 2010). The authors argue that plausibility is linked to abductive reasoning in order to establish thorough and credible explanations. This study has followed the abductive reasoning approach, which is outlined in the section on data analysis (section 3.3).

4. Empirical findings

This section presents the empirical findings in this study. Firstly, the background and context regarding the case organizations are provided in section 4.1, explaining the performance measurement systems (PMS) used. Thereafter, examples of institutional pressures from donors and how NGOs respond to those are presented in section 4.2. This is followed by section 4.3, presenting examples from regulators and how their institutional pressures affect NGOs and their social impact reporting practices.

4.1. Background, context, and PMS of the NGOs

Omega: Omega is a fundraising association for Swedish NGOs with over 170 members. The missions of the NGOs vary widely, from improving the lives of children in developing countries, to protecting the environment, to improving the lives of patients with heart and lung diseases in Sweden. The purpose of Omega is to improve the quality of the members' organizations by making them more professional. They do this through what they call the quality code. The quality code includes four areas. Ethical principles and guidance, financial reporting, internal controls and governance, and social impact reporting.

Omega defines social impact as follows "Social impact is a part of the result from an activity that would not have happened otherwise and can be both positive and negative impacts". It is a very broad definition in order to cover all the membership organizations' work. The social impact reporting of Omega consists of two main tools. The first tool is social impact reporting guidelines. Each member organization has to follow Omega's guidelines regarding social impact reporting. The report is rather general in order to fit the wide range of NGOs that are members of Omega. The guidelines have three different levels of reporting to fit smaller as well as larger organizations. On the 1st level, the reporting is basic but it becomes more advanced on the 2nd level, and the 3rd level is the most advanced level of reporting. There are no demands for members to report at a certain level, it is up to the NGOs themselves to decide what level they feel is right for them. However, the members are expected to improve their reporting from year to year. The organizations can choose themselves if they want to make a stand-alone social impact report or if they want to incorporate the social impact reporting guidelines of Omega into their annual report. The social impact report has to be published and accessible on the member organizations' websites. The goal of the social impact reporting guidelines is to change the way organizations administer their funds.

> "We want to turn the view from just talking about lower administration costs to terms like 'is my gift useful' and 'does it contribute to a good effect' because lower administration costs and good effects can sometimes be contradictory."
> - Head of Governance and Compliance, Omega

Indicating that there is a shift going from a focus on financial efficiency to a focus on effect and social impact. Furthermore, the head of governance and compliance continues and

emphasizes the importance of social impact reporting being a process well anchored in the organization.

> "The important thing is that the process exists in the organizations, that you think impact and effect. Then, how you choose to report and disseminate that information further is up to the organization [...] Our goal is not that everyone should be good at everything as of today, but to at least start the process, and develop over time."
> - Head of Governance and Compliance, Omega

This is also emphasized through the second tool that is used for social impact reporting which is a self-diagnosis. The self-diagnosis is a tool to help the organizations improve their social impact reporting and reflect on what areas they could improve in. Because of the broad variety of the membership organizations in terms of capacity, resources, and purpose, the self-diagnosis tool gives valuable insights into how the development of social impact report processes is going for the organization. This provides an overview of what has gone well, what challenges the organization faces, and what improvement areas can be worked with.

Alpha: The vision of Alpha is to create a world where children are heard, cared for, and respected. Alpha has an income (defined as funds received) of about 85 million SEK annually. The organization gets the vast majority of its funds from monthly donations made by private citizens but also receives some of its funding from the Swedish International Development Cooperation Agency (SIDA), the EU, and donations from companies.

Alpha defines social impact as their actions that help to create a world where children are heard, cared for, and respected. In order to measure their social impact, Alpha uses both qualitative and quantitative tools. The primary framework and guiding document that Alpha follows when choosing its indicators are the sustainable development goals (SDGs). Alpha therefore starts out by connecting its project to one or multiple of the SDGs and then looks at what indicators the EU uses to measure the progress towards these SDGs. Alpha then aligns its indicators with the indicators of the EU.

> "The frameworks or guiding documents that we follow are the SDGs. If we are doing a project with the EU, they have guiding documents that align with their strategies and their results. And all of these, even if you look at the SDGs, have indicators that they are measuring to see their impact towards reaching these SDGs. So we align with that, so if we are working at a gender equality project, we would look at SDG 5, look at what it is

that we are contributing to this, find indicators that align with what they are measuring"
- MEL, Alpha

In order to know if their actions had an effect, they hire an external party to do a baseline measurement of the indicator they have chosen. Alpha then carries out the project and once the project is finished the external party performs an end measurement. The difference between the baseline measurement and the end measurement is seen as the effect of Alpha's project.

Since a lot of the work Alpha does is preventative, it can be hard to measure the benefits of their projects since the effect usually is a negated future cost and you cannot measure a cost that never existed. It is also hard to know how many side effects their projects have and what the value of these side effects are. It is easy to measure how many children they have vaccinated but it is harder to measure the value of a lower burden on hospitals or the value of a child being able to go to school. It can also be difficult to know if it was truly Alpha's actions that led to a change or if there were external factors that made a change, especially if there are multiple actors working on the same problem as they are. To try and get around these problems Alpha uses qualitative measures to complement the quantitative measures. The qualitative measures Alpha uses are focus groups and in-depth interviews to get stories of significant change. This allows the people Alpha are working with to explain the value of Alpha in their own words instead of just numbers.

Beta: The vision of Beta is a world without bullying. Beta has an income of about 30 million SEK annually. The majority of Beta's funding comes from companies and other organizations but it also has some funding from private citizens.

The secretary general of Beta defines social impact as "How much have we managed to decrease bullying in a specific context". Beta measures effect on three levels. The first level is its 'direct effect'. This is the effect Beta has through their own projects. The second level is the 'scalable direct effect' which is the effect of other organizations being inspired by Beta and using Beta's methods in their own projects. The third level is 'systemic change' where laws and policies are implemented that affect children nationally. This is seen as the most important level as this is where real change can happen and the way Beta can achieve its vision. However, it is also the hardest level to measure impact at. At the moment Beta uses

activity-based measures to show their impact such as how many meetings they have had with politicians and how many signatures they have gathered to support a policy change. But these measures only measure activity, they do not measure social impact. Even if Beta can show that a law was passed, they cannot tell if it was due to Beta's work, if it was due to other organizations' work, or if the law would have been passed no matter what. Beta therefore find it difficult to claim societal change as their own social impact.

On the direct level Beta works with both qualitative and quantitative measures. However, the measures vary from project to project depending on what the scope of the project is and what the donor expects from the project. Beta does a baseline measurement before the project and an end measurement after the project to measure their effect. The change in the indicators could be seen as the direct impact of Beta. However, the results are not always so clear.

> "It's complex to measure impact. For example, we can do the same research-based activities in two similar schools. In one school, the bullying might have decreased by 20%, while in another school, it might even have increased. Why is that? Because there are external factors that matter such as if they changed their principal 3 times in a year, youth workers who were important role models were fired because of financial reasons."
> - Secretary General, Beta

Beta therefore uses qualitative measures to complement and give context around their quantitative measures. Just because the bullying went up in an area it does not mean that they did not have any effect. The bullying might have increased even more if Beta did not do any work at the school.

Gamma: The vision of Gamma is to create a world where people by their own actions can rise from poverty and social exclusion. Gamma has an income of about 140 million SEK annually. The projects of Gamma are mostly funded by SIDA, but they also receive a lot of donations from private citizens.

The secretary general of Gamma defines social impact as "Societal change". If Gamma can show that they have contributed to societal change that means that they have had a social impact. Gamma has a very developed PMS system that they have created in-house. They call their PMS system a progress tracker. Gamma does not believe that everything can be measured, and that no indicator or framework can perfectly measure the real social impact of

their work. Therefore, the progress tracker is based around if the issues they are trying to solve are moving in the right direction. Gamma is working in four objective areas at three different levels, the individual level, the organizational level, and the institutional level. There are therefore 12 indicators, one for each level in each objective area. The indicator is measured on a scale from 1 to 7 where for example a 1 is a society where the information about human rights is available to the people, a 4 is a society where the people understand their human rights, and a 7 is a society where the people actively demand to have their human rights. However, the numbers and indicators are not very important to Gamma.

> "We call it progress indicators because otherwise, SIDA might freak out if you were to say you don't have indicators, so we have our progress indicators [...] If it should be a 3 or a 4 doesn't matter, that is not the point, and 4 isn't twice as good as 2, it's just better than 2 but less than 5. You could have used colors or vegetables on this scale, but now it's the case that humans are more used to numbers." - Head of Operations, Gamma

The important part of the progress tracker is the discussions Gamma has with their partners about the direction the human rights are moving. It is more important to see if an indicator has moved up from a 3 to 4 or if it has moved down from a 3 to a 2 than what the final score of the indicator actually is.

> "We don't measure impact, we measure progress [...] We don't measure 'Aha, have we reached the target yet?', that isn't our question. Instead, we ask 'Are we moving in the right direction?'" - Head of Operations, Gamma

This makes measuring the social impact easier because Gamma does not have to quantify it. Gamma does not believe that their social impact is quantifiable, so they focus on the total progress of the society they are working in rather than the exact impact Gamma itself has.

Delta: The vision of Delta is for people with heart and lung diseases to have a good life. Delta has an income of about 30 million SEK annually and has varied sources of funding. About a third of their funding comes from the Swedish National Board of Health and Welfare. For 2020 inheritances made up about a third of their income but this income varies a lot from year to year. The last third is divided between membership fees and gifts from companies and private citizens.

Social impact measurement is rather new to Delta, and they do not have a formal definition of social impact. Previously, the social impact report was more of a description of the activities performed rather than showing an effect and social impact. Because of initiatives initiated internally, a big improvement was done during the last year where more focus was put on an appealing layout and more focus on social impact. The intentions with the improved social impact reporting practices were not only to improve the communication to existing and potential donors but also to ensure that the activities performed provide social impact. Delta uses both quantitative and qualitative indicators for its social impact measurement. Quantitatively, Delta uses metrics such as number of members, member satisfaction index, and organization satisfaction index. Qualitatively, Delta assesses their impact on the lobbying initiatives they have undertaken. The Secretary General explains the challenges with measuring these kinds of initiatives.

> "For example, there is now a government bill [...] in which we have been involved in the consultation processes [...] The bill is now up for decision in the parliament. We have written debate articles and so on [...] This is an example where we have invested a lot of resources and commitment, where we have been involved with our members based on their experiences in a very comprehensive political issue and a change in healthcare. I think it is difficult to say that 'it was us', but it was definitely the case that we were involved in influencing this issue. Without a doubt." - Secretary General, Delta

As Delta is mostly working with lobbying, it is difficult to show the effect of its operations. Firstly, because it is an abstract thing that many stakeholders can engage in and try to influence, secondly it is also challenging because lobbying often reaches over several years which means it can take a long time before any impact is shown and a policy is passed.

Epsilon: The vision of Epsilon is that everyone should grow up with the possibility to graduate from school and shape their own future. Epsilon has an income of about 15 million SEK annually. Epsilon is mostly funded by company partners but is looking into increasing the share of funding from the public sector. They get little to no funding from private citizens.

The secretary general of Epsilon defines social impact as "The number of students that gain the right to attend the Swedish gymnasium and development in certain other areas". Epsilon has three main indicators for measuring its social impact. The first indicator is the improvement in the students' grades. This is a very quantifiable measure as grades can be

turned into grade points. Epsilon can therefore measure the change in the students' grades points. The second measurement is how many of the students they are assisting that graduate with the right to attend the Swedish gymnasium. This measurement is also very quantifiable as they can just measure what percentage of their students that graduate with the right to attend the Swedish gymnasium at the end of 9th grade. To make sure that the improvement in the students' grades is from Epsilon's work they compare the students they have assisted with a control group of similar students who were not assisted.

Epsilon also uses surveys in order to measure the change in the students' self-esteem and other traits after they have attended the homework assistance. However, they see some problems with measures like these.

> "It's harder to show an effect; a student puts a 5, for example, regarding how active they are during the lectures when they start [attending the homework assistance] and then a 6 when they stop [attending the homework assistance]. I think it's pretty hard to take anything away from that [...] It could be that they like Epsilon very much and therefore think that their self-esteem has increased. It can be hard to understand what you are really measuring" - Head of Operations, Epsilon

In order to make their surveys better Epsilon are working together with a consultancy firm that focuses on NGOs. The focus is on making sure the surveys are actually measuring the areas that Epsilon wants to measure and to make the surveys statistically significant.

Zeta: The vision of Zeta is a sustainable future with a healthy and living planet. Zeta has an annual income of about 260 million and has varied sources of funding. Their largest sources of funding are from SIDA, gifts from private citizens, and membership fees. They have rather small contributions from companies.

The head of quality at Zeta defines social impact as "The outcomes Zeta has contributed to through their work". However, the head of quality also says that the definition of social impact might differ from person to person within Zeta and that this is a potential problem that they are working to solve at the moment. Zeta divides its social impact objective into five different objective areas. Each objective area has a number of impact goals. These impact goals then have indicators with targets. The expectation is that if the targets are achieved Zeta has had its desired social impact and has reached its goals. The impact goals are then

evaluated using a traffic light system. If the goal was achieved the goal gets a green light. If the goal moved in the right direction but the goal was not achieved, it gets a yellow light. If the goal did not move in the right direction, it gets an orange light and if it moved in the wrong direction it gets a red light. This allows Zeta to have a good overview of all their goals and in which areas they need to improve. Most of the indicators are quantitative but Zeta is looking to start using more qualitative measures as well.

> "With social impact, it is easy when you are measuring something and say that 'this indicates an impact', but it could be the case that you are mistaken, that it indicates something, but the impact never realizes, so to say. So I try to keep a healthy skepticism of the system's limitations. We will probably complement the pure impact measurement with some form of qualitative judgment, so we don't lose those perspectives"
> - Chancellor, Zeta

As Zeta are working for a better environment a lot of their work is focused on impacting policies both on a national and EU level. It is therefore hard for Zeta to measure the size of their impact in pushing new policies as it is not quantifiable. Therefore, qualitative descriptions of their work could be better at showing their social impact than quantitative measures.

4.2. Pressure from donors and strategies from NGOs

The program director at Alpha said, "I have been working in international development for 20 years, but over the last 5 years, I have seen a huge increase in sort of the accountability expectations". This sentiment is shared by all of the NGOs in the study. However, the pressure to report on the NGOs' social impact differs depending on the donor.

> "You could view it as if we put our financiers on a scale [...] So you see on one side how there are financiers that are very rigid in their systems, that is they are very detailed, and then on the other side we have those who are more flexible" - NGO member[1]

> "There are very many different reports that need to be done and these reports are all very different" - Head of Governance and Compliance, Omega

Depending on the type of pressure the NGO is facing they can employ different strategies in order to deal with the pressure.

[1] This person wanted to be fully anonymous.

The EU - Strict compliance or escape

If the organization receives funding from the EU, they usually receive designated money for specific projects. The guidelines for how the organizations have to report on their social impact are very strict and rigid. The organizations can in this case only use two types of strategies. If the organization wants or needs the funding from the EU, they have to use the strategy of complying with the EU's guidelines. There is no room for strategies such as negotiation. This means the NGOs are forced to adjust their PMS systems to follow the guidelines of the EU.

> "EU reporting is a nightmare in itself" - Head of Governance and Compliance, Omega

> "Every once in a while, we have some funding from the EU, and they are really strict [...] We have to use different measurement tools [than we normally would]." - NGO member[2]

We could also see this in the way Alpha chose to set up its PMS. Even though the vast majority of their funding comes from monthly donations from private citizens, they still align their indicators with the EU guidelines. This implies that they are using a complying strategy.

The second strategy an organization could employ is the escape strategy. The organization would in this case make a conscious decision to not be funded by the EU as this allows them to avoid following the EU's reporting guidelines. The NGO would have to find other donors, but the alternative donors might allow the NGO to set up a PMS that it prefers or that is better suited to their operations than the EU guidelines.

The Swedish Government / SIDA - Limited negotiation and flexibility

The Swedish government has different organizations that fund NGOs, but the most common organization is SIDA. Government funding usually consists of designated money. There have been two different views regarding how strict SIDA is as a funder. On one hand, there are NGOs that view SIDA as very open and progressive.

> "But we have taken on some fights with SIDA, and my coworkers are like 'How are they going to react to that?' but I say 'Let me handle it, no worries, just let me handle it, and I will…' and SIDA is much more progressive than you might think"
> - Head of Operations, Gamma

[2] This person wanted to be fully anonymous.

Furthermore, this view is supported by another NGO who also perceives SIDA as being open. One must be able to show the degree to which one achieves the results, but the format does not matter for SIDA.

> "SIDA is very open [to ideas]. So from SIDA, we only have to show that we are result-driven, so they are very open; you don't need a special matrix for SIDA, you only have to show that you are working with RBM, Results-Based Management"
> - Method Advisor, Zeta

The empirics of Gamma indicate that they seek to influence and negotiate the content of SIDA's mid-term review. As Gamma had reported on their use of funds every 6 months, they saw the mid-term review as rather unnecessary, it would only be a summary of their previous reports. Gamma then negotiated with SIDA and were allowed to write their report on what they would need to evaluate in the future instead of what they have evaluated in the past. NGOs can therefore employ a bargain strategy and negotiate with SIDA as long as they stay within SIDA's guidelines. Gamma has to write a mid-term review, but the contents are negotiable, the NGOs need to have indicators, but what the indicators are is negotiable. The NGOs can therefore engage in a form of limited negotiation strategy when they receive funding from the Swedish Government.

However, SIDA has also been perceived as cumbersome as their guidelines are viewed as too much and very rigid.

> "The organization SIDA has long catalogs for how they evaluate their projects and what reporting they demand. I am not very involved in that, but I know that it is very difficult"
> - CFO, Delta

It is worth mentioning that Delta does not receive funding from SIDA but that this view is based on previous experiences in the field. A reason for the different perceptions of SIDA could simply be that SIDA is perceived as being strict from the outside but the ones working with SIDA directly have a different view, as indicated by the head of operations at Gamma claiming that "SIDA is much more progressive than you might think". But the different views on SIDA could also stem from differences in experience as both Gamma and Zeta have very established systems while Delta is still rather new to social impact reporting. It could also be a matter of size as Gamma and Zeta have about 5x and 9x the resources respectively of Delta.

Companies - Conversations of accountability

Companies are rather similar to the government when it comes to funding but with some important differences. Companies are more open to negotiation. When being funded by the Swedish government there is room for negotiation inside the SIDA guidelines. When NGOs are funded by companies there usually are no guidelines and instead everything is negotiable.

> "Of course, some [company] funders have [their own] report matrices [...] all of a sudden a certain funder wants you to report in a way that doesn't fit the organization at all, but we have always been able to solve it through dialog with them. [...] Most often we just do the reporting we normally do" - Secretary General, Epsilon

Epsilon is therefore able to successfully employ a bargaining strategy with companies and report on their own measures rather than the ones the company initially wanted them to use. However, the success of negotiation might depend on how well defined the mission of the organization is internally and how much confidence the organization has.

> "Our social impact reporting has a lot of trust and I guess that this makes us confident to say to our donors that 'Thank you for your donation, but this report that you want us to write is not possible, so instead we will do it this way'. And just to have that security… I understand others, because I am on the board of some other organizations that do not have the same opportunities to measure social impact, and then they don't dare to have that confidence towards donors." - Secretary General, Epsilon

> "I mean that we can feel safe in our company partnerships if we ourselves are very clear on what we want and if they [the company] join our initiative. The more clearly we know what we want, how we want to affect healthcare, and what we think is important, the easier it becomes to work with companies. So I don't think they steer our agenda, but it could easily be the case if you yourself [the NGO] don't know what you want to achieve." - Secretary General, Delta

This shows that some organizations might be able to employ negotiation strategies more effectively than other organizations because they have a clearer mission and more confidence within the organization. Meanwhile, organizations that are lacking this clarity and confidence might just choose a compliance strategy instead.

There can also exist tensions between the interests of the company and the interests of the NGO. The companies are mostly interested in the specific projects that they are funding, while the NGOs might be more interested in the bigger picture.

> "People don't want complex answers, they want simple numbers that are easy to communicate" - Secretary General, Beta

In the case of Beta, the company partners are usually only interested in if the bullying went up or if it went down, they are not interested in understanding the context of why the bullying went up or why it went down. Beta reports back to funders on Beta's direct impact, but to Beta themselves it is the systemic impact that is the most important. A buffering strategy is therefore used to allow Beta to decouple the social impact reporting to funders from the view of social impact internally at Beta.

Members - Legally bound compliance

Some NGOs are membership organizations and have a substantial part of their funding coming from membership fees. The membership organizations have annual general meetings where the members vote on new policies regarding the organizations' future strategy and purpose. Therefore, the members as a collective have a lot of power as they decide what the organization should do and in turn what the organization should report on. The organizations are legally bound to implement the policies that are voted through during the annual general meeting, but it is up to the board to choose how these policies are implemented. The NGOs are therefore forced to use a compliance or pacify strategy towards the members as a collective.

> "It is the members that steer the organization so it comes from them, what we are supposed to work with" - Chancellor, Zeta

> "They affect a lot in the democratic process through how we describe our governance in our statutes [...] The board are not the ones making all the decisions, it's the members that decide on the overall direction" - Secretary General, Delta

However, an individual member does not really have any pressure to exert on the NGO as they can not push any policies through the annual general meeting alone. An individual member also does not have a lot of financial pressure as the loss of one membership fee will not meaningfully impact the finances of the NGO. This means that unlike when there is a

collective of members, NGOs therefore have the option to employ an escape strategy toward individual members' demands.

Private persons - Social legitimacy

Private persons as a collective are able to assert a lot of institutional pressure on NGOs. If an NGO is seen as illegitimate in the eyes of the public, they risk losing a lot of its funding through the monthly donations. These donations make up a big part of funds in Alpha, Gamma, and Zeta. Epsilon is the only NGO in the study that has next to no funding from private citizens. It is therefore very important to be perceived as legitimate in the eyes of the public by following societal norms and expectations of NGOs. The NGOs therefore have a hard time employing a dismiss or escape strategy from societal norms and risk losing other sources of funding if they do. This means that the NGOs have to either comply with the social norms of social impact reporting or keep up the appearance that they are complying through a buffering strategy or a pacify strategy.

The individual private citizen has next to no pressure to assert on NGOs with some exceptions for very wealthy individuals. Most private citizens cannot change societal norms or assert financial pressure on the NGOs in order to affect their behavior.

> "We do not accept donations if we don't feel like we can achieve something in line with our statues. We have clear purposes with our organization and if the requirements are outside of these areas, we cannot accept the money. Our largest source of income is gifts that can either be very open for us to use or strictly designated to a specific purpose. For example, we get a lot of inheritances that can have specific covenants, and if we don't feel like we can deliver on those, we have to say no to the inheritance" - CFO, Zeta

In these cases, it is easier for the NGOs to engage in an escape strategy as they are usually not dependent on the individual's donations.

4.3. Pressure from regulators and strategies from NGOs

The pressure from regulators depends on two factors. The first factor is if the regulations are laws, and therefore legally binding, or if the regulations are just guidelines that the NGO can choose to follow. In the case that the regulations are legally binding the NGOs do not have any other choice than to use a compliance strategy. In Sweden, there are currently no laws

specifically regarding social impact reporting. The closest law would be the Annual Accounts Act which dictates the contents of the annual reports of the NGOs.

The second factor is how legitimate the guidelines are perceived to be by the stakeholders. In Sweden, the guidelines that are perceived as the most legitimate are the 25/75-guidelines. These guidelines dictate that an NGO should spend a minimum of 75% of its income on projects and a maximum of 25% of its income on admin. If an NGO follows these guidelines they get a 90-account. This is a bank account with a bank number that starts with 90. If you do not have a 90-account, you are seen as an illegitimate NGO. This means NGOs have to use a compliance strategy as they otherwise risk being seen as illegitimate and losing their funding. However, these guidelines are seen as problematic by many of the interviewees.

> "It annoys me quite a lot. I think it's an outdated way [to look at social impact]. We still do it, and we communicate it; we tell our donors that 'This amount of the donations went to admin'. But fundamentally, we don't think it matters because it has nothing to do with our mission and purpose or what impact we actually have." - CFO, Beta

A 25/75 split between admin and project expenses might not be the optimal split to maximize the social impact of the NGO. By spending more money on admin, the NGO might be able to spend the remaining part of their money more efficiently as they might be able to hire more experts in the area or set up better processes for carrying out their projects.

Another set of guidelines is the social impact reporting guidelines from Omega. The general public is less aware of these guidelines and does not grant the Omega guidelines the same level of legitimacy as the 90-account. Some organizations see the reporting as an external requirement from Omega that only creates extra work that has little value to the NGO. They therefore choose to spend little time on their Omega reports and decouple the reporting from their operations.

> "I think the [Omega] guidelines are too detailed [...] I think that there are too many requirements to fill in, and then it feels like you control too much [...] It is like they are trying to help too much, and there may be a value for organizations that haven't come so far, but for us that has come so far, it doesn't give us that much." - NGO member[3]

[3] This person wanted to be fully anonymous.

However, some NGOs think that the guidelines from Omega help the NGO in setting up the processes and that the guidelines relate more to the operations and to enable the NGO to report in an adequate way. When asked if the guidelines allow the NGO to report social impact in a good way, the CFO of Beta explains:

> "Yes, I think so. It is really a help for us to start thinking, and setting it up in a structured way. There I would say it has helped us the most. - CFO, Beta

Furthermore, another organization chose to use the Omega report as a communication tool for their stakeholders and put considerably more time and effort into their Omega report.

> "Yes, I was very happy when it was completed, the board and colleagues liked it and found it very useful in their work. An important tool for us to show the capacity and outcome of our organization. It was important that it wouldn't just be put in some drawer. It was a 4-month process to get it done, to prepare and finish it. A very big effort for a smaller organization, it would mean a lot to have to do it every second year instead of each year." - Head of Development, Delta

There are therefore different views on how valuable it is to report on the Omega guidelines, what the purpose of the reporting is, and how the reporting should be done. Omega claims that things are changing. They mean that older people still place a lot of legitimacy in the 90-accounts but that the younger generation is starting to question the meaning of them. The focus is turning away from efficiency, meaning how much of the money is spent on projects, to impact, meaning what change the NGO is actually making. This means that more legitimacy might be given to the Omega guidelines and less legitimacy might be given to the 90-account in the future.

5. Discussion

This section discusses the empirical findings in relation to previous literature. Section 5.1 focuses on the three pillars of institutions and how they can help NGOs implement their social impact reporting processes. This is followed by how NGOs engage with the institutional pressures of donors in section 5.2. Lastly, in section 5.3, a reflective view on standards and guidelines is presented.

5.1. The cognitive-cultural pillar guides the NGO

Previous research has shown that there are multiple challenges for NGOs in implementing their social impact reporting practices (Bosa, 2021; Lagström & Ek Österberg, 2020; Yang et al., 2021; Yigitbasioglu et al., 2021). Organizations have been shown to struggle with defining social impact (Bosa, 2021; Lagström & Ek Österberg, 2020; Yang et al., 2021) as well as measuring social impact (Bosa, 2021; Burns & Jollands, 2020; Cuckston, 2021). Just like Yang et al. (2021), our study finds it to be true that 'social impact' is an ambiguous and big term with a wide range of meanings. Each NGO that participated in the study had a different definition of what social impact meant to them. Since the social impact reporting space is rather new, there are little to no regulations concerning social impact (Adams et al., 2020). There are multiple organizations that give out guidelines for social impact reporting. However, it can be hard for NGOs to know which guidelines suit their operations. This means that the NGOs might get limited guidance from the regulatory pillar for how to conduct their social impact reporting. There are also very few norms regarding how to report social impact. This creates some problems for NGOs because the calls for accountability are rapidly increasing which means there is an increasing norm that expects NGOs to report on their social impact, but there are few developed norms for how to do it in practice. The lack of norms regarding social impact reporting can be seen in the practice variation that has been found both in the previous literature (Ruff, 2020), but also in this study where none of the NGOs use the same measures or frameworks to measure their social impact. This implies that the NGOs might not get a lot of guidance from either of the regulative or the normative pillars.

However, this study finds that NGOs can potentially reduce their struggles by letting the cognitive-cultural pillar guide them in their implementation of their social impact reporting practices. They can do this by building a strong organizational identity and creating a clear mission for the NGO. By having a clear mission, the NGO can take the ambiguous and big concept of 'social impact' and narrow it down to their specific context. For example, the mission of Beta is to reduce bullying. They can therefore narrow down the definition of their social impact to "How much have we managed to decrease bullying in a specific context". This way the NGOs do not have to tangle with the broader and more ambiguous term of 'social impact'. However, this could not be seen in the case of Omega. This might be because Omega needs to have a wide definition in order to capture all the different types of social

impact that their members have. Their definition of "Social impact is a part of the result from an activity that would not have happened otherwise and can be both positive and negative impacts" becomes a 'catch-all' definition with little to no meaning which is a risk identified by Ryan et al. (2014) and Yang et al. (2021). The cognitive-cultural pillar can also guide the NGOs in their development of how to measure their social impact.

Previous studies have found that a variation of different measurements is used to measure social impact (Ruff, 2020; Yang et al., 2021). The practices range from quantitative approaches such as the social investment framework and SROI (Lagström & Ek Österberg, 2020; Weichselberger & Lagström, 2021) to more qualitative approaches such as description of activities and the progress of issues (Cuckston, 2021). This study finds that both quantitative measures and qualitative approaches can be used to account for social impact. However, different types of measures will fit different types of organizations. The NGOs can therefore look to the cognitive-cultural pillar, their identity and their mission, to guide them in what measures are suitable to their organization. Epsilon's mission is to help students pass primary school and gain the right to attend the Swedish gymnasium. This mission is rather quantifiable as the students' grades can be turned into grade points and the number of students who pass primary school can easily be counted. Therefore, Epsilon has developed very quantitative measures in order to measure their social impact. On the contrary Zeta's mission is to improve the environment. They therefore do a lot of lobbying in order to get policies passed both in the Swedish parliament and on the EU level. The impact of the lobbying is difficult to measure because Zeta cannot know how much their lobbying influenced the decisions of the politicians. They can also not know how much other organizations' lobbying affected the politician in comparison to their own lobbying. In these cases, it could therefore be more useful to use qualitative descriptions of the work that has been done and how the issue has developed rather than a quantitative measure of the number of policies that were passed or the number of meetings they had with politicians. A quantitative measure might say that there were 0 new policies passed through the parliament or that they had 50 meetings. But these measures do not say much about the social impact of Zeta. They could have 50 meetings with politicians and still have the issue moving in the wrong direction or have 0 policies passed with the discourse moving in the right direction. With a qualitative approach Zeta could better describe the context surrounding issues and describe in which direction the issue is moving. However, NGOs are not always free to

develop the exact social impact reporting practices that they would like. They are a part of an institutional environment and have to engage with the institutional pressure of external actors.

5.2. Engagement with donors

NGOs have an upward accountability towards their donors as the donors provide the funding of the NGOs' projects (Ebrahim, 2003; Yang & Northcott, 2018). The NGOs therefore have to take into account the expectations of donors when creating their social impact reporting processes, otherwise they risk losing their funding. There is therefore an institutional pressure from donors onto the NGOs. Cazenave & Morales (2021) have found that there are two different types of donors, institutional funders and non-institutional funders, and that the institutional pressures from these two types of donors are different. Fry (1995) and O'Leary & Smith (2020) find that NGOs can engage with institutional pressures in different ways through collaboration, communication, and moments of resistance. However, this study finds that institutional funders and non-institutional funders can potentially be further broken down into specific groups of donors and that NGOs might be able to engage in a wider variety of strategies as defined by Oliver (1991).

Institutional funders can in this case be separated into the EU and the Swedish Government. Even though both the EU and the Swedish government would be considered institutional funders, there are important differences between the two. The EU forces the NGOs to comply with their guidelines or otherwise lose the funding from the EU. This limits the NGOs to either apply a compliance strategy where they base their social impact reporting processes around the EU guidelines or use an escape strategy where they find other donors than the EU. This means that the NGO cannot look to their identity and mission in order to choose the most appropriate measures, instead the measures are dictated by the EU guidelines. In contrast, the Swedish government organization SIDA has a set of guidelines, but SIDA is still willing to be flexible within the framework of the guidelines. While the EU has predetermined indicators that the NGOs have to use, SIDA only mandates that the NGOs need to have some form of indicators, but they are flexible enough to let the NGOs find indicators that suit their operations. This connects to Modell's (2022) idea of embedded agency. There are institutionalized practices in the form of the SIDA guidelines that the NGOs have to adhere to, but within the framework of the guidelines there is room for agency from the side of the NGOs. The NGOs need to have some form of indicators, but what those

indicators are is negotiable. This means that if the NGO is funded by SIDA they can to some extent draw upon their identity and mission when creating their indicators which they would not be able to do if they were funded by the EU. The possibility of a bargaining strategy is also shown in the case of Gamma and their mid-term review. Gamma had to do a mid-term review because it was a part of the contract with SIDA, but they were able to negotiate the contents of the mid-term review which they would not be able to do if they were funded by the EU.

Non-institutional funders can in this case be broken down into companies, NGO members, and private citizens. Companies work rather similarly to SIDA but are more open to negotiation as most companies do not have rigid guidelines for how the NGOs should report their social impact. Even though some companies do have their own reporting guidelines, these are usually negotiable anyway. This can be seen in the case of Epsilon and Delta who claim that they can solve these issues through dialog with the company and end up reporting according to their own indicators in the end. NGOs with a clear identity and mission that has drawn upon these when setting up their social impact reporting processes are also able to employ a bargain strategy more effectively. Meanwhile an organization that does not have a clear mission might be more willing to choose a compliance strategy rather than a bargain strategy according to the secretary generals of Delta and Epsilon. However, multiple NGOs point to the tension between the measures that donors want them to report and the measures that provide the most accurate description of their social impact. The donors are more interested in quantitative measures as they are easy to understand and compare even if they are not accurate. This can be seen in the case of Beta where the donors are only interested in the number showing how much bullying went up or down, but they are not interested in understanding why the bullying went up or down. This creates a tension where the NGOs have to decide if they want to give the most accurate picture of their social impact or if they want to please the donors who fund their operations. In cases like these the NGOs can use a buffering strategy in order to decouple the measures they report to donors from the measures that are relevant to the organization. Beta can report on their direct impact to their donors, while measuring their systemic impact internally.

Members and private citizens are very similar to each other while being distinct from companies. Both members and private citizens have a strong and inescapable pressure when they act as a collective. However, the pressure from members and the pressure from private

citizens comes from different sources. Members have the power of voting on policies during the annual general meeting that the board of the NGO legally has to implement. In contrast, private citizens shape the social norms of society instead. If the NGO does not implement the policies that the members voted for they can be held legally accountable, while if the NGOs do not follow the norms of society they will be seen as illegitimate. This also connects to the idea of embedded agency (Modell, 2022). There are institutionalized practices that force the board to implement the policies that are voted through by the members, but the board has agency in how the policies are implemented. The same is true for social norms where NGOs have agency as long as they act within the norms of society. This means that the NGOs might have the option to apply a pacify strategy where as long as they fulfill the minimum requirements of members and private citizens they have the ability to develop the social impact reporting practices that they deem suitable for the organizations. However, as individuals, both the member and the private citizen have a very limited pressure to exert onto the NGO and it is easy to escape. This is because a single member cannot vote a policy through the annual meeting and a single private citizen cannot shape the norms of society. It is also a small financial loss for the NGO as the loss of a single membership fee or a single monthly donation from a private citizen will not have a meaningful impact on the NGOs' operations.

We therefore argue that the categorizations of institutional funders and non-institutional funders done by Cazenave & Morales (2021) can be further broken down in a meaningful way as different strategies are available depending on what types of donors the NGO receives funding from. The range of strategies available is also broader than the strategies previously explored by Fry (1995) and O'Leary & Smith (2020). Hall & Millo (2018) find that organizations choose their measures of social impact based on the capturability and communicability of the measures. We find that this might not always be the case. Instead, NGOs might base their social impact measures on their identity and mission as well as what requirements on upward accountability they face from donors. For example, Alpha finds measurements that align with the EU guidelines, not necessarily the measures that are the easiest to communicate or capture their social impact in the best way.

5.3. A reflective view on standards and guidelines

Some standards and guidelines for social impact reporting have emerged, affecting NGOs' practices. Previous research finds that disclosures according to standards and guidelines have been motivated by legitimacy reasons and not because it is internally meaningful (Parsa et al., 2018). This is in line with the findings from O'Dwyer & Boomsma (2015), claiming that upward accountability is performed in a compliance-based manner. It is worth mentioning that there exists different types of standards and guidelines, and a discussion cannot be done on a one-dimensional level. Furthermore, as evidenced by our empirical findings, the NGOs have various approaches to standards and guidelines. Hence, we think that this calls for a reflective view of the benefits and drawbacks of standards and guidelines.

Social impact as a double-edged sword - Strict guidelines or allow for flexibility?

In general, the increased implementation of standards and guidelines is derived from the intention to ensure the effectiveness of the operations and, in some cases, even compare social impact across NGOs. However, more standards and guidelines are not always the solution. By comparing standards and guidelines from 2 donors identified in our empirical findings, namely EU and SIDA, we look to provide more concrete reflections.

Even though both donors are seen as institutional funders, they have quite distinct approaches in comparison to each other. On the one hand, the EU is perceived as having very strict guidelines, whereas SIDA, on the other hand, is perceived as having more flexible guidelines in the sense that the NGOs seem to be able to seek opportunities where they can negotiate or have a conversation of what should be reported. The benefit of strict guidelines is that it creates uniform reporting practices, which enhances comparability. This development professionalizes the sector and increases the legitimacy of NGOs. However, we argue that too much professionalization and standards provide a false sense of clarity to external stakeholders. Even though the intention is good, the limits of accountability in the social impact domain might be too severe and cannot always be overcome through standards (Messner, 2009). Hence, regardless of how strict standards and guidelines are, we argue that external stakeholders might only be provided with a simplified and incomplete picture. As shown by Ruff (2020), frameworks carry biases that can greatly affect the assessment of an NGO's social impact. Making one framework the standard for social impact reporting would therefore impose the bias of the standard upon all the NGOs. Consequently, there has to be

some sort of leeway for NGOs to make their own choices. Otherwise, the social impact reporting practices might not be accurate when describing the social impact of the wide range of activities the NGOs can engage in.

With more flexible guidelines, NGOs might be able to report their social impact more accurately. However, this freedom most often means that you lose the comparability among NGOs. On top of this, there are also concerns about how the NGOs have measured the social impact exactly, which goes back to the concerns about fraudulent behaviors, efficiency and impact of NGOs. This is also found by Connolly & Kelly (2020) who claim that organizations might choose the measures that make them look good, not necessarily the measures that are the most accurate. We think that these tensions make social impact reporting a double-edged sword. Strict and flexible standards and guidelines come with benefits and drawbacks, and you cannot get the benefits of one without losing the benefits from the other. With strict guidelines, NGOs can produce a measurement that is complete but one that is not adequate enough. Alternatively, NGOs can produce a measure that is adequate but one that is ambiguous. Because of this, we argue that in most cases, there is no such thing as a perfect measure when it comes to social impact.

Regulatory bodies - Upward accountability or alleviating internal accountability?

Two other distinctly different guidelines identified in our empirical findings are the 90-account and the Omega guidelines. A difference compared to EU and SIDA that provide funding to NGOs is that the 90-account and Omega are bodies that assure the quality and legitimacy of NGOs. There are different degrees of legitimacy given to NGOs from following the 90-account guidelines and the Omega guidelines. The 90-account guidelines are well known in Sweden while the Omega guidelines are less known. This means that following the 90-account guidelines gives an NGO more legitimacy than if they follow the Omega guidelines. This has, in combination with how developed social impact reporting practices the NGOs have, resulted in different strategies being applied by NGOs when reporting on the 90-account guidelines and the Omega guidelines.

In the case of the 90-account guidelines, the NGOs indicate that the guidelines have an outdated way of looking at social impact as it only captures financial efficiency rather than actual social impact. But because it has been around for over 75 years, it is deeply rooted in the sector and provides a high degree of legitimacy. Hence, all the NGOs comply with the

90-account guidelines even if it is not seen as important internally. But there are different perceptions of how cumbersome the guidelines are. Some NGOs are not bothered at all. Generally, these NGOs have a large amount of revenue which makes them achieve the 25/75 split without any problems. For other NGOs, especially those with less revenue, the 90-account can be a cumbersome process as they might be closer to the edge of the 25/75 split. Because of the strong legitimacy the 90-account brings, losing it would be detrimental. This line of reasoning is consistent with previous research which finds that meeting upward accountability demands can be time-consuming, draw scarce resources, and create discrepancies to the internal accountability (Ebrahim, 2003).

In contrast to the 90-account guidelines, NGOs have a more scattered view on the Omega guidelines. We think that the different perceptions can be derived from several explanations. To begin with, if the requirements significantly deviate from what NGOs internally feel is important, there is a risk of mission-drift or the adoption of strategies with the intention of not adopting the standards and guidelines internally such as a buffering strategy or decoupling (Yang & Northcott, 2018). This is also evidenced in the empirical findings where one NGO employee highlighted that the guidelines were too rigid which did not reflect the NGO's internally developed social impact reporting processes. Because of this, the NGO saw the guidelines as more of an externally enforced requirement and they decoupled the Omega guideline reporting from their core processes. In practice, this meant that they hastily put together an Omega guidelines report simply because Omega demanded one. In contrast to this, other NGOs emphasize that the guidelines support them in their social impact reporting practices. Since some NGOs also use the social impact report that is provided to Omega as a communication tool, they naturally spend a lot of time on the guidelines and the report, for example Delta who spent 4 months developing their social impact report. Because of the contradicting views, we challenge the view that standards and guidelines only serve as a legitimacy tool. We acknowledge that legitimacy is a crucial factor in following social impact reporting guidelines, but we argue that there are further benefits for some NGOs. NGOs have vastly different internally developed social impact reporting processes. Generally, the NGOs with extensive experience in social impact measurements have internally developed processes in place that go beyond standards and guidelines. Contrary, NGOs that are new to social impact reporting might have a harder time implementing their social impact reporting practices. For these NGOs, the guidelines could give limited guidance and inspiration in setting up social impact reporting processes and start thinking about social impact.

6. Conclusions

Over the recent years there have been increasing calls for accountability from NGOs and the need to standardize social impact reporting (Cordery et al., 2019; Ebrahim & Rangan, 2014; Yang & Northcott, 2018; Yigitbasioglu et al., 2021). However, little is known about how NGOs implement their social impact reporting processes and the institutional pressures the NGOs face. Cazenave & Morales (2021) divides donors into institutional funders and non-institutional funders, but a deeper understanding of how NGOs engage with the institutional pressures of these is still missing. This study has addressed how NGOs set up their social impact processes and how they engage with the institutional pressure of donors and regulators in these processes. The study was carried out through a multiple case study with six NGOs that are members in the same fundraising association, Omega. By applying the lens of institutional theory and the strategies of Oliver (1991) the study aimed to answer: *How do NGOs implement social impact reporting processes and how do they engage with institutional pressures in these processes?* There are three main contributions made by this study.

Firstly, we contribute to the social impact literature by showing how NGOs can be guided by the cognitive-cultural pillar in the implementation of their social impact reporting processes. The social impact reporting area is rather new and there are little to no regulations on how to report social impact (Adams et al., 2020). There is an emerging norm that NGOs have to report their social impact, but there are little to no norms on how the social impact reporting should be done in practice. The NGOs might therefore have a hard time looking to the regulative pillar or the normative pillar of institutional theory for guidance on how to set up their social impact reporting processes. Instead, the NGOs might be able to look to the cognitive-cultural pillar for guidance by establishing a strong organizational identity with a clear mission. This allows the NGOs to reduce the struggle of defining and measuring their social impact which previous literature has found to be a problem for organizations (Bosa, 2021; Cuckston, 2021; Lagström & Ek Österberg, 2020).

Secondly, we provide a deeper understanding of the types of donors and the types of institutional pressure these donors exert onto the NGOs. Previous literature has divided the types of donors into two groups, institutional funders, and non-institutional funders (Cazenave & Morales, 2021). However, we find that these two groups can be broken down

further. Institutional funders can be broken down into the EU and the Swedish government. Non-institutional funders can be broken down into companies, members, and private citizens. These distinctions are meaningful because the difference in institutional pressure also means that different strategies can be employed for different modes of engagement with these strategies.

Lastly, we provide a deeper understanding of how NGOs can use different modes of engagement when dealing with different institutional pressures from both donors and regulators. Previous literature has mainly focused on different forms of negotiation such as moments of resistance (O'Leary & Smith, 2020) and communication and collaboration (Fry, 1995). However, viewing the NGOs' behavior through the lens of our theoretical framework we can see that the NGOs might also be able to engage in strategies such as compliance, pacification, buffering, and escaping.

The findings of this paper do not only have theoretical value but also practical value. Firstly, NGOs can draw inspiration from the social impact reporting practices reported in this study. Furthermore, by understanding the different types of institutional pressures from the different types of donors, the NGOs might be able to choose the source of funding that best suits their operations and their social impact reporting needs. The paper might also inspire NGOs to try different strategies than they have previously done when engaging with institutional pressures.

There are some limitations to the findings in this study. The first limitation is that the study could be context specific. The study was carried out in a Swedish setting. The institutional environment of other countries might be different where the governments might have just as strict guidelines as the EU. Another limitation is that the study was carried out as a multiple case study which does not provide the same in-depth understanding as a single case study would (Dyer & Wilkins, 1991). A third limitation is that none of the largest NGOs, such as the Red Cross or Unicef, and no newly started NGO participated in the study. NGOs at both extremes might have different social impact reporting processes than the NGOs who participated in our study.

For future research, we suggest that a longitudinal single case study of an NGO that is in the process of developing their social impact reporting practices could provide new insights into

the area of how the process works. As this study mainly focused on the upward accountability towards donors and regulators, a study could be conducted that focuses on the downward accountability that the NGOs have towards their partners. Finally, we suggest that studies could be conducted using different perspectives than institutional theory. For example, it could be interesting to conduct similar studies from a stakeholder perspective.

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8. Appendix

Appendix A: List of conducted interviews

The Case Study Organizations	Interviewee's Role(s)	Interview Context	Interview Date	Interview Length
Omega	Head of Governance and Compliance	Video call	02-03-2022	1 h 7 min
Alpha	Head of Program	Video call	22-02-2022	1 h 12 min
	Monitoring, Evaluation and Learning Advisor	Video call	22-02-2022	1 h 12 min
Beta	Secretary General	Video call	31-03-2022	1 h 7 min
	CFO	Video call	31-03-2022	12 min
	Researcher (Third-party)	Video call	28-03-2022	50 min
Gamma	Secretary General	Video call	07-03-2022	47 min
	Head of Operations	Video call	23-02-2022	1 h 9 min
	Enabler and Developer	Video call	28-02-2022	1 h 4 min
	Head of Fundraising	Video call	24-02-2022	51 min
Delta	Secretary General	In person	14-03-2022	55 min
	Head of Development	In person	17-03-2022	53 min
	CFO	In person	23-03-2022	55 min
Epsilon	Secretary General	Video call	09-03-2022	1 h 8 min
	Head of Operations	Video call	04-03-2022	56 min
	Coordinator	Video call	07-03-2022	45 min
	Consultant (Third-party)	Video call	11-03-2022	1 h 5 min
Zeta	Chancellor	Video call	30-03-2022	44 min
	CFO	In person	17-03-2022	51 min
	Head of Quality	In person	04-04-2022	48 min
	Method Advisor	In person	05-04-2022	1 h 1 min

Appendix B: General interview guide

Overall themes covered in the semi-structured interviews with the NGOs.

Context and responsibility
- Background and key responsibilities
- Role in the NGO's social impact reporting process

Internal perspective of social impact
- Understand how they make sense of social impact
- Definition and meaning of social impact
- Role of social impact internally
- Development of social impact reporting practices

Tools used to define, measure, and report social impact

Internally
- Tool(s) and approaches used to define, measure, and report social impact
- Major challenges in setting up social impact reporting processes
- Development of practices
- Impact of external stakeholders on tools and practices used

Third-party experts
- Role of third-party experts in the social impact work

View on Omega guidelines
- Perception of Omega's guidelines
- Role of Omega's guidelines in the social impact reporting processes
- Potential improvements of guidelines

External perspective of social impact (Other than Omega)
- Impact of other standards and guidelines and other external stakeholders

Appendix C: Omega interview guide

Overall themes covered in the semi-structured interviews with the fundraising organization.

Context and responsibility

- Background and key responsibilities
- Role in the social impact reporting process

Perception of social impact reports from NGOs

- Role of NGOs' social impact reports
- Development of social impact reporting practices
- Characteristics of a good social impact report

Perception of own guidelines

- Definition and meaning of social impact
- Role of social impact internally
- Requirements in guidelines
- Development of the guidelines
- Role of third-party experts

Appendix D: Third-party interview guide

Overall themes covered in the semi-structured interviews with the third-party experts.

Context and responsibility
- Background and key responsibilities
- Role in the social impact reporting process

Usage of third-party experts
- Role of third-party experts and why NGOs use the services
- General development and usage of services over time

Standardized vs. customized solutions
- Role of isomorphism
- Practice variation
- Tool(s) used
- Biggest challenges

Role of external stakeholders
- Impact of NGOs' external stakeholders

"Competitive" environment
- Level of "competition" or activity from third-party experts in the field