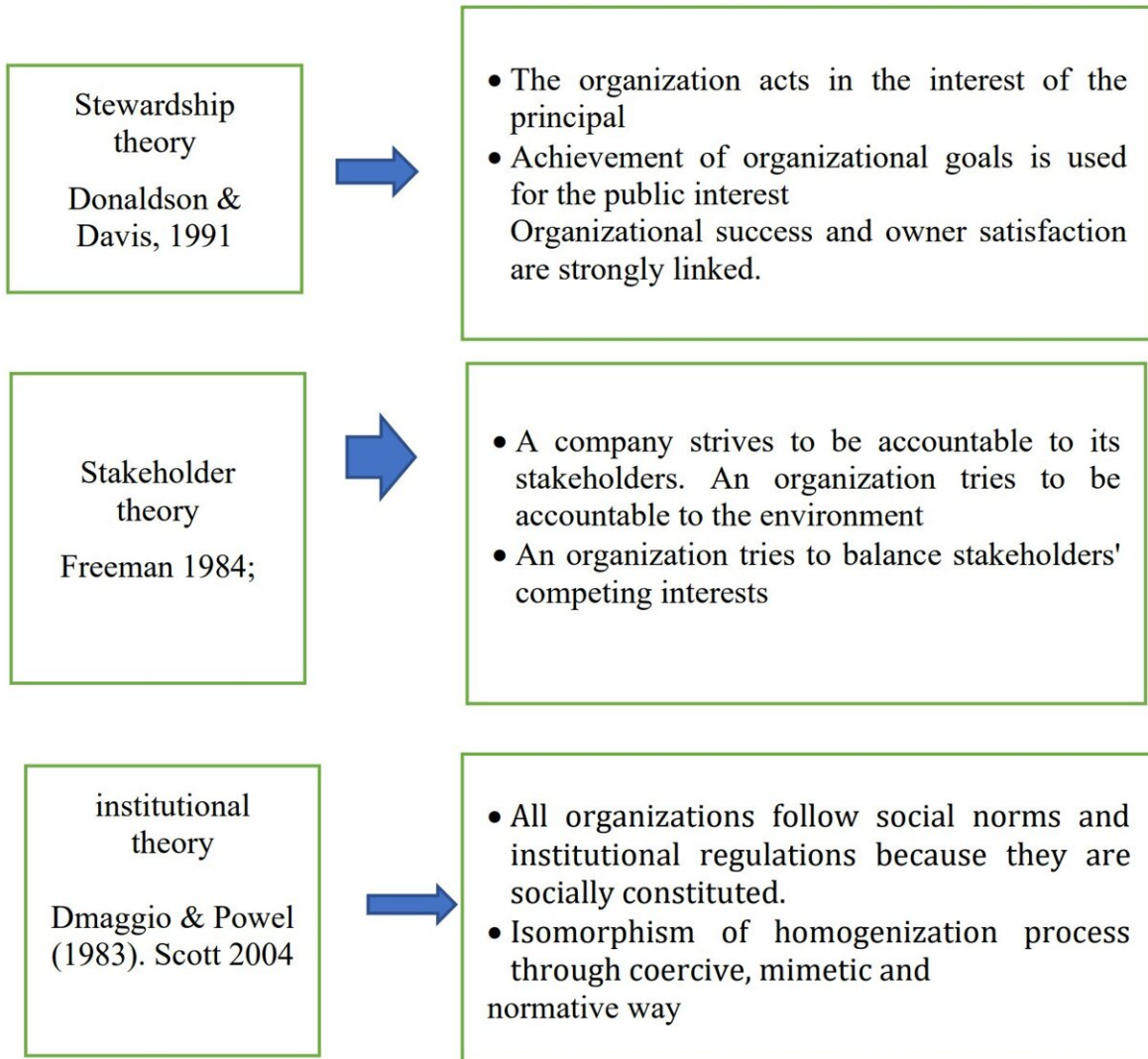


Balancing social missions with profitability

September 26 2023, by David Bradley



Theoretical framework. Credit: *International Journal of Business Excellence* (2023). DOI: 10.1504/IJBEX.2023.133579

A study in the International Journal of Business Excellence has revealed how accountability in the performance of social village-owned enterprises (VOEs) is critical to their meeting both their social mission and achieving financial viability without compromising either. The research, which focused on VOEs across four districts, examined 451 participants and showed how social ethics and financial aims must be delicately balanced.

Yesi Mutia Basri, Hariadi Yasni, Poppy Nurmayanti M., and Novita Indrawati of the Faculty of Economics and Business at the University of Riau in Pekanbaru, Indonesia, explain that accountability is the pivot about which an organization must balance its [social impact](#) and [financial security](#).

Moreover, when social organizations are held accountable for their actions and decisions, they tend to perform better both in terms of their social mission and financial health, the team found. This connection underscores the need for a clear approach to the organization's social goals and its finances.

However, the team also showed that there can be confounding factors that can tip this delicate balance. They suggest that institutional pressures can affect the interplay between accountability and performance. Such pressures, which may arise from regulations, community expectations, or even the support of other organizations can reduce accountability and have a detrimental impact on [financial performance](#) and social aims within VOEs.

There are, of course, other factors at play such as public and [business](#) transparency and the rule of law. Indeed, the findings could offer some guidance to governments in the formulation of policies to enhance accountability within social organizations.

The team suggests that in order to build on the findings, future work will look at a wider range of social organization types and examine the impact of various governance principles as well as study the broader political context of the activities of those organizations. Such would add to our understanding of organizational [accountability](#).

The work is published in the *International Journal of Business Excellence*.

More information: Yesi Mutia Basri et al, Accountability in social enterprises: the role of institutional pressure and social performance, *International Journal of Business Excellence* (2023). [DOI: 10.1504/IJBEX.2023.133579](#)

Provided by Inderscience

Citation: Balancing social missions with profitability (2023, September 26) retrieved 3 May 2024 from <https://phys.org/news/2023-09-social-missions-profitability.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--