

# [Investor activism](https://assignbuster.com/investor-activism/)

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With the trend toward higher investor activism, it's more important than ever to find effective ways to engage investors. Direct engagement, which involves the company pro-actively determining the priorities and concerns of investors and addressing them directly, is becoming more widespread across the business world (Ernst and Young, 2014).

Though still in its early stages, according to the Conference Board, direct engagement " is likely to become a permanent, although less formal, part of the governance of US public companies" (Conference Board, 2014). Direct engagement means social entrepreneurships begin the conversation with investors, rather than waiting for them to bring up issues of concern. This offers a way to communicate the social missiongoalsand link those goals to financial performance in a way that keeps investors committed to the broader vision of profit with purpose.

Performance Monitoring for Mission Financial monitoring processes are a ubiquitous part of conventional business practice. All for-profit businesses establish more formal systems for monitoring financial performance as they grow. Social entrepreneurships also need to develop systems and processes for monitoring mission performance and financial performance.

Common in the non-profit sector, mission monitoring is still a relatively new undertaking for the governing bodies of for-profit businesses. Despite advances in the field, such as the development of systems including IRIS and SASB, directors' efforts to monitor mission remain hampered by a lack of standard metrics, equivalent to those available infinance(Impact Measurement Working Group, 2014). Delivering impact performance isn't only a question of having reliable metrics, however.

It is important to remember that metrics alone won't protect mission or prevent mission drift. To have any power, raw metric information must be incorporated into the oversight and decision-making processes of the organization. Mission monitoring is the means by which organizations make the connection between impact metrics andleadershipand direction. Robust mission performance monitoring systems have been shown to help impact funds deliver on mission goals (Clark, Emerson & Thornley 2014).

Innovative social enterprises are using mission monitoring to efficiently prevent both mission drift and mission abandonment (Alnoor, Battilana & Mair). There is no one-size-fits-all model for mission monitoring. Research indicates that different kinds social entrepreneurships need to monitor different things in different ways (Alnoor, Battilana & Mair, 2014).

Thus, it is no surprise that the monitoring systems used by managers and boards vary according to organization size, type, location, legal form, governance structure, and the nature of the social or environmental mission aims. Despite this complexity, effective mission monitoring systems do have shared characteristics (Epstein & Yuthas, 2014):

* They originate at the highest strategic level, with the governing board and top management.
* They align with business and organizational strategy.
* They are clear about desired performance results.
* They identify performance indicators that can be meaningfully measured or evaluated.
* They are supported by organizational systems and processes that track performance and produce verifiable information.
* These are costed and backed with adequate organizational resources.