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## PAPER

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### ITALIAN FOUNDATIONS FACING FAST CHANGING NEEDS: WHICH TOOLS FOR IMPACT EVALUATION?

**Elisa Ricciuti**

Cergas, Università Bocconi / Department of Global Health and Development, London School of Hygiene and Tropical Medicine

**Francesca Calò**

Cergas, Università Bocconi / Yunus Centre for Social Business and Health, Glasgow Caledonian University

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## **Abstract**

The last ISTAT census (2011) has reported a notable growth of nonprofit organizations compared to the last decade, in some Italian regions more than others. Within this wide sector, foundations have seen an impressive growth, even tripled in some regions like Lombardy (ISTAT 2013). While foundations grow all over the globe, several voices in the international literature are critical on the governance models and the degree of accountability attributed to foundations (Anheier and Leat 2013), especially due to our fast changing society, which has contributed to the emergence of new social needs, but also to render stakeholders more informed and empowered thank to the use of technology, and consequently foundations more open to public scrutiny (Saxton and Guo 2011). Thus, analyzing the extent and the modalities foundations use to evaluate their response to social needs, and how their impact is then communicated to stakeholders is a necessary condition to foundations' sustainable and legitimate development. Moreover, it is an instrument for foundations to increase the creation of social value in the organizations funded and in their community overall. This paper maps the extent to which social impact evaluations are conducted by Italian foundations, through a content analysis on social impact evaluation as reported in foundations' online documents. Semi-structured interviews will be the further research step, to be done with key informants from those foundations which present more structured or sophisticated ways of evaluating their impact. The scope of this research is both to fill a knowledge gap on social impact evaluation in Italian foundations, and to propose some points of reflection, at least in their first steps, to enrich the debate on impact evaluation and stimulate foundations to interrogate themselves on their role in tackling communities' needs.

**Keywords:** foundations, evaluation, social impact, Italy, online, disclosure

## 1. Background

Private foundations are far from being new actors in the landscape of welfare policies. Notable examples are US foundations massively contributing to education and welfare policies in their country and abroad – like the Rockefeller Foundation or the Ford Foundation since the beginning of the last century – but also European foundations, though with lots of different traditions from country to country, still contributing to a big part of welfare policies - funding social issues, education, environment, health, arts and culture and many other fields of the common welfare (Anheier 2001). If foundations are not a new phenomenon at least in Western countries, the last two decades have seen a resurgence of the debate on foundations, while the economic relevance of private philanthropy has demonstrated to be continuously increasing across the globe (CAF 2013).

The growth of philanthropy is not only in financial terms: new models of philanthropic interventions are spreading, such as philanthrocapitalism (Bishop and Green 2008), opening the way for a debate on the political power of foundations and their often criticized lack of accountability and transparency, as well as their alleged response to the needs of their recipients (Esser and Keating Bench 2011). This ongoing debate around philanthropy has recently alimented critics and questions on the very essence of foundations and their role in the modern society (Anheier and Leat, 2013).

Despite the growth of private foundations in recent years, it is not straightforward to get to a unique definition of “foundation”, being this term often used as a synonym of fund, trust or endowment. In the European Union, approximately 273.000 organizations are labeled “foundations” (The European Foundation Centre 2008), but in terms of structures and activities it may prove hard to differentiate foundations from other types of nonprofit organizations. Foundations are generally defined according to two dimensions: either their source or funding (usually reflected in their governance structure) or the type of their activity. Concerning the source of funding, foundations are typically called “corporate” if they are directly funded through the shares owned in a company, or at least if they are heavily company-sponsored. More generally, “private foundations” have an endowment primarily based on the personal wealth of an individual (or a family in the case of “family foundations”). Corporate foundations are different from banking foundations – a typically Italian phenomenon – which perform charitable activities through the use of banks’ dividends. Other typologies of foundations exist and have different sources of funding, from private to public administrations, like “community foundations” which are directly funded through municipalities, districts or other public institutions, with a governance structure reflecting the different public and private nature of funders. Foundations are also distinguished by the nature of their core activity (Anheier 2005): they are grant-making, when their core activity is giving funds to other nonprofits or individuals; operating, when they are directly involved in their own managed-projects; or mixed when both grant-making and operating activities occur. Despite the different forms of foundations, private foundations all have some basic characteristics, which allow distinguishing them from public foundations and from other nonprofits. We adopt a working definition of foundations which reflects the following characteristics (Fink 2005): non-governmental; non-profit; possessing a principal fund of their own; managed by their own trustees and directors; promoting social, educational, charitable, religious or other activities serving the common interest.

While philanthropy is increasing around the world as well as in the European Union, the needs of populations have also demonstrated to be changing fast (Taylor-Gooby 2004). The economic crisis, not alone, has contributed to increase inequalities and to the lack of social cohesion in Europe, while public

resources have not always increased. Italy reflects a critical situation with the rates of poverty increasing as well as that of unemployment, especially among young people (ISTAT 2013). This has opened the way to a new role of the nonprofit sector (Fazzi 2013) including foundations, which typically have public-related or welfare-related strategies and objectives (Barbetta 2013). Some scholars have pointed out foundations are often put under the pressure to demonstrate their legitimate action and the extent of their impact for the benefit of the society and the communities they serve (Kearns 1994, Fleishman 2007). With the view of improving the relationship with stakeholders in mind, the use of web technologies has long been considered a potential for organizational change: it is a powerful tool to promote accountability practices in the nonprofit sector (Hackler and Saxton 2007), contributing to increase the attention on the need of more accountable practices among foundations too (Saxton and Guo 2011).

Foundations in Italy have grown considerably, by 154.7% since 2001, and one third of all Italian foundations is based in Lombardy (ISTAT 2013). Not only the number of foundations has increased, but their total asset size remains considerable, undoubtedly for the contribution of banking foundations: Italy scores at the first place among European countries for the total asset size of the foundations' sector (The European Foundation Center, 2008). Concerning destinations, Italian foundations are relatively strong in the field of research and education (19.8%) as well as philanthropy and the promotion of volunteering (12%) (ISTAT 2013), compared to other non-profit organizations where social and health related issues score higher. Nonetheless, no contributions, to our knowledge, tackle the emerging responses of Italian foundations to the needs of their recipients, and the debate on foundations and their role in tackling poverty is open.

With fast changing needs on one side, the growth of foundations on the other, and the existing pressures on accountability practices, how foundations can respond to their recipients' needs, while at the same time being sustainable and legitimate actors in the field of welfare? We argue that impact evaluation tools can contribute to render foundations more accountable, legitimate actors, towards their future management (by enhancing their planning and vision-building capacity) and their stakeholders above all (satisfying accountability and transparency related concerns).

Impact evaluation is a kind of must-do in philanthropists' speeches nowadays, at least in the United States and other countries, like the UK, with a long and sound tradition of institutional philanthropy. The particular status of philanthropies – directly accountable only to their own trustees (Fleishman 2007) clashes with the public nature of the outcome they produce in their communities: thus communicating the impact of foundations' interventions may help foundations gain legitimacy in their communities, as well as reconsider their role in the public sphere, challenged also very recently (Aneheier and Leat 2013, Reich 2013).

Performing a social impact evaluation is also an activity which supports and promotes the communication towards all stakeholders, using the business language, familiar to philanthrocapitalists, such as the concept of return on investments (Bishop and Green 2008). In particular, social impact evaluation helps the selection of investments and the allocation of resources, as well as an *ex-post* social communication for grant-making foundations. Moreover, it can help the due diligence and commissioning processes (for both grant-making and operating foundations in their search for new partners or in the monitoring and evaluation of current partners), acknowledging that those areas are the ones where social impact evaluation is mostly requested (Perrini and Vurro 2013).

The concern with impact is not new in the philanthrocapitalist narrative (Bishop and Green 2008) and the Bill and Melinda Gates Foundation co-chairs have often stressed the attention on impact evaluations as the

merit of their organization. The Bill and Melinda Gates Foundation's "theory of change" is the example of how the Foundation builds up an *ex-ante* process through which getting to a (hopefully positive) change in a specific field of action, starting from a thorough needs' assessment procedure. Previous researchers witness that while foundations are increasing their attitude to measurement and impact evaluation, most of them do this due to an external pressure (i.e. stakeholders, visibility), more than an internal need related to better monitoring or planning (Lyon and Arvidson 2011). Impact evaluation is strictly linked to accountability because it is in turn related to communication, and a proper communication towards all stakeholders is part of a process of transparency. Different conceptions of accountability exist in the literature, linked to performance evaluation of foundations too (Boris and Kopczynski Winkler 2013). In a recent study, we focused on the online accountability of Italian foundations according to a simple framework of accountability, which is limited to information disclosure. Within the information disclosure concept, three dimensions can be analyzed: disclosure on finances and grants' destinations (financial disclosure), disclosure on governance structures, rules and policies (governance disclosure), and disclosure on the decision-making process concerning grants' proposals review and evaluation (process disclosure) (Ricciuti and Calò, 2014). In this paper a deeper and more controversial concept of accountability is considered, which involves participatory aspects and ethical aspects as well, related finally to the role foundations want to play in their community.

Whatever the concept of accountability used, the fact that foundations are responding to their recipients' needs cannot be accepted as an assumption. Then, it is necessary that the renewed focus is on impact *around or beyond* needs, including a specific focus on quantifying (Barman 2007). The problem arises from the fact that even the "social" and the "social value creation" constructs are not underpinned by a common understanding (Kroeger and Weber 2014). Whether the impact of foundations is based on an "evidence-based" narrative, or on a wider sense of the value generated in the community, the concept of social value is the capacity to get concrete and measurable over time, at different levels – individual or community (Nicholls 2009). Several methods for impact evaluation exist: this paper has not the aim of discussing the single methods as applied by foundations, but to make a step back, verifying whether and to what extent Italian foundations apply methods for impact evaluation of their interventions. In fact, while a thick literature exist on the extent to which social impact evaluations are used and mis-used in the nonprofit sector (Kroeger and Weber 2014), almost no contributions, to our knowledge, explores this issue in the Italian context (Perrini and Vurro 2013).

This paper performs a documentary analysis on a very narrow sample of foundations, thus it must be considered only a first attempt to the exploration of social impact evaluation practices from Italian foundations. The next section explores the main issues emerged from a literature review on foundations and impact evaluation. Methods include the description of the sample and the criteria according to which the documentary analysis has been conducted. Findings presents the results of a content analysis based on a focused documentary search. Finally, the discussion opens the way to a call for major transparency from foundations, as well as a call for a more lively debate on social impact evaluations, both from the academic community and from practitioners and foundations' executives. Several hints are given for reflection and as further avenues of research.

## 2. Methods

In order to explore the evaluation tools adopted by foundations, we performed a desk-based analysis on 97 Italian foundations. This sample represents the total Assifero members as at 30th April 2014. Despite the sample is definitely far from being representative of Italian foundations (more than 6,000 according to ISTAT 2013), it is still the largest freely accessible database on foundations in Italy. Assifero is the Italian Association of Foundations and Philanthropic Organizations and includes different types of foundation, with the mission of supporting and connecting foundations across the country, as well as promoting international network-building and other sorts of educational activities for members. As expressed by its mission statement, Assifero aims at becoming “the reference point of organized philanthropy in Italy by increasing the number, the cohesion, the resources and the impact of grantmakers”<sup>1</sup>.

For each Assifero member, we navigated the website and downloaded all documents available, supported by the social research tradition which uses texts as fundamental tools to frame organizational models and structures as well as information disclosure (Bernard and Ryan 1998; Philips et al. 2004). We acknowledge that the choice to analyze only documents which are available online can represent a significant limitation to this analysis. Nonetheless, in an era where technology has so profoundly changed the relationship between organizations and individuals, acting as a communication facilitator as well as a tool for citizens' empowerment, we believe the use of internet technology is a proxy of the communication strategy of foundations towards all stakeholders, allowing a far greater reach of potential grantees too (Hackler and Saxton 2007). For this reason, websites are reasonable sources to be analyzed, as the first mean of communication between organizations and stakeholders, though not the only.

First, we read all webpages of the foundations, where those were available. Second, documents downloaded included: a) annual reports, social balance sheets and/or strategic plans b) documents or online descriptions available on the grant-making process (typically grant-making guidelines or similar) c) monitoring and evaluation documents or guidelines (typically included in social balance sheets) d) code of ethics where existent. For all these documents, we performed a content analysis based at first on a simple word frequency count, before reading the whole document (Stemler, 2001). The word frequency was done looking for “impact”, “evaluation”, and “needs” (“impatt\*”, “valuta\*”, “bisogn\*”). The documents where those terms were found have been read through entirely, and main themes related to impact evaluations have been extracted. The next section presents the main findings, subdivided in descriptive findings (related to the description of data gathered from the Assifero database) and analytical findings (related to the content analysis performed).

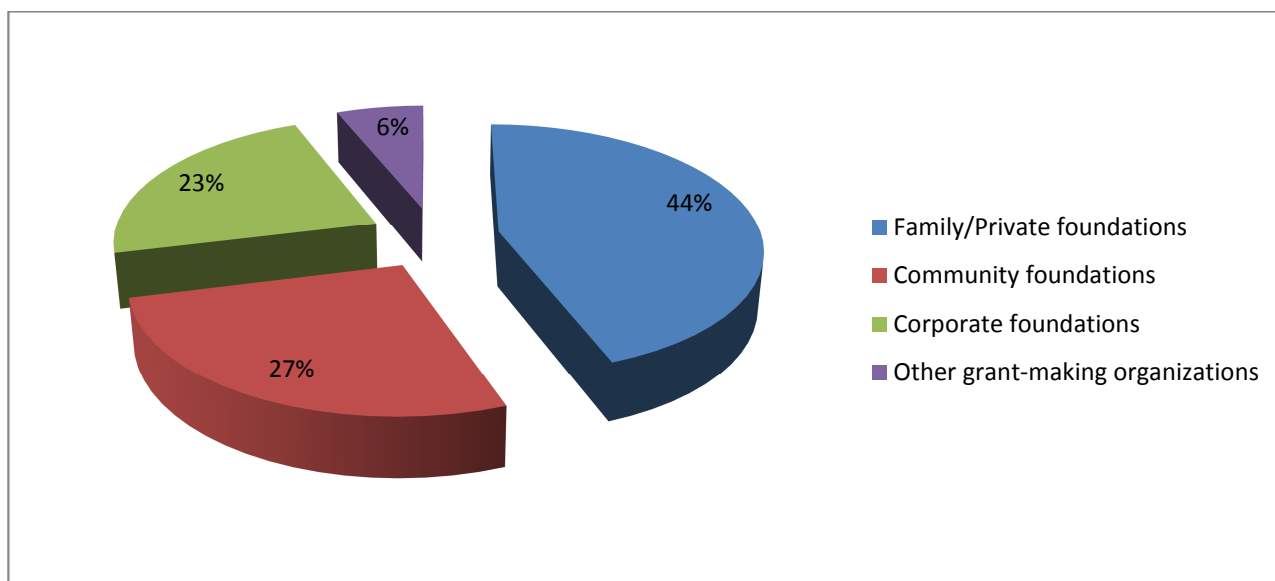
## 3. Findings

*Description of the sample* - Of the 97 foundations mapped, 84 are based in the North of Italy, 11 in the Centre and only 2 in the South. 46% of these are concentrated in Milan (26 foundations) and Brescia (18 foundations), followed by Rome (9), Turin (5) and Venice (4). Figure 1 shows the different nature of foundations in our sample. According to the classification made by Assifero, most foundations are family or private foundations (43 out of 97), followed by community foundations (26 out of 97), corporate foundations (22 out of 97), two of which include public participation too (A2A and AEM). Moreover, 6

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<sup>1</sup> Assifero mission statement, available at [http://www.assifero.org/A\\_categoria\\_10\\_notizie.php?IDCategoria=27](http://www.assifero.org/A_categoria_10_notizie.php?IDCategoria=27), last access April 22<sup>nd</sup>, 2014.

organizations are classified as grant-making organizations, with different forms of governance – associations, committees or generally “ONLUS” – and the explicated purpose of distributing funds collected through individual donations.



*Figure 1 – Percentage of foundations in the Assifero database according to their nature*  
*Source: elaboration of the authors – update from Ricciuti and Calò, 2014 (May 2014)*

In terms of the type of activity (Figure 2), the majority of foundations perform grant-making activities as their core ones (57 out of 97), 9 out of 97 are primarily operating foundations, thus managing their own projects, alone or in partnerships with other public or private players, and 24 out of 97 are both grant-making and operating with a different range of intensity for one activity or the other. 7 Foundations out of 97 have no available information on their activities – their websites are inexistent or inactive and the webpages available through Assifero reported no other information. The type of core activity - operating or grant-making - is not correlated significantly with any type of foundations, with the only exception of community foundations, which are all grant-making due to their specific scope – collecting resources from their own communities in order to redistribute these resources for specific areas of needs in the same communities.

Finally, it was impossible to get any kind of access to the websites of 13 foundations. Either they have their web pages not working, under construction or they have no website at all. Only 1 foundation has an access web page, with username password are required to login to the foundation’s website. For some of these foundations, which overall represent 13.5% of our sample, only few lines of information have been collected directly from their Assifero web pages.

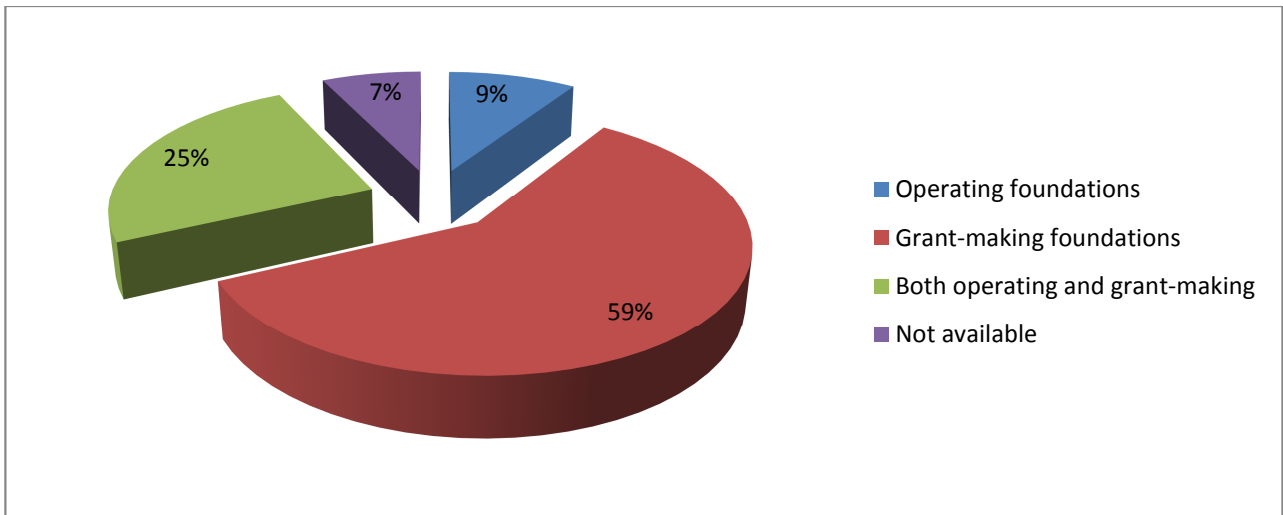


Figure 2 – Percentage of foundations in the Assifero database according to the type of their core activity  
 Source: elaboration of the authors - update from Ricciuti and Calò, 2014 (May 2014)

Before going into the exploration of the content analysis results, we report that the overall degree of disclosure is incredibly low, as previously reported on the same sample (Ricciuti and Calò, 2014). 32% of the organizations members of Assifero do not publish any document on their website, 87% of these foundations are family foundations. Among those foundations which disclose some kind of documents online, strong differences exist in the amount and the ways information is given. It could be that the nature and size of foundations are correlated to the amount and depth of information given, but further research would be needed to confirm such an hypothesis.

*Content analysis on social impact evaluation* – Of the 97 foundations mapped, 34 publish an annual report and/or a social balance sheet on their websites. Very few of these foundations also publish guidelines for monitoring and evaluation as well as code of conducts where the search for themes related to impact evaluation was performed (Figure 3). Overall, 12 foundations out of 97 mention at least “evaluation”, “impact” or “needs” in their documents, including strategic plans, social balance sheets, annual reports, codes of ethics or funding guidelines (Figure 4). An overview of the content analysis performed is reported in Table 1 at the end of this section.

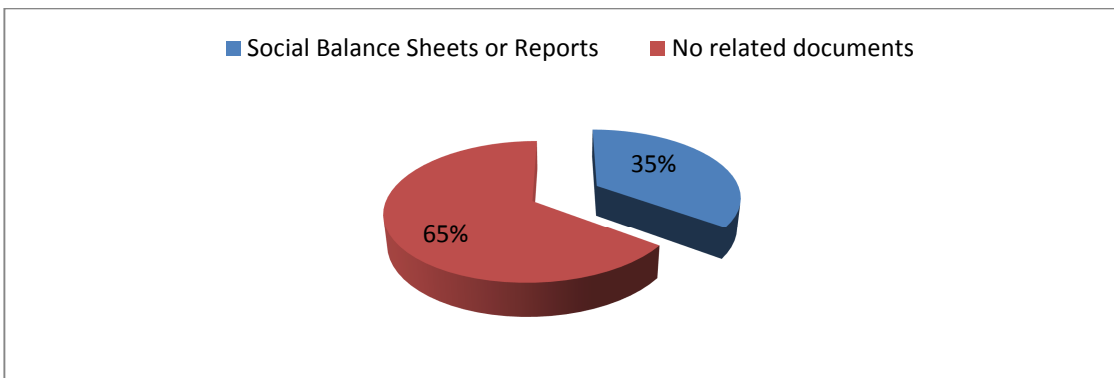


Figure 3 – Percentage of foundations in the Assifero database which present annual reports, social report or social balance sheets on their website  
 Source: elaboration from the authors’ database – May 2014.



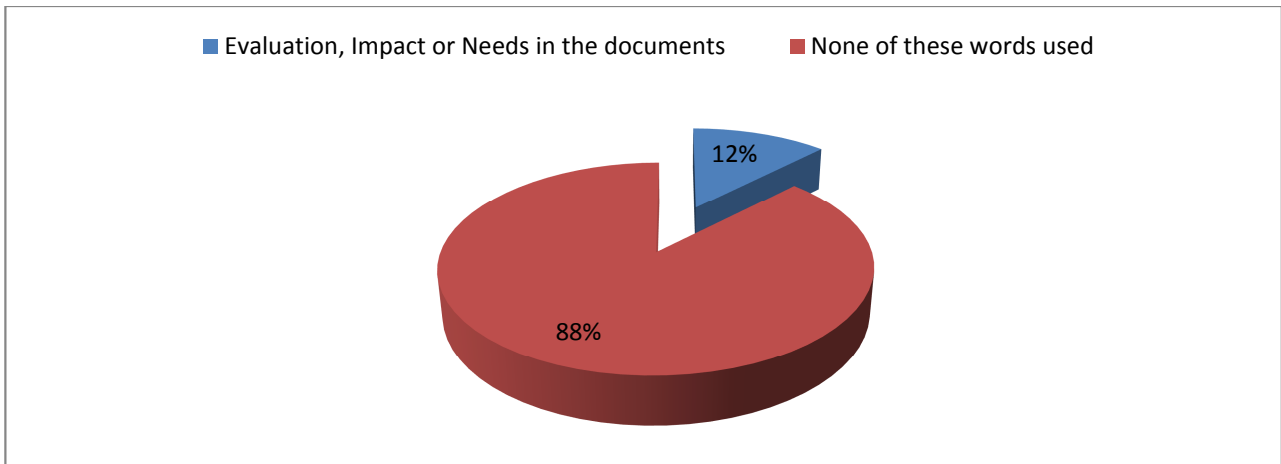


Figure 4 – Percentage of foundations in the Assifero database which mention at least once “evaluation”, “impact” or “needs” in their documents.

Source: elaboration from the authors’ database – May 2014.

Only 7 foundations out of 97 mention they perform an evaluation in their documents, mainly in their annual report or strategic plan. Nonetheless, to a deeper analysis, one grant-making foundation reports it performs monitoring and evaluation in its charter, but then “evaluation” is described in the funding guidelines as the process of review of project proposals, and not as the impact evaluation of grantees’ or foundations’ projects [F1]. One grant-making foundation, in its guidelines for funding, clearly states an impact evaluation is conducted at the end of every project funded, in order to allow for a better planning of future interventions. The evaluation is referred to as a “systematic” process and it is conducted on the solidity of the partnership too. Moreover, the foundation clearly states that, “beyond the typical role of a grant-making foundation”, they perform a systematic role of “coaching” to local partners in the different stages of implementation, monitoring and evaluation of their projects [F2]. No other details are given indeed on the criteria used to perform this evaluation, or the people involved or any other related detail. Other two foundations write in their balance sheets that they “guarantee transparency in allocations and the evaluation of projects’ results” [F3] and generally that an evaluation of projects “will be conducted” [F4], without any further detail given in other documents such as funding guidelines. Finally, only three foundations describe a specific approach to projects’ evaluation, at least giving some criteria for the evaluation, or even a specific framework to build up evaluation on their social impact. One is a corporate foundation, which reports, in its strategic plan, that an *ex-post* evaluation of projects will be conducted according to four criteria: “impact, effectiveness, efficiency and concrete sustainability” [F5]. Despite this, any detail is given in any other document. Another corporate foundation adopts “sustainability” as the criterion to evaluate projects funded. In its balance sheet, the foundation state that a “real and deep analysis (...) of projects which have continued to produce results autonomously even after a long time” have contributed to frame the concept of sustainability as formed by 5 criteria: solidarity, subsidiarity, fraternity, gratuity and active participation [F6]. The same foundation links the evaluation of sustainable projects to the concept of “social impact”. Finally, only one foundation proposes an own, sophisticated model for impact evaluation, based on seven criteria and the relative measurement indicators. This model, coming from the US tradition of strategic philanthropy (Morino 2011) has also a value for organizational planning, since it is designed “to evaluate the characteristics of a philanthropic action before it has been carried out, during and at the end of its execution” [F7].

9 out of 97 foundations use the word “impact” on all the available foundations’ documents. 5 of these 9 foundations are among those for which it was possible to find a reference to evaluation too, mentioned above - especially the last one, with a framework for impact evaluation, where the two concepts are correlated [F7]. One foundation mentions impact both as social impact, stating that it is what grantees have to demonstrate from their intervention, and as the impact of the activity of volunteers of their foundation, described in the annual report and measured against the value of the same work done by consultants [F2]. Another foundation, which is a corporate foundation, mention the concept of “impact” to describe the effect on other organizations in partnering with the foundation itself – the impact of the foundation’s funding is correlated to the impact generated on its grantees, without any more detail [F8]. Almost the same meaning of impact can be found in another corporate foundation, which puts “the promotion of the collective impact, meaning the involvement of other public and no-profit organizations in pursuing together the community objectives” as the third objective in its strategic plan [F1]. The same approach can be found in another corporate foundation, which links the concept of impact to its role of philanthropy in the community, reporting that “it is impossible to have a real impact on the fragility of the community without specific knowledge and awareness of the role of a modern philanthropic activity” [F10]. Almost the same approach is shared by a community foundation, which states that community foundations are demonstrating to be “powerful ways” to start initiatives of collective impact, where the objectives to be pursued are the objectives of the whole community, involving multiple players of different nature [F9]. Other two foundations explicitly write about “social impact”. One is a community foundation, which reports that donations must be seen as investments, “able to give an important return in terms of social impacts” [F3]. In the latter case, a foundation writes about “social impact” in its annual report in the section related to finances and allocations, reporting that the foundation’s Strategic Committee sets the objectives of financial management, since it has a strategic role, oriented “to the maximization of social impacts of funded projects” [F11]. Finally, the same foundation which reported a set of criteria to define “sustainability”, also gives criteria for its construct of “social impact”: in a section of the balance sheet called Social Impact Evaluation, the foundation mentions that “giving people motivations for doing good would increase the number of volunteers in the community that can generate welfare, and these are the expected returns of the foundation’s investments and will be measured with a continuously increasing rigor and tools” [F6]. The same foundation also reports that “thank to the new guidelines set by the Foundation’s board, it has been possible to finalize resources better and to focus on those with a higher social impact”, though without mentioning the criteria set in these guidelines.

Finally, only 3 foundations out of 97 mention any sort of needs assessment procedure in their documents and web pages. Two of these foundations also reported social impact as one of the objectives of the Foundation’s to be reached. One is a family foundation, which reports that the Foundation’s strategy starts from “a participatory needs assessment in order to identify development actions within the community” [F11]. One foundation mentions the assessment of needs in every project related document. In the presentation of a foundation initiative, it is also reported that “an expert group will be formed in order to identify the social challenges of the community, consistently with the social needs assessed locally and the availability of resources”. The same can be reported for a specific project where the methodology used is a “case by case” approach, where “social operators measure single interventions on the basis of specific needs of every family” [F10]. Finally, a community foundation mentions the constitution of a Needs Assessment Committee, which “periodically updates and refines the community needs”, which are constantly observed with a “periodical monitoring of the community needs” [F12]. Nothing is reported, in all these cases, on the methods used for needs assessment. A summary of the content analysis is provided in Table 1, subdividing foundations for their type of activity and their nature.

Table 1 – Summary of the content analysis on evaluation, impact and needs.

| Foundations | Evaluation  | Impact  | Needs |
|-------------|---|---|-------|
| F1          | “Evaluation” is referred only to the review of project proposals (funding guidelines).  | “The foundation works for the promotion of the collective impact, meaning the involvement of other public and no-profit organizations in pursuing together the community objectives” (strategic plan for 2013).   |       |
| F2          | “Beyond the typical role of a grant-making foundation, the Foundation performs a systematic role of ‘coaching’ to local partners in the different stages of projects’ implementation, monitoring and evaluation” (annual report)<br>“The systematic evaluation is done on the obtained results and partnership perspectives. This evaluation is at the basis for future planning” (funding guidelines). | “The impact of the volunteers’ activity is comparable to at least 140 days of external consultants” (annual report).<br>Mention of social impact in the final report grantees must hand out to the foundation (in the funding guidelines).  |       |
| F3          | “guarantee transparency in allocations and the evaluation of projects’ results” (annual report 2012).   | “donations must be seen as investments, able to give an important return in terms of social impacts” (annual report 2012).  |       |
| F4          | Monitoring and evaluation will be conducted (web page).   |   |       |
| F5          | “an ex-post evaluation of projects will be conducted according to four criteria: impact, effectiveness, efficiency and concrete sustainability” (strategic plan).   |   |       |
| F6          | “The foundation has performed a real and deep analysis (...) of projects which have continued to produce results autonomously even after a long time”. Sustainability has been framed through the use of 5 criteria: “solidarity, subsidiarity, fraternity, gratuity and active participation” (social balance sheet  | “...giving people motivations for doing good would increase the number of volunteers in the community that can generate welfare, and these are the expected returns of the foundation’s investments and will be measured with a continuously increasing rigor and tools” (in the Social Impact Evaluation |       |

|     |   |   |   |
|-----|---|---|---|
|     | 2011-2012).   | section of the social balance sheet).   |   |
| F7  | Propose a sophisticated model for impact evaluation, based on seven criteria and the relative measurement indicators. |   |   |
| F8  |   | Measurement of the impact the foundation has generated on its own partners (strategic plan).  |   |
| F9  |   | “community foundations are demonstrating to be powerful ways to start initiatives of collective impact (annual report).   |   |
| F10 |   | “it is impossible to have a real impact on the fragility of the community without specific knowledge and awareness of the role of a modern philanthropic activity” (annual report).                   | “an expert group will be formed in order to identify the social challenges of the community, consistently with the social needs assessed locally and the availability of resources” (...) “social operators measure single interventions on the basis of the specific needs of every family” (operating model). |
| F11 |   | “the foundation’s Strategic Committee sets the objectives of financial management, since it has a strategic role, oriented to the maximization of social impacts of funded projects” (annual report). | The foundation performs “a participatory needs assessment in order to identify development actions within the community” (strategic plan).  |
| F12 |   |   | “The Needs Assessment Committee periodically updates and refines the community needs”, which are constantly observed with a “periodical monitoring of the community needs” (operating model).   |

#### 4. Discussion

Some limitations of this paper must be reminded at this point. As already acknowledged, the sample is extremely far from being representative of the number of Italian foundations. Related to that, some considerations must be mentioned here specifically on the Italian context. First, the whole sector of Italian banking foundations is absent from the sample, while, especially in some regions, they are known to play the lion's part both in impact evaluation and in information disclosure (relatively to other peers in other regions). An option for further research, in view of the enrichment of the foundations' database, is to include the ACRI<sup>2</sup> list of foundations which contains 85 banking foundations, representing almost the 100% of banking foundations in Italy.

Second, while the Assifero database still represents the richest list of foundations publicly available nowadays, informal contacts and the participation to several conferences and practitioners' events have showed us that some work is being done on impact evaluation from foundations which are not Assifero members. To say it in other words, if the diffusion of social impact evaluation tools among Italian foundations is scarce, some of the few foundations which are applying impact evaluation methods have not been mapped in this research. Nonetheless, we considered a twofold strategy to overcome this limitation: on one side, interviews will be conducted to key informants from foundations with a more sophisticated model of impact evaluation as an advancement strategy for this paper; on the other side, we are enriching the current database with all other foundations we come across in our work of researchers. Although this database construction is a long-term strategy, we deeply believe it has an intrinsic value for both further academic research, and as a push for further disclosure from foundations' decision-makers.

Finally, we are aware that online documents may not represent the whole effort foundations perform on social impact evaluations, but still we believe it is unlikely that a foundation with a culture and experience on social impact evaluation tools would not use the web technologies to communicate it to its stakeholders. Further research in this direction would be addressed to mapping the use of web tools and other communication strategies in relation to stakeholders' participation for foundations in Italy.

The evidence collected brings us to a straightforward consideration: findings show how limited is the discussion around social impact evaluation in Italian foundations. There is regrettably low information on social impact evaluation tools, even considering the overall degree of disclosure which has already reported to be low (Ricciuti and Calò 2014). Considerations on the limited reference to social impact evaluation can be grouped in two possible sets of reasons: the first is that foundations perform impact evaluation, in a more or less structured or random form, but they do not communicate it; the second is that foundations do not perform any kind of social impact evaluation.

In the former case, it can be that foundations don't see the value of this communication, but also that they do not want to disclose too much of their processes. Although the communication concerning impacts have been already expressed as a powerful tool for foundations in increasing their accountability and transparency related issues, the financial, organizational and managerial consequences of a higher disclosure of information can be seen as a problem for foundations instead of an opportunity: this should be the territory for further investigation, especially for small or family-run charities, and for operating foundations more than for grant-making ones.

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<sup>2</sup> ACRI represents the Italian Association of Banking Foundations ("Associazione di Fondazioni e Casse di Risparmio SpA").

In the latter case, it can also be that foundations don't believe impact evaluation is a strategic objective for them, or that they have cultural, organizational and/or managerial constraints (in terms of time, resources etc.) which refrain them from applying such methods. The cultural aspect may also be an interesting point for further research, since findings seems to suggest that even when foundations perform social impact evaluation, they do not communicate the criteria they use, or the people involved, or the dynamic of the process. Beyond few exceptions, declarations such as "we perform impact evaluation" are very rarely followed by any other detail on the measurement effort.

We strongly believe that better communication can help foundations to refine and reconsider the role they want to play in their community, as well as better communication on social impact evaluations, while the opposite would still represent a major limitation for the legitimacy and credibility of foundations themselves. In fact, communication helps comprehension and awareness of the role of philanthropies in their communities, as well as helps dismissing the culture of "suspicion" on foundations which we can find in many countries.

Definitely, there are some points for reflection and further research which could help alimending the debate. First, we don't think foundations can start improving social impact evaluations without a clear vision of their role and positioning. Foundations may start asking themselves *whether* and *why* they want or are expected to perform such an activity, before concentrating on *how* to do it. The reason for this is that the real scope of impact evaluation is to increase the quality of projects funded and the virtuous cycle which can originate from a transparent and accountable relationship with their stakeholders. Foundations may start working hard to set a virtuous planning cycle, linking monitoring and evaluation with the formulation of strategic objectives and the measurement of their results. However, this is impossible without a clear self-perception of the role foundations want to play. We particularly welcome this reflection from foundations, believing that this is the very essence of their strategic effort: social impact evaluations are only *tools*, as the title of this paper underlines. The *goal* is defined by the vision of foundations and their ability to set long-term strategies: further research is desirable on the role of foundations and their visions of change for the public good. We are also well aware that the label "foundation" itself is including a lot of extremely different organizations – for functions, size, type of activity and the origin of their financial resources – which operate on a very contextual and local level, at least in Italy. The role foundations want to play in their community, or on a wider target, is for us the starting point for any further step: different considerations can emerge from foundations who wants to act on the local level and foundations which aim at widening the target of their strategies. In fact, a very interesting stream of research could be to explore whether there is a correlation with the amount of resources donated and the need, or external pressure, to measure impact. Further research on the topic can also enhance the debate around a proper culture of measurement, focusing more on a learning approach (for example, showing negative impacts as well as positive ones) than on an opportunistic approach.

Second, evidence collected also suggests that very different approaches may exist to impact evaluation, and to the very essence of the meaning of impact, as intended by foundations. Contextual and cultural factors may play a role in the definition of criteria for evaluating impact, dimensions which comes into consideration, and practical tool to quantify impacts. Starting from the point that there is no one universal method to conduct impact evaluations, nor a method which has demonstrated to be set on criteria which are more valid than others, we warmly welcome this variety, believing that at this stage of research, the different methods and concepts behind impact evaluations can only enrich the debate on the topic. The definition of criteria to perform impact evaluations is a value-driven activity with some political implications

too. Further research will explore the *values* behind the choice of what to measure, beyond the methodological tools used to measure – i.e. what if foundations put the decrease of social inequalities as a measure for impact?

Finally, evidence suggests that the focus on needs is somehow underestimated by foundations. Needs assessment is probably performed by any nonprofit organization, in a more or less structured way, but we wonder to what extent the identification of needs is participatory and inclusive. The lack of information on the initial stage of foundations' strategy-making is considerable, and again, this may be due to the fact that needs assessment procedures are just not properly communicated, or to the recognition that participatory and inclusive needs assessment processes are long, costly and difficult to manage. The opinion of foundations would be important in this respect.

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