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Are foundations assessing their impact?

Concepts, methods and barriers to Social Impact Assessment in Italian Foundations

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Abstract

Social Impact Assessment (SIA) is a mantra for nonprofit studies in recent years and for foundations in particular, argued to be well positioned to measure the impact of their grants. The paper aims at exploring the concept and the ways of measuring social impact, the motivations and the barriers in performing evaluations.

The mixed method analysis includes an extensive documentary analysis on 196 foundations, complemented by 10 in-depth interviews to the CEOs of 15 foundations which declare to use SIA methods. The degree of foundations' disclosure on SIA is sensibly low and there is not a common meaning of social impact. Foundations prefer qualitative methods for data collection rather than quantitative ones. The motivation behind SIA is primarily based on internal considerations on foundations' legitimacy. Lack of professional staff is major barriers. Findings challenge foundations' accountability and knowledge sharing, fundamental to foster peer dialogue and create more participatory evaluations.

Introduction

Impact evaluation is a mantra for nonprofit management studies in recent years, both for academics and practitioners (Brest & Harvey, 2008; Crutchfield & Grant, 2008; Worth, 2014). Review studies on impact evaluation have increased substantively in recent years (Grieco *et al.*, 2015) although this is not equally true for empirical studies on social impact meaning perceptions, the extent and the ways nonprofit organizations (NPOs) evaluate the impact of their projects. This scarcity becomes almost an absence when referred to foundations. Moreover, although there was considerable effort exerted from within the nonprofit sector to develop tools to measure social impact (Nicholls, 2009) and to explore drivers behind evaluation, fragmented literature analyzes the barriers and challenges behind impact assessment (Barraket & Yosefpour, 2013). To address these gaps, this paper applies a mixed method approach to the case of Italy. The value of this study is twofold: at the methodological level, the study has a huge potential to be replicated in other countries where empirical studies on the methods used for impact evaluation by foundations are severely lacking. At the theoretical/conceptual level, it offers insights on the different concepts of impact used by practitioners, on the methods used by a specific nonprofit actor and on the motivations and barriers to the development of impact evaluation. Moreover, it will represent the first on this topic in the Italian context, and to our knowledge even in the European context. The paper proceeds as follows. First, we provide a brief account of the literature on social impact with a particular reference to foundations. A description of the selected country case study is provided and the rationale for its choice. Second, we describe the mixed method approach adopted, exploring the specificity of the methods for data collection and analysis. Third, an analysis of the concepts used, the methods applied and the barriers faced by Italian Foundations to performing SIA is provided. Finally, the discussion offers a reflection upon the theoretical development stemming from the study findings, the limitations and further avenues of research.

Theoretical background and study rationale

Social Impact Assessment (SIA) has become recently very popular in the academic debate, for reasons which rest in the professionalization of the nonprofit sector since the early Nineties (Worth, 2014) and in the increasing accountability pressures from governments, donors and citizens, who ask nonprofit organizations (NPOs) to demonstrate they are effective in addressing complex social problems (Zadek & Radovich, 2006; Saxton & Guo, 2011). From a NPOs management perspective, the relevance of impact assessment is twofold. First, it helps the organization's strategic planning, by giving feedback to orient the strategy and make decisions over the future allocation of funding resources (Flynn & Hodgkinson, 2001). Second, it helps the evaluation of the organization's overall

performance and effectiveness (Liket & Mass, 2015). Moreover, impact evaluation is a fundamental tool for accountability, often used as a reaction to external pressures, rather than as a strategic planning need (Lyon & Arvidson, 2011). In recent years, scientific contributions have discussed several methods to explore the contribution of nonprofit organizations in responding to needs, in the nonprofit management literature, in the social entrepreneurship literature and in programme evaluation literature (Bagnoli & Megali, 2009; Epstein & Klerman, 2012; Leeuw & Vaessen, 2009; Kroeger & Weber, 2014; Grieco *et al.*, 2015). However, the literature shows that the constructs of “impact” and “social value creation” are not underpinned by any common understanding (Kroeger & Weber, 2014): whether the impact of foundations is based on a “evidence-based” narrative, including a specific focus on quantification (Barman, 2007) or on qualitative narratives, often complementary to objective measurement (Leck *et al.*, 2016), the concept of impact is linked to the capacity to get concrete and measurable outcomes over time (Nicholls, 2009; Grieco *et al.*, 2015). The way impact is meant by nonprofit organizations’ executives and applied to SIA still remains under studied.

While the literature is developing fast on the ways SIA methods are used and mis-used in the nonprofit sector (Kroeger & Weber, 2014), the issue is important for foundations in particular. First, because due to the availability of (often) large capitals, foundations are better positioned, compared to other nonprofit organizations, to perform SIA (Ebrahim & Rangan, 2014). Second, because the peculiar status of foundations, directly accountable only to their own trustees, clashes with the public nature of the outcome they produce in their communities, opening up a special quest for accountability (Fleishman, 2007). Thus, foundations’ performance evaluation has become a fundamental tool to increase their accountability (Boris & Kopczynski Winkler, 2013).

Communicating the impact of foundations’ interventions may help foundations themselves gain legitimacy in their communities, as well as reconsider their role in the public sphere, increasingly challenged (Aneheier & Leat, 2013; Reich, 2013). Moreover, the organizational value of having a measurement system is a key driver to knowledge sharing between foundations’ staff, executives and board members (Trelstad, 2014).

Although the drivers to the development of SIA are largely explored in the literature, two areas of investigations remain under studied. First, the concepts of impact used by foundations, which are acknowledged to be very diverse and their language idiosyncratic (Boris & Kopczynski Winkler, 2013). Second, the barriers perceived by foundations to assess their impact and how they eventually relate to specific methods, which are discussed by few papers (Barraket & Yousefpour, 2013; Grieco *et al.*, 2015).

In recent years, the impact mantra has spread throughout Europe. The launch of the Social Business Initiative of the European Commission has increased the attention to the topic, by identifying Social Impact Measurement as one of the key policy actions linked to the European social economy, which accounts for 6% of total employment in the European Union including cooperatives, foundations, associations and mutual societies (European Commission, 2011). Despite this, a considerable lack of knowledge exists: data are lacking on whether and how foundations in Europe assess their social impact. Italy could represent an optimal case study for a first assessment of foundations' impact evaluation methods due to several reasons. Like other European countries, Italy foundations are flourishing in a context of economic crisis and reconfiguration of welfare systems (Barbetta, 2012): registered foundations in Italy have grown by 154.7% from 2001 to 2011 (ISTAT 2013). At the same time, the country is witnessing an increasing debate on impact evaluation partly due to higher external pressures for accountability and social reporting (Battilana & Lee 2014). Most importantly, unlike other countries, Italy has been recently living a legislative turmoil due to the Reform of the Law on Third Sector, which has given to the concepts of outcomes, measurability, and social impact an unprecedented space (DI. 106/2016). Moreover, Italy sees the presence of foundations of banking origin, a peculiar type of foundations derived from the privatization of Italian saving banks according to the so-called "Amato Law" (1990), which collectively have an endowment of 41,2 billion euros in 2014 and are actively engaged in developing frameworks for impact assessment (Fondazione Cariplo, 2014).

Based on these knowledge gaps, this paper aims at understanding the meaning of social impact (from practitioners' perceptions), the barriers behind the SIA and the different impact evaluation frameworks and methods used by Italian foundations. The goal of the paper is not to increase the adoption of impact evaluation practices *per se*, but to explore the state-of-the-art and the reasons why foundations perform this activity, with a potential to increase foundations' accountability and legitimacy towards their stakeholders. Moreover, the ambition of the paper is to set a methodological framework to be easily replicated in other countries, favoring dialogue and peer collaboration among foundations in Europe.

Method

This paper is based on multiple research methods according to the two specific objectives (Table 1) necessary for answering to the overarching research question about the state of the art of social impact assessment in Italian foundations. An inductive approach based on both documentary analysis and interview data, rather than a deductive one is favoured (David & Sutton, 2011). The main concern of a single-setting case study may be the degree of generalizability of findings.

According to the case study methodology, generalizability is possible (Flyvberg, 2006) and it is often analytical rather than statistical: it is possible to replicate the study in other context due to the methodological framework proposed (Yin, 2009). As the peculiarities of the Italian contexts may be not relevant for other countries, it is also true that the methodological framework proposed is highly replicable in other country contexts, due to the fact that the nature of the study is highly exploratory: a severe lack of empirical studies on SIA methods applied by foundations has been already acknowledged. The details on the methods for data collection and analysis are here reported according to the two specific research objectives.

[Table 1 around here]

Documentary analysis

To respond to the first objective, a content analysis has been performed on a population of 196 foundations. Despite the sample is far from being representative of the 6,220 Italian foundations registered in 2011 (ISTAT 2013) it is the largest freely accessible database on foundations in Italy³. The sample includes all types of foundations existing in Italy: independent and family foundations, corporate foundations, community foundations and foundations of banking origin.

For each foundation, we navigated the website and downloaded all available documents, supported by the social research tradition which uses texts as fundamental tools to frame organizational models and structures and guarantee information disclosure (Bernard & Ryan, 1998; Philips *et al.*, 2004). The choice to analyze only online documents may be considered a significant limitation to this analysis. However, in an era where technology has so profoundly changed the relationship between organizations and individuals, we support the view that the use of internet technology is a proxy of the communication strategy of foundations towards all their stakeholders: it is a powerful tool to promote organizational change and accountability practices in the nonprofit sector (Hackler & Saxton, 2007), allowing a far greater reach of potential grantees for foundations too (Saxton & Guo, 2011). For this reason, websites are reasonable sources to be analyzed as the first mean of communication between organizations and stakeholders.

We started our analysis by reading all web pages of the foundations, where those were available.

We downloaded available documents, including: a) annual reports, social reporting documents

³ The sample is formed by the total number of Assifero and ACRI members as at 15th of September 2015. Assifero is the Italian Association of Foundations and Philanthropic Organizations and includes corporate, community, family and endowed foundations. ACRI is the Association of Italian Banking Foundations and Saving Banks and it represents all the foundations of banking origin across the country.

and/or strategic plans b) documents or online descriptions available on the grant-making process (typically funding guidelines or similar) c) monitoring and evaluation documents or guidelines (typically included in social reporting documents). We used foundations' websites to collect online available information on foundations' disclosure, using the framework proposed by Saxton and Guo (2011), so that we were able to isolate documents related to the *financial* dimension of foundations (financial performance and grants' expenditures) and the *performance* dimension, related to all the goal- or outcome-oriented information (Saxton & Guo, 2011). Moreover, we added a *governance* dimension, grouping all documents related to: governance structures, decision-making rules, composition of boards and power of board members, and staff related policies. More than 700 documents were downloaded and archived for coding.

Then, 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 words related to "impact", "evaluation", and "needs" (in Italian "impatt*", "valuta*", "bisogn*"). Only documents including those terms have been entirely read and coded. All desk-based data have been collected and tracked in a dataset (an Excel spreadsheet). In order to explain findings generated by quantitative analysis (Bryman, 2016), we obtained missing information through in-depth interviews and other documents made available by foundations' informants.

In-depth elite interviews

To respond to the second specific research objective, we performed in-depth interviews to foundations' key informants. The recruiting criteria for foundations were based on the result of the documentary analysis: those foundations that have mentioned "evaluation", "needs" and "impact" in their documents and specifically declare they perform impact evaluation were considered the ideal sample of foundations to be interviewed for a further in-depth analysis of their evaluation experience. Out of 196, only 15 foundations have been selected for the interview. However, two foundations declared they do not perform any kind of evaluation activity, differently from what we found written in their social reporting documents, so they were excluded lately from the ideal sample of interviewees. Thus, the final ideal sample was represented by 13 foundations. One foundation declined the interview, and three foundations were involved in the same impact evaluation project: consequently, they suggested only the leading foundation of the project to be selected for the interview. At the end of this process, ten interviews have been conducted, corresponding to almost the total number of foundations which actually perform some kind of SIA of their grants.

We chose elite, in-depth interviews as the preferred method for data collection, since they allow accessing to individuals' knowledge to a level of depth and complexity that is not possible to achieve through other methods (Byrne, 2004; Harvey, 2011). Questions were addressed partly to complete information around the foundation, covering data missing from the previous content analysis. However, the main topic of the interview was to uncover the different concepts of impacts used by practitioners, the motivations to perform impact evaluation, and the barriers to do it. For 9 foundations, the CEO was interviewed; only one foundation has an office dedicated to perform impact evaluation, so that the responsible person of this office was identified as the key informant. Before the interview, interviewees were informed around the objectives of the research and all the precautions taken to guarantee anonymity and confidentiality where requested, and asked to sign an informed consent to accept to be recorded. We have guaranteed anonymity by naming case studies with letter I and an assigned number as reported in findings. All interviews were face-to-face, but two which were done via telephone. All of them but two have been recorded, for a total of twelve hours of recordings. Intelligent verbatim transcripts have been double read and coded following a thematic content analysis (Saldana 2009). A structural coding process was used (Saldana, 2012). Concepts, methods, motivations and barriers were the four domains of inquiry that drove both the topic list design and the data analysis.

Mapping social impact evaluation activity in foundations

The characteristics of the sample for the content analysis

Of the 196 foundations mapped, 142 are based in the North of Italy, 44 in the Centre and only 10 in the South. Foundations were mapped according to their funding origin and their nature. The origin is meant as the primary source of endowment: from corporations (corporate foundations), from individuals, families or trusts (independent/private foundations), from the community (community foundations), or from saving banks for foundations of banking origin (Figure 1). The nature refers to the type the activity and can be grant-making (giving grants to others), operating (managing own projects), or mixed (Figure 2).

Most foundations are of banking origin (88 out of 196), followed by independent/private or family foundations (44 out of 196), community foundations (28 out of 196), and corporate foundations (22 out of 196). Moreover, 12 organizations are classified generally as "other grant-making organizations", with governance structures not clearly identifiable as foundations' boards, or generally described as "associations". Finally, two organizations could not be classified due to the lack of information given (Figure 1).

Figure 1 around here

In terms of their nature, the majority of foundations perform both grant-making and operating activities with a different range of intensity for one activity or the other (90 out of 196), 79 out of 196 are grant-making organizations, 11 out of 196 are primarily operating foundations, thus managing their own projects, alone or in partnerships with other public or private players. 16 Foundations out of 196 have no available information on their activities: their websites are inexistent or inactive or with limited access. The nature of activity is not significantly correlated with the foundations' origin, with the only exception of community foundations, which are all grant-making due to their specific scope – pooling community resources in order to be redistributed to specific areas of needs. Foundations of banking origin provide a mix between an operating and a grant-making model (Figure 2).

Figure 2 around here

The degree of information disclosure

A preliminary result to be reported before going into a detailed exploration of the content analysis is that the overall degree of disclosure is sensibly low. 15% of the organizations do not publish any document on their websites, 70% of these foundations are family or private foundations. Among those foundations that disclose documents online, strong differences exist in the amount and the ways information is given. However, 8% of the organizations disclose all documents searched for and they are all foundations are of banking origin. Nonetheless, rarely specific documents on impact evaluation methods are reported on their websites. Of the 196 foundations mapped, 113 publish an annual report and/or a social reporting document on their websites, while 42% do not have any social reporting document downloadable from their website (Figure 3).

Figure 3 around here

Moreover, evidence from the word frequency count shows that only 71 foundations out of 196 mention at least “evaluation”, “impact” or “needs” in their documents (Figure 4). If we correlate the nature of foundations to the use of the terms “evaluations”, “needs” and “impact” in their documents, foundations of banking origin present higher degree of disclosure compared to foundations of different nature (Figure 5).

Figure 4 around here

Figure 5 around here

47 foundations out of 196 mention they perform an evaluation in their documents, mainly in their annual report or strategic plan, underlining that they are exploring the impact of the organization. 37 foundations out of 196 use the word “impact” on all the available foundations’ documents and 29 foundations out of 196 include the word “needs”. However, only 15 Foundations declare to use methods and frameworks for evaluating their performance and the impact achieved.

Some foundations use the terms “evaluation” and “impact” with no further detail or explanation of their meaning. Two foundations claim that evaluation is conducted in partnership with other public or private organizations. Very often, such in the case of two foundations, evaluation is referred to the review process of grants’ applications, rather than the projects’ ex-post impact evaluation. Moreover, criteria for evaluation are rarely defined, with some exceptions. Three foundations use the concept of *sustainability* in relation to impact; two organizations explore the concept of long-term outcomes and one claim to analyze the *effectiveness* and *efficiency* of projects. Only one foundation proposes an own model for impact evaluation, based on the impact value chain and measurement indicators commonly used in the North American tradition of strategic philanthropy (Morino, 2011). Impact is also often related to the community dimension: *collective* impact for one organization and *social* impact for another one. Few foundations mention methods to perform SIA. In one case, the social reporting document explicitly mentions the need of both qualitative and quantitative indicators. In another foundation, it seems important to establish causal relations to support the understanding of achieved outcomes.

Understanding the reasons and the ways impact evaluation is meant and managed

The characteristics of the sample for in-depth interviews

The sample of interviewed foundations is represented in Table 2 below. All data refer to 2014, the last year of available data, unless differently specified in the Table. Foundations are listed according to their nature and origin with main background data, essential to understand the way foundations perform impact evaluations and the reasons behind it. Major differences emerge between foundations in terms of funding capacity, due to the different nature and size of the foundations in the sample. In order to better understand the data reported, a premise is necessary on the funding

rules too. All foundations give grants with a co-financing rule, from a minimum of 25% of the project value (I4) to a maximum of 80% (I8) and it is often given in multiple tranches (starting at the beginning of the project), and rarely given all at the end of the project, after the interventions have been fully realized (I1 and I5). This is valid for projects presented through Calls for proposals, which are the main way to collect project proposals for all grant-making foundations in the sample (with the exception of I2 that operates through the publication of general guidelines, followed by *ad hoc* meetings with potential grantees). Beyond calls for proposals, all foundations retain a further line of grant-making which are micro-contributions (also called “direct interventions”), and/or patronages and sponsorships. These investments are usually small and targeted to a single specific intervention (i.e., restructuring of a church altar or a school library, sponsoring art exhibitions or street events, building access lifts or platforms for disabled people, and so on). These specific interventions do not require a multi-year sophisticated planning capacity, and their realization is rather quick. This is partly the reason why the average length of contributions showed in Table 2 rarely exceeds 12 months: it would probably be higher if micro-contributions were excluded from the average count.

Table 2 around here

Impact evaluation: concepts of impact

Due to the variety of foundations under study and the exploratory nature of this research, we expected this investigation to account for a wide variety of meanings of impact and a complexity of impact evaluation practices. This expectation has been confirmed: Table 3 shows the main impact concepts or definitions as they were given by informants. The Table also reports the methods used for impact evaluation, the time when impact evaluation measurement has started, the main nature of information collected for evaluation and the number of projects evaluated in 2014.

Following the content analysis performed, and according to the objectives of this research and the supporting literature, we focused on impact evaluation as all those activities that *follow the end of the project*. The time of measurement and observation has been used as the only criterion to distinguish impact evaluation from ongoing monitoring activities, often linked to the need of verifying the degree of compliance of the grantee with respect to the foundations’ rules. This has been done in the attempt to distinguish a “*smart account of facts*” (I10) – necessary to accomplish the final procedure and reports to be produced by grantees – from the strategic question of *what I have contributed to achieve in my community at large*. For this reason, in-depth interviews were

useful to clarify that 3 foundations in our sample (I1, I4, I6) do not currently perform any impact evaluation activity after the end of the projects funded. We can then conclude that the final sample of foundations actually implementing impact evaluation is of 7 foundations.

Table 3 around here

Although the variety in the definitions of impact used by interviewees has been confirmed, two general streams are easily identifiable: some foundations relate the definition of impact to the observation of *their beneficiaries'* activities and capacities, while others relate the definition of impact to their strategic management and planning, as a measure of achievement of *their* activities and objectives. In the former case, foundations declare they have an impact “*if the projects funded have the potential to replicate themselves without further contribution*” (I1), if the projects funded demonstrate to be *sustainable* over time (I2, I3) and if they demonstrate to *generate* value, which means that “*grantees themselves acquire the capacities to be able to help other beneficiaries*” (I2, I3). Similarly, an informant from a community foundation defines impact as “*the effect you have on your community*” (I6), and another one declares the foundation is impactful if it is able to increase the project management capacity of its beneficiaries: “*our impact is demonstrated in the evolution of the capacities of our grantees in writing, obtaining and managing complex projects*” (I4).

In the latter case, impact evaluation is considered possible only if a set of objectives and relative indicators are planned *a priori*, in a view with a strategic planning approach or the use of an impact value chain. Overall, interviewees approaching this logic make explicit reference to the literature on strategic management or impact measurement. As an informant reported, “*yes, we know the literature and the difference between effect, result and impact, but the truth is that they are all confused and people mash them up...(...) It depends on how you use the definition of impact: impact, for us, means that the social need you are tackling has decreased*” (Interview, 2 September 2015). Another informant reports that they use “*the classical three layers of evaluation suggested by the Logical Framework Approach: output, outcome, and impact*” (Interview, 7 May 2015). Nonetheless, they have elaborated a set of indicators to measure outputs and outcomes, suggesting that the responsibility to measure impacts is not on foundations, nor on the beneficiaries, but on governments or local administrations depending on the field of action. Another informant defines impact as the potential outcome *à la* Rubin (Rubin 1974), thus “*what would have happened to those beneficiaries if our intervention did not exist*” (I10), paving the way to the application of the so-called counterfactual methods. As another informant declares, “*impact is the ratio between the input*

you gave and the value you created” (I3): when challenged on how the value created is measured, the informant replied that the project is evaluated on its degree of *sustainability* and *generativity*. Similar to this, a foundation’s informant declared being impactful means realizing the Theory Of Change (TOC), thus “*achieving the change you have planned at the beginning...to do this, a set of quantitative indicators would be desirable*” (I9).

When the object of analysis is the grantee, the concept of impact is completely dependent on the grantee and its improved capacity, disregarding whether the foundation has designed a set of indicators to measure these phenomena. In this sense, the foundation is impactful when it contributes to generate value: the foundation’s grant is impactful (thus, worth giving) if it goes to projects with the *potential* to be sustainable, replicable and generative. This potential is not always assessed after the completion of the project: it is sufficient to “*critically observe*” (I3) the activities developed by grantees through their grants.

Evidence from data collection shows the different concepts of impact emerged as expressed by informants - generativity, sustainability, replicability, potential outcome, value generation, effects - refers to all those phenomena which may have been happened thank to the grant given, and have a longer-term breadth from the end of the project. Most informants explicitly link the concept of impact to the vision of foundations’ boards and leaders and to the perception of their role in the community. In this sense, three interviewees described the role of their foundations as “facilitators” (I1, I4, I9), other three foundations use the term “pioneers” of new approaches or values (I2, I3, I10): one foundation claims its role of “driver of economic and social development” (I8); and finally a foundation refers as the main role of “advocate” of its community needs and, to some extent, even “policy-maker” (I10).

Impact evaluation: the methods applied

In terms of the methods applied, Table 3 reports the type of method and the nature of information, either qualitative or quantitative or both. In this respect, Table 3 contains a specification where quantitative information is reported to be used in the form of indicators, thus as a ratio between two numbers (usually the collected piece of data related to the initial objective and/or to the initial need to respond to). Otherwise, quantitative information is collected and reported in absolute numbers. Only two foundations have started to use the Social Return on Investment (SROI) to communicate the impact of the projects funded. One foundation (I2) have piloted a SROI application on 3 completed projects, thus basing the analysis on real, *ex-post* data and not on provisional data, which is a typical way of using SROI indicators to produce esteems on the value of a potential project to

get funded (SROI Network 2012). The second foundation (I9) has contributed to a SROI calculation of a project managed by a third party. The project was based on real, *ex-post* data on 4 years of activity (longitudinal study). In the first case, the SROI analysis have started 12 months after the conclusion of the selected projects, while in the second case some years after. Finally, only two foundations in the sample have piloted impact evaluation methods that can be identified under the umbrella of the so-called “counterfactual methods” (European Commission 2012). Broadly intended, counterfactual methods aim at measuring the outcome of an intervention against a proxy of the effect that would have been generated without the intervention. It is an esteem that can be obtained in different ways. Two foundations in our sample have experimented counterfactual methods. I10 has applied a Randomized Control Trial (RCT) method, by comparing measures of outcome on a selected group of beneficiaries (people) of the foundation’s intervention, against the outcome observed on a selected control group (people with the same characteristics of the first group, but not beneficiaries of the foundation’s intervention). These methods require a sound and sophisticated research design long before the activation of the contribution. The same foundation is now applying a similar method to a second project (still ongoing). A counterfactual logic has been also applied by another foundation (I7) using Statistical Matching (SM). In this case, the comparison has been built *ex-post*: the outcome of a group of beneficiaries (organizations), in terms of effectiveness and quality of the service offered, has been compared to the outcome of a group of the same kind of organizations with similar characteristics, but with no intervention from the foundation. The statistical matching has been used purposively (and *ex-post*), but still a counterfactual logic can be identified in this evaluation process.

Concerning qualitative information, it is often reported in a narrative form (blank spaces to fill out in case of questionnaires; open, unstructured questions in case of in-depth interviews). Nonetheless, differences emerge in the questionnaire design and planning and consequently on the questions asked to beneficiaries. Beyond overarching questions around the project implementation (i.e., *would you describe the outcome of your project? What would you do differently? Which positive implications have emerged?*), some foundations have elaborated a structured questionnaire asking about the capacity of the project to generate a positive change on the community (I3, I5, I7), the potential of the project to be replicated in other contexts (I2, I3, I5) and the contribution of the project to a decreased social need in the community (F5, F7). Furthermore, three foundations use site visits and observational participation as the main tool to collect qualitative information (I3, I7, I8), usually performed by foundations’ staff or volunteers and originating an *ad hoc* qualitative report, often coupled with interviews and/or a questionnaire. The focus of observational

participation is varied, and strictly depends to the concept or idea of impact expressed by foundations. For example, I3 concentrates its efforts on defining impact as the value created: in specific projects, the value generation of the foundation is intended as the capacity to stimulate volunteering activities in the community. Thus, projects' evaluations contain a narrative of how volunteering has been fundamental to the growth of the community and the projects themselves (i.e., how many new volunteers activated, how many previous volunteers involved in the project, their experience, failures, successes, and so on). In this sense, the informant from I3 explicitly state that the relational and social capital generated in the community thank to the increasing presence of volunteering activities is one of the most important impacts the foundation was able to get. Other foundations include a specific observation of the satisfaction of all people involved in the project: beneficiaries, their families, and even the grantee organization's employees (I5).

All the methods described are not mutually exclusive and several foundations may use one or more of these in case of need. Two foundations that use primarily quantitative techniques declares that qualitative methods of data collection, such as interviews or site visits, should be performed only when the quantitative method used (either SROI or counterfactual) gives results which are far from those expected, for exploring the reasons of failure or limits of the intervention (I9, I10). Figure 6 reports the occurrence of methods used (red for methods implying mainly a quantitative data collection, blue for methods applying a mainly qualitative data collection, green for the questionnaire which are typically used to raise data of both nature).

In most cases, there are no specific internal guidelines to decide when to perform a SIA, and it all depends on the foundation's needs and staff availability.

Figure 6 around here

Finally, two foundations in the sample perform what we have called "strategy refresh" (I10, I7). In these cases, impact evaluations are not applied to single projects, but to call for proposals or programs, meaning the whole funding streams that include more than one project. This is done every year for every program in I7, mainly due to its operating nature. For I10, this is done every year on some specific programs, mainly those with the highest amount of resources invested.

Social impact evaluation: motivations and barriers

7 foundations out of 10 state the main motivations why they do impact evaluation is for internal learning (I2, I3, I5, I7, I8, I9, I10), mostly to get internal knowledge, to "*start a reasoning about the*

concept” (I2). 4 foundations explicitly mention the value in helping the strategic management process, by linking the results of impact evaluation activities to planning in a more structured and transparent way (I5, I7, I9, I10). At the state-of-the-art, impact evaluation activities in Italian foundations are still at a very early stage, and the value of these is for learning, both in terms of methods and in terms of planning capacities. However, 2 corporate foundations (I1, I2) reports they have also external pressures to do impact evaluation, due to external, political factors: the need to gain more space and power within the company and the need to respond to the requests of information from boards and executives of the group. Only one foundation’s informant suggests that impact evaluation activities are performed for reasons related to the external context: resources for philanthropic aims are scarce and performing a sound impact evaluation is a way to distinguish from other “competitors” (I9).

Questions around the barriers to impact evaluation activities have generated quite uniform responses. For all foundations but 1 (I10), the barriers are related to the human resources involved. For 8 informants this is referred to the lack of staff (between 0,5 and 2 staff each, often part-time and/or volunteers); for others to the background, skills and competences of the foundation’s staff involved in impact evaluation (often volunteers or interns, I7). A part from one foundation which holds a specific office dedicated to monitoring and impact evaluation (and which constitute an exception in the Italian foundations’ landscape), for other foundations the evaluation related activities are part of the daily activity of staff members, who are full-time or part-time project managers (for operating foundations), or full-time or part-time executive members of the foundation (for grant-making foundations).

Only 2 foundations raise the issues of the cost of evaluation as a barrier, especially in those cases where qualitative investigations are the primary way of data collection (I10, I7). In fact, both interviews and observational data, if well managed and planned, have a high cost of collection (both in terms of the opportunity cost of the staff involved, or if an external consultant is hired).

Quantitative data are generally easier to collect, though they require a bit more familiarity with concepts, indicators and the measurement of impacts. Another of the main barriers in performing evaluation according to most informants is a proper acknowledgment of the qualitative part of evaluation, both in internal reporting and in dissemination and communication activities (I2, I3, I5, I9, I10). The set of qualitative data is generally intended as the richest set, but too difficult to reduce to numbers. In particular, a foundation’s informant is very critical of the attention given to measurable indicators, seen as a dangerous attempt to reduce the richness of the intervention (I3). At the same time, storytelling and qualitative narratives are enriching and useful, but not for

foundations' decision-makers, who are more sensitive to numbers (I2, I3, I10). Moreover, quantitative analysis on large sets of data are necessary to show the trends of phenomena, which are fundamental to base decisions on evidence, although, according to two informants, there is no culture of evaluation in Italy (I2), evidence-based policy is still a very early debate, and ideological positions are preferred (I10). Obviously, all sorts of considerations represent a trade-off: *“accepting the challenge of measurement, I am able to give you a trend with a certain statistical significance, but I also accept that what I am losing is the destiny of the individual”* (I10). Furthermore, an informant admits that the qualitative part, starting from a proper need assessment and beneficiaries' listening, is severely under considered in evaluations, although it is a stage where the potential for innovation is higher: there is a big need of new tools to involve beneficiaries and engage them in sharing practices of evaluation (I9). For the 3 community foundations in the sample, the challenge of measuring impact is enormous. On one side, 2 out of 3 do not feel they have the legitimacy to perform impact evaluations, due to the small amount of grants given on average to single projects. In this sense, the foundation itself, due to the specific nature of community foundations, is a measure of impact: as anticipated, all community foundations mention the promotion of a culture of giving as the impact of the foundation itself. Only 1 foundation (I7) mentions language barriers as a challenge to overcome: the different ethos, culture and language spoken by foundations, their donors, and their beneficiaries, is still at the basis of all misunderstandings related to the meaning of impact evaluations, the need of objective and measurable indicators, and the reasons why impact evaluation activities are carried out.

Discussion and further research

This research aims at increasing knowledge on the impact evaluation performed by foundations in an era where the topic is highly discussed, but less often proved through empirical analysis. This study has contributed to narrow the gap of empirical data needed on this topic. This section offers a summary of the main findings emerged as well as potential suggestions for further research or for the practitioners' debate. Despite the study is based on one country only, we believe many considerations stemming out from findings may be useful for other European countries, given the lack of studies in this respect and the high potential for replicability of the methodological framework used. In fact, the database originated from this research is ready to be expanded, to allow statistical analysis on the variables influencing both the information disclosure and the presence of impact evaluation methods. Moreover, further analysis can be done (i.e., through a semi-structured survey) to elicit responses on current impact evaluation analyses or experimental

projects, overcoming the assumptions made with this research that online desk-based investigations can be sufficiently justified.

First, performing SIA is incredibly rare, unstructured, and very badly communicated by foundations. For the low number of foundations performing SIA, impact evaluation has strongly emerged as a way for the organizations to enhance their strategic management process and foster dialogue with their stakeholders. In this respect, foundations seem to use social impact evaluation as a tool to internal growth and learning. This appears in contrast with a body of literature that identifies external pressures to evaluation as the main reason why impact evaluation activities have spread in recent years (Boris & Kopczynski Winkler, 2013; Saxton & Guo, 2011; Zadek & Radovich, 2006). A reason for this might be that most of the literature is grounded in the North American tradition of philanthropy, where the tradition of philanthropy is rooted and long lasting, and foundations are more attuned and sensitive to the topic of impact measurement. However, the ideas and motivations behind impact evaluations and the methods have a huge potential for increasing the dialogue with stakeholders. The concepts of impact can, for example, be participated and shared with the community of beneficiaries, both to build a common view and knowledge of impact, narrowing the gap of communication between funders and grantees, and to increasing the commitment to the evaluation process itself by building methods jointly. For this reason, a value added of this study is that it shows how the concepts of impact cannot be disentangled from the role foundations want to play in their communities, either more explicitly or implicitly embedded in strategic plans or funding guidelines.

Second, the lack of staff dedicated, both in terms of time and skills and capabilities, emerges as the major barrier to impact evaluation. This appears in agreement with the (fragmented) literature about nonprofit organizations that identify time commitment (alongside the costs) as one of the biggest challenge in performing social impact assessment (Barraket & Yousefpour, 2013; Grieco *et al.*, 2015). However, the lack of skills and capabilities of a dedicated staff is a new barrier identified in this research. This aspect opens a question for foundations in terms of both recruitment and training, given the budget constraints that many of these foundations face. In this respect, sharing practices among staff dedicated to evaluation would be desirable. A concrete action in this direction could be the establishment of a learning network on impact, participated by foundations' staff, with the double value of increasing the collaboration and cooperation among foundations acting on the same communities and needs. As a further step and concrete output of this network, a database would be set up, with periodic (i.e., yearly) maintenance, where data are updated starting from the amount of

information already collected through this research study, fostering a collaborative network between philanthropies.

Third, the difficulty of translating qualitative narratives into quantitative metrics seems the highest challenge, in line with the main findings from the literature too (Grieco *et al.*, 2015). However, it is also true that the cost of performing rigorous qualitative or mix-methods analysis can be extremely high. We believe a proper cost-benefit analysis of the adoption of impact evaluation practices would be needed to fully acknowledge the practice of qualitative narratives (which may require higher costs in the data collection stage) compared to quantitative methods. This may also fulfill the need of embedding more and more impact evaluation process in a wider strategic planning and management process. Discussions about who should bear the cost of evaluation and how it would be possible to maintain independency in the process, should be shared with policy-makers and stakeholders of the organizations. It is fundamental that the cost of adopting impact evaluation practices does not get to overcome the benefits of the results.

A major limitation of the study is that it not fully appreciates the different origins and nature of the foundations explored. The diversity of what organizations named “foundations” do is often acknowledged, but rarely analyzed against findings. The two round of in-depth interviews have contributed to stress the fact that the diversity among foundations have an enormous influence not only on the organizational structure and the planning capacity of foundations, but also on our understanding of the objects of analysis of the impact evaluation activities performed. Linking the concepts, motivations and barriers emerged to the nature of foundations may be a topic for further research and knowledge sharing from which everyone, foundations first, may benefit.