

Optimizing Social Impact in Organizations: Concepts, Levers and Barriers

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With the socio-economic change that has taken place over the last years, in addition to an increase in sustainability regulation, stakeholders have gained importance and organizations are more active in relation to generating social impact, but society demands more and better social impact from organizations. The objectives of this paper are to clarify the concepts of impact and social impact optimization, and to detect levers and barriers to help organizations optimize the social impact that they generate. A qualitative approach based on interviews with social impact leaders from organizations with different forms (big companies, small and medium-sized enterprises, corporate foundations, b-corps, community foundations, public and private foundations, associations and investing firms) is applied, together with focus groups with stakeholders from those organizations that are best practices.

Keywords: social impact, social impact optimization, levers, barriers

Introduction: Organizations as Drivers of Positive Social Change

The line of management research related to organizations as drivers of positive social change is growing, but it has rarely explored how organizational activities could stimulate social wellness beyond the boundaries of the organization (Stephan, Patterson, Kelly, & Mair, 2016). Empirical research that explores the positive effects of organizational activities over objectives beyond the organization and in society is scarce; some exceptions are Carrigan, Moraes, and Leek (2011), and Muller, Vermeulen, and Glasbergen (2012). There are few studies that link activities carried out by social enterprises with the positive social change that they generate (Jones & Snelgrove, 2006; Perrini, Vurro, & Costanzo, 2010; Seelos & Mair, 2005). Stephan et al. (2016) showed that research about mechanisms and processes in which the relationship between organizations and positive social change is based is scarce and fragmented.

Objectives of the Paper

General Objective

Clarifying the concepts of social impact and social impact optimization, and detecting levers and barriers to optimize social impact in organizations with different organizational forms.

Specific Objectives

- (1) Clarify the concept of social impact and optimization;
- (2) Detect organizational aspects that condition social impact optimization: levers and barriers.

Social Impact

One of the first scientific papers that used the concept of social impact was published by Bartlett in 1947. It analyzed the social impact that the radio had in the United States when it was popularized during the first half of the 20th century, mainly impacting life style in the countryside. For example, agricultural families got more united; the radio increased their interest in national problems, reduced their sleeping hours and made life outside the city more attractive (Bartlett, 1947).

Burdge and Vanclay (1996) referred to social impact as the consequences for the population of any action, public or private, that alters the way people live, work, play, relate to each other, and organize themselves to satisfy their needs and, in general, act as members of society.

The concept of impact refers to the effects that are achieved in the long-term that can be attributable to the intervention of the organization; social changes that could be verified and have been direct consequence of organizational actions (Clark, Rosenzweig, Long, & Olsen, 2004).

European Commission (2015) showed that social impact is related with social results—both in the long- and short-term, adjusted by effects achieved by others (alternative attribution), and effects that would have happened anyway, negative consequences, and effects that diminish with time.

Clifford (2014) defined social impact in relation to the following key elements: value created because of someone's activity, value experimented by beneficiaries and affected people, which includes positive and negative effects. Impact is measured in comparison to a reference frame, in relation to what the situation would have been without the mentioned action.

The Impact Management Project (2018) described impact based on the material effects (positive and negative) that are experienced by people and the planet. It specifies that the effects are material when they are related to important positive or negative results (What), they are profound and/or occur for many people and/or they last for a long time (How much), and are produced for the planet or for people (Who). When deciding the best way to manage the effects that are being generated, we need to take into account if the effects are improving the situation more than what the market would end up doing anyway (contribution), as well as the probability that those effects differ from expectations (risks).

Summary of the social impact concept:

Difference caused by the existence of the organization	Clark et al., 2004
Specific changes in attitudes, behaviors, knowledge, abilities, situation, or functioning level	Clark et al., 2004
Social change processes	Vanclay, 2003
Intentional and non-intentional social consequences	Vanclay, 2003
Positive and negative material effects experienced by people (and the planet)	Impact Management Project, 2018
Planned interventions (policies, programs, plans, projects)	Vanclay, 2003
Social results in the long- and short-term, adjusted by alternative attribution, deadweight, drop-off and displacement	European Commission, 2015
Value created	Clifford, 2014
Value experienced by beneficiaries and affected people	Clifford, 2014
Risks and expectations	Impact Management Project, 2018

Apart from the social impact concept, we find other terms such as social value, created when resources, inputs, processes and politics are combined to generate improvements in the life of people or in society

(Emerson, Wachowicz, & Chun, 2000). Shared value (Porter & Kramer, 2011) and inclusive growth (George, McGahan, & Prabhu, 2012) are concepts that embrace the potential of organizations to generate positive social change.

Social Impact Optimization

Although social problems are complex and some authors state that there are no objective solutions for them (Rittel & Webber, 1973), this project tries to contribute to objectifying the process of optimizing social impact. From the sociological perspective, social problems are defined through a collective process that determines the social topics that are approached (Blumer, 1971). This author focuses on the structures and processes that come before the efforts to face social problems, through a socio-constructivist perspective (Berger & Luckmann, 1991). This perspective highlights the barriers that influence the degree of social attention that social challenges get (Holstein & Miller, 2006; Spector & Kitsuse, 1987).

Dorado, Antadze, Purdy, and Branzei (2022) presented a knowledge map in relation to obstacles when facing complex problems: governance, sensemaking, curation, and adaptation obstacles, that have to do with the degree of alignment of actions with the evolutionary context of the systems where the organization is present (Westley, McGowan, & Tjornbo, 2017). One line of research that Dorado et al. (2022) suggested is a deeper exploration about how leaders connect with social problems (Goodwin, Jasper, & Polletta, 2001).

Bowen stated that organizational leaders should “follow those policies, take those decisions, and follow lines of action that are desirable in terms of societal objectives and values” (1953, p. 6); organizations act as moral agents in our society (Ozar, 1979; Rawls, 1971), reflecting and reinforcing values.

From Friedman’s (1962; 1970) perspective, the only social responsibility of organizations is to maximize profits prioritizing shareholders; organizations cannot be moral agents, only individuals have moral responsibilities (Wartick & Cochran, 1985). From Walters’ (1977) perspective, economic responsibility is not a useful guide for managers because it neglects long-term consequences of profit maximization. Given the critical importance of organizational behavior to achieve social objectives such as equality of opportunities, employees’ health and safety... a social dimension is added to corporate performance (Wartick & Cochran, 1985).

Shared value (Porter & Kramer, 2011) refers to the creation of economic value at the same time as societal value, with a systemic perspective, when approaching society’s needs and challenges; social progress and economic growth are interconnected and can be advanced simultaneously. Providing value to the socio-ecologic system in which the organization is embedded implies increasing its systemic capacity to generate, maintain and develop higher levels of vitality for the place (Mang & Reed, 2015).

Regenerative sustainability considers the interconnection between ecosystems and people (Folke et al., 2010). The regenerative perspective implies adaptive management (Hahn & Tampe, 2021), that allows the system to better adapt to the changing conditions, risks and opportunities (Smit & Wandel, 2006).

An adaptative management perspective should be local (Benne & Mang, 2015; Mang & Reed, 2015). Regenerative strategies should adapt to the specific characteristics of the socio-ecological systems with which the organization interacts, which could happen at different scales, from local to global (Bowen, Bansal, & Slawinski, 2018). The temporal perspective is also an important factor for organizations when facing sustainability challenges (Kim, Bansal, & Haugh, 2019; Slawinski & Bansal, 2015).

The regenerative perspective is participatory, including all the actors that take part in the socio-ecological system (Hahn & Tampe, 2021). To operationalize the concept of regenerative business, these authors develop

three types of strategies: restore, preserve, and enhance—from less to greater organizational proactivity to contribute to the vitality of the system. They suggest to conduct more research to better understand the factors that facilitate more regenerative strategies, and explore the conditions under which organizations adopt regenerative strategies considering systemic factors, institutional (regulatory, cultural, ethical, consumers' habits...) and organizational (size, identity and corporate purpose). The enhancing perspective tries to generate a positive net impact, symbiosis and coevolution with the ecosystem, long-term, cyclical perspective and strategic integration through participation (Hahn & Tampe, 2021).

Mourshed (2022) highlighted three aspects when thinking about expanding generated impact: breadth, depth and durability. Scaling impact implies progressing on these three dimensions simultaneously (Mourshed, 2022).

Measuring the social impact that is generated is very challenging, because there is no common language nor homogeneity in metrics (Fontrodona & Muller, 2020). In previous literature about social impact measurement, three aspects are highlighted: the purpose and reach of measurement (Ebrahim & Rangan, 2014; Dichter, Adams, & Ebrahim, 2016); proportionality (OECD, 2015; European Commission, 2015; Hehenberger, Harling, & Scholten, 2015); and consistency between what is measured and the organizational mission (Ebrahim & Rangan, 2014; European Commission, 2015).

Purpose and reach (what the information is used for and for whom) could contribute to impact optimization (Fontrodona & Muller, 2020). Proportionality suggests to initiate measurement when it contributes to decision-making and its cost is worth it (OECD, 2015). Consistency is related to the need of the selected methodology to be coherent with the objective that it follows, as well as the importance of taking into account the stakeholder group to which it is directed (Fontrodona & Muller, 2020).

There is consensus about the need to draw a logic model, a hypothesis about how the activity of the organization generates social impact; this hypothesis must be verified through measurement (WBCSD, 2013). The logic model was suggested by the United States Agency for International Development in the sixties (Ebrahim & Rangan, 2014), and is also known as the theory of change, impact map (Nicholls, Lawlor, Neitzert, & Goodspeed, 2012) or results chain (Ebrahim & Rangan, 2014). The logic model has five components; stages that explain the generation of impact: inputs (resources), activity, outputs (results), outcomes (changes generated in the community), and impact (effects of change).

Research Methodology

To achieve the objectives of the paper, a qualitative methodology has been developed. Key topics that influence social impact optimization based on the literature, have been considered, such as socioeconomic context, business model, organizational strategy, organizational strengths, purpose, culture, values, social innovation, stakeholders' engagement, process of developing the materiality matrix, risks, selection of social causes and measurement of socioeconomic results (see interview guide in Annex 1).

40 interviews to social impact leaders have been carried out, with an average length of one hour, in-person or virtually. In addition, in those organizations where best practices have been detected, a focus group with stakeholders has been conducted.

Interviews, group interviews and focus groups have been transcribed and analyzed following key topics in the interview guide that are related to the objectives of this paper: clarifying the concepts of social impact and social impact optimization, as well as identifying levers and barriers in social impact optimization.

Data Analysis

Social Impact Concept

Three key aspects have been highlighted in relation to social impact: change; quality of life and wellness improvement; and community perspective.

When interviewees referred to *change* in relation to social impact, they did it in the following way:

- “Change that we generate and that lasts when we are no longer here”.
- “Systemic transformations that have generated traction”.
- “Meaningful, significant and long-lasting improvement in wellness for the community”.
- “Generate transformation towards organizational values and objectives”.

When interviewees referred to *quality of life and wellness* when asked about the social impact concept, they highlighted the need to approach it “from the perspective of people”:

- “Generate opportunities for people; contribute to their life projects”.
- “Improve the way of life of vulnerable people, which has to do with decent employment, self-employment, access to productive assets, under values of freedom, autonomy, dignity and self-realization”.
- “Empower the community to approach challenges”.
- “Make visible the invisible for society”.

In summary, organizational social impact is durable, sustainable, and systemic change, in people’s quality of life and wellness, linked to organizational values and objectives.

Social Impact Optimization

In relation to social impact optimization, interviewees linked it to depth of change, complementary interventions and context that lead towards the best possible situation, orientation towards unattended people, collaboration, focus, efficiency, effectiveness, and integration of social issues in the business model.

It is important to reflect on “whether the same objectives could be achieved in alternative ways”, and “characterize the contextual conditions that are needed to generate optimal impact”, as well as “learn to say no”.

Organizations need to look for equilibria among “objectivity and equity in social decisions with empathy and closeness”, “quality and quantity”, “impact-profitability-risk”, and “be realistic with the information that they can have to give a solution in time and form”.

Social impact optimization implies doing what the organization best knows in comparison to other actors, anticipating non-covered needs. This means “understanding what is already covered by others and prioritizing areas that are less well attended”, reflecting on “whether the organization is the one that could add the most value added”.

Focus is needed, because the organization may put in place “a strategy for each type of vulnerability in relation to products and services”. “Organizations should focus on social issues where they do something differently and really have something to say”.

Optimizing social impact implies finding the best possible integration of social issues in the business model: “impact integrated in the business model; profitability at the same time as impact”, “complementarity in strategic lines, aligning projects and actions”.

Impact optimization is also related with collaboration: “impact optimization is optimal collaboration”, “organizations with similar theories of change, should look for how each one could contribute to others”, “reduce distance”, “direct collaboration”.

In summary, “a better social impact produces results with more quality, the most powerful, broader, deeper and more durable, in a homogeneous way for everyone that participates”.

In an applied way, “to optimize impact organizations work on a theory of change with the five dimensions of the Impact Management Project, they state a table of indicators linked to their theory of change, to their core business (no more than 5); set objectives linked with the business plan; and indicators that could give a sense of the scalability of the impact (outputs) and generated change (outcomes)”.

Levers and Barriers in Social Impact Generation

Interviewees highlighted the following levers in social impact generation:

Corporate governance:

- “Governance: who you report to, where internally, visibility”.

Leadership:

- “Support from management”.
- “Intentionality and systemic perspective from the entrepreneur”.
- “We need agents of change within the organization”.
- “Companies that have succeeded have the best people, which is difficult to measure; leadership and capabilities”.
- “Leadership is important; we need to standardize and characterize it”.

Team:

- “To generate empowerment in people and social development, you need to put charisma with technical knowledge”.
- “To improve the quality of the intervention, it’s important for the people that develop it to have the best labor conditions. Interventions in other groups, allow us to extend our employees’ working day. Additional interventions should be aligned with the mission, without losing priority”.

Awareness:

- “Internal awareness of the importance of measuring and evaluating”.
- “Cultural change that is needed little by little, horizontally”.

Aligning personal and organizational purposes:

- “Recover the interest of each person to put it at the disposal of the project”.
- “Passion”, “Belonging”.
- “Alignment in values with other stakeholder groups, like funders; coherence”.
- “Put people in the center”.

Integration:

- “Link with the business, with the essence of the activity”.
- “Link with other social resources in the context”.
- “Work in a transversal way”.

Unique value proposition and clear theory of change:

- “Have a clear theory of change, a unique value proposition; clearly understand if you are adding something different”.

Innovation:

- “Innovate keeping the essence”.
- “Be willing to do different things”.

Digitalization:

- “The capacity to have quick, intelligent, easy and cheap to collect data, allow us to be conscious”.

Know the context:

- “Know first-hand the peculiarities of the context, with the people”.
- “Detect key agents”.
- “Go into bars”.
- “Flexibility to adapt”.
- “Active listening to stakeholders, make them allies in the strategic plan”.

Community perspective:

- “Intervention methodology that originates from the collective: the individual in relation to the collective”.

Collaboration:

- “Network”.
- “Create links, bonds with stakeholders”.
- “Alliances”.
- “Permanent dialogue”.

Measurement:

In relation to social impact measurement, the relevant role that a theory of change plays in decision making was highlighted; the need for consistency and standardization, with some adaptation; the importance of culture and resources allocation; the challenge of vulnerability and direct connection with stakeholders, as well as long-term perspective reaching the value chain.

Relevance of theory of change in measuring and managing social impact:

- “Decisions depend on impact on the theory of change. It clarifies the conditions that we need to do what we know. If not, we don’t generate change and the best is to go away”.
- “The theory of change gives a group of indicators. The most important is to begin to measure a selection of the most revealing”.
- “With your theory of change you realize what you are good at, not what you thought you were useful for”.

Need of consistency and standardization with some adaptation:

- “Data tracking. Consistency in methodology”.
- “Standardization facilitates, but it could omit information”.
- “There is a need for a common language”.
- “Less is more in indicators”.
- “Until we define thresholds in social issues, it’s going to be very difficult to optimize impact”.
- “Monetizing is an option, but probably not the best. Let’s invent a social currency”.

Importance of culture and resource allocation for impact measurement:

- “The founder could have a clear intentionality, but sometimes penetration in the team is missing”.
- “The challenge is to understand impact measurement as enabler of management”.
- “Measuring should not be an extra project, it should be in the culture of everything you do; intrinsically”.
- “Measuring consciousness in the whole value chain. Transmit the need and generate a culture of sharing”.
- “When our impact measurement and management will be more mature, data are going to drive the organization”.

- “Secure funds for evaluating and measuring impact”.
- “A good practice is to dedicate at least the 10% of the budget to evaluation”.

Vulnerability and direct connection with stakeholders:

- “Characterize the different levels of unattended people”.
- “The question is not how many poor people I’m reaching, the question is how many non-poor people I’m reaching to be able to reach more poor people. Thanks to measurement, you set a target of vulnerable client: at least the X%”.

- “Direct relation with stakeholders, beyond surveys”.

Long-term perspective reaching the value chain:

- “Give time for impact to penetrate and germinate”.
- “In one-year projects, you speak more about intentions than data”.
- “Process indicators to evaluate progress in objectives”.
- “Measure and make impact results a framework for others to take decisions”.

Discussion

This paper tries to contribute to social sustainability management theory by clarifying the concept of social impact, social impact optimization and detecting levers and barriers for organizational social impact.

Social Impact Concept

In relation to the concept of social impact, previous literature referred to effects that can be attributable to organizational action (Clark et al., 2004); consequences for people that alter the way they live, work and relate to each other (Burdge & Vanclay, 1996).

The qualitative data that I have analyzed show that there are three key aspects in relation to social impact: generating change, improvement in quality of life/wellness, with a community perspective.

Social Impact Optimization

Previous research states that there are no objective solutions for social problems because of their complexity (Rittel & Webber, 1973), but this project tries to contribute to making social decision-making more objective.

From the sociological perspective, the collective process through which social problems are defined is highlighted (Blumer, 1971). Dorado et al. (2022) detected barriers in facing complex problems: governance, sensemaking, curation and adaptation obstacles that have to do with context alignment (Westley et al., 2017). Bowen (1953) highlighted the importance of aligning policies with societal objectives and values.

Social progress and economic growth are interconnected and can be advanced simultaneously, creating shared value (Porter & Kramer, 2011). Ecosystems and people interconnection is key in regenerative sustainability (Folke et al., 2010), which implies adaptive management to risks and opportunities (Hahn & Tampe, 2021), with a local (Benne & Mang, 2015; Mang & Reed, 2015) and temporal (Kim et al., 2019; Slawinski & Bansal, 2015) perspective.

In summary, from previous literature, we can highlight the collective and participatory perspective in social problems’ definition; barriers that need to be taken into account such as governance, sensemaking, curation and adaptation to context alignment; as well as the alignment of policies with societal objectives and values. The creation of shared value (economic and social) has to do with the interconnection of people with

ecosystems, leading to regenerative sustainability, an adaptive perspective to risks and opportunities, with a local and temporal perspective. From restoration, to preservation and enhancement, taking into consideration institutional and organizational factors. Scaling impact implies progressing on three dimensions simultaneously: breadth, depth and durability.

Interviewees related social impact optimization with depth of change, complementary interventions and context leading towards the best possible situation, integration of social issues in the business model, orientation towards unattended people, focus, efficiency, effectiveness and collaboration.

Balancing objectivity and equity in social decisions without losing empathy and closeness; quality and quantity; impact, profitability and risk; as well as being realistic with timely information.

Knowing what the organization could contribute the most in comparison to other actors and the context under which it can make the best social impact, facilitate social decision-making. A strategy for each type of vulnerability in relation to products and services may be needed.

A clear theory of change is key in the social optimization process; organizations with similar theories of change should look how they could collaborate with each other. To optimize impact, organizations need to work on a theory of change with the five dimensions of the Impact Management Project (who, what, how much, contribution and risk), set indicators linked to this theory of change and to their core business (no more than 5), taking into account scalability of impact (outputs) and generated change (outcomes). As one of the interviewees put it: “a better social impact produces results with more quality, the most powerful, broader, deeper and more durable, in a homogeneous way for everyone that participates”.

From the interviewees' perspective, the main organizational levers and barriers in social impact generation are related with corporate governance (reporting and visibility), leadership (support, intentionality and systemic perspective, capabilities), awareness (about the importance of social impact measurement, with horizontal cultural change); personal and organizational purpose alignment (passion, belonging, value coherence among stakeholders, people in the center); team (mixing charisma with technical knowledge for empowerment and social development, having the best possible labor conditions, intentionality penetrated throughout the organization); business integration with contextual social resources from a community perspective, working collaboratively in a transversal way, with a unique value proposition and clear theory of change; innovation and digitalization.

In relation to social impact measurement, the need for consistency and standardization has been highlighted, with some adaptation. Organizational culture and resource allocation are key levers, as well as long-term perspective reaching the value chain in a collaborative way, making impact results a framework for others to take decisions. A big challenge remains: the definition of thresholds for social issues, what has been considered key for social impact optimization. Impact measurement is a great management enabler.

In social decision making, the theory of change is very relevant for social impact management. The theory of change clarifies the conditions under which organizations can do what they know best to generate change; it helps them realize what they are good at. Social impact measurement helps organizations to set targets in relation to vulnerable clients once vulnerability has been characterized on the basis of the different levels of unattended people.

Conclusions and Future Lines of Research

This paper tries to contribute to several gaps detected in previous literature. On the one hand, empirical research that explores the positive effects of organizational activities over objectives beyond the organization and

in society was scarce. There was a need to explore in more depth how organizational activities could stimulate social wellness beyond the boundaries of the organization, and analyze mechanisms and processes on which the relationship between organizations and positive social change is based (Stephan et al., 2016).

Dorado et al. (2022) suggested to explore how leaders connect with social problems. Hahn and Tampe (2021) suggested to conduct more research to better understand the factors that facilitate more regenerative strategies, and explore the conditions under which organizations adopt regenerative strategies considering systemic factors, institutional (regulatory, cultural, ethical, consumers' habits...) and organizational (size, identity and corporate purpose).

This paper had the following objectives: clarifying the concepts of social impact and social impact optimization, and detecting levers and barriers to optimize social impact in organizations with different organizational forms.

In relation to the social impact concept, I have found that there are three key aspects: generating change, improvement in quality of life/wellness, with a community perspective. According to interviewees, social impact must generate systemic, meaningful, significant, long-lasting transformation towards organizational values and objectives, generating traction towards an improvement in wellness for the community from their perspective, empowering them to approach challenges. This means generating opportunities for them, contributing to their life projects, improving their way of life especially for vulnerable people, making them visible, which has to do with decent employment, freedom, autonomy, dignity and self-realization.

Interviewees related social impact optimization with depth of change, complementary interventions and context leading towards the best possible situation, integration of social issues in the business model, orientation towards unattended people, focus, efficiency, effectiveness and collaboration.

In relation to future lines of research, differences per organizational form could be explored both in relation to the concept of social impact, social impact optimization and key levers and barriers in the process. A next step is to take those levers and barriers that have been identified, as well as key aspects that influence social impact optimization, to develop a framework for social decision-making.

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Annex 1: Interview Guide

1. Role in the organization and responsibilities.
 2. Trajectory inside and outside of the organization, how and why working on issues related to social impact?
 3. What is social impact for you?
 4. How is social impact defined in the organization you are working for?
 5. How do you approach the generation of social impact in your organization?
 6. What barriers have you encountered when trying to generate social impact at the organization you work for?
 7. Main accelerators in social impact generation by your organization.
 8. What is social impact optimization?
 9. What factors in the external context, environment, could influence social impact optimization?
 10. What organizational factors, internal, could affect social impact optimization?
 11. How do you detect needs or social topics in which to act?
 12. Could you indicate some data sources?
 13. What decision-making process do you use to choose social topics in which to focus the organization's contribution?
- Specify the stages that you follow.
14. What is the most difficult aspect in this social decision-making process?
 15. What process do you follow to engage with stakeholders and consider unattended collectives?
 16. How does the materiality matrix contribute to social decisions?
 17. In case you are present in different geographical areas, are there differences per country in the social decision-making process?
 18. How does the socio-economic context in which the company operates affect social decision-making and the generation of social impact by your organization?
 19. How does the public and regulatory context influence social decision-making and the generation of social impact by your organization?
 20. How does the organizational legal form affect social impact optimization?

21. To what extent could technology, artificial intelligence, help in the process of social decision-making and social impact optimization?
22. What role does organizational culture and values play when optimizing social impact?
23. How is the organizational social sustainability strategy related with the social impact optimization in your organization?
24. How is corporate volunteering related to social impact generation in your organization?
25. What impact measuring tools do you use in your organization and how do they contribute to social impact optimization?
26. Is there any other topic that we have not covered, that you consider of interest in relation to optimizing social impact in organizations?