

HYBRIDITY, ACCOUNTABILITY, AND SOCIAL IMPACT: A STUDY OF CREATIVE SOCIAL ENTERPRISES IN LATVIA

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Abstract

This research enhances understanding of creative and social entrepreneurship by exploring the nature of creative social enterprises (CSE) in Latvia to better understand their hybrid goals, which affect their ability to account for social impact. The research employs a qualitative approach, utilizing one case study and legal document analysis, to examine the CSE from practitioners' perspectives on navigating enterprises and conducting impact assessment. Findings show that while CSEs offer innovative models for connecting creativity and social value, they encounter challenges in formalizing impact assessment due to limited resources, competing goals, and a hybrid organizational structure. The research enhances understanding of accountability in hybrid organizations and underscores the need for more tailored approaches to impact assessment.

Keywords: *creative social enterprises, cultural and creative industries, social entrepreneurship, social impact.*

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Introduction

This research focuses on the creative social enterprise (CSE) business model by examining social enterprises (SE) in cultural and creative industries (CCI), referred to as CSE in this context. SEs in Latvia are becoming prominent in the creative industries sector. The second most popular business sector for nascent SEs is arts, entertainment, and recreation, comprising 27.8% of organizations, reflecting a strong interest in creative and cultural industries [The European Social Enterprise Monitor 2025]. This highlights an opportunity to understand the scope of activities and operational nature, as well as the challenges in justifying their actions within the specific local regulatory context. Furthermore, there is a lack of comprehensive literature describing the complexities and processes involved in impact assessment for hybrid organizations, especially for those enterprises engaged in developing the creative economy [Esposito 2021; Wells 2024].

The article aims to reveal the unique and complex nature of CSE and their accountability problem in justifying their social impact externally, which is a crucial aspect of the business model these organizations have adopted. This research examines the ambiguity and challenges faced by these organizations in their ongoing efforts to achieve various goals – creative pursuit, social mission, and economic viability. The research question is framed as follows: how do the unique characteristics of the CSE organizational structure and its operational goals shape the accountability challenge arising from the need to generate and assess social impact?

1. Theoretical framework

1.1. Multifaceted value creation in CCI

Entrepreneurship in CCI is an ongoing topic of discussion concerning artistic creativity, innovation, social impact, and financial contribution as an economic sector. Nonetheless, entrepreneurship is still concerned with the duality and tensions between creativity and money and how companies frequently navigate these competing interests [Loots 2023]. Therefore, the debate on creativity versus money concerns the discussion about the value of art and cultural products, focusing on the cultural importance of entrepreneurs' creative efforts and the financial returns their products generate.

In cultural economics, perspectives on the connection between cultural and economic value are open for several scholars. Economic value encompasses cultural value; for others, cultural value and economic value are separate, even though cultural value influences economic value, or the two values can be evaluated independently [Angelini, Castellani 2019]. To elaborate further, various theoretical works illustrate the interconnection of cultural and economic values.

Cultural economics mostly consider cultural and creative products within the framework of economic principles [Dekker 2015]. The cultural and creative products are discovered through an economic perspective, putting emphasis on consumer preferences in constituting the value. With the rise of empirical studies evaluating the contributions of creative and cultural goods to society, economic impact studies and contingent valuation methods have become widely recognized for assessing the value of these goods [Frey 2008]. Frey formulates these valuation approaches as *impact studies* and *willingness-to-pay studies*, but the underlying logic remains consistent: impact studies measure the economic effects of artistic activities, while willingness-to-pay assesses the external effects that can't be captured through market mechanisms [Frey 2008]. These approaches help to extend the idea of the value of the creative and cultural good to be justified by political authorities and gain its role in cultural policy. Nonetheless, Frey and Dekker argue that these perspectives are not sufficient to capture the potential and value of goods. They emphasize the need for a broader and more beneficial approach by building and combining the strengths of both studies and suggest that there is a difference between what is consumed and what is believed to be a value [Frey 2008; Dekker 2015]. Therefore, the valuation of cultural and creative goods needs to be re-examined by broadening the view on how to perceive cultural goods, not solely from an economic perspective.

In recent decades, there has been a notable intersection of multiple sectors, where non-profit organizations are adopting business practices. This trend has given rise to social entrepreneurship, and a new business sector referred to as the Fourth Sector [Sabeti 2009]. This sector primarily consists of organizations that seek social goals while participating in business activities, embodying key traits like social purpose and business approach. There is potential for interdisciplinary collaboration and new policy development, but social entrepreneurship presents a more complex landscape within the CCI in general. The CCI organizations that define their social goals and pursue creative practices and business thinking (CSE) as an emerging phenomenon require more profound analysis, as they serve as a junction for two seemingly disparate sectors: SE and the Creative Industries [Wells 2016]. There is an overlap between the values of both that can be expanded to consider the valuable aspects of CSE, its creative process, its activities toward social initiatives, and its context in entrepreneurship.

Social enterprises enter the market with a novel approach to conducting business, which places them under complex tensions as they adapt to predetermined market conditions while competing with commercial enterprises [McQuilten 2020]. SEs have the potential to redirect the business field and commerce sectors. More importantly, they provide an opportunity to explore CSE and their value formation

and goal balancing by blending the social enterprise and creative industries sectors, impacting them through unique business models and strategies they employ.

1.2. Conceptual foundation of creative social enterprise

The definition of CSE in this research mainly relies on the theoretical foundation of CSE established by Jaleesa Renee Wells. She extensively explores the idea of the enterprise as a two-sector blend of social entrepreneurship and creative industries while using a hybridity perspective to define the organizational structure of these enterprises [Wells 2019].

The distinctiveness of SEs lies in their dual nature, where social and economic goals are intertwined. For CSE, the dual role of the SEs creates a threefold nature where social and economic goals are accompanied by a creative objective. Wells proposes an initial definition of CSE as “organizations concerned with the valuable effects of enterprise intentions on creative and social activities” [Wells 2016: 4]. The priority of CSE is to carry out artistic and creative projects that benefit the social community and tackle social challenges whilst pursuing their business intentions, which corresponds with the duality element faced by hybrid organizations. Similarly, Wells highlights these organizations as those that exist between organizational structures, serving their communities (charities, nonprofits, etc.) and those that focus on a fiscal bottom line (for profits). [Wells 2019: 57]. The coexistence of different organizational logics is another aspect of CSE that makes it difficult to maintain one particular business model.

The hybridity perspective captures enterprises’ organizational structure and management processes. The SE research has a strong emphasis on how social and economic values work together to support the social, environmental, and financial goals as hybrid organizations [Doherty, Haugh, Lyon 2014]. SEs, as hybrid organizations, do not possess traditional institutional forms; therefore, it is challenging to determine their business logic and associate them with one organizational form. For them, social value creation happens through market-based methods and innovative manners are applied to ensure the sustainability of the organization [Saebi et al. 2019]. Similarly, for CSE, the combination of social and financial elements requires adapting unique organizational forms and management. Additionally, there is a strong emphasis on positively impacting beneficiaries’ lives.

The hybridity perspective proposed by Wells offers a more specific definition of value than previous literature, identifying three values: creative, social, and enterprise. These values are essential for maintaining the hybrid nature of CSE and the organizational structure from the perspective of organizational practitioners, as well as how they experience and interact with these values [Wells 2019]. Wells views these values as unevenly distributed and interconnected. Creative value serves

as the foundation for the existence of the hybrid organization, and social and enterprise values are employed within this creative field to sustain the organization's activities on the individual and community levels, additionally also serving as a chance for experimenting with organizational structure and hybrid form [Wells 2019].

Due to CSE's operational scale and diverse activity planning, it requires various goal balancing, which often leads to conflicts. While pursuing artistic and creative intentions, CSEs also need to achieve economic goals to sustain their business and commercial practices. The core of these enterprises emphasizes the challenge of maintaining creative pursuit, social engagement, and economic growth [Wells 2016]. As SEs, these organizations must possess both intrinsic and external motivation to fulfil their social missions and contribute to societal changes. Therefore, the previously mentioned aspects are essential to consider within the hybridity of CSEs, and achieving these goals leads to the generation of the aforementioned values.

The proposed conceptual outlook on CSE captures the nature and complexity of these organizations, further depicting the problems of accountability and impact assessment that can enhance the emphasis on and evaluation of the unique attributes of CSE. Therefore, combining the creative goods valuation problem and hybrid organizational notions uncovers the possibility of a more substantial framework for assessing the impact while acknowledging the heterogeneity of CSE.

1.3. Accountability and social impact assessment in creative social enterprise

Organizational accountability is primarily linked to the policies and government structures that shape the SE field. There is a significant gap in researching the role of SEs in fostering social well-being in a broader context; the focus remains narrowly confined to evaluating their economic performance [Mcquilten 2020].

14.8% of the SEs in Latvia lack technical knowledge of impact assessment tools and frameworks, which hinders their successful implementation of social impact assessment management and impact management systems [The European Social Enterprise Monitor 2025: 34]. This underscores the need for support and investment in social impact assessment and management to enhance the capabilities of SEs in their planning and assessment practices for external stakeholders at a macro level. This also involves knowledge transfer and capacity building.

The accountability issue is related to the impact assessment process, which reveals how it contributes not only to measuring value but also to creating value. The pragmatic approach to impact assessment illustrates the wider landscape of the complexity of impact assessment rather than just striving for standardization and specific metric development by shifting the focus from social value metrics

to the social valuation process [Barinaga 2023]. The topic of SE assessment and accountability has been focused on defining the values to measure and finding the most suitable approaches to assess them. However, the noteworthy problem is that “most studies conceive value as external to the evaluation process, observable, and independent of the assessment, more or less static and measurable” [Barinaga 2023: 2]. It is necessary to redirect the focus from the *performance of evaluation* to the perspective of *valuing as performative* as the actual process and implemented assessment practices to understand how the value is created [Barinaga 2023]. In this perspective, value becomes dynamic and is created and shaped by the assessment process because the assessment influences the value itself. This perspective could enhance CSEs’ accountability discourse by offering insights into the impact assessment process. It not only seeks the most suitable approach to justify its actions using specific metrics but also acknowledges the value generated within the assessment itself and engages with it.

There is an argument that the social impact of cultural and creative goods is immeasurable, and intangible outcomes such as community strengthening or the growth of professional artists cannot be captured by a standardized approach [Ebrahim 2014]. Since CSE is a hybrid venture that creates non-monetary value while pursuing financial goals for its sustainability and operational activities, its impact assessment approach should also be hybrid. Organizations need to utilize a combination of various social impact assessment methods, as relying on a single standardized approach cannot fully capture the total impact an organization creates [Pedro 2021]. Therefore, the accountability problem should be viewed from the perspective of value creation and assessment within the organization, shifting the focus from the status quo of impact assessment to a rethinking of practices that revolve around impact assessment and the capturing and construction of value.

2. Research design and methodology

A qualitative research design is used for the collection and analysis of primary data in the empirical part of the research. As this research explores perspectives on managing the enterprise, reflects on the social impact assessment process and approaches, a qualitative design is necessary to capture the subject within the study and examine the context in which the studied phenomenon exists [Neergaard, Ulhøi 2007]. The qualitative approach enables a comprehensive understanding of the complexities of the primary research problem. Additionally, in the SE research, a qualitative approach is most often used through case study methods that involve interviewing key participants, specifically entrepreneur-managers, to explore the entrepreneurial orientation of SEs along with the goals and missions pursued [Ridder 2017].

To shed light on the context and institutional environment for CSEs in Latvia, content analysis is employed to review political and legal documents from the main stakeholders in the social entrepreneurship field in Latvia. This involves examining legislation related to the definition, status, support, and expert interview from the field to enrich the discussion on the development of social entrepreneurship and the potential contributions of CSEs to SE in Latvia.

The case study method is employed to gather perspectives, viewpoints, and experiences on navigating CSE, thoughts on its multi-goal nature, and their impact on the planning and assessment approach. While this approach provides valuable insights into CSE experiences and institutional context, its limited empirical scope restricts generalizability, as empirical results are collected from a single in-depth interview with a CSE practitioner. The organization in the interview has chosen to remain anonymous; therefore, in this article, the views and perceptions of the experience will be described from a *CSE practitioner's* viewpoint.

Choosing the case study method is beneficial for generating knowledge in areas where theory is lacking and where cases can provide insights into the phenomenon of interest [Ridder 2017]. In this research, where there is a limited scientific discussion on the development of CSE in relation to their specific business model approach and objectives, the analysis of a case study could shed light on the intricacies of this topic by examining the lived experience of an entrepreneur and contributing to theoretical development.

The CSE analysis provides insight into the specific operational nature of CCI enterprises that have freely chosen to also be legally recognized as SE. The case study was selected based on its field of activity, the social mission statement, and organizational goals based on the theoretical outline of CSE. To identify SEs, the register of SEs in Latvia was used, which is updated by the Ministry of Welfare. This register is publicly accessible and includes all registered organizations that hold SE status according to the Social Enterprise Law. The latest registry, updated with data as of 28 February 2025, contains 242 enterprises [Labklājības ministrija 2025]. The classification of enterprises within the CCI is based on their type of economic activity in the Statistical Classification of Economic Activities (NACE) 2nd revision.¹ Moreover, the approved methodology of the EU research and innovation support program Horizon Europe project “IN SITU: place-based innovation of cultural and creative industries in non-urban areas” applies NACE classification with set categories of CCI such as Creative industries (21 code classes), Cultural industries (23 code classes) and Crafts (58 code classes) [Collins, Murtagh 2018]. Although

¹ In the context of this research, the NACE Rev. 2 classification (valid until 31 December 2024) was used during the selection of case studies. In 2025, the NACE Rev. 2.1 is in effect.

this classification has the advantage of encompassing a wide range of organizations in the CCI by their economic activity, it is inadequate for the specific focus of this research, which necessitates defining enterprises not only by their field of activity but also by their organizational goals.

CSE organizational characteristics are described as hybrids that encompass multiple goals. Therefore, the aspects of the CSE, particularly their aspirations for creative, social, and economic goals, are considered in selecting the case study. This framework is applied in selecting the case study by examining whether the enterprise has defined its activities to ensure cultural diversity and implement actions that create a lasting positive social impact. This information is formalized in the regulations of the enterprise according to the Social Enterprise Law. Based on the criteria of determining CSE for a case study, only 7 CSE can be found on the SE registry. Given the narrow scope of the CSE field, this particular case study could provide valuable insights, as there are not many enterprises in Latvia that can be classified as CSE within social entrepreneurship.

3. Research results and discussion

The empirical part of the research begins with an overview of the SE situation in Latvia, analysing the legal framework and reports on sector development from institutional stakeholders. This is followed by a case study that explores practitioners' perspectives on narratives and complexities involved in operating the CSE.

The results of the empirical part are organized into four topics:

- 1) Overview of social entrepreneurship in Latvia;
- 2) The perceptions and experiences of CSE practitioner navigating CSE;
- 3) Experienced multi-goal nature of CSE;
- 4) The perceived social impact assessment in CSE, revealing the role of social impact planning and assessment at the organizational level.

3.1. Overview of social entrepreneurship in Latvia

An overview of social entrepreneurship development in Latvia includes an analysis of the legal framework and regulatory environment that impacts these enterprises. The institutional perspective provides a theoretical lens for examining how political rhetoric and institutions shape the social entrepreneurship context [Ferreira et al. 2023]. Applying this perspective to political document analysis, it is possible to emphasize dominating narratives in social entrepreneurship discourse in Latvia, its definition, and its operational purpose.

The SE is defined in Social Enterprise Law, section 2 "Concept of a Social Enterprise", and under this law, a SE can engage in various activities, including work integration, providing services to socially excluded groups, or initiatives designed

to benefit society as a whole, generating a positive long-term social impact [Social Enterprise Law, Section 2, 2018]. However, there is a trend in social entrepreneurship toward providing services to target groups defined by the enterprise or to groups at risk of social exclusion. In 2021, 54% of registered SEs operated within these areas of activity [Labklājības ministrija 2022]. Although the focus of the SEs is shifting more toward education and the arts and entertainment sectors, the importance of social welfare remains significant within SEs [The European Social Enterprise Monitor 2025]. The particular emphasis on work integration social enterprises (WISEs) is common not only in Latvia but also on the wider European level. In many countries, employment for individuals who cannot be fully integrated into the labour market – a target group that includes a significant portion of SEs – is a crucial criterion for legally qualifying as an SE [Dupain et al. 2022]. Additionally, society's attitude toward social entrepreneurship is strongly related to the assumption that the primary purpose of the SEs is work integration [Ūlande, Līcīte 2018]. This indicates the need to improve communication about social entrepreneurship practices from institutional stakeholders and to enhance cross-sector cooperation in enriching the understanding of the social economy on a wider scale.

Regarding social impact assessment, SEs must submit activity reports as tools for accountability to justify their actions related to their social mission and to be formally responsible for contributing to impact generation. However, according to the Social Enterprise Law, SEs that have defined their social mission of creating long-lasting positive impacts are constrained by the requirement to demonstrate their impact within a specific time frame (one year) and framework [Labklājības ministrija 2024]. These activity reports allow analysis of only one level of impact: mission-related. This impact refers to the effects directly aligned with an organization's mission statement and captures the effectiveness. The other level, assessing public good impact, is more complex, as it requires accounting for all intended or unintended positive or negative changes occurring at a broader societal level, often outside the organization's control [Liket, Rey-Garcia, Maas 2014]. It requires organizations to be adaptable in their impact assessment process and reporting forms to comply with specific stakeholder requirements.

Additionally, the rhetoric of impact assessment, sector growth, and innovations toward societal issue resolution relates to the work integration and inclusion of socially vulnerable groups. Consequently, this is linked to social entrepreneurship overseen by the Ministry of Welfare, which focuses on integration issues. Moreover, Regita Zeiļa, head of SEAL, emphasizes the need for more focus on SEs in the creative industries within policy planning, but the underrepresentation of these enterprises is shifting the focus towards the WISEs:

We (SEAL) are also very interested in trying to find ways to have a more meaningful discussion about the impact discourse and that cultural industry organizations are just as or even more important in generating impact. In fact, it is an opportunity for cultural organizations and creative industry organizations to change public opinion, raise awareness about various issues, and create some kind of change in the long term. (Regita Zeiła, SEAL)

Furthermore, there is a need for enhanced support mechanisms to facilitate not just the assessment of social impact, but also the associated planning and management processes for social entrepreneurs.

The legal framework and regulatory environment for social entrepreneurship place strong emphasis on WISEs and support for work integration. Enhancing political recognition and support mechanisms for SEs in the CCI sector would significantly promote social entrepreneurship in this area. Furthermore, social impact accountability underscores the necessity for capacity building at both enterprise and sector levels. This transformation is essential to alter the perception that social impact assessment serves merely as a tool for maintaining status.

3.2. The perceptions and experiences of CSE practitioner navigating CSE

The CSE covers various operational activities, including enhancing the local community, developing a local cultural space, ensuring cultural diversity and education through different activities, and promoting local farm products along with ecologically conscious production. The organization's multiple goals are examined by analysing the frictions and challenges involved in sustaining creative practices alongside social mission and economic activities. Although it is legally defined as SE, its actions and commitment go beyond the specified social mission, demonstrating distinct perspectives on social impact.

The first topic outlines the operational specifics and activity directions to illustrate how the CSE functions to better understand social impact assessment and management, the establishment of multiple goals, and attitudes toward accountability. The respondent reveals that the purpose and existence of the CSE are closely related to the field in which the practitioner is passionate and professionally connected throughout their lives. The practitioner describes a strong sense of mission in their work, striving for positive change in the local community and ensuring cultural diversity through multidisciplinary projects. Activities are mostly project-based and dependent on stakeholder involvement, especially in attracting financial support, requiring flexibility and adaptation in shaping and diversifying their activities. The organization is open to local community involvement and

participation as well, and through their operations, they are building a community or networks that foster new collaborations and initiatives.

The practitioners' experience illustrates the constant need for commitment and adaptation in navigating the economic and artistic tensions of the CSE. Additionally, one essential aspect of the SE business model is not only providing goods and services within the market but also generating enough financial capital to sustain the organization and create social value [Portales 2019]. Moreover, in producing cultural goods and services, CSE seeks authenticity and distinctiveness in shaping its identity, values, and contributions to society. There is a constant learning and experimentation process and reflexivity to gain key focus areas and reconsider the business activities they want to prioritize.

Because of the intensity, different formats, because of the environment itself, it requires adaptation and exploration in general and experimentation, to understand what it is we do and how to do it better, and therefore in this area too, we are establishing clearer guidelines, but precisely through experiments. (CSE practitioner)

The dynamic nature of CSE and the different institutional logics affecting the organization from outside forces it to balance its needs while complying with the set vision. There is a strong presence of balancing self-sufficiency and a mix of different business activities. This thought continues in response to the question of envisioning the future and long-term goals of the organization for the next 5 to 10 years, where the practitioner suggests adopting a more strategic approach, given that the cultural place is still in its nascent stage. The organization needs to establish clearer organizational and business priorities.

Discussing the viewpoints on obtaining the SE status and its importance for the organization, it can be noted that the status provides an opportunity for attracting additional funding that is aimed at supporting such organizations. The organization acknowledges that acquiring SE status establishes them as contributors to society and adds value, legally legitimizes their efforts in generating social change, and distinguishes them from commercial businesses.

For example, when applying for different projects, referring to the fact that we are a social enterprise is much more valuable than being an LLC that would be commercially driven. Because that is often easy to misunderstand, and therefore, this serves as proof of our social mission – what we do, our status. It gives us greater legitimacy. (CSE practitioner)

The perspectives on navigating the CSE illustrate the complexity of legitimizing the enterprises not only for others but also for the CSE. While SE status enhances

the sense of mission, it also brings complexities in managing various activities and the organization, underscoring the necessity for an internal evaluation of work priorities and strategies.

3.3.Experienced multi-goal nature of CSE

The theoretical literature emphasizes the multigoal nature of CSE, where creative, social, and economic perspectives must be balanced and accounted for as an essential attribute of these organizations. However, the practitioners' perceptions and attitudes towards the expected goal-achieving remain largely unexplored. Exploring how the organization values performance in creative, social, and economic aspects is essential. It is important to determine whether the organization pursues all these goals equally or prioritizes one over the others and to acknowledge their significance in entrepreneurial growth. Although this analysis considers the subjective perception of CSE practitioner, the attitude towards the three goals showcases the first impression of what is valued and what the organization moves towards from one point of view.

The organization aims to achieve its artistic aspirations and promote cultural diversity through various activities. However, the key element in pursuing these activities is maintaining business logic and ensuring economic viability. In the case of the particular CSE, all three goals are simultaneous and mutually supportive of the organization's viability and sustainability. Their source of profit comes from providing a marketplace for producers, but as this place also has a social function and its concept is embedded in the social dimension to ensure the cultural life for the local community and others, the creative goal for sustaining cultural diversity is very important. It ensures the authenticity and uniqueness of the place.

It has always been important for us to combine these three dimensions, and we have learned how to grow in these directions. We have our team members who work simultaneously in all these spheres. I think that's why these dimensions coexist so successfully. (CSE practitioner)

Working in social and creative dimensions contributes to the development of entrepreneurship; they strive to fulfil these dimensions to become self-sustaining. This sustainability is ensured by stakeholder involvement, who aim to contribute to the development of the place by co-creating cultural activities and initiatives connected to the space. However, achieving creative and social goals often conflicts with economic objectives, as maintaining CSE activities requires financing and profitability. Consequently, there is an ongoing struggle in the cultural and creative sector, where pursuing a creative goal constantly necessitates seeking financial support.

In this context, it is up to the CSE team and practitioners to acquire essential skills in project application writing and to continually seek opportunities for financial allocation. Although SE status opens up possibilities for attracting funds, CSEs focus on securing financing for their creative and artistic endeavours while establishing strong cooperation with government institutions for additional financial resource acquisition.

3.4. The perceived social impact assessment in CSE, revealing the role of social impact planning and assessment at the organizational level

As the research object is the CSE and holds the legal status of SE, its mandatory task involves social impact assessment and accountability for achieving its social mission. As discussed through the theoretical framework, social impact and its assessment are multifaceted and comprehensive elements. Additionally, social impact assessment serves as an accountability tool for governmental monitoring. It is essential to explore practitioners' perspectives on what social impact is and how it is realized for the CSE, as well as how they manage to capture it.

The overall discussion on social impact assessment primarily relates to the expressed challenge of how to understand and practically implement the process. The practitioner suggests that they do not consistently utilize any social impact assessment planning or measurement methods, including specific methodologies that are unfamiliar but seen as potentially useful if they had more time and resources to explore these methods. CSE practitioners have adopted a qualitative approach to assessing their impact, primarily utilizing surveys, interviews, and focus groups to gather qualitative data and insights from relevant stakeholders regarding the immediate outcomes of their activities.

The assessment of long-term changes is a challenge for the organization, and there is no specific strategic planning involved in it. The OECD report on policies for social entrepreneurship highlights the need to acknowledge SEs that are operating with intangible outcomes [Noya 2015: 15,16]. To promote financial support for these enterprises, impact measurement could emphasize interim goals (informed outputs) while also considering the long-term objective. Therefore, for strategic purposes and the organization's growth, assessing interim goals would enhance accountability by focusing on the changes made through implemented activities that contribute to overall progress over the long term. However, the CSE views social impact as fulfilling their mission, demonstrating this with their socially oriented activities, rather than by ensuring formal impact assessment practices. The formal method of communicating their impact assessment consists of mandatory activity reports submitted to the Ministry of Welfare.

Another issue a CSE practitioner mentions is the conflict between stakeholders and their perceptions of the changes the organization implements. The practitioner recognizes the necessity for a more effective method of formal accounting for their social change, while also overlooking the advantages of formal documentation for internal purposes, viewing the social impact assessment primarily as a means to meet funders' requirements.

And it was actually the fact that it (impact) might not be visible from the outside, and we haven't successfully shown it yet. We are simply an organization where all this already happens; we don't need it for ourselves, we don't make such reports, but most often, such institutions need them to get funding. (CSE practitioner)

This illustrates the ambiguity around social impact assessment and tensions of social account validity between stakeholders such as funders operating from self-interest and entrepreneurs having unique information about their daily experiences [Molecke, Pinske 2017]. Considering the project-based nature of CSE and the constant need to attract funds from different stakeholders, the friction between viewpoints on impact assessment is relevant and has to be considered on the organization's strategic level, where social impact management could be beneficial in reducing the tensions.

Another issue is that the neglect of impact assessment may be linked to CSE's competing multi-goal nature. Tensions between different goals often relate to allocating human resources and current priorities [McQuilten 2015]. In the case of CSE, the lack of resources for formally reporting their impact could be seen as related to their goal and task prioritization.

Although the CSE does not follow formal impact assessment practices, it has a different perspective on the changes it makes. For the organization, social impact lies at the core of their endeavours – activities, projects, and products integrated into their life and work throughout the years, with active engagement in every aspect.

We are there always; we don't have strategic plans for measuring social impact because we are there; we see it and experience it. I record the responses, and because of it, it happens intuitively. Further decisions and improvements are also made based on their (visitors) direct experiences, for example, at events. (CSE practitioner)

Social impact is measured intuitively by participating in activities, observing outcomes, and deciding on future actions and improvements. The entrepreneurs assess the environment they create and the engagement of their target audience and relevant stakeholders, often on social media. They are already engaging in impact

assessment practices to some extent, even if they do not formally recognize or label them as such.

CSE employs a unique approach to its impact assessment management, revealing the opportunity to explore more informal practices that such organizations might utilize and to initiate a discussion on how formal impact assessment approaches and perspectives could be aligned with the needs of these organizations.

Conclusion

The research illuminated the unique characteristics of the CSE regarding their organizational structure and operational goals, in relation to the accountability challenge of generating and assessing social impact as part of the business models these enterprises employ. Drawing from the theoretical and empirical aspects, this research illustrates the complex nature of CSE, its operational dynamics, accountability challenges, and perspectives on navigating the hybrid nature of enterprises. The theoretical framework discusses the rise of CSE by evaluating the unique value creation and multifaceted goal achievement issues involved in balancing creative and monetary needs and goals. The CSE must balance three goals in conducting its business: creative pursuit, social mission, and economic viability. The challenge of balancing these goals leads to an exploration of the accountability aspect of enterprises in justifying their value to the outside world. This presents an opportunity to develop a more suitable impact assessment framework, considering that these organizations are not familiar with assessment instruments and methodologies. It highlights tensions from competing goals influencing priorities and resources for social impact assessment, as well as intangible outcomes that formal assessments often cannot assess.

The empirical part illustrating the perspectives of practitioners reveals the experience and challenges of navigating the CSE toward multi-goal achievement. The unique challenge for these organizations is also to achieve creative goals, which are the main drivers for organizations' activities seeking distinctiveness and authenticity. The CSEs have their own practices and approaches to impact assessment, which are heavily based on stakeholders' perspectives and experiences. Organizations experience and capture changes through active engagement and being present with their target audience. Formal accounting for social impact stays at the activity report level, which is a mandatory task for these organizations and serves as a policy tool to track the accountability of SEs.

Although this research focuses on CCI organizations that are SEs *de jure*, the results and insights gained from both the theoretical and empirical components can aid in analysing and understanding CCI organizations that have not obtained the legal status of SE but operate *de facto* in compliance with the principles of social

entrepreneurship. This can foster the growth of CSE, contributing to both the CCI and social entrepreneurship fields.

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