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Silent Conformity: An Institutional Theory Perspective on the Relationship between Social Enterprises and the SDGs

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ABSTRACT

Social enterprises (SEs) currently do not proactively signal their conformity to the normative pressure instigated by the Sustainable Development Goals (SDGs) in their reporting practices. On top of threatening their legitimacy, such organizational inaction is puzzling given that contrary to their capitalist counterparts, SEs meet major predicting factors of organizational responsiveness put forward by institutional theorists. Hence, the aim of this paper is to provide a theoretical investigation of the obscured dynamic between SEs and SDGs. We make three contributions. First, we fill a theoretical gap by motivating why the concurrent applications of SEs' core organizational principles ensures the operational conformity of SEs to the SDGs. Second, we identify a boundary condition to the general prediction of institutional theory by theoretically advancing and illustrating how the lack of legitimacy of a signaling practice may impede conformity signalment to a normative pressure, despite operational conformity. Combined, these contributions enable us to discuss the concept of silent conformity—which reverses the well-known notion of organizational decoupling—and discuss its implications and potential ways out in our context.

KEYWORDS: social enterprises; SDGs; reporting; silent conformity; institutional theory

INTRODUCTION

SEs are globally recognized for giving primacy to their social mission instead of financial returns, which they grant a secondary role, i.e., a means to reach their social ends (Battilana & Lee, 2014; Defourny et al., 2021; Gupta et al. 2020). With the enactment of the Sustainable Development Goals (SDGs) by the 193 countries of the United Nations (UN, 2015), SEs were provided with a broadly accepted framework to comprehensively report on their practices and advance their legitimacy in a sustainable development paradigm (Littlewood & Holt, 2018). Yet, although the relationship between SEs and the SDGs has been conceptualized as potentially highly synergetic (Günzel-Jensen et al., 2020), increasing evidence tend to demonstrate that SEs currently fail to proactively report on the SDGs (Moratis et al., 2022; Pizzi et al. 2020). So: if social enterprises (SEs) walk, why do they not talk their walk?

Institutional theory has a long history in explaining the dynamics between normative pressures of institutional fields and organizational behaviors (Meyer & Rowan, 1977). Normative pressures, such as the one instigated by the SDGs (van Zanten & van Tudler, 2018), arise when occupants of an organizational field collectively attempt to define the conditions and methods of other organization's work (Heugens & Lander, 2009). As those standards progressively diffuse, they become the "evaluative and obligatory dimensions of an institutional order that weigh on organization[s] to gain, maintain, and defend [their] legitimacy" (Durand et al., 2019, p.6). Thus, a core claim of institutional theory is that organizations tend to conform to the social norms of their institutional environment, which increases their organizational legitimacy and odds of survival (DiMaggio & Powell, 1983; Heugens & Lander, 2009; Suddaby et al., 2017).

The UN SDGs initiative is an illustrative example of normative pressures (Bierman et al., 2022, Fukuda-Parr, 2014) targeting businesses more than ever before in the history of global sustainability governance (Scheyvens et al., 2016). The SDGs effectively trigger a pressure for sustainability, insofar as on top of establishing precise and globally shared set of 17 goals and 169 targets (Le Blanc, 2015), they define a strict limit of 15 years to achieve them (UN, 2015). Such pressure remains however normative, given the non-binding and aspirational character of the goals, coupled with the few formal mechanisms implemented to monitor and ensure their achievement (Biermann et al., 2017; Bowen et al., 2017).

Two constitutive elements of the SDG framework triggered an unprecedented pressure for *corporate sustainability* (Scheyvens et al., 2016). First, by construction, because of the extensive and historical public-private participatory process from which the SDGs emerged (Kamau et al., 2018). Second, because the private sector figured for the first time both in the very content of the global sustainability framework and in the political declaration that accompanied its enactment (UN, 2015). In this sense, the SDGs initiative represents an unambiguous attempt to set new normative sustainability standards for doing business.

Hence, following institutional theory, one would predict an increasing share of private enterprises attempting to demonstrate conformity to the SDGs norms in their reporting activities (Suchman, 1995). In the imperfect information context that characterizes the business world, engaging voluntarily in the "practice of reporting publicly on its economic, environmental, and/or social impacts, and hence its contributions – positive or negative – towards [the SDGs]" (GRI, 2016, p.3) would theoretically serve as a signal of conformity for external constituents with an SDG interest (Spence, 1978).

While empirical studies on conventional businesses corroborate this theoretical prediction of institutional theory (Hummel & Szekely, 2021; Rosati & Faria, 2019; Santos & Bastos, 2020), evidence tend to indicate that SEs currently fail to proactively signal their operational conformity with the SDGs (Günzel-Jensen et al., 2020; Moratis et al., 2022; Pizzi et al. 2020). Such organizational inaction (Durand et al., 2019) is particularly puzzling given that contrary to their capitalist counterparts, SEs meet major predicting factors of organizational responsiveness put forward by normative pressures theorists: resource dependency toward the norm setter (i.e.: the states; Defourny & Nyssens, 2017; Oliver, 1991), issue salience (Bundy & Buchholtz, 2013; Durand et al., 2019; Hudon & Huybrechts, 2017), organizational goals alignment with institutional pressure objectives (Oliver, 1991; Pache & Santos, 2010; Esteves et al., 2021), limited investments due to normative objectives prefiguration (Durand et al., 2019; Henfrey et al., 2022) or the recognized need to gain legitimacy among external constituencies (Battilana & Dorado, 2010; Bradford et al., 2020; Michaud & Audebrand, 2022; Oliver, 1991).

This theoretical puzzle points therefore to the presence of additional boundary conditions to predict organizational responses to normative pressures. Hence, to guide our reflection, we formulate the following research question: "Why do SEs not signal their conformity to the SDGs in their reporting practices?". We address this question by bringing together two literature streams (i.e.: social enterprises and SDGs research) which have so far been largely considered in isolation (Littlewood & Holt, 2018) and adopting an institutional perspective to investigate the obscured dynamic between SEs and the normative pressure instigated by the SDGs. We show that despite a prefigurative conformity with the UN framework, the lack of legitimacy of the practice of SDGs reporting explains why SEs fail to adopt it.

After providing evidence of the organizational inaction of SEs regarding SDGs reporting in the next section, we structure the paper around the following contributions. First, we fill a theoretical gap by motivating why SEs' core organizational principles provide them with a comparative advantage when it comes to the local implementation of the SDGs. Second, we identify a boundary condition to the general prediction of institutional theory by theoretically advancing and illustrating how the lack of legitimacy of a signaling practice may impede conformity signalment to a normative pressure. Combined, these contributions enable us to emphasize the concept of silent conformity and discuss its consequences and potential ways out in our context. Overall, this study implies that, as long as SDGs operational conformity and conformity signal do not positively interact with one another in the business world, other signals of trust should guide sustainable investment decisions.

1. THE ORGANIZATIONAL INACTION THESIS

This section aims to provide evidence of the organizational inaction thesis (Durand et al., 2019) upon which this research rests, i.e., the fact that SEs are not explicitly signaling their conformity to the SDGs in their reporting practices. Since there exists to our knowledge no large-scale empirical study corroborating our claim, we adopted a data triangulation strategy and looked in the literature for clues that would come in contradiction with it. In following this path, we thus assumed that SEs' organizational responsiveness would be signaled in scholarly work had it truly occurred in the SEs field[1]. As we show below, this approach did not reveal evidence contradicting our claim but rather confirmed our own observation of the SEs field.

To begin, we wanted to see whether past studies had effectively been conducted entirely within our research domain, that is, SDGs reporting undertaken by SEs. To do so, we searched in the Scopus database for peer-reviewed documents (in English) containing the terms "social enterprise", "SDGs", "reporting" and related concepts in title, abstract, and keywords and published before April 2023. This resulted in 304 hits[2]. A careful review of the titles and abstracts already highlighted two elements corroborating the materiality of the organizational inaction thesis. First, we found only two articles corresponding explicitly to our research domain, that is, fitting simultaneously with all of the three dimensions above stated. Given the upsurge of research in the related fields of SEs' social impacts assessments (Alomoto et al., 2022; Hertel et al., 2022) and SDGs reporting (Pizzi et al., 2020), one would have logically expected to see more (accurate) hits, had SEs been effectively engaged in the practice of SDGs reporting.

Second, the only two studies that ultimately fitted the scope of our research field provided assurance of the validity of our empirical puzzle. In their qualitative study on the utilization of the SDGs among SEs, Günzel-Jensen et al. (2020) find that most social ventures that are cognizant of the SDGs present organizational strategies that range from reactive opportunistic reporting behaviors to complete rejections of the UN Agenda due to pragmatic or idealistic reasons (Günzel-Jensen et al., 2020). Similarly, de la Casa and Caballero's extensive research in the Spanish context of social economy organizations conclude that very few representative families and entities of this sector include SDG references on their websites, let alone employ a well-defined communication strategy regarding the UN Agenda (de la Casa & Caballero,

[1] Given the recent upsurge in the SEs' social impact assessments (Alomoto et al., 2022; Hertel et al., 2022) and SDGs reporting research fields (Pizzi et al., 2020), we deemed this assumption reasonable.
[2] The exact search (in April 2023) on the Scopus database was: TITLE-ABS-KEY (social AND enterprise OR venture OR business AND sdg OR sdgs OR (sustainable AND development AND goal) AND reporting OR disclosure OR diffusion OR utilization) AND (LIMIT-TO (LANGUAGE , "English")). We thus included journal articles, conference papers, books, book chapters and review in the Scopus search engine.

2021). These notable exceptions in the literature thus confirm that we cannot take for granted that SEs know, utilize and accept the SDGs as a shared and legitimate framework.

A complementary set of evidence aligned with the organizational inaction thesis derives from the scarce studies that do attempt to empirically connect SEs to the SDGs, but which all rely on researchers' proactive connections of the two concepts, rather than on SDGs data autonomously reported by SEs themselves (Lee, 2020; Esteves et al., 2021; Diaz-Sarachaga & Ariza-Montes, 2022). For instance, in Lee (2019, p2), the author seeks to validate SEs' supposed potential "to contribute to the implementation of the SDGs in the local context". However, rather than mobilizing eventual reported data, the author uses existing literature to put together a general assessment of the societal impacts of SEs, before relating mechanically these impacts to the UN sustainability framework. A second example comes from Esteves and colleagues (2021) who similarly create researchers-led connections between SEs and the UN sustainability framework in their multiple case studies. More recently, conceding that the lack of tools to monitor and evaluate SEs' performances against the SDGs contributed to an empirical research gap, Diaz-Sarachaga & Ariza-Montes (2022) choose to develop and test a new system to assess the alignment of SEs to the SDGs.

Additional elements substantiating the validity of our thesis come from recent literature reviews conducted in research domains close to ours (Faraudello et al., 2021; Mio et al., 2020; Pizzi et al., 2020). Whilst some abound in the direction of our presupposed organizational inaction phenomena, others fail to provide hints on the disclosure of SDGs data in SEs' reporting activities that one would have expected, had SEs been effectively engaged with the practice of SDGs reporting. For example, in their review on SEs' social impacts, Faraudello and colleagues (2021, p.430) concludes that "although there is no explicit reference to the SDGs in social enterprise journals, the issues [tackled by the SDGs] are widely covered and are part of the scientific debate in the specific field". The systematic literature reviews of Pizzi and colleagues (2020) and Mio and colleagues (2020) conducted respectively at the crossroad of the SDGs and the management and business research fields are also implicitly supporting the absence of SDGs reporting among SEs. While the first shows that only 1% of the articles reviewed effectively concern not-for-profit organizations (a concept closely related to SEs; see Defourny & Nyssens, 2008), the second does not even refer their existence. Finally, Kovač Vujasinović et al. (2018, p.22) who carefully inspect the website of 30 SEs located all around the world also find that "few social enterprises explicitly connect their activity to the SDGs".

All in all, while the relationship between SEs and the SDGs has been conceptualized as being highly synergetic (Günzel-Jensen et al., 2020), the convergence of the above-exposed pieces of evidence come to confirm the relative absence of SDGs reporting in the SEs field. If such organizational inaction (Durand et al., 2019) may have practical implications for what concerns the credibility of advocacy calls claiming the centrality of SEs for the realization of the paradigm shift called for in the UN Agenda (OECD, 2022, 2023; UNTFSSE, 2014, 2022), this absence of conformity signals also lacks theoretical grounding. We address these issues in the next two sections.

2. SOCIAL ENTERPRISES' OPERATIONAL CONFORMITY TO THE SDGs

Implicitly agreeing with the transformative potential of the SDGs framework (Hajer et al., 2015; Bowen et al., 2017), scholars (Littlewood & Holt, 2018), practitioners (Social Enterprise UK, 2015) and international institutions (UNTFSSE, 2022; ILO, 2022a) have put forward and illustrated the central role that SEs (could) play when it comes its appropriate implementation. For some, "the integrated, people-centered and planet-sensitive approach" inherent in SEs renders them particularly well-equipped when it comes to coping with the challenges identified in the SDGs (UNTFSSE, 2014). For others, framing SEs as part of community-led initiatives, "their activities, in some cases now ongoing over several decades, pre-empt many of the aspirations of the SDGs in important ways, both in relation to the context of specific goals and the way the [UN] Agenda as a whole attempts to integrate diverse environmental and social goals" (Henfrey et al., 2022, p.3). Esteves et al. (2021, p.1424) even argue that some SEs "are not just powerful vehicles for SDG implementation but also offer alternative framings and understandings that can enable improvements in SDG conceptualization and implementation more widely".

While not contesting the validity of those claims, the reporting silence of SEs using the SDGs framework has naturally limited the number of empirical and theoretical research supporting them. To fill this initial gap and simultaneously erase the possibility that SEs' "not talking their walk" might actually come from an absence of "walk", i.e., an absence of operational conformity to the UN framework, we offer an original synthesis of arguments motivating why the concurrent application of SEs' main organizational principles provide them with a comparative advantage when it comes to the local implementation of the SDGs. Acknowledging definitional debates on SEs and their practices (Kerlin, 2010), we focus on three organizing principles that are closer to the European SE conception inscribed in the cooperative tradition of collective social action (Defourny & Nyssens, 2010). As outlined in SE literature (Defourny & Nyssens, 2017), those principles include (1) the social mission principle, (2) the democratic and participatory governance principle and (3) the limit on capital returns principle.

2.1 The social mission principle

The primacy SEs give to their social mission by principle, assigning a secondary role to financial returns (Battilana & Lee, 2014; Defourny et al., 2021; Gupta et al. 2020), is their main characteristic distinguishing them from conventional business ventures, even those engaged in advanced forms of corporate social responsibility (CSR) (Palakshappa & Grant, 2018; Trivedi & Stokols, 2011). Four mission-related elements place SEs at the forefront of the business sector regarding the local implementation of the SDGs.

First, SEs' social missions are nowadays often aligned with societal challenges at the core of sustainable development (Birchall, 2004; Hudon & Huybrechts, 2017; Santos, 2012), aiming for social and environmental outcomes that are broadly consistent with the overall spirit of the SDGs (Henfrey et al., 2022; Kovač Vujasinović, 2018). Their typical objectives range today from poverty alleviation and inequality reduction to the sustainable use of natural resources and the mitigation of climate change (Mason et al., 2006; Defourny & Nyssen, 2017).

Second, increasing evidence demonstrate how SEs tend to adopt multiple goals approaches (Campi et al. 2006; Huybrechts et al. 2014; Smith et al., 2013), combining economic with social and environmental aims (Hestad et al., 2021), that allow them to contribute to the goals as well as leverage on the synergies and manage the trade-offs highlighted in the SDGs framework (Le Blanc, 2015). In fact, the capacity to manage SDGs' interconnections has been pointed as a fundamental precondition to their appropriate implementation (Camacho, 2015; Fiandrino et al., 2022; Nilsson et al., 2016, 2018).

A third element relates to SEs' performance evaluation practices put in place in the pursuit of their social missions. In conducting their pro-social activities consistent with the overall spirit of the SDGs, SEs' ultimate goal boils down to the quality of their social impacts (Kah & Akenroye, 2020; Powel et al., 2019). With varying degree of formality, social impact assessments have thus become a common practice among SEs (Luke et al., 2013; Molecke & Pinkse, 2017; Nicholls, 2009; Ormiston, 2022) and have even been observed in nascent social sectors (Munoz et al., 2022). While social impact assessments are partly motivated by communication and accountability concerns, they also serve an instrumental role internally, facilitating organizational learning and strategic decision-making that ultimately enhance SEs social performances (Bradford et al., 2020; Luke, 2016), and thus, the realization of the SDGs.

Finally, the formal and central status of their social missions helps SEs to build trusting environments and develop collective identities with their stakeholders' bases (e.g.: employees, clients, volunteers, suppliers, partners, etc.) (Hansmann, 1980, 1996; Spear, 2000). Accordingly, since those stakeholders decide voluntarily to engage in transactions with SEs, we can expect them to act cooperatively with the aim of contributing to the achievement of SEs' SDGs-minded societal objectives (Rose-Ackerman, 1996).

2.2 The democratic and participatory governance principle

A second key distinctive feature of SEs lies in the democratic and participatory governance principle (Huybrechts et al., 2014; Mori, 2014; Spear et al., 2009). Its traditional usage within SEs relates to three main practices whose intensities may vary among organizations, even if other forms of decentralized distributed decision-making exist as well among alternative organizations (such as social enterprises) (Chen & Chen, 2021). First, for what concerns the composition of SEs' formal governance structures, the principle implies that membership will be open and granted to stakeholders other than investors (Defourny & Nyssen, 2017; Hansmann, 1980; 1996). This means that those who make strategical decisions are not necessarily those who provide capital (Spear, 2004). Second, within those formal assemblies, democracy will be reflected in the application of the "one member = one vote" rule or in an ad-hoc limitation of voting power, which is thereby not proportionally coupled with the amount of capital provided (Defourny & Nyssen, 2017). Finally, many SEs also apply democratic governance practices beyond their legal governance structures. They often have recourse to additional relatively formal participatory governance practices which open the enterprise's doors to active participation of various stakeholders in their decision-making processes, especially that of the workers (e.g., one-time consultations, working groups, ad hoc governance bodies…) (Granados & Rosli, 2019; Huybrechts et al., 2014). All in all, even if from a Weberian perspective such collectivist-democratic-participatory governance modes can be motivated by a certain form a value-rationality, or a commitment to principles as ends in themselves (Weber, 1968, cited in Chen & Chen, 2021), they also play an instrumental role in SEs (Huybrechts et al., 2014), that we highlight next from a SDGs lens.

Firstly, sustaining their stakeholders' active involvement in their governance offers SEs the possibility to garner feedbacks from actors that by definition cannot be solely motivated by capitalist interests, thereby facilitating SEs' activities optimal alignment with their social mission. SEs can thus identify synergies and trade-offs between different sustainability goals that might not be evident in less inclusive organizations (Campi et al., 2006; Fiandrino et al, 2022). This ongoing accountability mechanism is all the more effective in a context where SEs also tend to favor localized approaches to supply, production, consumption and disposal (Borzaga & Tortia, 2009). This means that the impacts (positive or negative) of SEs' activities remain relatively close and readily observable, increasing organizational commitment and facilitating information flow through which SEs can learn and modify their activities to better to serve their missions (Douthwaite, 1996). Another consequence of the application of democratic-participatory and community-centered processes is that SEs will tend to design SDG solutions that are more broadly accepted by the public as compared to top-down approaches (Lubberink et al., 2019).

Secondly, studies have also shown how democratic and participatory dynamics among SEs not only help manage social mission drifts (Ramus & Vaccaro, 2017), but also serves as first guardrail to prevent them to occur in the first place (Davis, 2021; Pestoff & Hulgard, 2016). In fact, while organizational openness can contribute to social mission realignment through ongoing feedback processes with key stakeholders, it also exposes SEs to increased social mission deviation detections and subsequent organizational and personal blamings.

Consequently, democratic and participatory governance dynamics help refrain SEs' internal agents to depart from serving primarily the social mission of their organization (Ebrahim et al., 2014).

Overall, if the goals of the UN Agenda are to be met on a global scale, "it is crucial that the implementation process be grounded at the local level in terms of national priorities, stakeholder interests, resource mobilization and democratic governance" (Lee, 2019, p.6). In this context, the traditional integration of various stakeholders in SEs' decision-making processes represents a major strength as it helps develop "organizations that are responsive to, and inclusive of, a wider range of stakeholders" (Chen & Chen, 2021, p.6). "The challenge for SEs is thus to maintain the participatory, multi-stakeholder dynamics that form their added-value, while being able to grow in order to deal with the societal challenges they intend to address" (Hudon & Huybrechts, 2017, p.7).

2.3 The limit on capital returns principle

The limit on capital returns principle (or the profit-distribution constraint) is the third and final key characteristic of SEs (Defourny & Nyssens, 2017). This principle entails to give "primacy [to] people and [to] the social purpose over capital in the distribution and use of surpluses and/or profits as well as assets" (ILO, 2022b, p.2). In general, its operationalization within SEs materializes itself in two different ways: either through the choice of corporate institutional forms without shares (for instance, in non-profits, capital returns are legally impossible), or through collectively agreed upon rules inscribed or not in the enterprise by-laws and which limit capital return possibilities that could arise in the context of dividends distribution or shares resales. Again, the application of this principle helps place SEs at the forefront of the business sector when it comes to the local implementation of the SDGs, regarding three elements.

First, by structurally limiting the pressure to maximize economic profitability for shareholders, SEs members can more easily allocate the value created by their organizations to the stakeholders directly concerned by their social missions and avoid the trade-offs between socio-environmental and economic performances (Smith et al., 2013). This peculiar organizational configuration paves the way for two broad categories of pro-social surplus allocation practices, regularly applied within SEs (Gui, 1991). The first category brings together those practices taking explicitly place at the end of each accounting year and which voluntarily divert surpluses away from shareholders, with the aim of serving SEs' social missions. Within this first category, we find, for example, the practice of reinvesting surpluses for the development of the organization's activities, the practice of allocating surpluses to other societal causes, or the practice of redistributing surpluses (or "excess earnings") to stakeholders according to the amount of transactions carried out with the organization rather than in proportion to the capital held by investors (e.g.: rebates according to amount of purchases made, wage bonuses according to the number of hours worked) (Defourny & Nyssens, 2017).

However, as Gui (1991) recalls, the consequences of applying the limit on capital returns principle are not only experienced by SEs' stakeholders at the end of accounting years. This principle also encourages SEs to continuously implement managerial choices that implicitly predistribute their potential surplus to their relevant stakeholders, well before explicit surplus allocation decisions are made (Moreau & Mortier, 2017). Concretely, it deals with the additional costs or potential revenues SEs deliberately incur or avoid during fiscal years in the name of their social missions, following the partial relief of economic pressures (Gui, 1991). This is the case, for example, when organizations proactively hire low-skilled or socially-excluded workers with lower productivity levels (Pache & Santos, 2010), when they participate in awareness-raising activities that do not generate incomes (Smith, et al., 2013) or when they refuse certain collaborations despite economically advantageous transactional conditions (Defourny & Nyssens, 2017). Thus, at the end accounting years, the cumulative results of this second category of practices imply that part of SEs' potential surpluses are not made visible (Gui, 1991). Overall, irrespective of the way SEs decide to align their managerial practices with this third principle and in relation to their social mission, they will contribute in a cross-cutting way to SDG 10 (reducing inequality) as global income inequality tends to be exacerbated by capital incomes (Bengtsson & Waldenströom, 2018).

Moreover, the limit on capital returns principle concomitantly serves as second guardrail to maintain and protect the central place of SEs' social missions (Cornforth, 2014; Reiser, 2010), for two reasons. On the one hand, its application gives rise to a permanent process of self-exclusion of profit-driven agents (Rose-Ackerman, 1996), and this is particularly the case when organizations combine the profit-distribution constraint with the application of the other two SEs' principles. On the other hand, the structural shrinkage or mere elimination of capital returns possibilities contribute to discouraging potential internal investors from intentionally taking mission drift decisions (given the limited gains at stake), thereby further reducing the probability of their occurrence.

Third and relatedly, by explicitly preventing or limiting profit-making possibilities for investors, SEs' social missions become more credible in the eyes of external stakeholders who decide to engage in transactions with them (Hansmann, 1980, 1996; Spear, 2000). Hence, in line with the argument that the formal and central status of social missions helps build environments of trust and reciprocity, we can expect involved stakeholders to act even more cooperatively with the aim of contributing to the achievement of SEs' societal objectives, given the voluntary nature of their engagement (Rose-Ackerman, 1996).

In conclusion, SEs that genuinely implement the above exposed principles are currently well equipped to adequately address the SDGs comparatively to enterprises following the shareholder primacy model of traditional capitalist corporations. This is notably because SEs' social missions are therefore *de facto* protected by the democratic governance and the limitation on capital returns principles, whereas in conventional capitalist companies, no structural governance mechanism will ensure the protection and proper implementation of their CSR activities (Davis, 2021). Differently put, SEs' organizational principles ensure their operational conformity to the SDGs, that is, that SEs' operations and activities are aligned with the sustainability norm established by the UN.

Nevertheless, while SEs' prefigurative operational conformity to the SDGs is now theoretically established, institutional theory still falls short of explanations when it comes to supporting the absence of conformity signal in SEs' reporting practices. As described in the introduction, such reporting silence towards the SDGs is indeed particularly puzzling given that SEs meet major predicting factors of organizational responsiveness put forward by normative pressures theorists (e.g.: resource dependency toward the norm setter, issue salience, organizational goals alignment with institutional pressure objectives). In the next section, we address this second issue by demonstrating how conformity signalment of SEs in response to the normative pressure instigated by the SDGs may have been hampered by the lack of legitimacy of its *signaling practice*, that is, SDGs reporting.

3. THE ABSENCE OF CONFORMITY SIGNAL EXPLAINED

As a core concept of institutional theory, legitimacy has been largely studied in organizational research. Legitimacy results from a social judgment of appropriateness along some more or less specific criteria that put into relation a given social object with an audience (Haack et al., 2021; Suddaby et al., 2017). Suchman's definition remains to this day the most widely accepted vision of (organizational) legitimacy and states that: "legitimacy is a generalized perception or assumption that the action of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p.574). In practice, legitimacy assessments can turn positive or negative (Suddaby et al., 2017), meaning that, depending on contexts, a given social object will locate differently on the legitimacy spectrum (i.e.: on the scale from 'legitimate' to 'not legitimate' or 'illegitimate'). Moreover, while legitimacy can be seen as a unitary concept, multidimensional approaches help provide nuances to analysis and better respect the various criteria upon which a relational judgment of appropriateness can be based (Suchman, 1995; Ruef & Scott, 1998).

In this section, we follow Bernstein (2011) who underlines the centrality of legitimacy in global governance systems by applying Suchman's influential tripartite conception of legitimacy (cognitive, moral, pragmatic; see Suchman, 1995) to an unusual object, yet central to our research: the *organizational practice* of SDGs reporting. Combining an attention to comprehensiveness and synthesis, we put forward different arguments along the cognitive, moral and pragmatic dimensions of legitimacy and propose that SEs "not talking their walk" (i.e.: not signaling their operational conformity to the SDGs) may actually result from legitimacy deficits of the practice of SDGs reporting. As a result, this prevents the reporting practice adoption within the SEs field which indirectly hampers the recognition of its pivotal role for the SDGs achievement.

3.1 The cognitive illegitimacy of SDG reporting

Cognitive legitimacy is based on audiences' cognition rather than on their interests or evaluations (Suchman, 1995). The highest form of cognitive legitimacy is thus achieved when a given social construct (a practice, an organizational form, etc.) becomes so natural that it reaches a level of taken-for-grantedness within a given constituency (Aldrish & Fiol, 1994). At this point, alternatives become "literally unthinkable" (Zucker, 1983, p. 25). Accordingly, diffusion has been identified as a major source of cognitive legitimacy (Haack & Rasche, 2021). Looking on the other side of the spectrum, the lowest level of cognitive legitimacy corresponds to cases when audiences are merely aware of the existence of the social object under discussion.

In this context, the primary barrier preventing the adoption of SDGs reporting (i.e.: our social object of interest) among SEs (i.e.: the corresponding audience) pertains evidently to the lack of cognitive legitimacy, or social knowledge (Kostova & Roth, 2002), of the corresponding reporting practice. The presence of what we label as "oblivious non-adopters", is notably confirmed by Günzel-Jensen and colleagues' (2020) study on the utilization of the SDGs among social ventures, and which found that part of the sampled participants had never heard of the UN sustainability framework, and thus, let alone of the associated reporting practice.

Several factors can explain why the level of social knowledge of SDGs reporting impedes the practice adoption in the SE field, as compared to that of capitalist firms. First, formal social performance reporting that goes beyond traditional legal requirements and capital providers requests, remains quite limited in SEs (Kleinhans et al., 2020; Mair et al., 2020; Mäkelä, 2021). In part, such a low level of formal accountability can be explained by the "legitimacy surplus" SEs have so far benefited from their overt pro-social orientations (Nicholls, 2009) and which have until now largely protected them from strong accountability expectations from the general public (Conolly & Kelly, 2020). As SDGs reporting requires a resource-intensive process based on a formal framework, the voluntary practice associated with SDGs reporting remains relatively distant from SEs' daily routines. Second, as typically small size organizations, most SEs are still not concerned by the new wave of sustainability reporting legal requirements imposed worldwide, and in Europe in particular, as the latter mainly target large corporations (Hummel & Jobst; 2022; Pizzi et al., 2022). Even if those coercive pressures may eventually trickle down to smaller size organizations located in or around large corporations' value chains, SEs have so far not been directly incentivized to engage in formal sustainability reporting, even from a legal standpoint. Consequently, this has also naturally reduced the odds for SEs to come across the UN reporting framework. Third, it has also been argued that civil society grassroot organizations (such as SEs) only played a narrow role, if any, during the negotiations of the so-called "Post-2015 Development Agenda" (Sénit et al., 2017) leaving most room to highly institutionalized civil society actors. Yet, the relatively marginal impact that these actors eventually had on the very content of the UN framework provides a fourth reason as to why the practice of SDGs reporting failed to trickle down to grassroot organizations (Sénit, 2020). Finally, SEs' commonly few connections with traditional businesses and their social arenas further explains why SDGs reporting did not "mesh with (…) the experienced reality of [SEs'] daily life" (Suchman, p.582).

In the end, the lack of cognitive legitimacy of the practice of SDGs reporting provides a primary explanation to why such practice remains in a pre-institutionalization stage (Tolbert & Zucker, 1996) within the SE field. Fundamentally, this cognitive legitimacy deficit could be understood both as a cause and an outcome of its limited adoption rate among SEs (Ansari et al., 2010).

Our next discussions argues that some SEs have also been refrained from proactively adopting the corporate reporting practice associated with UN sustainability framework for moral and pragmatic reasons, thereby falling into a category of “strategic non-adopters”.

3.2 The moral illegitimacy of SDGs reporting

According to Suchman (1995, p.579), moral legitimacy reflects a “positive normative evaluation” of a given social object. This legitimacy dimension generally pertains to the assessment of what is right or wrong, within some socially constructed set of cultural beliefs, values and norms. To be morally legitimate, a social object must therefore be assessed as “the right thing to do” (Scott, 1995; Aldrich & Ruef, 2006). On top of criticisms traditionally invoked against the UN framework (for example, regarding tensions between economic growth and ecological sustainability, see Eisenmenger et al., 2020 or Hickel, 2020; regarding human rights, see Pogge & Sengupta, 2016; regarding the lack of political impact of the SDGs, see Bierman et al., 2022; regarding governance challenges, see Bowen et al., 2017 or Spangenberg, 2017), there are at least four elements along which the *practice* of SDGs reporting can be qualified as morally illegitimate from an SE standpoint. Together, these elements provide additional explanations for the relative absence of engagement in the practice of SDGs reporting among SEs. The latter relate to (1) the paradoxical common origin of SEs and the SDGs; (2) the business-like character of SDGs reporting; (3) the trade-off between reporting and impacting and (4) the weak distinctive value of SDGs reporting.

The reader should note that part of the arguments put forth in this section could also be made along with the pragmatic considerations identified hereafter, and reversely. As Suchman (1995, p.579) puts it: “audience perceptions of “rightness” often unconsciously fuse the good of the evaluator with the good of society as a whole”. Nevertheless, in our view, this possibility does not alter the general validity of our claim: the overall lack of legitimacy of SDGs reporting has so far impeded conformity signalment in the SE field.

The paradoxical common origin of SEs and the SDGs

First, from the point of view of SEs, the moral illegitimacy of SDGs reporting lies in the somewhat ironical common origin of both social phenomena (Günzel-Jensen et al., 2020). In fact, on the one hand, the theoretical existence of SEs is often justified by the responses they bring to both state and market failures (Hansmann, 1980; Chaves & Monzon, 2012). Extant research indeed shows how SEs both contribute to reducing negative externalities generated by traditional business and enact innovative business models and practices which help avoid those negative externalities to emerge in the first place (Santos, 2010). SEs also tend to propose goods and services in response to public retreats in key social arenas such as education, work integration and social care (Defourny & Nyssens, 2017). On the other hand, the SDGs framework is essentially a non-binding agreement of virtuous societal objectives that emerged as a result of negotiations primarily influenced by actors of the first two pillars of the economy, that is, states and market representatives (Sénit, 2020). It therefore means that, through the accountability dimension of SDGs reporting, SEs (would) essentially have to "explain and to justify [their] conduct[s]" (Bovens, 2007) to actors whose failures led to their very existence. Such systemic irony may naturally question whether SDGs reporting is actually "the right thing to do" for actors of the third sector, and SEs in particular. In practice, Kleinhaus and colleagues (2020, p.23) show that SEs "question frequently imposed external expectations to provide justification for what they are doing, beyond usual legal obligations related to funding or annual accounting and reporting", given that they already "altruistically provide locally needed services (which may have been disbanded by government, market or welfare agencies)".

The business-like character of SDGs reporting

Given the empirical association of the SDGs with traditional businesses of the private sector, several dimensions of the "business-like" character of SDGs reporting can also explain its low adoption rate within the SE field. To begin, if we assume that SEs culturally "share a general wariness bordering and antipathy towards mainstream business approach" (Phillips, 2006, p.229), the adoption of a practice almost uniquely shared among conventional actors of the private sector could in itself transgress with SEs' notion of morality. A second related moral blockage to the adoption of SDGs reporting could also stem from its association with promotional marketing activities (i.e.: SDGs-washing, see Heras-Saizarbitoria et al., 2022), which SEs often perceive as deceptive and manipulative (Mitchell et al., 2015). On their side, instead of resorting to conventional push alternatives (Bandyopadhyay & Ray, 2020), SEs traditionally adopt cost-effective, bottom-up inbound marketing strategies and consider their presence in the communities to be the most appropriate promotion of their social value (Mitchell et al., 2015). While such minimalist approach to marketing remains an operational necessity, it also represents a normative imperative inherited from non-profits who historically tended to associate for-profit activities and their market logics with lower-class pursuits (DiMaggio, 1982). Finally, SEs may also view SDGs reporting as an immoral practice given the risk of capitalist isomorphic pressures it could trigger for the SE sector as a whole in the medium-run, endangering SEs' capacities to disrupt the status quo[3] (Peattie & Morley, 2008).

The trade-off between reporting and impacting

Another issue preventing SEs from engaging in the formal process of SDGs reporting stems from the moral implications this would have in terms of the allocation of their limited resources

[3] This last issue will be more thoroughly discussed at the organizational level in the pragmatic legitimacy subsection.

(for a similar discussion but in terms of Social Return on Investment – or SROI – calculations, see Luke et al., 2013). Indeed, SEs tend to operate in environments where resources are difficult to access (e.g.: inability to charge market prices or target customers with the highest reservation prices, limited attractivity for traditional capital investors and skilled labor; see Desa & Basu, 2013, Di Domineco et al., 2010). On the other hand, producing and reporting social performances information following formal procedures requires time, resources and data (Connolly & Kelly, 2020; Luke et al., 2013). Given that the benefits of such back-end activities tend to materialize only in the long run, are mostly unknown and potentially difficult to amortize (Molecke & Pinkse, 2017), engaging voluntary with the practice of SDGs reporting might trespass the moral threshold of SEs as it could compromise their ability to positively impact their most immediate social beneficiaries. Logically, we suspect this moral trade-off to be an even more important barrier to the adoption of SDGs reporting among the smallest SEs for which potential in terms of economies of scale are naturally minimal (Connolly & Kelly, 2020; Molecke & Pinkse, 2017).

In practice, our moral argument closely echoes with previous research showing that SEs tend to rely on their presumed "legitimacy surplus", primarily resting on moral legitimacy (Bradford et al., 2020; Connolly & Kelly, 2020), and only formally report on their social performances when necessary: that is, when they are legally required or pressured by powerful stakeholders (Mair et al., 2020). Alternatively, SEs apply "informal strategies of accountability which are highly embedded in their way of working and contingent upon their limited resources" (Kleinhans et al., 2020, p.60) and accordingly document opportunistically selective details about their impact value chain (Bradford et al., 2020; Luke et al., 2013; Molecke & Pinkse, 2017). Overall, even if from the centrality of their social missions one could expect SEs to evaluate and report comprehensively on their social performances (Connolly & Kelly, 2020; Mair et al., 2020), pursuing inexpensive forms of reporting may paradoxically be judged as a moral duty towards social beneficiaries.

The weak distinctive value of SDGs reporting

Following Malay's (2021) research on business-to-macro indicators articulation, a final yet potentially important element putting off SEs from engaging with the practice of SDGs reporting boils down to the low marginal distinctive value that such signal eventually conveys to external stakeholders. In fact, translating enterprises' contributions to the qualitative goals inscribed in the SDGs is relatively easy. Any goal-related corporate action or key social performance indicator can be said to be contributing. Concerning enterprises' quantitative contributions to the UN framework, Malay rightly notes that most of the macro targets and indicators of the UN framework do not have a relevant accounting correspondence at the corporate level. Reversely, highly relevant social performance indicators at the business level do not find their macro counterpart in the UN framework. As a result, to effectively report on the SDGs, organizations have to resort to a large extent to indicators that are solely conceptually articulated with the SDGs (Malay, 2021). For instance, the concept ‘education’ (SDG 4) can be well measured at both levels, however, a business may choose to assess the variable ‘training time’ in its SDGs report while the UN framework focuses at ‘school endorsement’ at the macro level. As Malay (2021, p.15) indicates, while this leaves an extensive flexibility for businesses to choose the most relevant indicators according to the business’s strategy, “it can also lead to cherry picking and a focus on the best performances”. Due to this “ease of translation”, any organization can mobilize the framework and use it to pretend conformity or conformance to the paradigm shift called upon in the UN framework. In this context, SEs might perceive SDGs reporting as a being inherently a poor signal of trust (Hansmann, 1980), calling into question the relevance of doing it as engaging with such practice would both give credits to a signal of poor value while increasing the risk of being associated with SDGs-washers.

In conclusion, for the additional reasons outlined in this section, the practice of SDGs reporting may be considered by SEs as an inherently immoral endeavour. While they further explain its limited adoption rate in the SE field, more pragmatic concerns may have as well motivated the strategic non-adoption of the reporting practice associated with the UN framework.

3.3 The pragmatic illegitimacy of SDG reporting

Next to pointing towards the immoral implications that the practice of SDGs reporting could trigger for SEs, Suchman’s typology of legitimacy invites us to finally consider the concrete practical outcomes or lack thereof that could result from its adoption. In particular, Suchman (1995) defines pragmatic legitimacy as an organizational property that arises from the concrete benefits that an audience may derive from a given organization. Abstracting from Suchman’s application of legitimacy to organizations, this means that pragmatic legitimacy corresponds to the (expected) practical values that a particular set of constituents may grant to a given social object. To be pragmatically legitimate, a practice must therefore be assessed as valuable based on “the self-interested calculations” of a given audience (Suchman, 1995, p.578).

We identify three elements explaining why SDGs reporting can be qualified as pragmatically illegitimate from a SE standpoint. They pertain to (1) the risks of isomorphism; (2) the identity-linked risks and (3) the question of spatiality.

The risks of isomorphism

From an earlier discussion, we have seen that SEs may view SDGs reporting as an immoral practice given the risk of endangering capacity of the SE sector to disrupt the status quo, mainly due to the capitalist isomorphic pressures such practice could trigger (Peattie & Morley, 2008). Yet, more direct risks associated with isomorphism can also motivate the strategic non adoption of SDGs reporting solely based on SEs' self-interested calculations. In fact, there is a notorious fear in the sector that as SEs become more professionalised, focus will shift away from delivering value to primary beneficiaries (Dees, 1998). In this case in particular, there is a danger that SDGs reporting adoption attracts financial returns-minded investors. While potentially beneficial in terms of capital accessibility, their potential interests in scaling may eventually create internal tensions and threaten the realization of the SE's social mission overtime (Hehenberger et al., 2019). This could be the case because factors that facilitate social mission attainment in small organizations diminish with size (Smith et al., 2013) or simply because SEs' address very local issues "unscalable" by nature (Magomedova & Bastida-Vialcanet, 2022).

The identity-linked risks

A closely related yet different issue reducing the (expected) practical value of SDGs reporting for SEs revolves around identity considerations. There is a risk, indeed, that employing a signal of corporate sustainability that is typical of the traditional capitalist sector erases the boundaries between SEs and capitalist firm engaged in CSR (Mason, 2012). As a result, this may render difficult for external stakeholders to understand SEs due to the use of multiple—sometimes conflictual—identity signals (Smith et al., 2013). At the same time, SDGs adoption may also trigger a wave of deidentification of current stakeholders. Eventually, theses consequences may represent a threat for the good realization of their missions.

The question of spatiality

Finally, the relatively limited geographical spread of SEs' at the individual level can explain the lack of SDGs conformity signal in SEs' reporting activities. Indeed, by definition, the purpose of a signal is to convey information about the unobservable characteristics of a given entity (Spence, 1978). However, as spatial firms located relatively close to their stakeholders, SEs can already rely on their presence in their communities to convey their legitimacy and signal their social value (Kleinhans et al., 2020). This argument mirrors that of Gray his colleagues who argue that formal reporting better serves a-spatial firms not closely connected with their stakeholders (Gray et al., 1996, cited in Luke, 2016). For this reason, utilizing the complementary signal associated with SDGs reporting might be judged as inefficient by SEs, due to its costly and redundant character and thus, its limited net marginal benefits potential. This pragmatic consideration regarding the limited spatiality of SEs' is very much in line with Buckley and colleagues's (2017, p.12) multiple case study among community organizations (closely matching to our conception of SEs) who concluded that these "community businesses did not usually see community accountability as a distinct and separate activity (…), rather it was embedded in their way of working". It also fully echoes with Luke and colleagues (2013) who show that accountability and legitimacy in SEs are more based on demonstration through action (i.e. visible outcomes in the community) rather than demonstrating their relevance through formal reports. Yet, the authors argue, this does not mean that SEs are not aware of the extent of their social impact at a micro, meso, and macro levels (Luke et al., 2013).

For the additional reasons identified in this section, the practice of SDGs reporting can be perceived as pragmatically illegitimate from SEs' point of view. Combined with the cognitive and the moral considerations emphasized earlier in this section, they help explain why the practice of SDGs reporting remains stuck in a pre-institutionalization stage within the SE field. In fact, even if SEs meet major predicting factors of organizational responsiveness advanced in previous research on normative pressures, the overall lack of legitimacy of the signaling practice associated with SDGs reporting explains why SEs fail to adopt it.

DISCUSSION

Acknowledging the (quasi) absence of SDG reporting among SEs despite their natural alignment with the SDGs, this paper theoretically investigates why SEs do not 'talk their walk', in other words why they do not signal their contribution to the SDGs. As the previous sections demonstrate, the relationship between SEs and the normative pressure exerted by the SDGs can be understood from an institutional theory perspective as a case of silent conformity. While the genuine application of SEs' core organizational principles guarantees that their operations and activities are aligned with the sustainability norm established by the UN (section 2), the absence of SDGs signal in SEs' reporting practices (section 1) has left so far such operational conformity silent in the eyes of most of the world.

The concept of silent conformity relates to "reverse decoupling" (e.g.: Carlos & Lewis, 2017), which contrasts silent conformity with the widely studied notion of organizational decoupling (e.g.: Pache & Santos, 2013). When operational conformity is not directly observable, organizational decoupling refers to instances in which organizations "signal the adoption of certain practices to the external environment" (Kostova & Roth, 2002, p.232) "but do not attempt seriously to implement them at the operational level" (Scott, 2003, p.279 cited in Pache & Santos, 2013). While organizational decoupling might be a safeguarding mechanism to minimize legitimacy threats in the short run (Brunsson, 2002; Boxenbaum & Jonsson, 2008), the effectiveness of such organizational response "may [nevertheless] be hard to sustain (…) over extended periods of time" (Pache & Santos, 2013, p.974), thereby pushing organizations towards increased symmetry between organizational actions and signals. In the opposite scenario, silent conformity refers to occurrences when organizations do not send expected signals to inform their constituencies about their operational conformity vis-à-vis the prescriptions of a given norm(-setter). Simply put, while organizational decoupling corresponds to cases when organizations 'do not walk their talk', silent conformity occurs when organizations 'do not talk their walk'. Next to these two response strategies, non-conformity and full conformity complete the range of potential positioning that organizations can adopt (consciously or not) in the face of normative pressures (Table 1) (for a similar discussion at the product level, see Szabo & Webster, 2021).

		SIGNAL OF CONFORMITY	
		V	X
OPERATIONAL CONFORMITY	V	Perfect conformity	Silent conformity
	X	Organizational Decoupling	Non-conformity

Table 1: Operation – signal conformity matrix

In past research, different reasons for organizations to proactively silent their operational conformity have been observed. In a sustainability certification context, Carlos and Lewis (2017) demonstrate that organizations may strategically silence their certification status when their fear that reputational threats could directly contradict the claims implied by the certification. In a similar setting, Gehman and Grimes (2017) theorize and show that such organizational strategic silence may also be grounded in the concern of staying optimally distinctive from competitors. In particular, they argue that when certifications fail to provide such distinctiveness from other organizations located within the same basic category, organizations may decide to forego promotion opportunities. Also, Pache and Santos (2013) show that when organizations incorporate elements from different institutional logics (as SEs do), they may decide to relatively silence their initial attachment to one logic (e.g.: sustainability logic) to compensate for their lack of legitimacy in the other logic (e.g: commercial logic). Finally, Lee and colleagues (2017) document a case where pioneer organizations in the organic industry do not eventually adopt the certification they created in the first place for financial reasons.

In this paper, we provide an additional explanation to the phenomenon of silent conformity by theorizing and illustrating how the lack of legitimacy of a signaling practice may eventually impede conformity signalment to a normative pressure (section 3). We highlight how such positioning may not always result from fully conscious strategic choices (e.g.: because of the cognitive illegitimacy of a given signaling practice). Also, silent conformity may lead to negative consequences, which we illustrate below for SEs in the SDG context, along with suggesting potential ways out.

The negative consequences of SEs' silent conformity in the SDGs context

While it has certainly helped SEs operate in a relatively stable working environment since 2015 regarding social performance reporting, SEs' silent conformity to the SDGs appears to carry nevertheless several negative consequences. First, we argue that it represents an obstacle to the effectiveness of the sustainability framework and ultimately the realization the paradigm shift called upon in the 2030 Agenda, and that, essentially for three reasons. Firstly, the absence of SDGs signals from SEs combined with recurrent SDGs decoupling from traditional capitalist firm (Heras-Saizarbitoria et al., 2022; Manes-Rossi & Nicolo', 2022; Silva, 2021; van der Waal & Thijssens, 2020) concomitantly work to sabotage the detective purpose of those very signals. As a result, public and private investors with an SDGs interest cannot rely on such cues to orient their sustainable investment decisions. Secondly, as SEs fail to engage in substantive forms of SDGs reporting, they miss the opportunity to influence other actors and bring them toward more sustainable practices and higher standards of (reporting) commitment. Yet, research increasingly show that SEs have a key role to play in the transition of our societies towards sustainability (see for example, Fiandrino et al., 2020). Finally, the absence of self-reported SDGs data represents a third impediment for the SDGs attainment as it renders hazardous if not impossible for researchers to empirically evaluate, diffuse and help enhance SEs' sustainability performances against the UN framework. In absence of empirical data, they are currently forced to rely on studies that build conceptual bridges between SEs and the UN SDGs (e.g.: Fiandrino et al., 2020; Littlewood & Holt, 2018).

A second detrimental consequence of SEs' silent conformity pertains to the opportunity costs it generates for SEs and society at large as the former miss organizational learning (Gond & Herrbach, 2006) and legitimacy enhancement possibilities that SDGs reporting can bring (Eberlein, 2019). In fact, since SEs remain poorly understood by general publics (Michaud & Audebrand, 2022), notably in finance (Battilana & Dorado, 2010), education and politics, there is (was) a clear potential for SEs to better communicate their social performances through the utilization of the SDGs framework (Günzel-Jensen et al., 2020). In response to numerous calls in the literature (e.g.: Connolly & Kelly, 2020; Luke, 2016), doing so could help advance their legitimacy among new constituencies from moral (based on "good" intention; see Dart, 2004) to pragmatic and consequential. At the same time, such endeavor could simultaneously prove beneficial for nurturing their existing relationships with governments and donators which notoriously support SEs in recognition for their public value (Young, 2017).

Finally, referring back to Esteves and colleagues' (2021) argument, failing to engage with the practice of SDGs reporting implies that SEs forego the possibility to contribute to the next global goals conceptualization through their alternative framing and understanding of corporate sustainability (reporting).

A way forward

To the extent that practitioners and policymakers are interested in coping with the set of issues emphasized above, our analysis suggests that two general conditions could provide a way forward. The first condition naturally boils down to increasing the level of cognitive legitimacy and awareness of SDGs reporting within the SE field (e.g.: through public conferences or dedicated workshops). As elaborated earlier, many factors help explain why the level of social knowledge of SDGs reporting is likely to be relatively low in the SE sector, beginning with the absence of sustainability reporting legal requirements for SEs which are typically small and medium-sized enterprises.

Parallelly to this awareness-raising condition, the perceived economic and social costs associated with SDGs reporting— which we highlighted in this paper through the lens of moral and pragmatic legitimacies—must be either reduced and compensated by the perceived benefits of engaging with it, or directly compensated by them. Essentially, this second condition ensures that the net benefits of taking action are positive for SEs (Durand et al., 2019).

To meet this “net benefit of action” condition, this leaves to interested stakeholders three possibility of measures. A first possibility is to develop SE-tailored SDGs reporting practices so as to reduce some of the costs associated with the moral and pragmatic illegitimacies of the current conception of SDGs reporting (e.g.: provide a tool facilitating SDGs reporting, allow SEs to report only on indicators which have an accounting articulation with the UN SDGs). A second possibility is to raise awareness about the current intangible benefits that SDGs reporting can bring (e.g.: legitimacy gains and organizational learning possibilities). Finally, the last set of potential measures is to provide new and direct economic and social benefits to the practice adopters (e.g.: through subsidies, tax breaks, enhanced visibility, a community of practices platform).

The results of this conditional process are illustrated in Figure 1. Fueled by some form of performativity (Marti & Gond, 2018), we expect this last stage will echo with policy makers and practitioners and contribute to unlocking a positive feedback loop between SEs and the SDGs and their 2030 successors and eventually bring our society toward more sustainable living conditions.

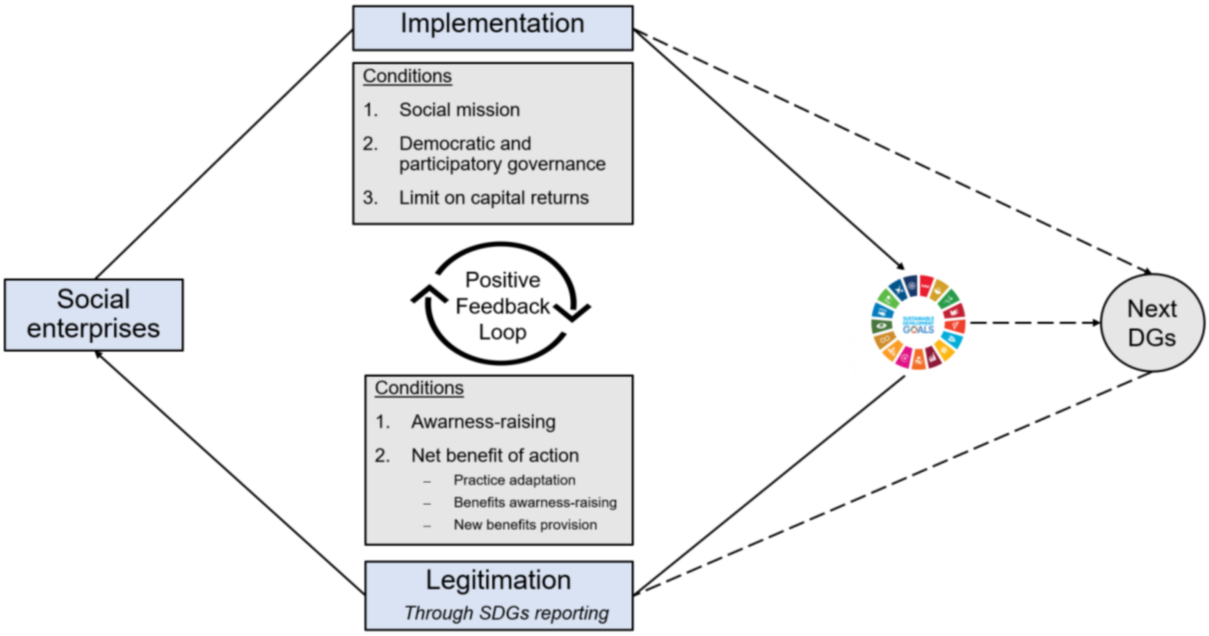

Figure 1: Enabling conditions for social enterprises – SDGs synergy

CONCLUSION

Institutional theory falls short of explanation when it comes to elucidating “why do social enterprises (SEs) not signal their conformity to the SDGs in their reporting practices?”. Such reporting silence towards UN sustainability framework is indeed particularly puzzling given that SEs meet major predicting factors of organizational responsiveness put forward by normative pressures theorists. In this paper, we have tackled this question by bringing together two literature streams which had so far been largely considered in isolation, that is, social enterprises and SDGs research. Adopting an institutional perspective, we show that despite a prefigurative conformity with the UN framework, the lack of legitimacy of the practice of SDGs reporting explains why SEs fail to adopt it.

Our research brings three contributions to the literature. First, we fill a theoretical gap by motivating why SEs’ core organizational principles provide them with a comparative advantage when it comes to the local implementation of the SDGs. Second, we identify a boundary condition to the general prediction of institutional theory by theoretically advancing and illustrating how the lack of legitimacy of a signaling practice may impede conformity signalment to a normative pressure, despite operational conformity. Combined, these contributions enable us to emphasize the concept of silent conformity—which reverses the well-known notion of organizational decoupling—and discuss its consequences in our context.

If our argument is confirmed, our analysis suggests that two general conditions could provide a way forward. Next to working on the cognitive legitimacy of the practice of SDGs reporting in the SE field, policy makers, peripheral actors and practitioners could help overcome the legitimacy barriers highlighted in the paper, by working on the perceived costs and benefits of SDGs reporting for SEs. If those conditions are met, and inasmuch as SEs maintain their genuine implementation of their core organizational principles, we predict that the positive feedback loop between SEs and the UN sustainability framework could be finally unleashed. By pointing towards this set of conditions, we go beyond mere criticisms or positive appraisals of the UN framework and rather favor enhancement in the next global goals conceptualization and realization. However, in the meantime and as long SDGs conformity and signalment do not positively interact with one another in the business world, other signals of trust should guide sustainable investment decisions.

Besides, our research points to the general fact that, when setting up new (sustainability) norms, more attention should be given to prefigurative conformers. Indeed, for the signaling usage of the norm to work effectively, the signaling practice (and thus the norm) should be perceived as legitimate by those actors. This is a necessary condition for them to signal their operational conformity and set standards that will positively influence others in their actions.

Be it otherwise, the strength and effectiveness of the norm will inevitably be undermined. In the case at hand, this also means that the illegitimacy of SDGs reporting—underlined in this paper for SEs—should be factored in in the next global goals conceptualization.

Our research presents evidently several limitations, which provide motivations for further inquiries. First, this study is solely based on desk research. Although the authors interact regularly with the SE field, both in Belgium and internationally, no primary data were collected and formally analyzed as such. Hence, future works could empirically investigate the validity of the boundary condition theorized in this paper and which allowed us to resolve our empirical puzzle. Second, this paper conceptualizes SEs as singular entities with only one voice. More specifically, it does not interrogate nor inspect internal dynamics and power games that may influence how SEs currently respond to the normative pressure instigated by the UN SDGs. Therefore, a potential research avenue is to qualitatively investigates the internal mechanisms influencing how decisions with respect to social performance reporting are made within SEs, in a context where institutional pressures for corporate sustainability (reporting) accrue. More generally, future research could analyze further the potential impacts of silent conformity in conceptual papers, or investigate empirically other real-life cases.

Finally, while corporate sustainability reporting is still in its infancy and remains generally voluntary for SEs, we can expect both regulative and normative sustainability reporting pressures to eventually trickle down to small and medium-sized enterprises, and thus to SEs, in the years to come. Consequently, it is urgent to anticipate this paradigm shift from financial accountability to extra-financial accountability by investigating the adequacy of (other) potential sustainability reporting frameworks. Today, the lack of legal requirements and societal expectations of social performances reporting from SEs seem to remain one of the main challenges to their development (Bradford et al., 2020; Luke, 2016; Nicholls, 2009).

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