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Social entrepreneurship and impact measurement: Navigating institutional voids in Nigeria

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Abstract
Social entrepreneurship has become an important mechanism for addressing persistent socioeconomic and environmental challenges, particularly in emerging economies where formal institutions and markets may be unable to meet critical social needs. However, the ability of social enterprises to demonstrate and scale their impact is frequently constrained by institutional deficiencies and weak impact-measurement systems. This study examined the relationships among institutional voids, impact measurement capability, funding access, and social impact among 650 social enterprises in Nigeria. The enterprises operated across health, education, agriculture, water, sanitation and hygiene (WASH), and energy sectors. A quantitative cross-sectional survey design was adopted, and the principal constructs were measured using multi-item scales adapted from established institutional, stakeholder, and social-impact measurement frameworks. The proposed model was analysed using Partial Least Squares Structural Equation Modelling and sequential mediation analysis with 5,000 bootstrap resamples. The available structural model indicates that institutional voids negatively influence impact measurement capability, while impact measurement capability positively influences funding access. Funding access, in turn, positively influences social impact. The sequential indirect pathway from institutional voids through impact measurement capability and funding access to social impact was also significant, indicating that institutional deficiencies may diminish social outcomes by weakening enterprises' capacity to generate credible impact evidence and mobilise external financial resources. The study contributes to social entrepreneurship and institutional-void scholarship by positioning impact measurement capability as a strategic organisational resource capable of reducing information asymmetry, strengthening legitimacy, and facilitating resource mobilisation. The findings underscore the need for improved social-impact data infrastructure, clearer regulatory support, investment-readiness programmes, capacity building, and financing mechanisms tailored to Nigerian social enterprises.

Keywords: Social entrepreneurship, institutional voids, impact measurement capability, funding access, social impact, PLS-SEM, Nigeria

Introduction

Social entrepreneurship has become an increasingly important mechanism for addressing persistent social, economic, and environmental challenges that neither conventional markets nor public institutions have been able to resolve adequately. Across developed and developing economies, social enterprises combine entrepreneurial methods with an explicit social or environmental mission, seeking to create sustainable social value while maintaining sufficient commercial viability to survive and scale (Saebi *et al*., 2019; Wry & York, 2017) [16, 19]. Unlike conventional enterprises whose dominant objective is shareholder value maximisation, social enterprises operate under a hybrid logic that simultaneously accommodates economic sustainability and measurable societal outcomes. Their activities extend across healthcare, education, agriculture, renewable energy, financial inclusion, water and sanitation, employment creation, poverty reduction, and other areas closely connected with the Sustainable Development Goals (SDGs).

The growing interest in social entrepreneurship is particularly relevant to emerging and developing economies where institutional capacity to provide essential services is frequently constrained. In these contexts, social enterprises often operate in spaces characterised by weak formal institutions, incomplete markets, infrastructure deficiencies, limited public service provision, information asymmetries, regulatory uncertainty, and inadequate financial intermediation (Khanna & Palepu, 2010; Mair *et al*., 2012) [9, 12]. Such conditions are commonly conceptualised as institutional voids—situations in which the institutions necessary to support efficient market transactions, information exchange, contract enforcement, financing, regulation, and organisational coordination are absent, ineffective, fragmented, or underdeveloped (Khanna & Palepu, 2010; Mair & Marti, 2009) [9, 11]. Although institutional voids may create opportunities for social entrepreneurs to develop innovative solutions to unmet social needs, they simultaneously generate substantial constraints on organisational development, legitimacy, resource mobilisation, and impact creation.

Contemporary research increasingly recognises that social entrepreneurship is deeply embedded in its institutional environment rather than being solely a function of individual entrepreneurial motivation or organisational resources. Institutional arrangements determine access to capital, information, skilled personnel, regulatory support, infrastructure, and networks, all of which affect the ability of social enterprises to develop and expand their interventions (Doh *et al*., 2017; Stephan *et al*., 2015) [3, 18]. In environments where these institutions are weak, social enterprises may be required to perform functions normally provided by governments, intermediaries, professional bodies, financial markets, or information systems. Consequently, scarce organisational resources are diverted from mission delivery towards navigating bureaucracy,

building informal relationships, generating proprietary information, compensating for infrastructural deficiencies, and establishing legitimacy with stakeholders.

Nigeria presents an especially important setting for examining this institutional paradox. As one of Africa's largest economies and its most populous country, Nigeria faces significant developmental needs alongside a highly entrepreneurial population. Social enterprises have emerged across education, agriculture, health, renewable energy, skills development, technology, financial inclusion, social care, and environmental sustainability. The British Council (2022) [2] estimated that Nigeria could have approximately 443,000 social enterprises and documented the sector's contribution to vulnerable populations, employment creation, enterprise opportunities, and inclusive development. Despite this growth, the Nigerian social enterprise ecosystem remains characterised by structural weaknesses involving access to finance, specialised business support, investor connections, policy recognition, and regulatory coordination.

A critical yet comparatively underexamined organisational capability within this environment is impact measurement capability. Impact measurement refers to the systematic processes through which social enterprises establish impact objectives, identify indicators, collect and analyse data, monitor outputs and outcomes, assess beneficiary-level changes, and communicate results to internal and external stakeholders (Ebrahim & Rangan, 2014; Rawhouser *et al*., 2019) [4, 15]. Impact measurement capability extends beyond producing occasional impact reports. It reflects an organisation's capacity to integrate key performance indicators, theories of change, beneficiary information, monitoring systems, data analytics, outcome assessment, reporting practices, and organisational learning into routine management processes.

Impact measurement has assumed greater importance as social enterprises increasingly compete for grants, philanthropic resources, government contracts, blended finance, and impact investment. Investors and donors increasingly seek verifiable evidence that financial resources produce measurable social or environmental outcomes. Frameworks such as IRIS+, the Sustainable Development Goals, and other impact-management systems reflect attempts to improve the consistency and credibility of impact reporting. Nevertheless, comprehensive measurement remains difficult because organisations frequently have limited financial resources, human capital, methodological expertise, and high-quality data, while the locally specific nature of social problems makes standardisation challenging (World Intellectual Property Organization [WIPO], 2024) [20].

These difficulties are likely to become more pronounced under conditions of institutional voids. Where public databases are incomplete, regulatory reporting systems are fragmented, and evaluation expertise is scarce, social enterprises must incur additional costs to construct their own evidence systems. Smaller enterprises may lack specialist monitoring and evaluation personnel, sophisticated data-management systems, longitudinal beneficiary records, or financial resources to conduct rigorous outcome assessments. Institutional voids can therefore reduce impact measurement capability by constraining the informational, technical, financial, and professional resources required to establish credible measurement systems.

This argument establishes an important connection between impact measurement capability and funding access. Social enterprises commonly operate in funding environments in which investors cannot perfectly observe organisational quality or determine whether reported social outcomes are genuine. This creates information asymmetry and increases perceived investment risk. High-quality impact measurement can reduce this uncertainty by providing verifiable indicators of beneficiary reach, programme effectiveness, social outcomes, SDG alignment, operational efficiency, and organisational accountability. Accordingly, credible measurement can operate as a signalling mechanism through which social enterprises demonstrate competence, transparency, mission integrity, and investability to donors and impact investors (Rawhouser *et al*., 2019) [15].

Funding access, in turn, has important consequences for social impact. Creating sustained social value generally requires financial resources to expand service coverage, employ qualified personnel, invest in technology, strengthen delivery systems, enter underserved locations, evaluate programmes, and develop new interventions. An enterprise with a strong social mission but inadequate funding may reach only a small proportion of its intended beneficiaries. Conversely, improved access to grants, impact investment, government support, philanthropic finance, and other external resources can increase organisational capacity and facilitate scaling.

This reasoning suggests that the effect of institutional voids on social impact may be more complex than a simple direct relationship. Institutional deficiencies may first undermine an enterprise's impact measurement capability; weaker measurement capability may subsequently reduce its capacity to demonstrate credibility and obtain funding; restricted funding may then constrain the scale and quality of the social impact that the enterprise can generate. Theoretically, this constitutes a sequential mediation mechanism: institutional voids → impact measurement capability → funding access → social impact.

Stakeholder engagement further enriches this relationship. Social enterprises depend on beneficiaries, communities, donors, investors, governments, employees, and development partners to define needs, co-create interventions, interpret impact, and sustain legitimacy. Stakeholder theory emphasises that organisations create durable value by recognising and responding to the interests of multiple stakeholder groups rather than privileging a single constituency (Freeman *et al*., 2010) [7]. Beneficiary engagement can improve the contextual relevance of impact indicators, enhance data quality, increase programme legitimacy, and enable enterprises to identify unintended outcomes.

Although previous scholarship has generated important insights into social entrepreneurship, institutional contexts, hybrid organising, social-impact assessment, and impact investing, important gaps remain. Institutional-void research has concentrated considerably on market entry, multinational corporations, and conventional entrepreneurship, with comparatively less empirical attention to how institutional voids influence the internal measurement capabilities of social enterprises. Impact-

measurement research frequently examines accountability and methodological issues without sufficiently linking measurement capability to resource mobilisation and subsequent social impact. Funding studies commonly treat access to finance as an independent constraint rather than an intermediate mechanism partly determined by an enterprise's ability to generate credible evidence of impact. There also remains limited large-sample empirical evidence from sub-Saharan Africa, particularly Nigeria, testing these relationships simultaneously.

Accordingly, this study examines social entrepreneurship and impact measurement in the context of institutional voids in Nigeria using evidence from 650 social enterprises operating across health, education, agriculture, WASH, and energy sectors. Specifically, the study investigates the relationship between institutional voids and impact measurement capability; assesses the influence of impact measurement capability on funding access; evaluates the effect of funding access on social impact; and tests the sequential mediating pathway through which institutional voids influence social impact via impact measurement capability and funding access. By integrating institutional theory, organisational capability perspectives, resource dependence, and stakeholder-oriented reasoning, the study contributes to understanding how social enterprises can navigate weak institutional environments and transform credible impact evidence into financial resources and ultimately greater social value.

Review of Related Literature

1. Concept of Social Entrepreneurship and Social Enterprises

Social entrepreneurship has emerged as an important field at the intersection of entrepreneurship, sustainable development, innovation, and social change. It refers broadly to the identification and exploitation of entrepreneurial opportunities for the creation of social value and the resolution of persistent societal problems (Mair & Marti, 2006; Saebi *et al*., 2019) [10, 16]. Social enterprises are organisations that employ entrepreneurial and market-oriented mechanisms while maintaining an explicit social or environmental mission.

The defining feature of social enterprises is their hybrid character. They combine elements traditionally associated with private businesses, nonprofit organisations, civil society organisations, and public service providers. This hybridity enables them to generate revenue while addressing unmet social needs, but it also creates organisational tensions because commercial and social objectives may compete for limited resources (Battilana & Lee, 2014) [1].

2. Institutional Voids and Social Entrepreneurship

Institutional voids describe weaknesses, absence, or underdevelopment in the formal and informal institutional arrangements required to facilitate economic and organisational activity (Khanna & Palepu, 2010) [9]. These may include inadequate regulatory systems, inefficient financial intermediaries, unreliable market information, weak contract enforcement, insufficient infrastructure, fragmented public databases, and limited institutional support.

Institutional theory provides an appropriate framework for understanding these conditions because organisations depend on institutional environments for legitimacy, resources, rules, and behavioural expectations (Scott, 2014) [17]. Institutions reduce uncertainty by establishing relatively predictable patterns of interaction. Conversely, institutional deficiencies increase uncertainty and transaction costs. For social enterprises, the consequences are complex: institutional voids generate social problems and unmet needs that social entrepreneurs attempt to address, yet the same voids increase operating costs and restrict access to resources.

Nigeria represents a particularly relevant empirical environment because social enterprises operate within regulatory, financial, information, and infrastructural constraints while simultaneously addressing substantial developmental needs. The present study conceptualises institutional voids through regulatory, information/data, and funding deficiencies. Such voids are expected to affect not only social-enterprise performance directly but also the organisational capabilities through which enterprises document and communicate their impact.

3. Social Impact and Social Impact Measurement

Social impact represents meaningful changes in individuals, communities, institutions, or environments attributable, wholly or partly, to organisational activities. For social enterprises, impact can include improved health outcomes, employment creation, poverty reduction, educational achievement, environmental improvement, improved access to clean water, greater financial inclusion, enhanced agricultural productivity, or improved quality of life.

Social impact differs conceptually from organisational outputs. Outputs describe immediate products or services, such as the number of beneficiaries trained or households supplied with clean water. Outcomes represent changes occurring among beneficiaries, while impact generally concerns broader and more sustained changes associated with the intervention (Ebrahim & Rangan, 2014) [4]. Effective impact assessment must therefore move beyond activity counts toward evidence of meaningful change.

A variety of impact-measurement approaches have emerged, including Social Return on Investment, theories of change, logic models, Impact Value Chain approaches, IRIS+, B Impact Assessment, and SDG-aligned indicators. These approaches vary substantially in methodological complexity, resource requirements, comparability, and appropriateness across sectors. Impact measurement should therefore be understood not merely as a technical reporting exercise but as an organisational capability.

4. Impact Measurement Capability

Impact measurement capability refers to an organisation's capacity to define social objectives, establish indicators, collect credible data, analyse results, monitor outcomes, learn from evidence, and communicate social performance systematically. It represents the organisational infrastructure through which social mission is translated into measurable evidence. Rawhouser *et al*. (2019) [15] demonstrate that social-impact measurement has developed into a significant interdisciplinary field, although measurement approaches remain fragmented.

Reliable impact measurement requires skilled personnel, information technology, beneficiary data, methodological knowledge, financial resources, and supportive external institutions. Where such resources are unavailable or expensive, organisations may rely on simplistic output

measures rather than rigorous outcome evaluation. Thus, institutional deficiencies are theoretically expected to reduce impact measurement capability.

H1: Institutional voids have a significant negative effect on the impact measurement capability of social enterprises in Nigeria.

5. Impact Measurement Capability and Funding Access

Access to finance remains central to social-enterprise sustainability. Social enterprises obtain resources from philanthropic grants, government programmes, donor agencies, commercial revenue, impact investors, and blended-finance arrangements. Unlike conventional enterprises, however, they must frequently demonstrate both financial viability and social value.

Investors and donors face information asymmetry because they cannot directly observe the extent to which an enterprise creates genuine social impact. Reliable measurement can reduce this asymmetry by supplying evidence concerning beneficiaries, outcomes, intervention effectiveness, and progress towards predetermined objectives. Impact measurement therefore functions as a legitimacy and signalling mechanism. Enterprises capable of presenting credible evidence may strengthen donor trust, investor confidence, and stakeholder accountability.

H2: Impact measurement capability has a significant positive effect on funding access among social enterprises in Nigeria.

6. Funding Access and Social Impact

Funding access represents the ability of social enterprises to obtain financial resources from donors, governments, philanthropic organisations, impact investors, and other capital providers. Financial resources are necessary for recruiting personnel, acquiring technology, expanding geographical coverage, developing new interventions, and reaching additional beneficiaries.

Resource dependence theory suggests that organisations depend on external actors controlling resources necessary for survival and growth (Pfeffer & Salancik, 1978) [13]. This dependency is especially important for social enterprises because social missions may require services to be provided to beneficiaries who cannot pay full market prices. Funding access can therefore translate organisational capability into social scale.

H3: Funding access has a significant positive effect on the social impact of social enterprises in Nigeria.

7. Stakeholder Engagement and Social Impact

Stakeholder engagement concerns systematic interaction with beneficiaries, communities, investors, donors, employees, government institutions, and other actors affected by organisational activities. Stakeholder theory argues that sustainable organisational value depends upon recognising and managing relationships with multiple constituencies (Freeman, 1984; Freeman *et al*., 2010) [6, 7]. Within social enterprises, beneficiary participation is particularly important because co-creation allows interventions and impact indicators to reflect local priorities.

Stakeholder engagement may be especially important formal institutions are weak because relational networks can partially compensate for deficiencies in formal information and coordination mechanisms. This suggests that stakeholder engagement should be incorporated into empirical models seeking to explain social-enterprise outcomes.

8. Sequential Mediation: Institutional Voids, Impact Measurement Capability, Funding Access and Social Impact

The central theoretical contribution of the study lies in integrating previously fragmented relationships into a sequential mechanism. The proposed model suggests that institutional voids constrain the organisational resources necessary for sophisticated impact measurement. Reduced measurement capability subsequently weakens the quality and credibility of information available to potential funders. This increases information asymmetry and may restrict access to grants and investment. Restricted funding then limits the enterprise's ability to scale interventions and generate social outcomes.

The proposed mechanism is: Institutional Voids → Impact Measurement Capability → Funding Access → Social Impact.

H4: Impact measurement capability significantly mediates the relationship between institutional voids and funding access.

H5: Funding access significantly mediates the relationship between impact measurement capability and social impact.

H6: Impact measurement capability and funding access sequentially mediate the relationship between institutional voids and social impact.

9. Empirical Gap and Contribution of the Study

Three important gaps emerge from the literature. First, despite substantial theoretical work on institutional voids, relatively little empirical research explains how such voids influence the internal impact-measurement capabilities of social enterprises, particularly in African economies. Second, contemporary impact-measurement scholarship has concentrated substantially on measurement frameworks and practical challenges, with less attention to whether impact measurement operates as a strategic capability through which social enterprises improve access to finance. Third, Nigerian scholarship has not adequately tested an integrated structural model connecting institutional voids, impact measurement capability, funding access, and social impact.

The present study addresses these gaps using data from 650 Nigerian social enterprises and a sequential structural framework. By testing both direct relationships and sequential mediation, the study moves beyond identifying institutional voids merely as environmental barriers and explains how institutional conditions affect social impact through organisational capability and resource-mobilisation pathways.

Methodology

1. Research Design

The study adopted a quantitative cross-sectional survey research design to examine the relationships among institutional voids, impact measurement capability, funding access, stakeholder engagement, and social impact among social enterprises in Nigeria. The analytical framework was based principally on Partial Least Squares Structural Equation Modelling (PLS-SEM), selected because of its

suitability for prediction-oriented research involving multiple latent constructs and mediation relationships (Hair *et al*., 2022) [8].

2. Study Population and Sample

The target population comprised social enterprises operating in Nigeria across health, education, agriculture, water, sanitation and hygiene (WASH), and energy. Respondents were drawn from enterprises operating in Lagos, Abuja, Rivers, Kano, and other states. A total of 650 valid social-enterprise observations constituted the final analytical sample. The sample size was considered adequate for structural modelling and bootstrapped mediation analysis.

3. Sampling Technique and Data Collection

A multistage purposive and stratified sampling approach was adopted. Social enterprises were classified according to sector and geographical location, while purposive sampling was used to identify eligible mission-driven enterprises. The questionnaire was administered primarily to founders, chief executives, programme managers, monitoring and evaluation officers, finance managers, and other senior personnel knowledgeable about organisational activities, financing, impact measurement, and stakeholder relationships. Each social enterprise represented one unit of analysis.

4. Measurement of Variables

Except for categorical organisational characteristics, the principal constructs were assessed using five-point Likert-type measures ranging from 1 = strongly disagree to 5 = strongly agree. Institutional voids were measured using eight items covering regulatory, data/information, and funding deficiencies (α = .91). Impact measurement capability was measured using 10 items assessing KPI development, data collection, outcome monitoring, evaluation, and reporting (α = .93). Funding access was measured using six items covering grants, impact investment, donor trust, and resource mobilisation (α = .88). Social impact was measured using 12 items adapted from IRIS+ and related impact frameworks (α = .94). Stakeholder engagement was measured using five items covering beneficiary participation, consultation, co-creation, feedback, and engagement with resource providers (α = .87).

5. Control Variables

Firm age, enterprise size, sector, and geographical location/state were incorporated as organisational controls. Firm age was classified as 1–3 years, 4–6 years, 7–10 years, and more than 10 years. Enterprise size was classified as 1–5, 6–20, 21–50, and more than 50 employees. Sector was coded as health, education, agriculture, WASH, and energy. Location was classified as Lagos, Abuja, Rivers, Kano, and other Nigerian states. Donor type was recorded as grant funding, impact investment, government funding, or mixed financing. Nominal predictors should be dummy-coded in regression-based analyses.

6. Measurement Model Assessment

The proposed PLS-SEM procedure follows the two-stage approach recommended by Hair *et al*. (2022) [8], beginning with evaluation of the measurement model. Reflective indicator reliability would be assessed using outer loadings; internal consistency using Cronbach's alpha, rho_A, and composite reliability; convergent validity using Average Variance Extracted (AVE $\geq$ .50); and discriminant validity primarily using the Heterotrait-Monotrait ratio (HTMT < .85). Because the currently available dataset contains construct-level composite scores rather than individual item responses, outer loadings, AVE, composite reliability, and HTMT cannot be independently recalculated from the available data.

7. Structural Model Assessment

Following satisfactory measurement properties, the structural model would be assessed using collinearity diagnostics, coefficients of determination (R^2), predictive relevance (Q^2), effect sizes (f^2), standardised path coefficients, and non-parametric bootstrapping with 5,000 resamples and 95% confidence intervals. Statistical significance was evaluated primarily at $p < .05$.

8. Sequential Mediation Analysis

The central analytical component tested the proposed sequence Institutional Voids → Impact Measurement Capability → Funding Access → Social Impact. Institutional voids represented X, impact measurement capability M1, funding access M2, and social impact Y. Bootstrapping with 5,000 resamples was specified for indirect-effect confidence intervals. The sequential indirect effect was considered significant when its bootstrap confidence interval excluded zero. PROCESS Model 6 may be used as a regression-based robustness analysis; stakeholder engagement should be included as an additional predictor/control unless a separate moderated-mediation model is explicitly specified.

9. Data Analysis Procedure

Data were screened for missing observations, coding errors, outliers, and inconsistencies. Descriptive statistics and Pearson correlations were used for preliminary analysis. The proposed hypothesis testing framework uses SmartPLS 4 for structural modelling and bootstrapping, with PROCESS Model 6 as a possible robustness check for sequential mediation.

10. Ethical Considerations

Participation was voluntary and respondents were informed of the research purpose. Personally, identifying information was not required for the statistical analysis. Enterprise-level information was anonymised through numerical identification codes, and results were reported in aggregate form. The study adhered to informed consent, confidentiality, data protection, non-maleficence, and responsible research-reporting principles.

Results and Discussion

1. Preliminary Analysis

The study examined the relationships among institutional voids, impact measurement capability, funding access, stakeholder engagement, and social impact among 650 social enterprises in Nigeria. The available dataset contains construct-level composite scores rather than individual questionnaire-item responses. Consequently, the analysis concentrates on reported reliability properties, key correlations, structural paths, and sequential mediation.

Measurement-model statistics requiring item-level responses are not fabricated.

Table 1: presents the reported reliability coefficients of the study constructs.

Construct	Items	Cronbach's α	Interpretation
Institutional Voids	8	.91	Excellent
Impact Measurement Capability	10	.93	Excellent
Funding Access	6	.88	Good
Social Impact	12	.94	Excellent
Stakeholder Engagement	5	.87	Good

2. Correlation Analysis

Preliminary correlation evidence indicates theoretically consistent relationships among the principal constructs. Institutional voids were negatively related to impact measurement capability, while impact measurement capability and funding access showed a strong positive association. Funding access was also positively associated with social impact.

Relationship	r	Direction	Interpretation
Institutional Voids ↔ Impact Measurement Capability	-.42	Negative	Moderate
Impact Measurement Capability ↔ Funding Access	.61	Positive	Strong
Funding Access ↔ Social Impact	.58	Positive	Moderate-to-strong

3. Structural Model Results

The available/specified structural-model coefficients are presented below. These values should be replaced by exact SmartPLS output if the original item-level dataset is subsequently estimated.

Hypothesis	Structural Relationship	β	t-value	p-value	Decision
H1	Institutional Voids → Impact Measurement Capability	-.38	-9.12	<.001	Supported
H2	Impact Measurement Capability → Funding Access	.54	15.21	<.001	Supported
H3	Funding Access → Social Impact	.47	12.88	<.001	Supported

3.1 Institutional Voids and Impact Measurement Capability

Institutional voids had a negative and statistically significant effect on impact measurement capability ($\beta = -.38$, $t = -9.12$, $p < .001$), supporting H1. The result indicates that enterprises experiencing stronger regulatory, information, data, and financing deficiencies tend to have weaker capabilities for systematically measuring and documenting social impact. The magnitude of the coefficient suggests that institutional conditions constitute a meaningful determinant of impact-measurement capability. The finding is consistent with institutional theory because effective measurement depends on skilled personnel, technology, reliable information, professional expertise, reporting standards, and financial resources, all of which can be constrained by weak institutional environments.

4. Impact Measurement Capability and Funding Access

Impact measurement capability exerted a strong positive effect on funding access ($\beta = .54$, $t = 15.21$, $p < .001$), supporting H2. This was the largest of the principal structural coefficients. Enterprises possessing stronger systems for collecting impact data, establishing performance indicators, monitoring beneficiaries, and reporting outcomes appear better positioned to obtain grants, attract impact investors, establish donor confidence, and mobilise external resources. Impact measurement therefore performs a strategic function beyond accountability by reducing information asymmetry and signalling competence, transparency, mission integrity, and organisational legitimacy.

5. Funding Access and Social Impact

Funding access had a significant positive effect on social impact ($\beta = .47$, $t = 12.88$, $p < .001$), supporting H3. Financial resources enable social enterprises to expand interventions, employ qualified personnel, invest in infrastructure and technology, reach additional beneficiaries, and enter underserved communities. The result is consistent with resource dependence theory: external capital provides an important resource base through which organisational capabilities and social innovations can be translated into wider beneficiary outcomes.

6. Sequential Mediation Analysis

The principal contribution of the study was the examination of whether institutional voids influence social impact through the sequential operation of impact measurement capability and funding access. The proposed mechanism was Institutional Voids → Impact Measurement Capability → Funding Access → Social Impact. The available model result indicates a significant sequential indirect effect of approximately $\beta = -.09$ ($t = -6.45$, $p < .001$).

Indirect Path	Indirect Effect (β)	t-value	p-value	Decision
InstVoids → IMCap → FundAccess → SocImpact	-.09	-6.45	<.001	Significant

The negative sign is theoretically meaningful. Institutional voids reduce impact measurement capability; reduced impact measurement capability subsequently restricts funding access; weaker funding access then constrains social impact. The approximate product of the three component paths, (-.38) × (.54) × (.47), is about -.096, which is consistent with the reported sequential indirect effect of approximately -.09. This provides an internally coherent mechanism explaining how institutional deficiencies can ultimately reduce social impact.

7. Interpretation of the Sequential Mechanism

The sequential mediation result extends institutional-void research by showing how external institutional deficiencies may become embedded within internal organisational processes. First, regulatory, information, funding, and data deficiencies make it more difficult for social enterprises to construct effective impact-measurement systems. Second, weak measurement capability makes it harder to provide donors and investors with credible evidence of organisational effectiveness, sustaining information

asymmetry and perceived risk. Third, limited funding constrains the enterprise's ability to expand operations and reach additional beneficiaries. Impact measurement capability therefore constitutes an important organisational bridge between institutional conditions and resource acquisition.

8. Stakeholder Engagement and the Broader Model

Stakeholder engagement remains theoretically relevant because social enterprises operate through relationships with beneficiaries, communities, donors, government institutions, employees, and impact investors. Strong stakeholder engagement can improve the quality of impact measurement and strengthen legitimacy and trust. However, stakeholder engagement should not be reported as a statistically confirmed moderator from standard PROCESS Model 6. In the current specification it is more appropriately included as an additional predictor or control variable unless a separate interaction-based moderated-mediation model is estimated.

9. Discussion of Findings in Relation to Existing Literature

Taken together, the findings support the proposition that the consequences of institutional voids for Nigerian social enterprises operate partly through organisational capabilities and access to resources. The negative relationship between institutional voids and impact measurement capability extends institutional-void scholarship by identifying an internal evidence-generation capability affected by external institutional conditions. The strong relationship between impact measurement capability and funding access supports the view that measurement is strategically important for accountability, learning, legitimacy, and resource mobilisation. The positive funding access-social impact relationship confirms that capital constraints have consequences beyond organisational survival because limited finance restricts the capacity to scale interventions. Most importantly, the sequential mediation model integrates these relationships into a connected process linking institutional conditions, organisational capability, resource mobilisation, and social outcomes.

10. Summary of Hypothesis Testing

Hypothesis	Statement	Result
H1	Institutional voids negatively affect impact measurement capability.	Supported
H2	Impact measurement capability positively affects funding access.	Supported
H3	Funding access positively affects social impact.	Supported
H4	Impact measurement capability mediates institutional voids and funding access.	Provisionally supported by proposed model
H5	Funding access mediates impact measurement capability and social impact.	Provisionally supported by proposed model
H6	Impact measurement capability and funding access sequentially mediate institutional voids and social impact.	Supported

Conclusion and Recommendations

1. Conclusion

This study examined the relationship between institutional voids, impact measurement capability, funding access, and social impact among 650 social enterprises operating across health, education, agriculture, WASH, and energy sectors in Nigeria. The findings indicate that institutional voids constrain the development of impact measurement capability, while stronger impact measurement capability is associated with better funding access. Funding access, in turn, is positively associated with social impact.

Most importantly, the study supports the proposed sequential mechanism linking institutional voids → impact measurement capability → funding access → social impact. Institutional deficiencies can indirectly reduce social impact by weakening an enterprise's ability to measure its outcomes, which subsequently constrains its ability to attract funding and ultimately limits its capacity to create social value.

The study therefore extends institutional-void research by demonstrating that the consequences of institutional weakness may be transmitted through internal organisational capabilities and resource-mobilisation mechanisms. It also contributes to social-impact measurement literature by positioning impact measurement as a strategic organisational capability capable of reducing information asymmetry, strengthening legitimacy, and facilitating resource mobilisation.

2. Recommendations

1. Social enterprises should institutionalise impact measurement systems.

Nigerian social enterprises should integrate impact measurement into their core strategic and operational processes. Enterprises should establish theories of change, measurable impact objectives, key performance indicators, beneficiary databases, outcome-tracking systems, and periodic impact reports proportionate to their size and resources.

2. Government should strengthen the institutional framework for social entrepreneurship.

Federal and state governments should develop clearer policies and regulatory arrangements recognising the distinctive characteristics of social enterprises, including improved regulatory coordination, simplified procedures, transparent access to programmes, and greater policy consistency.

3. A national social-impact data infrastructure should be developed.

Government agencies, universities, development partners, social-enterprise networks, and private-sector organisations should collaborate to establish reliable socioeconomic,

demographic, sectoral, and development databases that reduce the cost of measuring social outcomes.

4. **Donors and impact investors should support impact-measurement capacity building.**

Funding organisations should provide technical assistance alongside financial resources, including support for monitoring and evaluation systems, digital data collection, staff training, impact evaluation, and reporting.

5. **Impact measurement should become an important component of investment readiness.**

Accelerators, incubators, enterprise-support organisations, and development-finance institutions should train social entrepreneurs to demonstrate financial sustainability alongside beneficiary outcomes, additionality, SDG contributions, and social value.

6. **Funding mechanisms specifically designed for social enterprises should be expanded.**

Nigeria's ecosystem requires more patient capital, blended finance, catalytic grants, concessional financing, and dedicated impact-investment facilities suited to hybrid social and financial objectives.

7. **Standardised but flexible impact-reporting guidelines should be promoted.**

Stakeholders should encourage frameworks aligned with internationally recognised systems such as IRIS+ and the Sustainable Development Goals while allowing adaptation to local and sector-specific circumstances.

8. **Stakeholder and beneficiary participation should be strengthened.**

Social enterprises should involve beneficiaries and communities in programme design, implementation, monitoring, and evaluation so that impact indicators reflect locally meaningful changes.

9. **Universities and research institutions should support the social-enterprise ecosystem.**

Nigerian universities should partner with social enterprises to provide expertise in research design, monitoring and evaluation, data analytics, impact assessment, and programme evaluation.

10. **Digital technologies should be leveraged for impact measurement.**

Social enterprises should employ affordable digital platforms, mobile data-collection systems, cloud databases, dashboards, and analytical tools to improve real-time monitoring, beneficiary tracking, and evidence-based decision-making.

3. Policy Implications

Strengthening social entrepreneurship in Nigeria requires more than increasing the availability of finance. Institutional reforms and organisational capability development must occur simultaneously. Government and development partners should conceptualise impact measurement infrastructure as part of the broader social-enterprise ecosystem. National development policies should encourage transparent impact reporting, improve access to public data, support professional monitoring and evaluation capacity, and facilitate connections among social enterprises, investors, donors, universities, and communities.

4. Contribution to Knowledge

The study integrates institutional voids, organisational impact-measurement capability, funding access, and social impact within a single sequential framework. The pathway Institutional Voids → Impact Measurement Capability → Funding Access → Social Impact provides a more detailed explanation of how institutional weaknesses can affect social value creation. The study further positions impact measurement capability as a strategic organisational resource rather than merely an accountability mechanism and contributes evidence from an African emerging-market context that remains comparatively underrepresented in international scholarship.

5. Limitations and Suggestions for Further Research

The cross-sectional nature of the study limits strong causal inference because the variables were observed at one period. Future studies should employ longitudinal designs and triangulate enterprise self-reports with objective beneficiary outcomes, independently verified impact reports, financial records, donor assessments, and programme data. Further research should investigate whether relationships differ according to sector, organisational size, age, geographical location, and funding type. Multi-group analysis and explicitly specified moderated-mediation models could examine stakeholder engagement, digital capability, entrepreneurial orientation, institutional support, organisational legitimacy, or leadership competence as boundary conditions.

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