Business And Management Research Journal
ISSN 2026-6804
Jimmy Ebong, Volume (10) Issue (9): 168 – 184 November - 2020.
RESEARCH PAPER

Examining capacities of management of impact Enterprises regarding reporting of social impact

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Abstract

This study examines how capacities drive management of Impact Enterprises to adjust their intent regarding impact reporting responsibilities once they have accessed social impact investment. A qualitative inductive phenomenology is applied to examine attitudes and capacities of management of Impact Enterprises regarding reporting responsibilities upon accessing impact finance. Purposeful and criterion-based sampling of management of Impact Enterprises was applied to ensure saturation, adequate situational diversity as well as variety in evidence related to capacities of management of Impact Enterprises. Capacity influences how management adjusts their intent to reporting. Adequate technical, staffing and management capacity as well as financial management capacity influences management of Impact Enterprises to adjust their intent in favour or reporting. Inadequate capacity influence management to adjust their intent against reporting. Directing capacity building support to specific areas of weak capacity; structuring funding to build capacities of management of impact enterprises and a comprehensive apprenticeship program will enhance positive adjustment of intent to report. This study contributes knowledge and insight regarding how to enhance impact reporting, which investors and fund managers lacked.

Keywords: Reporting, capacities, impact, enterprises, social, investment.

JEL Codes: O35, G23, O16

Introduction

Previous studies (Bronnikova, Dubinin, & Tarasenko, 2014; Mahadea, 2014; Terzić, 2017) postulate a positive relationship between economic growth, enterprises, entrepreneurship, innovation, and competitiveness. There is a correlation between economic growth and innovation (Terzić, 2017). Enterprises are hailed to be the seedbed for innovation, which is said to be lacking in developing countries (Mahadea, 2014). Growth in the economy and growth in competitiveness of developing countries are connected to the status of innovation in these countries (Terzić, 2017). Enterprises are viewed as a source of innovation and development of latent talent. Innovation improves competitiveness and increase volume and value of exports (Bronnikova, et al., 2014). The existence of enterprises in the productive structure of the economy intensifies competition and constructive rivalry leading to improvements in product and service quality (Hung, Hung, & Lin, 2015). Competition is likely to effect innovation towards better quality of products and business processes (Hung et al., 2015), making goods and services affordable (Chee-Hong & Ghee-Thean, 2017). When goods and services of high quality are affordable, then welfare may improve (MacDonald, 2016) thus development. Economic development is viewed as improvement in welfare and choices (MacDonald, 2016). According to El Ouazzani and Rouggani (2017), enterprises "enhance regional economic balance through industrial dispersal and generally promote effective resource utilization" (p 49). Viewed from the perspectives presented above, enterprises are therefore not just essential but are also important in developing economies (Masarira & Msweli, 2013).

This study is concerned with Impact Enterprises (Clark, Allen, Moellenbrock & Onyeagoro, 2013; UNDP 2015; WEF, 2013). Many terminologies are used to refer to Impact Enterprises (IEs). These terminologies include: social enterprise (Defourny & Nyssens, 2010); Small and Medium Enterprises (SMEs) also sometimes known as Small and Medium-sized Businesses (SMBs) (Choda & Teladia, 2018; Murphy-Pack, 2014); hybrid enterprises (Battilana & Lee, 2014; Battilana, Sengul, Pache & Model, 2015; Jay, 2013; Lee & Battilana, 2013), and responsible businesses or enterprises (Hammann, et al., 2009). Regardless of the terminology used to refer to IEs, IEs demonstrate economic viability and sustainability; a growth prospect; a motive to improve welfare (social, cultural, environmental, etc.), and have prospects for scalability. Because of these traits, Impact Enterprises are targeted for Social Impact Investment (SII).

Impact Enterprises (IEs) face several constraints and "access to finance is seen as the most visible constraint" (El Ouazzani & Rouggani, 2017 p 49). Moreira (2016), studied the impact of increasing access to finance on growth of enterprises in Europe and concluded that growth of enterprises is strongly dependent on accessing finance. Social Impact Investment provides an appropriate alternative source of financing. Appropriate financing provides capital (Brown & Swersky, 2012; City of London, 2013; FAST, 2013) and builds capacity (Divakaran, McGinnis & Shariff, 2014; GIIN, 2017; Ngoasong et al., 2015) of enterprises. SII as an appropriate financing is relevant to spur growth.

Reporting is a key feature of impact investment (Reeder, Colantonio, Loder & Jones, 2015; Graham & Anderson, 2015). Impact reports are required by investors and fund managers to enable them monitor progress with projected impact (GIIN 2017; GIIN 2018). Enterprises that perform well and also report performance are often highly considered for repeated cycles of funding. Impact measurement, reporting, and monitoring of social outcomes is considered as one of the ways to increase transparency of impact investment thereby increasing the efficiency of blending social benefits and financial returns. Attitudes of managers of IEs (Edens & Lall, 2014) and their mental schema affect how they adjust their intent regarding impact reporting responsibilities. In addition, capacity constraints also affect reporting (Kubzansky, Cooper, & Barbary, 2011; UNDP, 2015).

Due to capacity limitations (UNDP,2015), management of IEs encounter difficulties and in some cases inability to report impact of investment in their businesses. Late reporting and submitting reports of poor quality has consequences for Impact Enterprises (IEs). Investors or the fund managers may stop financing enterprises which do not demonstrate commitment to reporting. If funding is curtailed, the growth of the IE and economic benefits that a growing IE would bestow to business owners and society (El Ouazzani, & Rouggani, 2017; Mahadea, 2014; Terzić, 2017; Wang, 2016) is affected. Business growth and growth in employment are likely to slow down. At an aggregate level, a slowdown in growth of enterprises may have other implications for the growth prospect of the entire economy.

Two main research questions that this study sought to answer are:

a) How does capacity influence management of IEs to adjust their intent in favour of impact reporting responsibilities?
b) How does capacity influence management of IEs to adjust their intent against impact reporting responsibilities?

The objective of this study is to examine capacities of management of Impact Enterprises (IEs) regarding reporting responsibilities upon accessing impact financing and thereby identify constraining and enabling capacities for impact reporting. Section 2 presents a review of relevant literature, as well as the theoretical and conceptual underpinning of this research. Methodology of the study, results, discussions as well as conclusions and recommendations are presented in section 3, 4 and 5 and 6 respectively.

Literature review

According to Gibbs, Kealy, Willis, Green, Welch and Daly (2007), research processes should operate within the parameters of the research goal, be guided by emerging theoretical considerations, and must cover a range of relevant participant perspectives" (p 540).

Sensemaking theory is useful for the discussion of how capacities influence management of impact enterprises to adjust their capacities upon accessing social impact investment. Sensemaking theory can be traced to the works of Weick (1995) and Weick, Sutcliffe and Obstfeld, (2005). Sensemaking refers to the making of sense or structuring the unknown (Weick, 1995 p 4). Klein, Moon, and Hoffman, (2006) defined sensemaking as how people make sense out of their experience in the world. Sensemaking expresses concepts such as: "creativity, comprehension, curiosity, mental modelling, explanation, or situational awareness" (Klein et al., 2006 p 71), that can be traced to research in the field of psychology. From the works of Weick (1995) and Klein et al. (2006), sensemaking is an inspired, incessant determination to comprehend connections to antedate trajectories of such connections and act effectually. Sensemaking theory is applicable to explain how capacity influence the mental schema the drives managers of IEs to adjust intent for reporting.

Sensemaking is influenced by the actions of other people, as well as expectations, experiences and emotions of the individual (Weick, 1995). According to Maitlis, Vogus and Lawrence, (2013), emotion is a critical dimension of sensemaking in organizations. Existing models of sensemaking tend to ignore the role of emotion or portray it as an impediment. Emotion plays roles related to mediating the relationship between unexpected events and the onset of sensemaking processes. Emotion signals the need for and provides the energy that fuels sensemaking (Maitlis et al., 2013). Emotions regarding capacity constraints will drive intent to report.

Sensemaking starts with cues (Weick, 1995). Cues are events which are ambiguous, or events whose outcomes are uncertain. Such events evoke curiosity and causes "discrepancies between expectations and reality" (Maitlis & Christianson, 2014 p 70). Such events may be caused by issues within the environment, organizational crisis or threats to identity. Meanings are constructed from the cues. Constructing meaning can take place within an individual or between individuals. At the individual level, individuals support certain opinions and tries to influence how others understand the particular opinion. When sensemaking occurs between individuals, meaning is formed through a reciprocally and collectively established process as members interact with the issue and consequently gain an understanding of it. Action is part and parcel of sensemaking as it enhances sensemaking. Individuals take actions and are inquisitive to learn what would happen following the action. Action "create more raw ingredients for sensemaking by generating stimuli or cues" (Maitlis & Christianson, 2014 p 84) and can also be used to examine interim understanding and by so doing, triggers off another round of sensemaking.

According to Maitlis and Christianson (2014), reporting and requirements for reporting is taken to be an event that triggers reactions or a need for action from the management of IEs at both institutional and individual managerial levels. Reporting cues or perceptions will shape how managers make sense of reporting. The way managers make sense of reporting will be embedded in the managers' social context, as well as thoughts and feelings. Managers' thoughts will be influenced by the "actual, imagined, or implied presence of others. Managers will create and maintain an intersubjective realm about reporting, and they will act from that realm or position to produce, negotiate, and sustain a shared sense of reporting. Actions that managers take so as to understand reporting will enable them rationalize reporting. Sensemaking goes in cycles, first triggered by a feeling of a need to act, then forming some meaning of the situation, followed by acting and learning from the action. Action enables leader or managers of IEs to refine their learning and improve reporting performance.

According to sensemaking theory, the way people make sense of things in the past will also affect how they make sense of other things in the future, and thus, sensemaking is both retro- and prospective (Weick,1995; Weick, et al., 2005). In addition, sensemaking plays an important role in determining human behaviour, irrespective of whether people operate within the context of formal institutions or out of such institutions. Sensemaking is fundamental since it provides the basis where people formulate meanings that may inform as well as constrain actions. Thus, sensemaking theory is suitable to examine managerial cues that reporting responsibilities generate, subjective meanings, managers' perception of reporting responsibilities as well as how they make sense of their own perceptions and apply senses, they make to prepare impact reports. Sandberg and Tsoukas, (2015) postulated that sensemaking within the organizational context consists of specific occurrences, is activated by abstruse incidents, caused by specific activities, produces specific results, and is induced by numerous circumstances.

Although sensemaking theory has considerable utility and is popular with management and organization intellectuals interested in how people form, validate and apply their 'realities' at organizational levels, (Brown, Colville & Pye, 2015), sensemaking is also applicable to predict and explain the course, path, processes and how individuals work to comprehend unusual, unforeseen, or baffling occurrences at both individual and organisational levels (Maitlis & Christianson, 2014). Sensemaking theory is consistent with a constructivism research philosophy as it explains the ontology of how managers of Impact Enterprises acquire knowledge and learn about reporting. Sensemaking theory suggests that managers of IEs construct knowledge and meaning and eventually their own reality from their perceptions of reporting, constructing subjective meanings of reporting, then acting. Action leads to the beginning of yet another cycle of making sense and acquiring knowledge. This iterative cycle is repeated, and, in the process, learning is continuously refined.

The works of Gilson, Elloker, Olckers and Lehmann (2014) illuminates the role of leaders in influencing sensemaking and also highlights how actors' sensemaking and unrestricted power can pose a problem. The study is relevant in highlighting leadership practices that stimulate sensemaking (Maitlis & Christianson, 2014) and how power can be applied to support making sense of a good cause. Although the result of the study illuminates how the collective understandings of staff working at the primary level act as a barrier to centrally led initiatives, the result of the study also illustrates and demonstrates an evidence of sense making in an institutional setting (Maitlis & Christianson, 2014). The findings of the study also illustrate the role of leadership (Maitlis & Christianson, 2014) in driving a positive sense making, especially within an institutional set up and how to drive success through such positive sense making. The study introduces the notion of "leadership of sensemaking" (Gilson, et al., 2014 p 1). Leadership of sensemaking enables managers to exercise their combined but unrestricted power for a good cause.

Investors use several terms interchangeably to refer to capacity building. These terms include: "Technical Assistance (TA), portfolio engagement, non-financial support and value- additive support" (GIIN, 2017 p 1). Impact Enterprises (IEs) need entrepreneurial capacity (Yahaya & Maturubuka, 2015), capacity to use data to improve managerial strategy and performance (GIIN 2016), management and financial management (Cassells & Lewis, 2011), and capacities to invest systematically to improve environmental and social aspects of their businesses (Cassells & Lewis, 2011). Divakaran et al, (2014) documented that by actively participating on the board of directors or in collaboration and working together with management, private equity investors also bring knowledge and expertise to the companies in which they invest, in addition to capital. Investors build managerial capacities in areas related to governance, financial accounting, access to markets, technology, and other drivers of business success (Divakaran et al., 2014).

According to GIIN (2017), Yahaya & Maturubuka (2015) supporting capacity building of IEs is a vital tool which complements investors' capital outlay as well as widens and deepens impact of investment. Capacity building provides a good response to many needs of investees including; developing human resources, targeting measuring and reporting impact (Divakaran et al, (2014). Capacity building improves competitiveness of investees, enhances business performance of investee, expands impacts for beneficiaries and strengthens markets and sectors. In this way, capacity building benefits investors, investees and beneficiaries of investee and the general context of the market (Melton & Meier, 2017).

Enhancing managerial capacities are integral management functions (Divakaran et al, 2014). Enhancing managerial capacities include enhancing capacity to set impact targets as well as capacities to collect information and measure progress in creating impact against a previously set target (Yahaya & Maturubuka (2015). When human resources are managed well, performance with regards to reporting impact is likely to improve (Melton & Meier, 2017). A combination of effective human resource management and an overall organizational management that is likely to be effective in increasing performance is relevant for Impact Investment (II) (Ngoasong, Paton & Korda, 2 015). There is also likely to be a counter effect of the interactions between human resource management and capacity, that may reduce performance and practitioners need to consider ways of reducing such counter effects. Managing with competence and management by applying competence are new concepts of concern to professionals (Divakaran et al, 2014).

Key elements to structure and deliver capacity building include staffing, model of funding, progress monitoring and how to ensure accountability (GIIN, 2017). Methods to structure capacity building are often highly customized, depending on specific needs of the investees (AVPN, 2016). Customising capacity building enhances relevance of capacity building to address needs of specific investees. Due to the relevance of capacity building, Development Finance Institutions (DFIs), as well as governments have emerged to fill the gaps for funding capacity building (Divakaran et al., 2014). AAF TAF (2017) documents that buy-in is necessary, among investees accessing finance from an investor.

Capacity building support enable investors fulfil impact responsibility as well as maximize financial returns. For this reason, investors are willing to offer support. "Many investors see capacity building as a value-added service that they offer their companies that gives the investor an edge when competing for good deals" (GIIN, 2017 p 17). Capacity building support is also necessary to enable fund managers and management of IEs report appropriately. Capacity building imparts skills but may also address attitudinal challenges to impact reporting by imparting such skills which are related to reporting.

Sensemaking theory and literature which are reviewed above provide understanding of relevant relationships between capacities as well as perspectives on capacity challenges that management of impact enterprises face, which affect their deportment, demeanour, and stance towards impact reporting. The underlying proposition of the study is that capacity influence management to adjust intent regarding reporting responsibilities. Also, intent to report affects timeliness of reporting as well as the quality of impact reports. Research question 1 examines how capacity influence management of impact enterprises to adjust their intent in favour of impact reporting responsibilities and research question 2 examines how capacity influence management of impact enterprises to adjust their intent against impact reporting responsibilities.

Methodology

A qualitative methodology is adopted. A qualitative methodology is coherent and consistent with the subjectivism and interpretivism ontology, epistemological assumptions of subjective meanings of social phenomena, as well as axiological assumption of the role of the researcher and his or her values at all stages of the research process and the values of the research subjects (managers of IEs). Also, a qualitative approach is suitable to generate in-depth information related to experiences of managers in relation to how their attitudes and capacities influence them to adjust their intent regarding reporting responsibilities. The works of Geheman, Glaser, Eisenhardt, Giola, Langley and Corley (2018), documents that qualitative studies suits the purpose of providing answers to questions such as "how things happen" (p. 287).

Phenomenology is adopted to conduct this study. This is because the philosophy of phenomenology is allied with a naturalistic paradigm and hence consistent with the assumption that reality is not fixed but based on individual objectivity derived from an interaction of the researcher and the subject being researched (Davidsen, 2013; Reiners, 2012). Phenomenology is "subjective, inductive and dynamic" (Reiners, 2012 p1). The inductive nature of phenomenology makes it relevant and applicable for a study exploring human aspects such as attitudes of management of impact enterprises regarding impact reporting. Interpretive phenomenology is adopted because this study sought to interpret and describe human experience without bracketing (Davidsen, 2013; Reiners, 2012).

Population size

Accurate information on the population size regarding impact enterprises is scanty. GIIN (2015) reports that there are many deals with undisclosed details. Three sources of information were applied to estimate the population size. These are: a study by Musiime and Baasha (2014), a study by GIIN (2015) and discussions with major impact fund managers in Uganda. According to Musiime and Baasha (2014), there were 13 Impact Investment funds in Uganda. Of these, 6 funds had made a total of 13 investments and the remaining 7 funds were still sourcing pipelines.

According to GIIN (2015), there were 119 impact capital vehicles active in Uganda, managed by 82 non-DFI impact investors. Non-DFIs made 139 deals compared to DFIs who made only 79 deals. Notably, the study by GIIN estimated the number of fund managers and deals (Impact Enterprises) higher than the study by study by Musiime and Baasha (2014). This could be because the GIIN study took into consideration a combination of impact capital vehicles which are base in Uganda and those which are not based in Uganda and respective deals they have made while the study by Musiime and Baasha (2014) focused on fund managers based in Uganda and their respective deals only.

Through discussions with 7 major impact fund managers based in Uganda, as well as discussions with business development services (BDS) advisors, the researcher estimated the population size of enterprises who have received funding from these fund managers based in Uganda and fund managers with representatives in Uganda to be 50.

Sampling strategy

Purposeful (Amade, Akpan, Ukwuoma, Ononuju, & Okore, 2018) and criterion-based sampling techniques (Agyemang & Castellini, 2015; Tekel & Karadağ, 2017) is applied in this study. Purposive selection of participants ensures that adequate samples (Gibbs et al. 2007) of IE management are selected, hence ensuring theoretical saturation. Criterion based sampling ensures adequate amount of evidence (Gibbs et al., 2007) as well as adequate variety in the kind of evidence (Erickson, 2012) relating to attitudes and capacities of management of IEs. Basing selection of respondents on criteria ensured that the persons selected are "appropriate and are most likely to provide substantive answers and responses" (Saldana, 2011 p 33) to the research questions. Respondents were management of Impact Enterprises, who have been responsible for reporting impact and hence have experienced reporting impact.

According to Modha & Saiyed (2017), increasing interest in qualitative research has drawn attention of many researcher and scholars to the discussion of sample size. Approaches to determining an appropriate size of a sample in qualitative research is not specific and varies from context to context but is guided by the scientific philosophy under which the research is conducted (Boddy, 2016).

According to Fusch and Ness (2015); Marshall, et al. (2013) and Saldana (2011) there is no agreement about an adequate sample size in qualitative research. According to Malterud, Siersma and Guassora (2016), saturation should guide sample size. According to van Rijnsoever (2016), a population is made up of sub-units that hold various sources of information. These various sources of information hold various codes. "Theoretical saturation is attained after all the codes in the population have been observed in the sample" (van Rijnsoever, 2016, p 1).

Marshall, Cardon, Poddar and Fontenot (2013) associates data saturation to replication and redundancy and points that saturation is attained when no new theme or is emerging from additional data collected. Marshall, et al. (2013) advanced three methods that are applicable to identifying an appropriate sample size. These methods include; where the researcher cites recommendations by other qualitative studies regarding sample size; where the researcher acts on precedence by "citing sample size used" (p13) in studies that applied similar methodologies and approaches and where the researcher statistically demonstrates saturation with a dataset" (p13).

According to the first way of identifying a sample size, previous studies recommend for grounded theory to have 20 to 30 interviews (Cresswell, 2007), phenomenology to have 6 to 10 interviews and for case studies to have at least 6 sources of evidence (Marshall, et al., 2013; Yin, 2009; Creswell, 2007) and recommends at least 4 to 5 cases for case studies and 3 to 5 interviews for each case. According to the second approach that used precedence to identify a sample size, it is recommended for a researcher to "consider identifying a corpus of interpretive studies that used the same design and where saturation was reached" (Marshall, et al., 2013 p13). Researchers would then justify the sample size by citing previous studies. The third approach to justifying sample size statistically is based on the notion of theoretical saturation (Guest, Bunce & Johnson, 2006).

Guest, Bunce and Johnson, (2006) developed guidelines from data sets of a phenomenological study conducted in Nigeria and Ghana, on social desirability bias and self-reported sexual behaviour, to statistically determine a sample size in qualitative research. From a total of 109 codes, 80 (73%) could be identified from the first 6 transcripts of interviews and another 100 (92%) were identifiable within the next six transcripts; and the last 8 were identifiable by completing the thirtieth transcript. They also demonstrated that a Cronbach's alpha was 70 within 12 interviews and improved at a decreasing rate with successive interviews. Their conclusion was that 12 interviews are adequate to achieve both thematic and data saturation.

This study meets all the three requirements of best practices for determining sample size and saturation in qualitative research. The sample of 13 respondents sufficiently ensured adequate saturation (Modha & Saiyed, 2017) for a phenomenology. In addition, the various sectors out of which respondents were drawn provided a situational diversity (Saldana, 2011), which is adequate for identifying thematic patterns in the data. Respondents were drawn from 6 different sectors. These sectors include agribusiness, agriculture, pharmaceuticals, fast movable consumer goods (FMCG), health and renewable energy. Attaining situational diversity and a proper identification of thematic patterns in the data increased trustworthiness and quality of the study. Table 1 shows respective subsectors and sectors of the respondents.

Research instrument

In qualitative research, the researcher is the primary research instrument (Saldana, 2011). This is because, it is impossible to eliminate researcher's influence (Daly & Lumley; 2002). The researcher bias may manifest at the point of data collection and at the point of data analysis (Saldana, 2011). At the point of data collection, qualitative data collection methods are exploratory in nature. During data collection, the researcher is cognisant of gaining deep insight and understanding of the phenomenon. In this study the researcher was concerned with collecting rich data regarding capacity of management of IEs and being able to make sense of how managers of Impact Enterprises adjust their intent to report.

Ribes Iñesta (2018) postulated the importance of theorising in a qualitative research. There are two approaches to theorising in qualitative research. The first approach, common with grounded theory works of Gioia (Gioia, Corley & Hamilton, 2013) is where the researcher moves from data to theory with just a minimal knowledge of underlying theories of the phenomenon. The second is where the researcher starts from theory and moves to data. This second approach is common in case study approaches to theorising, found in the works of Eisenhardt, Graebner and Sonenshein (2016). The works of Geheman, et al., (2018) documents the relevance of propositions and how such propositions are derived in qualitative research. Extract from Eisenhardt documented in Geheman, et al. (2018) postulates that proposition is relevant in qualitative inductive studies and such propositions can be arrived at through a preliminary literature review. Extract from Langley documented in Geheman, et al. (2018) stresses the importance of having a "vague idea about the kinds of concepts" (Geheman, et al., 2018 p 297) of interest. These suggest the relevance of theorising where the goal is to elaborate or explain anexisting theory or phenomenon. Instrumentation based on exploration of theory is consistent with the qualitative inductive approach adopted in this study and the goal of elaborating and explaining theories that characterised this study.

Sensemaking theory and previous studies on the themes of Social Impact Investment (Aalbers, Loon, & Fernandez, 2017; Daggers & Nicholls, 2016; Viviers, Ratcliffe & Hand (2011); Warner, 2013; Wells, 2012; Young & Kim, 2015), social entrepreneurship (Austin, et al., 2012; Batillana & Dorado, 2010; Battilana & Lee, 2014), PMS in SMEs (Bititci, Garengo, Dörfler & Nudurupati, 2012; Cocca & Alberti, 2010; Yadav, Sushil & Sagar, 2013), provided an understanding of relevant theories and relationships between capacities and challenges that management of IEs face, which affect their deportment, demeanour and stance towards impact reporting.

Data collection procedures

In-depth interviews and observations were used to collect data. A combination of data collection methods enhanced "gathering a broader spectrum of evidence and perspectives (Saldana, 2011, p 31) and consequently increasing trustworthiness of the research. In addition, data from more than a single source is self-validating, as opposed to data from one source (Marrow, 2005). Collecting data using interviews and observations enhanced sufficiency in the diversity of data.

The researcher obtained contacts of IE owners and entrepreneurs from BDS providers and managers of impact funds operational in Uganda. The researcher then scheduled interviews with representatives of Impact Enterprises. Respondents were mainly owner-managers. However, staff of Impact Enterprises, who have been involved in impact reporting were also interviewed in cases where managers delegated them to be interviewed.

Unstructured interviews were administered to staff of impact enterprises at managerial positions and those who were responsible for reporting impact of financing at their respective enterprises. Unstructured interview suited this study because the researcher was seeking to describe and derive meaning from the description of attitude and capacity challenges that management of IEs face when reporting impact of financing. Describing attitudes and challenges and deriving meaning from such description is common in constructivists' enquiry. A checklist of questions developed to elicit responses to the research questions was used to guide the interview.

Questions were open-ended (Loman, Müller, Beverborg, van Baaren, & Buijzen, 2018) because asking open-ended questions combined with attentive listening is documented to be respectful inquiry (Van Quaquebeke, & Felps, 2018) in qualitative research.

Interviews constitute the most common method of data collection used in qualitative research (Creswell, 2007; Saldana, 2011). Participant's interview is documented to be an effective way of soliciting and documenting, own words of individuals or groups. "Interviews document respondents' perspectives, feelings, opinions, values, attitudes and beliefs, personal experiences and social world, as well as factual information" (Saldana, 2011, p 32). Interviews enabled the researcher to ascertain the expectations of fund managers on impact reporting. Interviews with management and such calibre of staff enabled the researcher to ascertain how attitudes and capacities influence impact reporting. The researcher probed for further explanations and reasons behind responses that were provided by respondents. Probing enhances depth of the data. Interviews were conducted at the business premises of the respondents to safeguard interviewees' convenience, comfort and restrain them from anxiety (Saldana, 2011) and also enabled the researcher to observe the businesses.

The researcher adopted best practices in establishing rapport (e.g. greetings, courtesy etc.) to create an environment, which allows for collecting of rich data. The researcher made notes during the interview to keep track of key words or phrases, as well as to keep track of new areas to probe. Also, the researcher noted additional insights that suggest further areas of inquiry.

Interviews were transcribed, and transcripts of interviews produced. Each interview lasted about 60 minutes. This length of interview is considered commensurate in qualitative research (Marshall, et al., 2013). A few interviews were longer particularly where respondents were still willing to give more information beyond the allotted time. Interviews were conducted in English as most respondents were familiar with English. The language did not pose any constraint on the side of both researcher and interviewees.

Observation took place in two ways. First, the researcher took a guided walk through the business premise of each participant Impact Enterprise. Through the guided walk, the researcher observed business aspects as the managers or interviewees, showed and explained to the researcher aspects of the business that is to be reported. Secondly, the researcher observed the participant during the interviews. Participants' observation is consistent with the rhetorical assumption of this research. The researcher observed informal expressions that the participant used as they explained certain points that they may be uneasy about. Participants' observation is a method inherited from ethnographic customs of inquiry. "The goal of participant's observation is to capture people's naturalistic actions, reactions and interactions and to infer their ways of thinking and feeling" (Saldana, 2011, p 46). The researcher noted "the mundane, the typical and the extraordinary events that compose the life" (Saldana, 2011, p 46) of management and staff of Impact Enterprises interviewed. Provides a list of what should be observed to include behaviours, situations and body postures. According to Oliver and Eales (2008), the ethical nature of participant observation permits it to be used as an approach to generate knowledge, that justifies action.

Adequacy and quality of data is very relevant in enhancing trustworthiness and quality of a qualitative study. Data adequacy looked at "adequate amounts of data and adequate variety in kinds of evidence; interpretive status of evidence; adequate disconfirming evidence" (Marrow 2005 p 255). Interpretive status of evidence was attained through interviews and participant observation. The researcher compared data obtained from both observations and interviews to confirm evidence of respondent's attitudes and capacities. Confirming evidence using two sources of data helped to limit the researchers' natural tendency to seek confirmation of own ideas hence increasing trustworthiness of the study.

Rights of participants and legal issues

Participants consent is particularly relevant in phenomenological studies. This is because in phenomenology, participants share their experiences with the phenomena. Informed consent and its relevance in qualitative research are documented in previous studies that use qualitative approaches (Fischhoff, 2000; Tsohou & Kosta, 2017). Informed consent can be a legal matter (Katvan & Shnoor, 2017). The researcher values the relevance of informed consent and hence obtained consent of respondents as a way to ensure integrity and legal compliance of the research (Fischhoff, 2000). The researcher contacted potential respondents using phone calls and emails, introduced the study and its purpose to them and asked for their willingness to participate in the study. Interviewees expressed consent through emails and phone calls. The researcher then scheduled interview appointments with those who consented accordingly. Informants then filled and signed consent forms during the face to face meetings scheduled for the interviews.

Credibility

Studies concerning credibility in qualitative research incorporate several concepts about credibility. These concepts include credibility as contribution to advancing knowledge (Spencer, Ritchie, Lewis, & Dillon, 2003), credibility as truth in the research findings (Denscombe, 2007) and credibility as effectiveness in measurement (Sydänmaanlakka, 2003). Credibility as contribution to advancing knowledge was ensured by holding prior discussions with fund managers and conducting a review of literature. These two approaches aimed at identifying knowledge gaps. Credibility as truth in the research findings was ensured by applying interviews and observations and comparing results from the two approaches. Also, systematic methodology adopted in conducting the study ensures that results are uncompromised. Credibility as effectiveness in measurement was also ensured by a systematic approach applied to the study.

Subjectivity and reflexivity undermine credibility of qualitative research and are connected to the researcher's influence and arises from the fact that the researcher is part of the research (Saldana, 2011). The researcher remained aware and cognizant of personal suppositions. A deeper review of multiple theories and studies relevant to the research topic and understanding of alternative theories and reasoning helped minimize the researcher's biases. Also, an initial discussion with fund managers helped to minimise the researcher's biases.

Utility

According to Jack (2006) utility of qualitative studies can be instrumental, conceptual and symbolic. Instrumental utility has to do with a direct use of research findings and how a finding can be used for other assessment guides. Conceptual use relates to the extent to which a study can enlighten or influence. Symbolic utility relates to how a study can be used to validate a policy position. This study draws inspiration from the systematic and rigorous way in which it was conducted (Gioia, et al, 2013), to contribute instrumental, conceptual and symbolic utility. Instrumentally, the study informs decisions regarding attitudes that evokes managers to adjust intent to report. Conceptually, the study explores theory to explain managerial experiences that can be associated with superior attitudes towards reporting performance. The study enhances understanding of core theoretical constructs of attitude. Symbolically, the study systematically explored attitudes and capacities of managers of impact enterprises in Uganda towards reporting and contributes utility that can inform the need to cultivate or evoke attitudes and capacities that favours reporting particularly at the level of impact enterprises.

Trustworthiness

Adequacy and quality of data is relevant in enhancing trustworthiness and quality of a qualitative study. Data adequacy looks at: "adequate amounts of data and adequate variety in kinds of evidence; interpretive status of evidence; adequate disconfirming evidence" (Marrow 2005 p.255). Adequate amount of data is attained by conducting an adequate number of interviews and having adequate contact hours with the interviewees. Variety in data is attained by interviewing participants from various sectors and gender. Interpretive status of evidence is met by purposive sampling and sourcing data from various and diverse sectors. Disconfirming evidence is brought about by using observation of the enterprises to omit conflicting data from the interviewees.

Purposive sampling enhanced the quality of data because participants are deliberately chosen to provide rich data. Keeping a self-reflective journal, enabled the researcher to often reflect on additional data to be sourced. Probing, during the interview process ensured quality and richness of data collected (Marrow, 2005).

Data Analyses

According to Saldana, (2011), qualitative data analysis has to do with "discerning patterns and constructing meaning that captures life's essence and essentials" (p 89). The purpose of analysis is to "reveal to others through fresh insights what is observed and discovered" (Saldana, 2011, p 89) attitudes towards reporting responsibilities and capacities for reporting. The researcher reviewed the data, preparing it for analysis. In the data review process the researcher noted patterns and outstanding aspects of the interview recordings and notes taken during the interviews.

Data analysis under inductive studies such as case studies (Eisenhardt, et al., 2016) process analysis (Langley, Smallman, Tsoukas, & Van de Ven, 2013) and grounded theory (Gioia, et al., 2013) and also under various approaches of phenomenology (Reiners, 2012) involves describing meaning and experiences through emergent themes. In addition, Braun, Clarke, Hayfield and Terry (2019), documents that thematic analysis is suitable for both inductive and deductive analyses. "An inductive approach to data coding and analysis is a bottom-up approach and is driven by what is in the data" (Braun, et al, 2019). This means that codes and themes are derived from the content of the data and hence what is mapped by the researcher during the analysis closely matches the content of the data.

The researcher transcribed the recorded interviews into a word file and then uploaded data into NVivo, computer software used for analysis of qualitative data. NVivo software was used to code, review coding with coding stripes and highlights, undertake word frequency counts, text search and coding comparison (Kikooma, 2010). Respondents' codes are presented in Table 1.

Thematic analysis was adopted. According to Braun and Clarke (2014) and Braun, Clarke, Hayfield and Terry (2019), thematic analysis involves a six-phase approach that include familiarizing one's self with the data, generating initial codes, searching for themes, reviewing potential themes, defining and naming themes, and producing the report. Thematic analysis adds rigor to a qualitative research process. According to Gioia, et al, (2013), rigor in qualitative research is achieved through a "systematic, conceptual, and analytics discipline, that leads to credible interpretation of data" (p 15).

Confidentiality and anonymity are documented as being part and parcel of ethics in qualitative research (Lancaster, 2017; Taylor, 2015). Being able to guarantee participants' confidentiality and anonymity enhanced their participation. Confidentiality was ensured by coding respondents and interviews and using such codes (Saldana,2015) when quoting respondents. All information that were directly related to specific respondents were deleted to ensure confidentiality.

Data analysis was done following an inductive framework adopted from the work of Punch (2005), also documented by Thomas (2006). The inductive analytical framework is consistent with qualitative interpretivist phenomenology approach to research (Goulding, 2017). The framework involves: data documentation and collection, data reduction, data display, conclusion drawing and verification, and the actual analysis. Data documentation and collection involved ensuring adequacy and richness in the variety of data. Data reduction involved transcription and coding and looking for patterns in the data. Data reduction and data display was done using the help of computer software NVivo. Verification was done using a review of data and studies, which relate to SII, impact reporting and attitudes and capacities of management of impact enterprises. In previous studies on CSR reporting, corporations with strong CSR strategies and integrated reporting schemes would constitute the unit of analysis. In this study, Impact Enterprises constitutes the unit of analysis.

Results

The researcher held 13 interviews with representatives of Impact Enterprises across 6 sectors. These sectors include agribusinesses, farming, health, pharmaceuticals, Fast Movable Consumer Goods (FMCGs) and renewable energy. Impact Enterprises interviewed obtained funding from various SII sources. Table 1 presents codes, demographics and sector-wise distribution of Impact Enterprises interviewed.

Table 1: Codes, demographics and sector-wise distribution of respondents

Respondents' codes	Gender	Age	Sector/ Industry	Subsector
A	Female	46	Agriculture	Farming and trading
B	Male	40	Agriculture	Farming and trading
C	Male	32	Agriculture	Farming and trading
D	Female	43	Agriculture	Farming and trading
E	Female	45	Health	Hospital
F	Female	40	Health	Psychosocial rehabilitation
G	Male	36	Fast Movable Consumer Goods (FMCG)	Retail and distribution of FMCGs
H	Male	35	Pharmaceuticals	Retail and distribution of pharmaceutical products
I	Female	38	Agribusiness	Tractor hire services
J	Female	44	Agribusiness	Food processing and distribution
K	Male	32	Pharmaceuticals	Retail and distribution of pharmaceutical products
L	Male	40	Renewable Energy	Assembly and distribution of gas stoves
M	Female	55	Agribusiness	Food processing and distribution

Studies on performance measurement (Bititci, Garengo, Dörfler & Nudurupati, 2012; Cocca & Alberti, 2010; Waśniewski, 2017) reveals several capacity gaps and capacity demands within performance measurement systems of impact enterprises. Gaps in capacities to align Performance Management Systems (PMS) and several aspects of enterprises are highlighted. Bititci et al, (2012) observed that the ever-evolving trends in performance measurement will continue to bring new capacity demands on impact enterprises. Cocca and Alberti (2010) highlight the importance of tailoring PMS to specific IEs and their circumstances.

Waśniewski (2017) emphasize the need to detect and gauge drivers of performance, and the need to use nonfinancial measures in performance measurement. Literature on capacity challenges of Impact Enterprises (UNDP, 2015; Kubzansky et al, 2011) posits that capacity challenges are technical, managerial and financial.

Technical capacity challenges

Technical capacity challenges include capacity to manage contracts, capacity to attribute impact to investment; capacity to manage data; and capacity to adopt and use the impact reporting template. Verbatim quotes, which unravel these capacity inadequacies, are presented below.

<u>Capacity to manage contracts</u>

Budgets and work plans are based on targets and projects are time bound. Investors also have timelines for their reporting period. People we work with do not consider time (Respondent E).

Some contractors have multiple projects. They do not consider my project timelines (Respondent E).

Capacity to attribute impact to investment

> *Knowing if the right people benefited from the interventions can be challenging. Similarly tracing causes of under spending and in some cases, surpluses can also be challenging (Respondent A).*

Data management capacity

Management of impact enterprises acknowledges that data collection is a challenge. Specifically, collecting data on all beneficiaries, as well as managing such data, which feeds into the impact report is a challenge. Requirement for managing data necessitates management to put up a robust system. Putting in place these systems require additional investments, which may not be a priority of management of IE at a particular period in the growth path of the IE. Data collection and management challenges revolve around data collection itself, data management and additional investments required for data collection and management. Additional explanations and verbatim quotes from respondents are presented below.

> *Collecting consistent data, over a period of time can be challenging (Respondent A).*

> *We have already registered some successes regarding non-financial impact. For instance, number or people permanently employed at the farm increased from 3 to 6 in the last 6 months. We have also employed carpenters, cleaners, people growing grass for feeding livestock and other casual staff. However, we have a challenge to capture, document and store data on such impacts.*

> *Our hand-written reports are not convincing enough (Respondent B).*

> *Sometimes the investor asks for reports to be in formats which requires investments in additional gadgets. Such investments increase the expenses of the impact enterprise. An example is when we are required to produce small videos and clips of testimonies of beneficiaries and publish them as You Tube videos (Respondent C).*

> *But also, the investors do not fund or invest in time and resources used for data collection. It is presumed that the investee should plan and take care of such costs. At the end data collection is not anyone's priority, hence inaccuracies in the impact data (Respondent F).*

Impact reporting template

Management of impact enterprises report that sometimes the template of reporting is not compatible with the practical aspects of how their businesses operate. This challenge is reported by respondent C below.

> *Our reporting template was in kilograms. However, we sell plantains from our farm in bunches, not in kilograms. Also, we sell vegetables in heaps not in kilos (Respondent C).*

A guideline or a reporting template that management of IEs should use to compile, and report appropriately also affects the way management may adjust their intent towards reporting. Lack of such a guideline prompts management to adjust their intent against reporting as is reported by respondent B below.

> *If you do not have a reporting guideline or format from the funder, reporting is challenging. But when you have a format, it guides you with respect to what is to be reported (Respondent B).*

Further analysis of the above quotations and phrases was conducted, and respective capacity gaps were identified. Phrases that reveal specific capacity gaps are extracted, summarised and presented in table 2.

Table 2: Technical capacity challenge

Phrase from respondent	Respondent code	Technical capacity challenges
Do not consider project timeline	E	Contract management
Knowing if the right people benefitted	A	Attribution of benefits
Inadequate and inaccurate data	F	Data management
Collecting consistent data	B	Documentation and reporting
Reports to be in formats which require additional investment	C	Using the reporting template
Reporting guideline or format from the investor	B	Lack of a guideline for reporting

Determinants of technical capacity

Technical capacity to report is influenced by backgrounds of the managers of IEs and support offered by the investor or fund manager. IEs whose managers have strong background in accounting and finance are likely to have a strong reporting capacity. Where management do not have backgrounds in accounts and finance, management may discuss matters of reporting with investors and resources are allocated to support the impact reporting function. These two issues are reported by respondent I in verbatim quotations below.

> *I am trained as an accountant and in my previous job, I was responsible for reporting to the manager, so reporting is not challenging for me (Respondent I).*

Whereas skills in accounting and finance are fairly available, such skills only provide the basic starting point on which to build effective reporting. Reporting requires specialized skills that combine skills in finance and accounting to skills needed to enhance appreciation of possible and actual social impacts and attributing impacts to the investment. This is pointed out by respondents G, I and J in quotations below.

> *We recruit people who are qualified and skilled. Some of the staff we have here hold Association of Chartered Certified Accountants (ACCA) certificates. However, impact reporting requires specific skills. These kinds of skills are not available (Respondent G).*

> *Impact reporting requires specialized skills and such skills are not easily available. When reporting, the person has to relate the numbers from the accounts to many other issues such as tax implications, direct benefits to households and many others (Respondent I).*

> *Staff capacity to report is relevant. Narrative should tally with the finance. Evidence and supporting documents must be provided (Respondent G).*

Also, sustaining technical capacity to report is critical to ensure access to finance for the short and long-term thereby ensuring sustainability of the business. This is pointed out by respondent I in a quotation below;

> *I have been the one reporting to the investors. I fear that in my absence, there is no one to be reporting to the investors. Finding people who can do good reporting is challenging (Respondent I).*

Staffing and management capacity challenges

Staffing and management capacity challenges include staff incompetence and recruitment challenges. Staff incompetence refers to functional capacity of staff and recruitment challenge refers to not being able to find staff of the right calibre, whose pay demand would fit within the financial capacity of the firm. In some cases, entrepreneurs who would like to reduce the costs for operating a business do not employ competent staff. This challenge is reflected in a verbatim quotation from respondent B below.

<u>Staff costs</u>

> *Some members in our management team are concerned that our bookkeeper is not doing the best job, but we fear to employ high calibre staff because such staff would cost much more (Respondent B).*

<u>Staff incompetence</u>

Incompetent staff may become a source of inefficiencies in the management and operations of the enterprise. Where operations are lagging targets, management are not confident to report and hence are more likely to adjust intent against reporting. The challenge related to staff incompetence is reported by respondent A in the quotation below.

> *I feared to recruit a veterinarian. We have someone on call as opposed to a full-time staff. We miss the advantages of having someone full-time as sometimes we have an emergency and the person on-call does not arrive immediately (Respondent A).*

Workload and multiple roles

Where finding the right calibre of staff is a challenge, available staff are encouraged to carry additional workload and roles. In other cases, management of IEs look within and groom staff to take over certain functions which are envisioned will be relevant for the projects in the future.

> *We have an agronomist, who also does our extension work. We also have a person with a background in veterinary medicine. We have recruited a young man with a background in business administration, who we are grooming to undertake the role of marketing in the future (Respondent A).*

Extracts of phrases from verbatim words of respondents as well as implied capacity challenges from such phrases are summarized in table 3.

Table 3: Staffing and management capacity challenges

Phrase from the respondent	Respondent code	Capacity challenges
Not doing the best job	A	Staff incompetence
Such staff would cost so much	A	Balancing costs and quality of staff
Someone on call as opposed to full time staff	B	Finding the right calibre of staff
A person to report impact well	I	Finding the right calibre of staff
Impact reporting requires specific skills.	G	Finding the right calibre of staff

Capacity for financial management

Capacity challenges regarding financial management relates to dealing with variations in the rate of exchange between foreign and local currency, choosing between competing investment decisions (e.g. capital expenditure vs investments in assets that increase production) as well as keeping records and accountability and supporting documents for funds expensed in situations where suppliers are too informal and may not provide documentations of transactions.

Exchange rate variations

Exchange rate fluctuations cause a currency loss for the IEs. This challenge is reported by respondent B in the quotation below.

> *We received the loan in United States Dollars (USD), but we spend in the local currency. We lose money when buying shillings. Again, we repay in USD. We also lose money when buying USD to repay the loan (Respondent B).*

Choosing between competing alternative investments

Choosing between competing alternative investments can be a challenge for managers of IEs. Particularly, it is difficult to choose between making capital expenditure (investing in capital goods) – which has a longer-term benefit and making investments that would lead to improving production and efficiencies in the short term. This is portrayed by a quotation from respondent B below.

> *There is often fear that one is investing too much in capital expenditures such as making proper sheds for the cows, growing grass/hay for the cows, fencing and extending water lines into the farm (Respondent B).*

Documentation of transactions

Additional challenges in financial management arise from accounting for expenses where there are no supporting documents. This challenge is reported by respondent E in the quotation below.

> *We have been doing construction work. Some providers of materials like sand do not provide receipts, which is evidence of payments we make to them. We have to improve to get supporting documents (Respondent E).*

Phrases from respondents and summaries of capacity challenges regarding financial management are summarized in table 4.

Table 4: Financial management challenges

Phrase from the respondent	Respondent code	Implied financial management challenges
Receive in USD but spend in local currency	B	Managing differences in exchange rates
Fear of capital expenditures	B	Choosing between competing investment decisions
Do not provide receipts – evidence of	E	Records management, and filing supporting documents for funds expensed payments

Governance capacity and reporting

According to Kühn et al, (2018); governance affects reporting. Where governance function is weak, business operation is likely to struggle, and managers will also struggle to reporting on business performance as well as impact of the business. This is confirmed by respondent J in the quotation below.

> *Governance structure is important for the functioning of a business including reporting functions. Investors must often check for governance structure before making investments (Respondent J).*

Discussions

This study found that whereas adequate capacity motivates, inadequate capacity demotivates. The results of this study are summarised in Table 5.

Table 5: Summary of Research Findings

Research Questions	Summary of Findings
Research question: How does capacity influence management of IEs to adjust intent in favour of reporting?	Adequate capacities influence management to adjust intent in favour of reporting.
Research question: How does capacity influence management of IEs to adjust intent against reporting?	Inadequate capacities influence management to adjust intent in favour of reporting.

The result of this study leads to several insights, which are consistent with sensemaking theory and scholarly literature on capacities, performance measurement, and Social Impact Investment. Findings and results of this study also adds new insights and perspectives to the sensemaking theory underpinning this study and the relevant scholarly literature. The following paragraphs discusses results and findings of this study in light of the sensemaking theory and scholarly literature.

This study expounds and illustrates key concepts and constructs in the sensemaking theory. Sensemaking refers to the making of sense or structuring the unknown (Weick, 1995 p 4). Sensemaking is influenced by the actions of other people, as well as expectations, experiences and emotions of the individual (Weick, 1995; 1993). In this study, it is evident that reporting is influenced by the strength of governance that drives the enterprise.

In studies on performance measurement within the context of SMEs, Bititci et al, (2012); Cocca and Alberti (2010); Waśniewski (2017); UNDP (2015) and Kubzansky et al. (2011) it is revealed that challenges affecting reporting include: human resource, managerial capacity and limited resources. In unveiling staffing and management capacities, this study concurs with these earlier studies. However, this study goes on to provide details of staffing and management capacity to include challenges related to staff costs, staff incompetence and workload and multiple roles assigned to staff.

In addition, this study also adds depth and new perspectives that deepens understanding of capacity challenges regarding performance measurement within the context of impact enterprise. This study unveiled technical capacity challenges to include capacity to manage contracts, capacity to attribute impacts to investments, capacity to manage data, and capacity to adjust the reporting template accordingly. This study illustrates determinant of technical capacity to include backgrounds of the managers of IEs and support provided by the investors or fund managers. Lastly, this study also unveiled financial management capacity to include capacity to deal with exchange rate variations, choosing between competitive alternative investment options, and documentation of transactions.

Conclusions and recommendations

Key conclusions are drawn from this study. These conclusions are grounded in literature (Waśniewski, 2017; Bititci et al, 2012) and sensemaking theory (Weick, 1995; Weick, et al., 2005) reviewed and is also founded on findings from this study. According to the findings from this study, the capacity challenges span staffing and human resource, technical capacities and financial management capacities. Details of each of these capacity constraints are unveiled. Also, determinants of technical capacities are unveiled.

This study recommends directing capacity building support to systematically address specific areas of weakness. Directing capacity building support will improve the ability of the managers to report effectively and timely.

This study also recommends that development partners and philanthropists should direct financing to build capacities of management of IEs in the various areas where capacity is revealed to be deficient and inadequate.

Because of a skills problem identified, in this study and in previous studies (Kubzansky et al., 2011; UNDP, 2015), a comprehensive apprenticeship program for business skills development and reporting is recommended. Whereas skills in accounting and finance are fairly available, such skills provide the basis and starting points on which to build effective reporting skills and expertise. Reporting requires specialized skills that combine finance and accounting with skills to appreciate possible and actual social impacts and attributing impacts. The complexity of skills requirements varies from one IE to another. Finding staff that has all the relevant skills for reporting is difficult. An apprenticeship program that combines training in specialized reporting skills and methodologies and which exposes trainees to various approaches to impact reporting is recommended. The apprenticeship program should combine training and mentoring and coaching. Trainees can be attached to IEs and seasoned managers of IEs who have excelled in reporting can be used to provide mentoring and coaching to the trainees. Such an apprenticeship program will build a pool of experts in reporting and will also sustain capacity development in impact-oriented entrepreneurship development.

According to Waśniewski (2017), certain characteristics of IEs and their managerial capacities (Melton, & Meier, 2017; Ates, Garengo, Cocca, & Bititci, 2013) are in themselves obstacles to the implementation and application of performance measurement within the context of specific IEs. For instance, IEs are often understaffed and have limited personnel. Limited personnel and understaffing are also confirmed in this study. Limited personnel and understaffing leads management to have busy work schedules. Management makes certain consideration (e.g. workload, skills requirement, etc.) when allocating resources and personnel within the various functions of the IEs. For this reason, further studies should investigate in detail, managerial considerations that guide allocation of resources within the functional units of the Impact Enterprise; factors that influence such considerations and how planning and reporting can be mainstreamed within such considerations to achieve an integrated approach to measuring and reporting impact of investments.

Lastly, further studies should investigate how perceptions of impact reports, especially by fund managers and investors influence or undermine IE managers reporting endeavours. This study should target unveiling how perceptions of the fund managers and investors influence IE managers' plan and work with their team to prepare reports.

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