

## Social Business Evaluation in Brazil: Analysis of Entrepreneurship and Investor Practices

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**Abstract :** The paper aims to identify and to discuss the impact and results of ex-ante, mid-term and ex-post evaluation initiatives in Brazilian Social Enterprises from the point of view of the entrepreneurs and investors, highlighting the processes involved in these activities and their aftereffects. The study was conducted using a descriptive methodology, primarily qualitative. A multiple-case study was used, and, for that, semi-structured interviews were conducted with ten entrepreneurs in the (i) social finance, (ii) education, (iii) health, (iv) citizenship and (v) green tech fields, as well as three representatives of various impact investments, which are (i) venture capital, (ii) loan and (iii) equity interest areas. Convenience (non-probabilistic) sampling was adopted to select both businesses and investors, who voluntarily contributed to the research. The evaluation is still incipient in most of the studied business cases. Some stand out by adopting well-known methodologies like Global Impact Investing Report System (GIIRS), but still, have a lot to improve in several aspects. Most of these enterprises use nonexperimental research conducted by their own employees, which is ordinarily not understood as 'golden standard' to some authors in the area. Nevertheless, from the entrepreneur point of view, it is possible to identify that most of them including those routines in some extent in their day-by-day activities, despite the difficulty they have of the business in general. In turn, the investors do not have overall directions to establish evaluation initiatives in respective enterprises; they are funding. There is a mechanism of trust, and this is, usually, enough to prove the impact for all stakeholders. The work concludes that there is a large gap between what the literature states in regard to what should be the best practices in these businesses and what the enterprises really do. The evaluation initiatives must be included in some extension in all enterprises in order to confirm social impact that they realize. Here it is recommended the development and adoption of more flexible evaluation mechanisms that consider the complexity involved in these businesses' routines. The reflections of the research also suggest important implications for the field of Social Enterprises, whose practices are far from what the theory preaches. It highlights the risk of the legitimacy of these enterprises that identify themselves as 'social impact', sometimes without the proper proof based on causality data. Consequently, this makes the field of social entrepreneurship fragile and susceptible to questioning, weakening the ecosystem as a whole. In this way, the top priorities of these enterprises must be handled together with the results and impact measurement activities. Likewise, it is recommended to perform further investigations that consider the trade-offs between impact versus profit. In addition, research about gender, the entrepreneur motivation to call themselves as Social Enterprises, and the possible unintended consequences from these businesses also should be investigated.

**Keywords :** evaluation practices, impact, results, social enterprise, social entrepreneurship ecosystem

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