



Study Centre in cooperative and social enterprises and non-profit organizations

Social Impact Indicators Identification

PROJECT: “Attracting communities towards social enterprise investment - ACT SOCIAL”

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INTRODUCTION

This research aims at providing a practical operating guide in the subject of instruments and methods of measuring the impact of social enterprises, with specific detail for the organizations participating to the project “Attracting communities towards social enterprise investment - ACT SOCIAL”.

Within this project, specific attention is given to identifying instruments and methods that can help the social enterprise to find more easily capital sums dedicated to it. From this viewpoint, thinking of specific financial instruments for the social enterprise is one of the necessary passages, and finding methods to “measure” the impact of social enterprises is an essential condition for these instruments to work and to be applied. So, measuring the impact of enterprises with prevailing social aims, but living on the economic market, is the object of such indicators.

Although the topic of impact measurement is particularly into favour at this time, both in Europe and specifically in Italy, this study is meant to bring in a methodological contribution in order to identify impact measuring instruments fit for the Italian social enterprises.

This study then will face several themes, starting with a theoretical introductory review on the social impact definition and on the processes of measuring (first chapter), we will then present the main methods of impact measurement (second chapter), identify in the target social enterprises of the project the distinctive marks that characterize their financial “history” and potential future developments (third chapter), and develop methods of impact measurement fit for such enterprises (fourth chapter). At the end we will trace useful conclusions for the other project partners and for the beneficiaries of the study who want to make use of it for their studies or for investigation.

1. THE SOCIAL IMPACT

1.1. Definition of Impact and Its Measurement

Talking of social impact today means facing a very debated and analysed theme. Especially when we analyse the social enterprise, the link with the social impact is often pointed out. But what is meant by “impact”?

According to the OECD impact is “The positive and negative, intended and unintended, direct and indirect, primary and secondary effects produced by an intervention”¹.

So it is about the effect that every intervention produces, and then if we consider the social impact we mean the social effect that every intervention produces on the people or on specific categories of beneficiary subjects.

The particular emphasis which is put on the theme of social impact at this time is due to several factors, first of all the emerging role of social enterprises as diriment actors in the current economic-social system. Above all we are witnessing an economic crisis, which has been insisting for 7 years now and is not leaving room to signs of recovery, in Italy and in the rest of Europe; on the other hand there is a great increase of needs and of vulnerability situations generated by the economic and social crisis which makes the requests of support, assistance, economic aid more and more widespread and common (from the subjects of work to those of dwelling, to the increase of psychological and welfare needs); finally the conditions that lead to the people's aging and to the increasing life expectations, with the consequent widespread needs. In front of this scenario, the role of the Public Administration answering the needs remains important, but no longer prevailing or sole agent. The other actor playing a particularly relevant role in this phase is in fact the social enterprise, meant, as in the definition by the Social Business Initiative² as “(...) social economy operator whose main object is having a social impact instead of generating profit for its owners or stakeholders. It works producing goods and services for the market in an innovative and entrepreneurial way and it uses its profits primarily to gain social objectives. It is managed in an open and responsible way and, in particular, it includes in its governance workers, clients

¹ OECD, Development Assistance Committee definition

² COM, 2011 – 682 (final), Social Business Initiative. Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation.

Website: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0682:FIN:EN:PDF>

and stakeholders involved in its commercial activities”. The role of such kind of enterprise in society has been recognized in many European and extra-European countries, as shown also in the above-quoted “Social Business Initiative” of the European Commission. The social enterprise is considered having a particular potential in contributing to creating job positions and in meeting the broader social and economic needs, aiming at the promotion of more cohesive and inclusive societies³.

Favouring the birth and the growth of such kinds of enterprise can't thus set aside evaluating what is done, sustainability, efficacy and efficiency. Since they are enterprises, some criteria of business evaluation can be applied (consider the budget analyses, and also the typical metrics of business oriented enterprises), but it is also necessary to evaluate whether, besides the economic goal, they can satisfy and reach the objects of social kinds they want to meet. Facing scanty resources, especially on little rewarding aspects such as the social needs, investing on and supporting the right partner is in everybody's interest: of the Public Administration that checks what is done, of the social private body that often acts as an intermediary for financial aids, of the worthy enterprises that want their interventions to last in time, of the users that benefit from such actions, of the population that sees a social problem solved. That's why it is necessary to act not only efficiently but, most of all, with efficacy: facing the causes of the problems and not just relieving the symptoms. If until a few years ago the focus of attention, in the social subject, was tied to “what is done” and so to the descriptive stories of what was done, now one aims at explaining “how it is done”, highlighting the results and the changes produced. Indeed the emphasis on change is what is below the theme of the generated impact. The social intervention, the social enterprise's action, the specific project, make sense only if they produce a change. Change that must be at least positive and measurable. Not “significant”, because we are already entering in the field of a hard-to-give judgment.

The theme of the impact is therefore tied to this: we don't dwell so much upon the invested resources, nor on the activities accomplished, but on the change accomplished, on the effect created, on the impact generated. Measuring one's own impact must then start from the genesis of every activity, with the question “what's my objective? What change do I mean to produce?” Vice versa one will limit oneself to projects which, however good in their

³ OECD, Policy Brief on Social Entrepreneurship - Entrepreneurial Activities in Europe. Website:http://www.oecd.org/cfe/leed/Social%20entrepreneurship%20policy%20brief%20EN_FINAL.pdf

intentions and in the accomplishments, have no efficacy, and in the general context don't deserve trust and support. This change of perspective doubtlessly requires a good knowledge of the problem to face and of the beneficiaries' *desiderata*, therefore when a social intervention is planned, with the idea of generating a positive impact an investment would be proper – besides the ex-ante planning – in the previous involvement of the stakeholders, to better understand the goals to reach and do so that the outcome of the projects be more “striking”. Also in this sense, the social enterprise, given its inclusive and participative nature, seems the most dedicated actor and devoted to the generation of positive and general social impacts.

Defining the impact at best requires an intervention of terminology that may describe the “levels” to which we refer, for this reason in every definition of impact it is proper to distinguish⁴:

- The resources used (“input”);
- The activities done;
- The measurable quantity of goods and services produced (“output”);
- The results in the direct beneficiaries (“outcome”);
- The changes generated in the indirect beneficiaries and in the population (“impact”).

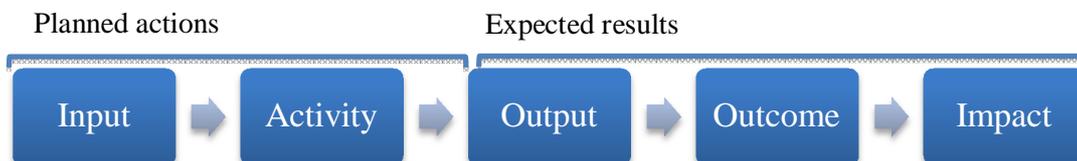


Figure 1: The logical model

The base components of the logical model just presented illustrate the connection between

⁴ W.K. Kellogg Foundation, Logic Model Development Guide. Website: <http://www.epa.gov/evaluate/pdf/eval-guides/logic-model-development-guide.pdf>

the planned work and the desired results.

With “input” we intend the human, financial, organizational and community resources needed so that an action/programme/intervention may be accomplished.

The activities are concretely the actions implemented by the action/programme/intervention. They are the set of processes, instruments, events, which are foreseen as a concrete accomplishment of the programme. They are the instrument to obtain results and changes.

The outputs are the direct results of the activities done and in general they are the “products/services” resulting from the activities.

The outcomes are the specific changes in the direct participants to the action/programme/intervention. Generally one speaks of short-term outcomes that can be reached between 1 and 3 years, while long-term outcomes between 4 and 6 years.

The logical progression should then lead to the impact, which according to the present model occurs within 7-10 years, and it is the change that takes place in organizations, in the systems, in the community, at the end of the projects.

Following these definitions of terms, probably for the success of a project one must look at the impact, while for more immediate purposes (the evaluation for the progress of a financial aid, for instance) one looks at the outcomes. In the current terminology, since waiting for years to define the success of an action wouldn't be very convenient, often the term “outcome” is meant as a synonym of “impact”.

Describing such logical model should be the first indispensable requisite every time an organization starts a line of reasoning on the measurement of its own impact.

Often instead we witness organizations that focus on the invested resources, or on the immediate outputs deriving from the actions. Also in the evaluation of the public social policies, the resources are clear, the activities and the outputs are easy to reconstruct, but few dwell on how to reach the outcomes. Let's consider for example the active work policies that we usually see at this time. The opportunity for those who enjoy measures of income support (such as Cassa Integrazione Guadagni [wage supplementation scheme]) to make training courses is one of such policies. If the introduced resources are clear, the numbers of the potential people attending the courses, the numbers of the actual participants, of the training hours done, of the competences achieved at the end of the course, the true efficacy of the intervention should be assessed by answering the question “how many people have re-entered the work market, thanks to that training course?”. In reality this aspect is almost never investigated.

1.2. The Motivations of the Impact Measurement

The evaluation of the impact is part of a larger global thought, tied to the fact of studying and drawing interventions based on evidence and results. This change of thought pervades the agenda of the main international public subjects (just think of the Millennium Development Goal⁵), and of the private markets (the pay-for-performance incentives given to the enterprises). This vision is thus pervading several sectors, especially the ones linked to public policies or to private interventions acting on the community, which are the typical interventions of the social enterprise.

The focus on results and changes is used both to define targets of national and international projects, and by the managers to improve the accountability of their own projects, defining at best the allocation of the ex-ante resources, to guide the decisions.

Seeing the measurement of the impact as a support to “making better decisions” is the keystone of the whole line of reasoning.

One can evaluate the impact for several motivations:

- To *decide* if it makes sense to support a programme or an intervention, usually it is an ex-ante evaluation, to estimate the desired impacts and to back up the information for the economic support to the project;
- To *decide* whether to continue or to broaden a project;
- To *learn* how to repeat or “climb” a pilot project;
- To *learn* how to adapt a successful programme to different contexts;
- To *inform* the supporters and the donors that the money has been invested in a positive way (pointing out to them what went well and what didn't, what improvements will be made, etc.);
- To *inform* potential beneficiaries and in general the communities of the benefits deriving from a project or a programme.

So here are the motivations supporting the evaluation of the impact.

⁵ Website: <http://www.un.org/millenniumgoals/>

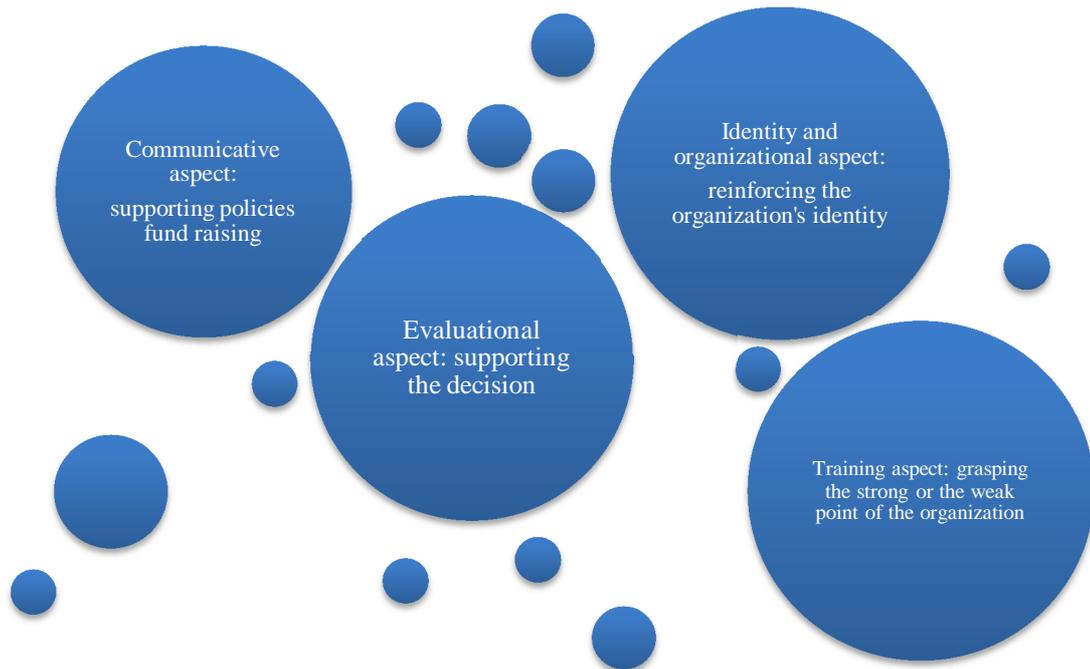


Figure 2: The motivations supporting the impact measurement

The impact measurement is useful, besides, for several subjects:

- for the organization that makes the intervention, to understand its logical model, to give itself some objectives and so that all the internal stakeholders directly involved may know what the change they should aim at is;
- for the external subjects, mainly sponsors, to understand the efficacy of the intervention and the possible continuation/interruption/revision of the support;
- for the public subjects – where the interventions aim at something that involves the community – as parties interested directly to the development of the common good of the territories, therefore to produce positive changes for and with the community where they operate.

Besides, one can define the usefulness of the measurement of the impact on the basis of the development phases of a project, as shown below.

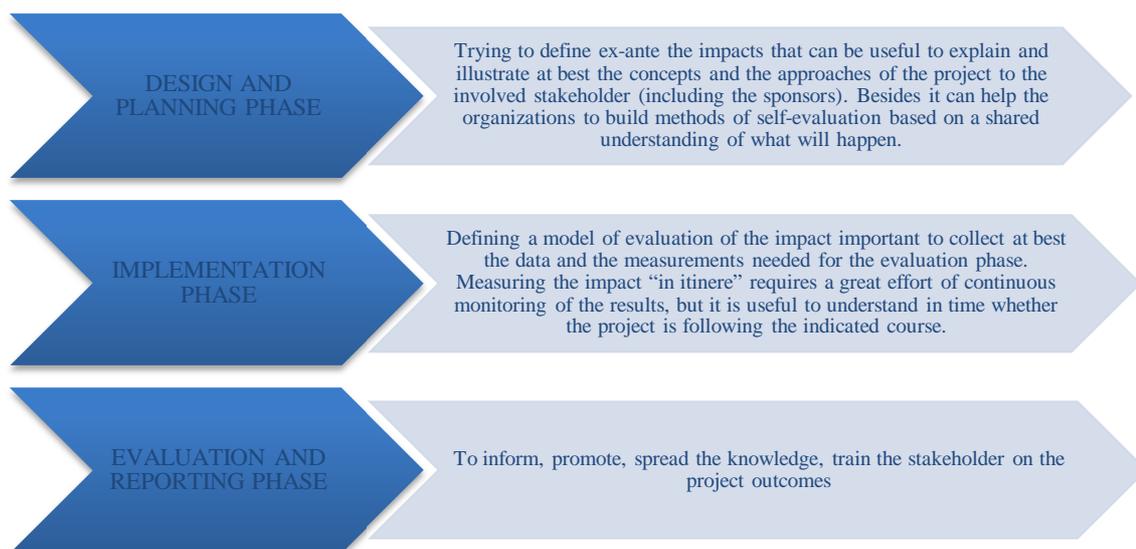


Figure 3: The usefulness of the measurement of the impact on the basis of the development phases of a project

1.3. The Process of Impact Measurement

Before we move on to the analysis of the impact indicators, it is appropriate to dwell on the process of measuring, considering its phases as “mandatory steps” for all the organizations wanting to proceed with the evaluation.

After checking the motivations that an organization can take to evaluate (whether the expected benefits are more “internal” or “external”) the phases of a good process of measurement are the following⁶:

- a) Identifying the objectives: objectives of the various “parts” implementing the measurement, objectives of the services or of the projects that will be measured, etc. This will help to define at best the components of the theory of change;
- b) Identifying the stakeholders: whether they are contributors, beneficiaries, their level of engagement and the objectives deriving specifically from them must be understood. Their “identification” is needed because they are fundamental elements to consider in the measurement process;
- c) Establishing the measurement indicators: from the two preceding phases there are

⁶ GECES Sub-group on Impact Measurement, 2014, Proposed Approaches to Social Impact Measurement in European Commission legislation and in practice relating to EuSEFs and the EaSI. Website: http://ec.europa.eu/internal_market/social_business/expert-group/social_impact/index_en.htm

objectives and responsible subjects of the/involved by themselves. This is necessary to establish some “methods of measurement” that may give an indication of the possible attainment of the objectives and of the measure with which this occurred.

- d) Measuring, validating and evaluating: it is necessary to be able to answer the following questions: “have the results been attained?”, “have the attained results been understood/appreciated by the stakeholders?”, “do the attained results have a value for the stakeholders?”. The obtained value must be considered after the costs to obtain it.

The final answer that can be obtained is “has the desired change been obtained? To what extent?”.

- e) Reporting, learning and improving: a fundamental phase is that of communication and of the final sharing of what was obtained by the process of measuring. This allows to learn and possibly to perfect the process, in order to improve the interventions (let's remember that the evaluation is not for its own sake). Obviously the reporting must be prepared and studied keeping in mind the audience and the communicative objects.

In short, the phases and the questions to be answered can be represented as follows.

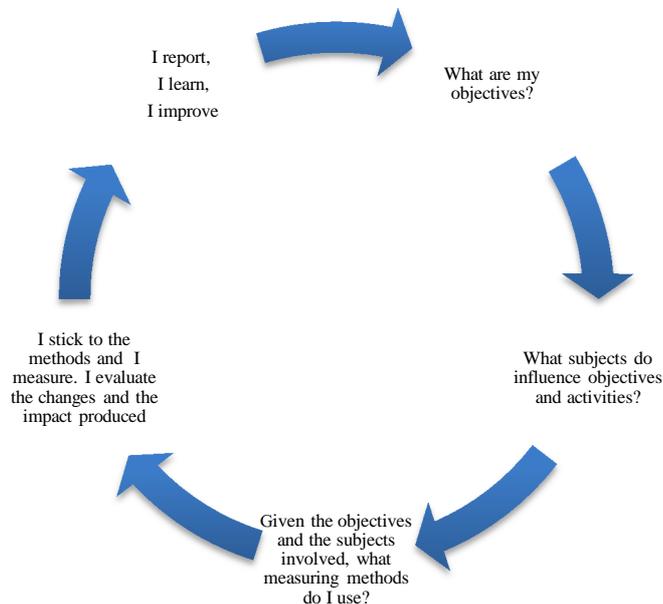


Figure 4: The phases of the process of impact measurement

The measuring process must subtend to the awareness that the results obtained could diverge

from the expected ones, so the expected change may not occur, or occur in a different way from what the stakeholders were hoping.

Two further elements should be underlined: the activation of the process, for it to be effective, should be carried out before starting the intervention or the project, and not during or, even, when the project is done. Only having clear objectives lets you find the best way to measure them and to verify their achievement.

Furthermore, in our opinion, if the initial phases are absolutely necessary, the most complex one is doubtless the phase of identification of the measuring methods. These are methods which often require knowledge in the fields of statistics, econometrics or anyway in something complex, not easy to master. Usually they are “expensive” in terms of time and resource to use to apply them, but it is allowed that a method – however limited it may be – is always better than “no method” therefore of a missed evaluation.

By the way, the next paragraph reports a “position paper” presented for the 12th Workshop on Social Enterprise – held in Riva del Garda in 2014 – on the subject of the opportunity of the impact evaluation, on the false myths or real difficulties that characterize it.

1.4. Measuring Social Impact: Myth or Reality?⁷

The theme of evaluation of results of social actions is doubtlessly one of “hottest” issues in the debate on social enterprise, on its success in the economic ecosystem and on its chances to get recognition and support.

Since the Single Market Act II has established that the European Commission must develop a methodology to measure the social-economic benefits created by the social enterprises, the issue has had an international and, without doubt, institutional importance. Still according to the European Commission “the development of a strict and methodical system to measure the impact of social enterprises is essential to prove that the investment in them brings to the creation of savings and to the production of economic value”⁸.

A method to measure the social impact seems then the keystone to understand the real contribution that the social enterprise gives to the communities, to the territories, to the

⁷ We are reporting the integral text of the author's intervention during a Masterclass at the 12th Workshop on Social Enterprise, held in Riva in September 2014. Website: <http://irisnetwork.it/2014/11/workshop-impresa-sociale-albo-2/>

⁸ Website: http://ec.europa.eu/internal_market/smact/docs/single-market-act2_en.pdf

Towns. An impact which is already recognized in its social value, but if it was proven by the “numbers”, it would have much greater resonance and understanding.

Measuring the social impact could be useful to the social enterprises for several purposes: to legitimate the request for contributions, financial aid, donations; to recognize the “added value” that the activity creates in the area in question and consequently its involvement in processes of decision or planning, or to do so that the management understand how to better direct their future choices.

Facing these evidences, the debate on the social impact starts always with a “yes, but”. In all the documents, the opinions, the acts, the guidelines that speak of social impact, you will find a series of premises that sound more or less like this:

- *the social impacts are very different among them, so it is difficult to measure and to compare them objectively. Also the social enterprises are different from one another, especially if we want to compare ones from different countries, so using indicators useful for an enterprise may not be adequate for another enterprise;*
- *the social impacts use quantitative measures to explain qualitative evaluations, and this can undervalue or not represent in full the generated impact;*
- *measuring the social impact is very demanding, it requires an investment of resources, time and thought for which it is necessary to evaluate with attention the costs-benefits of the evaluating activity;*
- *since the world of social entrepreneurship is changing very quickly, it's hard to define today indicators with lasting validity.*

I rather agree with the above-mentioned elements, but I don't agree with those who, facing them, solve everything with surrender. Speaking of which, an enlightening comment comes from a professor speaking of the validity of evaluation criteria of the social impact: “We build the national and international political choices on economic parameters based on estimates and suppositions. Why shouldn't we do the same with social parameters?”.

In fact, if we only consider the national case, the whole fiscal set of rules, and thus the economic supply of the Nation is based on accounting systems that consider estimated and conjectural values (in business bookkeeping we speak of amortization, of credit devaluation, of criteria of evaluation of unsold stock, etc. which don't have “real” monetary counterpart). And if we take as a reference precisely the bookkeeping systems and the balance indicators that are used – often in an uncritical way – to give judgments, to establish penalties, to give financial aid also at international level, we can reply to the above premises. Going back to

the quoted list:

- *the metrics of measurement of the economic results are recognized in spite of the different sets of rules, dimensions and enterprises' activities in different Countries;*
- *often the bookkeeping measurements are missing in the company's representation. We may know a company's profit, its MOL, its EBITDA and – just to mention a few – not know anything about the years of experience, quality products, high specialization, enlightened entrepreneurs or favourable contexts. Also the economic indicators don't give a thorough representation of a company's history, even of the most “traditional” manufacturing company, yet we've always used them, for years. And they are the parameters to evaluate the success of a company, of a sector, of a system;*
- *the measurement of economic results is demanding, companies have executives in charge or entire functions assigned to the administration, to the accounting, to the planning and to the control, etc. People spend whole workdays to enter invoices, draft first accounts, balance the budget, close the balance;*
- *also the economic system changes, the world of business has radically changed in the last 10 years, yet the accounting principles haven't been completely twisted.*

Someone could object that the comparison between criteria of economic evaluation and criteria of social evaluation doesn't hold, since for the former there is a prescriptive obligation to the drafting of a budget, to the reports of fiscal ends, etc. I don't quite agree. Certainly the rules and the prescriptive obligation are a great incentive to action, but I am also almost certain that it is about culture. Business culture, first of all.

I think that all of us, before starting a new activity, would ask ourselves: “Is it going to be sustainable? Is it going to produce earnings? Will I meet the requirements to obtain funding?”

And before the start of a social enterprise, how many would ask, besides the above-mentioned questions: “Am I going to make a social impact? Will my social activity produce value? Will it create savings for the community? Is it going to be more impacting to donate to my activity or to others?” Maybe a few.

In the face of “good activities”, motivated by a mission and by social objectives, why ask such questions? Why, then, measure the social impact?

Some hold that the crisis and the scarcity of resources have made it necessary to put some evaluation metrics to define who, more than others, deserves the economic and financial

support. Other speak of fashion. I prefer to talk about culture.

I think that in the reasoned process of building the social enterprise and its features it is necessary to ask if and how the produced outcome can be evaluated. Especially if the social enterprise is endowed with a relevant role to take our societies somewhere to overcome the crisis and to be more inclusive, to “create opportunities for the future”⁹, it is necessary to establish if and how one is working well and how much one can improve.

Faced with this need, my opinion is that it is necessary to define instruments that can measure the social impact. Vice versa in a few years we will have shared processes that will bring us to measurements not comparable in time and space. Much as the definition of a process with specific phases can be useful, I maintain that it is fundamental, in this phase, to start putting forward methods of evaluation to think about. I don't think the objective should be the creation of just one parameter, even though the idea of getting to an indicator of “social gain/loss” may be appealing, I maintain instead that the list must be reduced to a set of instruments that allow measuring and comparing the outcomes of a social enterprise's activities.

If then also the reform of the social enterprise¹⁰ speaks of legitimization for those enterprises which have positive social impacts, the need gets more compelling. (...)

⁹ Teasdale S. (2010). How Can Social Enterprises Address Disadvantages? Evidence from an Inner City Community, *Journal of Nonprofit & Public Sector Marketing*, 22

¹⁰ For more in-depth studies see the text available in the minutes. Website: <http://www.camera.it/leg17/126?tab=2&leg=17&idDocumento=2617&sede=&tipo=>

2. THE MAIN METHODS OF IMPACT MEASUREMENT

The idea of being able to sum up in a research document all the methodologies to measure the impact that a social enterprise can use is without doubt “challenging”.

For this reason, in the very widespread debate on the subject, we have chosen to take as a reference some key documents¹¹, from which the following indications are taken, revised by the author of this text.

Specifically, the main methods of impact measurement have been classified and presented subdividing them depending on the moment when one is, within the evaluation process.

It is proper to make it clear that some of the following methods of measurement require competences and familiarity with statistical-mathematical subjects not easy to use, just as the use of time and resources that not all enterprises (or not in all the phases of an enterprise) have at their disposal.

This said, in my opinion it is appropriate to give a set of instruments to those who intend to approach the subject, so as to enable them to choose if they are interested in the subject.

2.1. Before Starting - Clarifying the Motivations beneath the Evaluation

The first group of methods of evaluation presented is not so useful to measure the impact, but to clarify the ideas to whom is considering on “what theme to focus”. It is undeniable that looking at an enterprise – especially at a social enterprise – implies different economic and social results and effects on many direct and indirect beneficiaries. What is meaningful to evaluate? How to define how far to push the evaluation?

The suggested methods are the following:

- *Appreciative inquiry*: these are focus groups with the key stakeholders of the project and of the activated intervention, to understand their motivations and why/what they

¹¹ Rogers J.P., *Introduction To Impact Evaluation*, Impact Evaluation Notes, InterAction – Rockefeller Foundation, N.1 March 2012
Garbarino S., Holland J., *Quantitative and Qualitative Methods in Impact Evaluation and Measuring Results*, GSDRC Emerging Issues Research Service, 2009
Gertler P.J., Martinez S., Premand P., Rawlings L.B., Vermeersch C.M.J. *Impact Evaluation in Practice*, The World Bank, New York, 2011

want to evaluate.

Often the focus involves numerous persons. In the view of an enterprise which has an impact on a particularly broad audience of beneficiaries, such method should help define in a clearer and tighter way “what to focus on”. In the focus the leader must spur the participants about: the results, the activities, the innovations, the strong points, the opportunities, the strategic competences, the stories, and the visions on future outcomes.

The results of such analysis will be the aspects of which the impact should be measured in later phases.

- *Most significant change (MSC)*: this is a technique which “measures without indicators”. It is a form of evaluation, which provides data on the outcomes and on the impacts that can be used to define the final performances of a project/intervention. Basically the project anticipates the collection of the “significant changes” described through stories and tales by the actors of the project. Those who take care of the evaluation choose what are the most significant changes reading the outcomes of the stories and through discussions about what emerges from them. Defined the “most significant change” those are the changes to measure to evaluate the project's impact. This technique is particularly useful when the performed activities don't let one foresee the outcomes (for instance, think of a project of prevention of drug use directed to the young-adolescents); when the outcomes vary a lot among different beneficiaries, when there is no agreement among the stakeholder on “which are” the main outcomes of a project.
- *Delphi method*: if the direct interaction among stakeholder isn't possible or if it risks not bringing results because of difficulty in interaction, this method allows one to combine the opinion of a sample of people interviewing them more times (rounds) in order to facilitate the flow of ideas and of information, letting each participant have equal weight in decision-making. This method allows one to understand the assumptions and the opinions at the base of the judgments on a specific topic. At the end of each round one proceeds to the analysis of the results thus offering the participants the possibility to follow the development of the research reading the others' opinions in the full respect of everybody's anonymity.

The proceedings are as follows:

- the panel, generally made up of experts, receives a questionnaire containing

questions on possible future events; each one of the participants is invited to express evaluations regarding the degree of probability of each event, its entity, sometimes also the expected year of occurrence;

- so, through another series of questionnaires, personalized so that each one can confront his/her position with the statistical answer of the panel, the participants are invited to review their own early evaluations;
- this pattern is repeated a certain number of times, until the panel's evaluations reach a degree of convergence considered satisfactory.

Once clarified the prevailing aspect of one's own project/intervention, or anyway the type of impact on which it is possible to focus, one can go on to the following phase, that is “drawing” the passages that take from the input to the impact.

2.2. Theorizing the Project/the Intervention

The suggested methods of measuring/describing are the following:

- *Logical framework approach (logframe)*: it's a matrix with 4 lines (activities, output, objectives, impacts) and 4 columns (narrative description, objectively verifiable indicators, verification instruments, assumptions) which allows one to represent at best the intervention or the project in all its phases and components.

Project Description		Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
Goal	What is the overall broader impact to which the action will contribute?	What are the key indicators related to the overall goal?	What are the sources of information for these indicators?	What are the external factors necessary to sustain objectives in the long term?
Purpose	What is the immediate development outcome at the end of the project?	Which indicators clearly show that the objective of the action has been achieved?	What are the sources of information that exist or can be collected? What are the methods required to get this information?	Which factors and conditions are necessary to achieve that objective? (external conditions)
Outputs	What are the specifically deliverable results envisaged to achieve the specific objectives?	What are the indicators to measure whether and to what extent the action achieves the expected results?	What are the sources of information for these indicators?	What external conditions must be met to obtain the expected results on schedule?
Activities	What are the key activities to be carried out and in what sequence in order to produce the expected results?	Means:	What are the sources of information about action progress?	What pre-conditions are required before the action starts?
		Costs: What are the means required to implement these activities, e. g. personnel, equipment, supplies, etc.	Costs: What are the action costs?	

Figure 5: An example of Logical framework approach (logframe)

- *Outcomes chain/outcomes hierarchy/theory of change:* as we have already seen, it's a matter of clarifying input, activities, output, short and long term outcome, impacts. The theory is then “represented” and “exploded” with the emphasizing of the intermediate outcomes that take to the expected impact. The attention of these methods is placed especially on the produced changes, on how they occur, considering also the random, non-linear changes.

Once described the “chains” of actions that lead to the impact, one goes on to the phase where it is necessary to find indicators to measure it.

2.3. Measuring and Describing Process, Context and Impact

This phase is the least structured of all those presented, it's a matter of finding data, indicators, systems that allow one to describe what has happened, the change, the processes, the context. We are not dealing necessarily with monetary indicators, but we certainly expect descriptions that may be as much as possible quantitative, in order to be comparable in time (and in space).

For this purpose, some useful suggestions are given:

- The first step is to look at “macro” sources to obtain indicators that may be used also by your own enterprise in the description of the change produced. Some series of indicators to refer to are the following:
 - Human Poverty Index¹²;
 - Millenium development Goals¹³;
 - World Development Indicators¹⁴.
- Secondly, we start looking for series of more company-minded indicators, so we look at “micro” sources, relative to the organizational contexts.

In my opinion, in terms of social impact, the series of Iris-The Giin¹⁵ indicators is one of the most complete, considering also the indicators of the Global

¹² Website: <http://hdr.undp.org/en/content/table-1-human-development-index-and-its-components>

¹³ Website: <http://www.unmillenniumproject.org/goals/gti.htm>

¹⁴ Website: <http://wdi.worldbank.org/tables>

¹⁵ Website: <https://iris.thegiin.org/metrics/list>

Reporting Initiative relative to the sustainability budgets. Inside it there are several indicators which, monitored year after year and reported, show the variations occurred and describe the social impact of one's action.

- If the degree of detail is higher still, and it is necessary to give a merely monetary representation to one's own impact, one of the most commonly used indicators is doubtlessly the Social Return on Investment (SROI)¹⁶ currently among the few and most used indicators on the theme.

Given its spreading and its specific nature, we deem proper to devote proper space to such typology of indicator.

The Social Return on Investment is based on the relationship between

Monetary value of the change produced (outcome)

Investments needed to reach it (input)

The method is particularly significant because “concise” and because it's based on monetary quantifications. Just these characteristics do so that the result may discount some gaps and not give a complete outcome of the value generated by a social activity. Besides, if giving a monetary value is an important means to homogenize the evaluation and to have a clear indicator, not all the value generated by the social enterprise can be measured in terms of money. But certainly the SROI has a solid and complete methodology, which considers the involvement of the stakeholders and the evidence of the relationship between activities, resources and produced value. Furthermore, in view of the development of instruments to support the social enterprise, the SROI is without doubt one of the few indicators allowing the evaluation of impact to economic-financial ends.

The most complex part in the definition of the SROI indicator is without doubt the monetary evaluation of aspects which are not monetary. This is why there are no standard to refer to, but the criteria to follow are the reasoned use of estimates and prudential and most realistic conjectures.

For a complete examination of the SROI method, of the application process and of the inspiring principles in its use, see the specific guide¹⁷. In the rest of the

¹⁶ Website: www.socialvalueuk.org

¹⁷ The Sroi Network and Human Foundation, *Guida al ritorno sociale sull'investimento (SROI)*, Website:

text, the two examples of methods of measurement for the project target social enterprises refer to the final use of the SROI method.

2.4. Explaining if the Obtained Impacts Are Due to Our Project/Intervention

The methods of this phase are those which – as we already said – require higher technical competences. They are Factual Methods (which explain what has happened):

- Comparative case studies: it's a matter of taking as a reference some specific case studies and verifying whether the effects obtained are present only with some given conditions;
- Indications of the beneficiaries or of experts: through proper surveys (interviews, questionnaires) you can measure whether specific stakeholders think that the obtained impact depends directly on the intervention, and why;
- Evaluate the predictions: looking back at those who were expected to obtain benefits, checking whether they obtained them. If not, why? Did the impacts come at the predicted times? If sooner or later, why?

There are also counterfactual Methods (which explain what would have happened without intervention). These are fairly complex statistical methods, usually implemented by external researchers. For instance, the methods “Differences in the differences”, “Coupled comparisons”, “Propension rates”, “Counterfactual statistical methods”, etc. The best known is the RCT-“Randomized control trial”, a technique borrowed from medical experimentation. Chosen randomly by the same community, a group of people benefits from the service in question; a second group doesn't. The difference in the results is an indicator of the impact of the project, and the fact that the method is randomized and by sample allows one to disconnect the impacts from particular aspects of influence on them.

Building solid counterfactual methods may not be simple, various variables are at play, often the situations are rapidly evolving and it is impossible to “fix” the necessary points to a solid

evaluation. This said, when the situations allow it, the use of these typologies of evaluation is important to reinforce and motivate “what has happened thanks to the specific project”.

2.5. Summing up What Has Emerged in a Final Estimative Judgment

Obviously the outcome of the evaluation process must be quickly understandable and communicable externally. This can be obtained by using judgments that sum up the various analyses made through percentage weighs or, more simply, trying to define some range of result that allow one to put the programme or project outcomes in bands that can be summed up in “failure”, “partly successful”, “success achieved” containing the description of whatever range of result come within each one.

2.6. Spreading the Outcomes and Using Them

The last phase, which could seem like something “other” than evaluation, is instead without doubt the fundamental part, without which the process can hardly be considered finished. The quality of a good impact measuring report depends not only on the contents or the graphic form – for which we suggest to build the report around the key indicators of the evaluation, with few descriptions and many “indications” of result – but on the involvement of the Stakeholders with proper procedures and *ad hoc* moments for specific classes.

3. THE SOCIAL ENTERPRISES TARGETS OF A PROJECT

This chapter focuses on the enterprises participating to the project “ATTRACTING COMMUNITIES TOWARDS SOCIAL ENTERPRISE INVESTMENT - ACT SOCIAL”¹⁸, of which the present research is a product. The following box gives a brief presentation of the project.

DESCRIPTION OF THE PROJECT “ATTRACTING COMMUNITIES TOWARDS SOCIAL ENTERPRISE INVESTMENT - ACT SOCIAL”

During 2013 four bodies of the Brescia province – BCC Cassapadana, Consorzio Solco Camunia, Consorzio Koinon, Centro Studi Socialis – presented a European project titled “Attracting Communities Towards Social Enterprise Investment - ACT SOCIAL” which aims at studying, and training the social enterprises and the financing subjects, so that they can talk together and find adequate instruments for the financial support of the world of nonprofit enterprises.

The project was approved and in the period from September 2014 and September 2015 the planned activities must be accomplished and finished.

The partners of the project are:

- *BCC Cassapadana, Banca di Credito Cooperativo active in the Brescia province and in the neighbouring provinces;*
- *Consorzio Solco Camunia, which associates social cooperatives of Valle Camonica (Brescia),*
- *Consorzio Koinon, a training company of the Confcooperative Brescia system which offers periods of specialized training and support to cooperatives;*
- *Centro Studi Socialis, research body of the two Brescia Universities, which studies the social enterprises and the third sector.*

The area subject to investigation for the project is specifically Valle Camonica, so the 8

¹⁸ The project is valid on the Budget Heading 04.04.18, within the Preparatory action “Supporting the demand and supply side of the market for social enterprise finance” in theme “Social Innovation Driven By Social Business And Young Entrepreneurship” promoted by the European Commission - DG Employment, Social Affairs and Inclusion

Valley branches of BCC Cassapadana, the citizens, the associations and the world of enterprises of Valle Camonica and, specifically, about ten Camunian social enterprises.

The project, as anticipated, aims at identifying methods, instruments and subjects to build an adequate financial system for social enterprises.

But what are Social Enterprises? They are all those enterprise activities with social aims, generally nonprofit and which consider the involvement of their workers and beneficiaries in the activities. They are mainly Social Cooperatives, whether they offer social, welfare, social-health and educational services (A-type social cooperatives), or they perform other enterprise activities finding employment for disadvantaged employees (B-type social cooperatives).

Who can be the financing subjects of social enterprises? In truth there is no precise list, indeed currently the social enterprise, not being a firm that aims at profit or at economic return, is a “not very attractive” enterprise in terms of capitals. Despite its nature, the need to find financing sources to best accomplish their actions is more and more alive and urgent, all the more with the needs of innovation and betterment that the market requires today. From traditional services, often supported by Local Bodies, by now the social enterprises aim at the innovation of service and product, and this takes to the above mentioned need of capitals. Furthermore, the financial straits experienced by the Local Bodies in this historical phase, cause the social enterprises to seek other and new supporters.

The objective of the project is then to understand what the most “adequate” subjects are to finance the social enterprise and what characteristics the social enterprises should have to attract such kinds of financing.

One of the first phase of the project will be a research, led by Centro Studi Socialis, to investigate whether in the Valle Camonica area there is availability of capitals that can be directed to the Camunian social enterprises. This kind of survey is going mostly to check the availability of potential financiers, the interest in financing social bodies and especially the willingness to “have patience” and so to have economic results deferred in time and probably less profitable than a market investment. From this last definition it's understandable why this research concerns the identification of “patient capitals”.

The project considers also two more researches, one carried out by Socialis on the identification of adequate methods of measurement of the social impact and one by Koinon to measure the gap between demand and supply of financial services in the nonprofit world.

Besides, within the activities of the project there are several training courses for the social enterprises, in order to make more “ready” and adequate to the market and to the development of financial instruments. The courses concern an identity and business training, a financial training and a social marketing training. In addition there are courses of personalized coaching for the social enterprises, to accompany the persons in charge of finances and communication to the development of ad hoc competences and knowledge for their own business situation. Finally, the project considers moments of dissemination, road-shows for the meeting of potential sponsors and social enterprises, the arrangement of an Internet site, support to the instruments of communication of social enterprises and conventions for the promotion of the results.

3.1. The Analysed Enterprises: “Registry” Characteristics

The enterprises participating in the present survey are 8, all coming from the chosen area, that is Valle Camonica, in the Brescia province.

They are, specifically, the following social enterprises:

1. Arcobaleno – Social Cooperative Company – Nonprofit active in the following areas:
 - a. Disability Area: 1 CDD, 1 CSS, 1 CSE, 1 SFA, 1 CPI, Protected lodgings for the disabled, Specialized assistance for the disabled, ADE, Support to the disabled.
 - b. Youth Area: ADE, CAG, Educational and recreational services, Windows
 - c. Elderly Area: Services in 1 RSA, House assistance
2. Azzurra - Social Cooperative Company – Nonprofit active in the following areas:
 - a. Handicap Area: CDD, CSE, SFA, ADE, SAD, Residential host community for the disabled, specialized school assistance, house assistance, Window “After us” legal protection, Self-help group
3. Casa del Fanciullo - Social Cooperative R.L. active in the following areas:
 - a. Youth Area: Lodging community, CAG, Family support foster care, Specialized assistance, ADE, Summer camps
4. Il Cardo - Social Cooperative Company – Nonprofit active in the following areas:
 - a. Disabled Area: CDD, CSS, CSE, SFA, Protected flats, Educational/welfare vouchers for the disabled (ADE and support), Specialized assistance in the

- schools
- b. Youth Area: Teacher training, Consultancy support for schools, Preventing interventions, Organization of events, Labs, Meeting places, Home educational interventions, Playroom
5. Il Piccolo Sentiero - Social Cooperative Company – Nonprofit active in the following areas:
 - a. Care and maintenance of the landscape, Canteen management, Cleaning
 6. Pia Fondazione di Valle Camonica Nonprofit active in the following areas:
 - a. Elderly: Integrated Day Centre, Elderly home assistance, Protected flats for the elderly;
 - b. Disability: CDD, CSS, CSE, Youth Education Home Assistance (A.D.E.), Home Educational Support (S.S.D.E.), Specialized School Assistance
 - c. Rehabilitation Centre
 - d. Centre for difficulties in childhood
 7. Proser Valcamonica social cooperative Nonprofit active in the following areas:
 - a. Cleaning activities, Laundry, Pasta factory, Industrial services
 8. Sol.Eco. Solidarity Ecology - Social Cooperative Company – active in the following areas:
 - b. Recycling, Cleaning and mechanical and manual sweeping of civil and industrial areas and roads, Reading installation and management gas and water meters, Window for immigrants, Cemetery management and maintenance of green areas, Keeping recycling centres, Vehicle maintenance workshop

The sample is thus made up

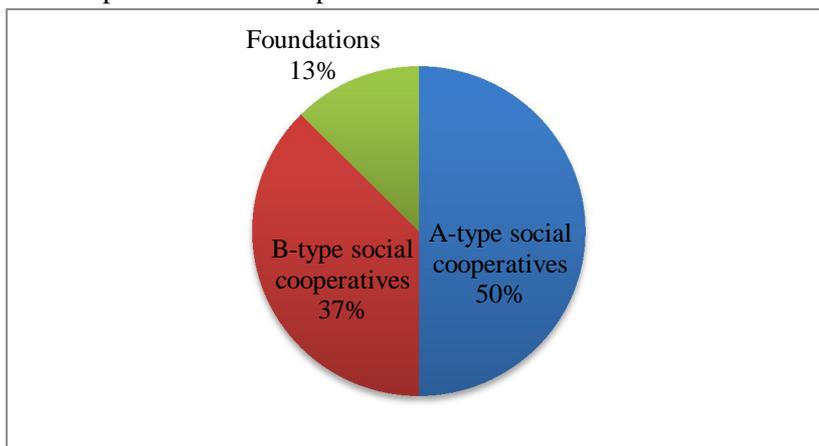


Figure 6: The composition of the analysed sample – Enterprise typology

For the purpose of this research it is appropriate to underline the main differences between the analysed subjects:

- A-type social cooperatives: they carry out activities of welfare, social, educational kind. They tend to work in close collaboration with Public Bodies, given the nature of their activities. In the latest years, due to the strong economic crisis that has imposed significant cuts to the Public Bodies they collaborate with, these cooperatives are the typology of social enterprise more inclined to make innovations. The sector in which they work, however, is of difficult “entrepreneurship”, in fact often they offer quality services to a demand with poor economic supplies, which therefore needs institutional support to warrant their service.
As regards financial instruments and services, they are perhaps the most “visible” social enterprises in this territory, since they run structures for the younger, the elder or disabled people, but for what concerns the investments, the merely economic returns of their activities are poor.
- B-type social cooperatives: they are a veritable form of enterprise, as they can choose the field of activities to work with (the only limit is not to work in one of the sectors belonging to A-type cooperatives), but they must do it placing to work a percentage of disadvantaged personnel. This allows them to range over the chosen fields, although traditionally among the preferred activities there are cleaning, the care of open spaces, etc. In the latest years, however, the B-type social cooperatives have started to open up towards new activities, such as social restoration, tourist farmhouses and in general enterprises where there is contact with the community, which may cut down the stigma towards disadvantaged personnel. From the point of view of this research, the B-type social cooperatives are more “desirable” because they are more comparable to traditional forms of enterprise, for them there are no price limits (whereas for the A-type social cooperatives often the social services rates are imposed by regulations), they can reach paying demands and compete more openly on the market.
- Foundations: differently from the two preceding types of enterprise, they are based on the existence of patrimonies (funds) characterizing their constitution and aims. They are active mainly in the sectors of the elderly and of disability, and they have

economic/patrimonial supplies from the start much higher than social cooperatives. While the cooperatives are based on the personal element, the foundations on the patrimonial. In general, then, they are less inclined to be indebted, although they could lend significant warranties.

The social enterprises participating in this research received a questionnaire, in order to verify the propensity and the historicity of the approach to the financial market, to contributions and donations. Besides, the objective of the survey was to check the opinions about the “link with one's own region” and the communication instruments used by the social enterprises.

In essence, the question underlying the survey was “are Valle Camonica's social enterprises the target of the economic-financial support of their own region?”

3.2. The Economic, Patrimonial and Financial Aspects of the Analysed Enterprises

Some characteristics that help understand better the analysed sample.

It's about enterprises that stabilize on the following dimensions:

- 50% have less than 50 employees
- 50% have between 50 and 100 employees

In terms of production value, the enterprises are thus subdivided:

- 12.5% between 0 €and 500,000 €
- 50% between 1,000,000 €and 1,500,000 €
- 25% between 1,500,000 €and 2,000,000 €
- 12.5% between 2,000,000 €and 2,500,000 €

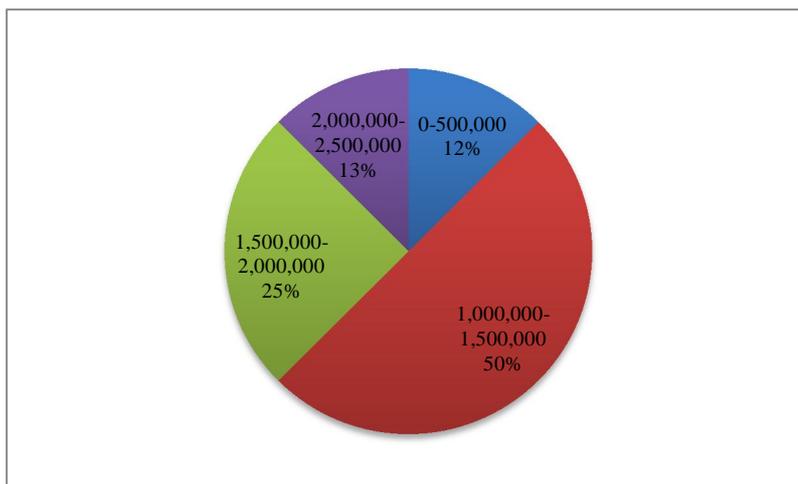


Figure 7: The subdivision of the sample on the basis of the Production Value as of 31.12.2013

In terms of social capital, so of endowment of “proper” financing sources, the cooperatives confirm their partly limited endowment, while the Foundation its solid patrimonial structure, specifically the sample in 2013 is subdivided as follows:

- 12.5% below 50,000 €
- 25% between 50,000 € and 100,000 €
- 37.5% between 100,000 € and 150,000 €
- 12.5% between 150,000 € and 200,000 €
- 12.5% between 2,000,000 € and 2,500,000 €

75% of the entities considered have seen their own social capital increase in the three-year period 2011-2013, both for the entrance of new members, and for the recapitalization of the preexisting members. The Foundations don't have members, so for them the remodulations of social capital are much less common.

The questionnaire then looked into some aspects linked to the social enterprises' propensity to the market of loan capitals. The results are reported here.

1. None of the enterprises considered (the question regarded specifically the cooperative enterprises) has any active form of social loan. The social loan is a form of short-term financing that the cooperation can activate, collecting loan capitals from its members. While having some top remuneration ceilings, this kind of loan tends to be very convenient for the members, both in terms of yield, and in terms of interest taxation.
2. 50% of the enterprises that answered have loan assets of medium/long term, all

activated for the purchase of properties or for specific equipment.

3. No enterprise has activated particular forms of financing different from debts with suppliers (the natural debts that arise for the rules of deferred payments), tax or welfare institutions.

3.3. The Analysed Enterprises and the Link with Contributions and Donations

All the analysed enterprises receive contributions, given their nature of social and nonprofit enterprises, but in rather different measure.

1. Analysing the amount of contributions over the total of the Value of the business Production, on average in the three-year period 2011-2013, it weighs as follows:
 - 50% of the enterprises: less than 2%
 - 25% of the enterprises: between 2% and 5%
 - 12,5% of the enterprises: between 5% and 10%
 - 12,5% of the enterprises: between 15% and 20%

These are fairly limited percentages, showing a substantial autonomy of management of the enterprises considered, which are based mostly on earnings in form of compensations.

2. The contributions are paid by:
 - Public bodies for 75% of the enterprises (District, Province, Comunità Montana, INPS, CCIAA)
 - Private bodies for 50% of the enterprises (other cooperatives)
 - Physical persons for 62.5% of the enterprises. The physical persons in general prefer to remain anonymous.
3. For what concerns the amount bands of donations from physical persons, for 50% of the sample they become stable between 250 € and 1,000 € an enterprise declares it receives donations from physical persons between 1,000 € and 5,000 € and one to receive donations from physical persons for more than 10,000 €
4. The institute of the 5 per 1000 is used by all the enterprises considered, but in 75% of the cases it's for very limited amounts (less than 5,000 € yearly), only for two of them the amounts are more significant (about 10,000 € yearly and about 25,000 € yearly).

5. Among the “donations” we have considered the fact that the enterprise may use free loans or default money disbursements: only one enterprise benefits from them.
6. Very rare are the donations of property or equipment, also in this case only one enterprise, and only for one specific year, benefited from that.
7. None of the enterprises enjoys events sponsored or sustained by other subjects.
8. 62.5% of the enterprises considered enjoys the presence of volunteers, so of the “donation” of human and personal resources that contribute to achieve the objectives of the organization. This aspect is particularly frequent in A-type social cooperatives, almost completely absent in the other forms of enterprise. This is without doubt tied to the kind of activity done, since the A-type cooperatives relate with children, disabled persons, the elderly in the structures or in the services in which voluntary work can be encouraged and promoted. It is harder to activate voluntary work for a B-type social cooperative that work in an activity of industrial enterprise or of services, where “helping the other” is done through work.
9. It comes out clearly that the A-type social cooperatives are more inclined to accomplish projects financed or co-financed by other subjects. This is much less evident, virtually absent, in the B-type social cooperatives. This reflects precisely the kind of activity done, therefore the possibility for the B-type cooperatives to act on the market in entrepreneurial form, seeking spaces and demand just like any other enterprise. For the A-type cooperatives the open spaces in the market are much less simple, so oftentimes the innovative activities can't be financed by recovering the investment from the “final price” fixed to the users, but thanks to external supports.
10. The frequency of obtained donations and contributions is for all those who answered “occasional” and not continuative.

Finally, a question was about the future and the continuity of social enterprises and the dependence on contributions, for 37.5% the absence of external contributions in the future could undermine the business sustainability, testifying that the “enterprise activity” alone does not suffice to remain on the market.

3.4. The Analysed Enterprises and the Instruments Supporting Them

To the question “Do you know of particular instruments, initiatives for the economic-financial support of Social Enterprises?” 50% of the sample says no, for the remaining 50%

instead the known instruments are the following:

- Contributions on announcements of paying Foundations (specific Community Foundations are cited);
- Financial institutions devoted to the world of the social enterprise;
- Collection of 5 per 1000 for the nonprofit organizations;
- FRIM – Fondo di Rotazione per l’Imprenditorialità (Turnover Fund for Entrepreneurship), intervention line of Lombardy District and Finlombarda in support of business, technological, commercial, environmental development, for the safety of the workplace and for the work placement of disadvantaged persons. Dedicated to cooperation.
- JEREMIE announcement (Joint European Resources for Micro to Medium Enterprises) FSE, conceived to facilitate, through the grant of financial interventions, access to credit on the part of cooperative members who are in a disadvantaged state or socially excluded or who give or will give their services to cooperative enterprises.
- Social Bond¹⁹: These are traditional bonds, “social” because the banks give a share of the subscribed amount to nonprofit associations and bodies or, simply, because the collected sum is exclusively dedicated to Third Sector organizations. Substantially the mechanism is the same as that of traditional bonds: predetermined term (usually 4-5 years) for the redemption of the capital, periodical payment of the interests (usually quarterly coupons), floating rate plus spread to cover the risk of the bank's expenditures and margin, or fixed rate.

After the question “Which ones among the following instruments interest you or you would like to implement or improve?” and being able to choose from among a series of possibilities, the answers were as follows:

- 5 per 1000 for 87.5% of the interviewed people;
- Social loan for 25% of the interviewed people;
- Recapitalizations with external supports for 37.5% of the interviewed people;
- Social bonds issued by other institutes for 25% of the interviewed people;

¹⁹ Sodalitas, *Introduzione alla finanza sociale*, Fatti & Effetti, Sodalitas 2015

- Bonds or financial instruments issued directly by Your organization, nobody.

3.5. The Analysed Enterprises, Communication and Link with the Territory

The last part of the survey concerned the managerial aspects tied to the theme of communication and the relationship with the territory.

First of all we wanted to understand if and how the enterprises communicated their social outcomes, for fund collection or for "financial disability".

It turns out that most of the enterprises use the instrument of social reports only for prescriptive or internal ends, only 2 enterprises promote the knowledge of their social activities through specific events in the territory. 75% of the enterprises do not make structured activity of fund raising, and 25% of those who say they do it, actually mind substantially only the promotion of the 5 per 1000. Just one enterprise is engaged in marketing activity, the others don't accomplish this function.

The link with the territory is thus represented: if one looks at the boundaries of the Municipalities where one works, then it can be defined – on average – "sufficient". If one looks at the territory outside the Municipality where one works, then the average rises slightly, setting itself between "sufficient" and "good". At the request to evaluate the support (economic and operating) that the organizations of the region give to the activities of the single enterprise, the judgment is "modest".

In the subject of partnerships – and not of contributions – the analysed enterprises maintain a prevailing collaboration with Public Bodies (District, Municipalities, Mountain Community, Province), 50% claim to collaborate with nonprofit bodies (especially other social cooperatives and foundations), while only 25% have partnerships with profit enterprises, among which banks.

The instruments used for communication with the partners are the following:

- Conventions, training days: 50%
- Newsletters or newspapers: 37.5%
- Open meetings: 37.5%
- Other non-structured communications (on request): 37.5%
- Social parties: 25%

3.6. Valcamonica's Social Enterprises, Some Cues from the Analysis Carried out

The analysis carried out on a selected sample of Valle Camonica's social enterprises has shown the prevailing aspects of the ecosystem we are facing.

It's about social enterprises for which we can sum up the following emerging characteristics:

- Legal forms: social cooperatives or foundations prevail. It's very rare to identify forms of social enterprise that use other forms, hybrid or in which aspects of profit and nonprofit are mixed;
- Sectors of traditional activity: the sectors in which the social enterprises work are those traditionally guarded by social cooperation, that is the services for the weak groups and activities such as cleaning, open space care, laundries for work placement.
- Quality and innovation: although it isn't part of the questionnaire, from the researches carried out it turns out that the Valley's social enterprises are characterized by their high quality and specialization in the services, but scanty innovation (intended as capacity to change). In my opinion, the region in which the enterprises work contributes to such phenomenon. Valle Camonica is one of the most “autonomous” areas compared with the rest of the province, both in terms of distances, of size, and of institutional subjects (one own ASL [Local Health Services] for reference, etc.), this seems to take the social enterprises to see their own territoriality as granted, as if they were isolated from the external market. On the one hand this can be positive, and it can also bring the enterprises to a certain sustainability, but on the other hand the contact with innovative forms present outside the context is more difficult.
- Scarce propensity to the capital market: the analysed social enterprises enjoy excellent financial autonomies, they are well capitalized and – even where the social capital is not particularly high – the relation of capitalization is kept strongly positive. The modest level of indebtedness is certainly synonym with solidity, but also of scarce inclination towards investment and growth. Who is indebted is so because he has bought a property, but there are no financing operations to support innovation, new enterprise activities, etc.
- Presence of limited-amount donations. The collection of funds practically doesn't

exist. All starts and ends with the 5 per 1000, which leaves broad margins for betterment and action on the theme of marketing, and especially of fund raising. While promoting a business sustainability based on characteristic management, the donations and contributions would be an important lever to activate in this time of crisis, also to broaden and renew the activities.

- The relationship with the region is limited, in spite of the strong connotation of the context (and its substantial impermeability) it seems that the social enterprises are very inclined to doing, to doing well, but not to spread the knowledge of their doing. From this comes the incapacity for creating constant supporting nets, and for producing support policies based on the contribution of the territory to the social activities.
- Limited knowledge of the possible instruments to increase the financing sources, whether they are financial, contributive or donation instruments. In this the Valley's enterprises should increase their knowledge and the managerial skills allowing them to present themselves as good entrepreneurial and social partners.

These considerations lead to a conclusion: in my opinion the system holds, but for it to grow and develop it is necessary to improve the managerial support to the social enterprises, in order to:

- Improve the knowledge of economic-financial support instruments available to social enterprises;
- Improve the methods of measuring one's own impact on the territory;
- Improve communication methods, fund raising activities and in general the link with the territory.

The whole thing to produce an ecosystem of social enterprises which, just as in the past 20 years has granted the answer to the Valley's needs, so it may adapt itself and be ready to meet the citizens' new needs, but that it becomes also a significant partner for profit enterprises and institutions.

4. IMPACT INDICATORS FOR THE SOCIAL ENTERPRISES TARGETS OF THE PROJECT

This chapter focuses on some methods for measuring the social-economic impact of social enterprises in the considered area, trying to outline their functions, purposes and uses.

Taking as a reference what was reported in the previous chapters, with this paper we intend to give social enterprises two concrete ways to measure the economic value that their social activity produces on the territory, and so on the community.

Aware that the definition of social impact is very broad and “multi-faceted”, as we already explained, we believe that presenting two concrete ways to figure out the produced economic value can add new elements to the literature on the subject. Two instruments will be presented, one for the enterprises that are social for the nature of their activities (therefore the ones which offer services and activities of social nature), and one for the enterprises that are social for the ways in which their activities are carried out (therefore carrying out several activities, but paying attention to weak subjects to whom they give work).

4.1. Measuring Social-Economic Impact of the Enterprises which Provide Social-Welfare-Educational Services

The sector considered in this section is the one of social enterprises offering social, charitable and educational services to their users/beneficiaries. The subject, especially in the structure of the Italian welfare, comprises several entrepreneurial realities that often support the Public Body in the accomplishment of welfare plans, in the bestowal – and in the planning – of services.

In this case, a univocal evaluation is very complex, given the variety of services offered by these enterprises. The problem is more contained for the enterprises of work placement, for which the social impact for the community is given by the placement of disadvantaged persons at work, independently from “how” they are placed to work, that is by the activity sector in which they act.

For the enterprises object of this section, instead, the activity sector is a remarkable element of diversification and impacting for itself.

For this reason, the objective of the proposed impact indicator is – however limited – the generic one of measuring “what has changed with the activated service” in the persons

directly involved and how much this weighs on the community, in economic terms.

For each service then we suggest to take as a reference two moments, the first when the service wasn't active and the second after a period of activity, or when the service is concluded if it was a short-term experience, e.g. one year.

For each of the two moments, the evaluator will be asked to insert information about the beneficiary of the service, trying to go then to translate the economic weight of these changes on the public costs and on the community.

See the following scheme for an example, which doesn't mean to and can't be exhaustive, but it is the reference for an evaluation that any enterprise can activate.

INDICATOR	BEFORE	AFTER	ECONOMIC WEIGHT
N. visits at Social Services (think of a service for the disadvantaged adult)			E.g. Average cost of a visit for the Public Body (about 50€)
N. days of admission in a Community (think of a service for drug or alcohol addicts, mentally ill, etc)			E.g. Average cost of a day of admission in a community for addictions (about 45€) or for psychiatry (about 155€ for high assistance)
N. admissions in Emergency unit (think of a service for drug or alcohol addicts, mentally ill, etc)			Average cost of an admission in Emergency unit
N. requests economic support, food parcels, clothes, bill payment, etc. (think of a service for the disadvantaged adult)			Reference of the Municipality of residence to understand frequency and economic relevance of the interventions
N. visits at psychologists N. requests intervention police or doctors or social assistants (think of a service of children custody)			Cost visits psychologist (about 100€), cost visit Social Assistant (about 50€), etc.
Medicine taken posology and typology (think of a service like psychiatry)			Average cost of the medicine used, considering the frequency of medicine taking
Does the user/beneficiary work?			Intervention avoided to support a minimum income (established in 10€/day)
Do the family members of the user/beneficiary work?			...
Does the user/beneficiary live an independent life?			...
...			
...			

The various indicators should be added and measured considering the effects that a given project/service will have on its direct and indirect beneficiaries.

We report an example of evaluation, applied to a project in psychiatry, done by the author of the present text.

4.1.1. An Example of Measurement of the Social-Economic Impact of the Social Enterprises Offering Social-Welfare-Educational Services

This is the summary of the measurement of the social-economic impact of the project “Recovery: organizing change to get your life back”, accomplished by the A.O. [Hospital Agency] Spedali Civili Brescia in the psychiatric field²⁰.

The evaluation of the social-economic impact focused on the elaboration of a model that allowed one to measure the variation of resources used by the National Health System for the user who makes a Recovery course. In addition there has been a measurement of some indicators of “social impact” on the quality of life of the user in Recovery, without their monetization.

The limit of the evaluation model is the temporality, presenting the results after just one year of project is without doubt too short a time, that's why the model should be implemented and used also in the future years, so as to measure the impact in a longitudinal way.

The model was applied to 10 users who followed the Recovery course both through the attendance of the FOR project course, and through the use of the Recovery Star method. The economic results given are an average per user of the yearly variation of public resources used for the cure of the subject.

Specifically, the model considered the variation from year to year of the following indicators, for each of the analysed persons.

EVALUATION VARIABLES OF ECONOMIC IMPACT
Number emergency unit admissions
Number days of hospitalization
Number days of institutionalization in a community
Typology medicines taken
Dosage medicines (daily)
Number visits/interviews CPS (yearly)
Average hours of ghost performances (yearly)

Table 1: Variables considered in the Recovery Project for the evaluation of economic impact. Variation

²⁰ Website: <http://www.programmafor.it/>

between annuity 2013 and 2014

EVALUATION VARIABLES OF SOCIAL IMPACT
In the period considered, is the person working?
Does he live alone or in the family?
Degree of employment (0 to 10)
Does he use community services (refectories/dorms/food parcels)?
Does he receive direct economic aid (if yes, how much)?
Does he have pro-social competences (0 to 10)?
Does he have personal resources to “spend” in the community (0 to 10)?
Degree of participation in social activities, in a structure or outside (0 to 10)?

Table 2: Variables considered in the Recovery Project for the evaluation of social impact. Variation between annuity 2013 and 2014

Every form was filled in in collaboration by the staff following the user (Doctor Psychiatrist, Nurse, Person in Charge of CPS, etc.) introducing what was requested for the two annuities considered. As already said, it would be interesting to proceed with the analysis adding the following annuities, considering that the project activities of 2014 were concluded in February 2015 and that their effects may not be immediate.

For what concerns the results, we report the average values, calculated on the sample analysed of 10 users who participated in the Recovery project, for now keeping to the data of use of health structures and services. The analysis of the use of medicines is to be postponed to a wider sample analysis.

ECONOMIC IMPACT OF THE FIRST ANNUITY OF PROJECT	Variation (per person, per year)	Monetary variation (per person, per year)
Number emergency unit admissions	0	0
Number days of hospitalization	0	0
Number days of institutionalization in a community	-3	- 496.00 €
Number visits/interviews CPS (yearly)	-5	- 289.10 €
Average hours of ghost performances (yearly)	0	0
TOTAL		- 785.10 €
Medicines taken: ANTI-DEPRESSANT		

Medicine dosage (daily)	- 104 cp	n.d.
Medicines taken: ANTI-PSYCHOTIC		
Medicine dosage (daily)	0	0
Medicines taken: BENZODIAZEPINE		
Medicine dosage (daily)	-183 cp	n.d.
Medicines taken: MOOD STABILIZER		
Medicine dosage (daily)	+26 cp	n.d.
Medicines taken: VITAMINS		
Medicine dosage (daily)	0	0
Medicines taken: ANTIHYPERTENSIVE		
Medicine dosage (daily)	0	0

Table 3: Measurement of the economic impact of the first annuity of the Recovery project

SOCIAL IMPACT OF THE FIRST ANNUITY OF PROJECT	Variation
In the period considered, is the person working?	10% of the sample finds a job 90% of the sample remain unchanged
Does he live alone or in the family?	100% of the sample remain unchanged
Degree of employment (0 to 10)	100% of the sample remain unchanged
Does he use community services (refectories/dorms/food parcels)?	100% of the sample remain unchanged (all of them don't use them)
Does he receive direct economic aid (if yes, how much)?	100% of the sample remain unchanged (all of them don't receive it)
Does he have pro-social competences (0 to 10)?	60% of the sample improve of 10% 10% of the sample improve of 20% 30% of the sample remain unchanged
Does he have personal resources to "spend" in the community (0 to 10)?	20% of the sample improve of 10% 80% of the sample remain unchanged
Degree of participation in social activities, in a structure or outside (0 to 10)?	30% of the sample improve of 30% 40% of the sample improve of 10% 30% of the sample remain unchanged

Table 4: Measurement of the social impact of the first annuity of Recovery project

As pointed out by the measurement, Recovery method produced a positive economic impact (for now amply estimated downward, as it doesn't consider the issue of medicines and it doesn't consider the monetary impact of the social variables), which turns into an average

saving of resources per user, per year, of about 780 €

To this evaluation we can add the more social one, which sees an improvement, for 70% of the sample, of their “pro-social” competences and of the “degree of participation to social activities”.

As we already said, these evaluations should be repeated after more years of project experimentation, and on a broader sample of users, in order to have a more complete dataset and therefore more certain results.

On the basis of what is found in literature²¹, we deem interesting to propose here a first measurement of the SROI²² of the Brescia Recovery project, considering exclusively the cost of the externally financed project and the produced value as was just represented. We confirm then that the measurement is without doubt “downwards” because it doesn't take into consideration several elements, which can be calculated with the evidence of future annuities of the project.

The SROI measures “how much value is produced by the investment of 1 € in the project”. Specifically, on the basis of the considered variables, the project SROI is 1.2. This means that for every Euro invested in the project, it produces 1.2 € of value for the region and the community.

4.2. Measuring the Social-Economic Impact of Work Placement Social Enterprises

The sector considered in this section is the one of the work placement social enterprises, currently among the most important actors in the promotion of the inclusion in the field of work. For the community social economy and social enterprises have been defined excellent examples in warranting work to groups of disadvantaged subjects. For the persons normally excluded from the work market, the employment opportunities offered by social enterprises are excellent ways towards broader integration in society²³.

²¹ NEF, Co-Production In Mental Health - A Literature Review, Website: www.neweconomics.org

²² Website: www.socialvalueuk.org

²³ Borzaga C., Ianes A., *L'economia della solidarietà*, Donzelli, Rome 2006

Breda J., Work Integration Social Enterprises in EU, Paper presented to *Emes International Conference on Social Enterprises*, Trento, 2009. www.euricse.eu

The work placement social enterprises are present throughout Europe with different characteristics and legal forms, in Italy they take on mostly the form of B-type social cooperatives, according to Law 381/91. The B-type social cooperatives can do any kinds of activities, but they must necessarily use a percentage of people considered disadvantaged, who are normally physical, psychic and sensory disabled, ex-patients of psychiatric institutes, subjects under psychiatric treatment, drug addicts, alcoholics, minors in work age in difficult family situations, convicted people admitted to alternative measures to detention. Reality shows that the B-type social cooperatives, especially in the latest years, welcome different kinds of disadvantage, broader than what is prescribed by the regulations, for instance alone women with dependent children, non-EU citizens, people who – after a certain age – lose their work, etc., even without the recognition of particular regulations or anyway without particular economic incentives for such placements²⁴.

In support of the social cooperatives there are some direct interventions of the public bodies, suffice to say that Law 381/91 considers that they, also making an exception to the discipline regarding public administration contracts, can draw up conventions with the B-type social cooperatives to supply goods and services different from those social-health and educational whose estimated amount is less than definite amounts²⁵. This has determined, since 1991, a growth in the relationships with the Public Administration, especially in the sectors of the care of open spaces and cleaning, numerically the most relevant for social cooperation. To this we can add the recognition of some tax exemptions and removal of exemptions allowed to these enterprises.

COM (2006)44 final, *Concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market*

COM, *Commission Report on Employment in Europe 2005. Recent Trends and Prospects*

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²⁴ Borzaga C., Zandonai F. (edited by), *L'impresa sociale in Italia. Economia ed istituzioni dei beni comuni. Rapporto Iris Network*, Donzelli, Rome 2009

Venturi P., Zandonai F., (edited by), *L'impresa sociale in Italia. Pluralità dei modelli e contributo alla ripresa. Rapporto Iris Network*, Altreconomia, Milan 2012

²⁵ Currently this clause has been modified, but there still is a sort of “prevalence” of B-type social cooperatives compared to the other kinds of enterprise in the collaboration with Public Bodies.

Several national and international researches²⁶ have analysed methods of evaluation of the impact of work placement social enterprises, an impact that must be analysed from various points of view, since their product is at least twofold: the creation of products/offering of services and work placement. The aspects to be considered are manifold: the economic, financial and patrimonial situation of the enterprise; the efficacy of the activity performed (placement procedures well carried out); the effects on the people: improvement of competences, of one's own economic stance, of the quality of life in general; the effects on the created social capital and the external effects, on the community and on the public stakeholder.

Among the listed effects, the one analysed with the present instrument is the economic value created and distributed by the B-type social cooperatives to the Public Administration, and consequently to the community.

The analysis of the economic effects on the public budgets was carried out through the creation of a “VALORIS”²⁷ method of evaluation based on the costs-benefits analysis. In this case the costs and the benefits are those deriving from the presence of a B-type social cooperative which places disadvantaged subjects to work. To define the variables we have considered the studies on the subject with the difference that the preceding analyses aimed at

²⁶ Davister C., Le capital social dans l'économie sociale d'insertion, *Reflets et perspectives de la vie économique*, Tome XLIII, n. 3, 2004

Dussart C., Grosjean P., Hamende V., Toussaint V., *L'Economie Sociale d'Insertion, Rapport Final*, Ciriec, February 2003

Gregoire O., Platteau A., L'effect Budgétaire de l'Engagement de Demandeurs d'Emploi dans les Entreprises d'Insertion, *Revue Belge de Sécurité Sociale*, 4e trimestre, 2005

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Chiaf E., Giacomini D., The Evaluation in Work Integration Social Enterprises: a Literature Review, *2nd EMES Conference Selected Papers (ECSP) series*. Liège: EMES European Research Network, 2009, www.emes.net

²⁷ VALO.R.IS. is registered with license Creative Commons Attribution-NonCommercial 2.5 Italy. To see a copy: <http://creativecommons.org/licenses/by-nc/2.5/it/>. See: Chiaf E., Miniaci R. (2015). Work Integration Social Enterprises in Italy: Virtuous Savings from Public-Private Interaction. *Working Paper Secondo Welfare*, WP-2WL 2/15. Milan: Percorsi di Secondo Welfare e Centro di ricerca e documentazione Luigi Einaudi. ISSN: 2281-7921. Website: www.secondowelfare.it

Chiaf E. (2013). Il valore creato dalle imprese sociali di inserimento lavorativo. *Impresa Sociale*, n. 0 – 2013, pp. 21-37, Trento: Iris Network. ISSN: 2282-1694. Website: www.rivistaimpresasociale.it

defining the benefits of a group of firms, in the middle term and over a specific area, region or territory. VALORIS is based on variables of business type, calculated year after year and coming from internal informative sources.

Starting from the literature on the subject, we have defined the following economic effects of the B-type social cooperatives on public budgets.

The benefits that B-type social cooperatives create for the public budgets are:

- Increase in income taxes paid by disadvantaged workers;
- Increase of paid VAT, deriving from products and services made by disadvantaged workers;
- Savings due to the reduction of the demand for public health and welfare, lesser costs of detentions, reduction of the number of people beneficiaries of money transfers.

Costs for the public budgets:

- Tax exemptions warranted to the enterprises;
- Public contributions warranted to the social cooperatives for the people's work placement;
- Other public contributions in support of social enterprises.

The general costs-benefits calculation of a generic social enterprise j which gives employment to the group \mathfrak{S}_j of disadvantaged people can be subdivided into two components: the first is the sum of individual costs and benefits, for each single one placed, ICB_j , the second includes all the costs-benefits that the public administration acknowledges to the specific status of work placement social enterprise. If the first component depends on the type of disadvantage of the employed workers and on the enterprise's productivity, the second is not tied to the characteristics of the labour force. Specifically, VALORIS defines the two components as they are presented in the following equation:

$$ICB_j = \sum_{i \in \mathfrak{S}_j} ICB_{ij} = \sum_{i \in \mathfrak{S}_j} \underbrace{PIT_{ij} + DisVAT_{ij}}_{\text{Higher revenues}} + \underbrace{(AP_i + MI_i + DB_i + WE_{ij})}_{\text{Saved services \& cash benefits}} - \underbrace{(WC_i + SW_i)}_{\text{Policy costs}}$$

(1)

$$MSECB_j = \underbrace{(Trans_j + TaxExemp_j)}_{\text{Policy costs}}$$

(2)

where:

PIT_{ij} : taxation on the personal income of the single disadvantaged worker i placed by the enterprise j ,

$DisVAT_{ij}$: VAT calculated on the products or services produced by i in the enterprise j ,

AP_i : monetary value of social, welfare, custody services, which the single i would request if unemployed,

MI_i : average money transfer that the single i would receive if unemployed,

DB_i : average money transfer that the disabled person i would receive if unemployed,

WE_{ij} : sustained costs by the enterprise j , for the placement of the person i (e.g. medical expenses, daytime canteen, etc),

WC_i : contributions received by the enterprise for the placement of the single i ,

SW_i : social security guaranteed by the public administration for the worker i ,

$Trans_j$: subsidies and contributions transferred from the public administration to the enterprise j ,

$TaxExemp_j$: tax exemptions enjoyed by the enterprise j .

Besides the 5 classes of disadvantage considered by the Italian law, the model considers the class of non-certified subjects, but “pointed out” by the Public Administrations for generic social disadvantage, a category which in the latest years has taken on fairly relevant dimensions and which comes into the definition of disadvantage given by the European Union (COM, 2008).

Filling in the form with the required variables, for each disadvantaged subject, VALORIS returns the yearly amount which was produced for the Public Administration (and so indirectly for the community) in terms of missed disbursement/savings. This model allows the single enterprises to show the economic value of their social activity: the work placement of disadvantaged people.

4.2.1. An Example of Measuring the Social-Economic Impact of Work Placement Social Enterprises

VALORIS translates into the use of precompiled excel files where the manager can enter the data needed to complete the costs-benefits analysis.

We report an example of the results obtained for a given enterprise (hypothetically called “Alpha”).

The cooperative in 2013 placed 118 people, 7 of which through apprenticeship. The total of the value created for the Public Administration was €387,445.97, and one by one, for each user placed by Alpha the Public Administration in 2013 saved €3,283.44. The class of disadvantage that created most savings was that of the people with a non-certified disadvantage (on average a saving for every placed person of €7,351.65 a year).

The total of the benefits created for the Public Administration was €1,022,259.30, of which 51% in favour of the Municipalities where the cooperative works, 4% in favour of the Lombardy District and 44% in favour of the State.

The values of 2013 are reported below

2013	N. Placed	Saving Placed	N. Apprenticeships	Saving apprenticeships	Total	Value for class of disadvantage
Enterprise		€135,180.79				
Disabled	82	€124,926.31	1	€1,466.98	€126,393.29	€1,522.81
Psychiatry	9	€34,001.52	4	€7,602.34	€41,603.86	€3,200.30
Addictions	13	€27,027.97	2	€5,778.53	€32,806.50	€2,187.10
Not cert.	7	€51,461.52			€51,461.52	€7,351.65
				Tot. Saving	€387,445.97	
				Tot. Subjects placed	118	
				Average value	€3,283.44	
Total benefits created for the public body					Total costs created for the public body	
interpreted as:						
Total savings generated/expenses avoided to public body					Total contributions/Exemptions received	
€1,022,259.30					€634,813.34	
2013	VAT	Irpef	Service fares	Minimum income	Disability pension	Total benefits
Benefits to State	€318,899.03	€114,943.86			€20,385.16	€454,228.05
Benefits to District		€5,747.19	€39,329.08			€45,076.27
Benefits to Municipality		€999.51	€65,579.61	€456,375.86		€522,954.98
Total Benefits	€318,899.03	€121,690.56	€104,908.69	€456,375.86	€20,385.16	€1,022,259.30

Table 5: The measurement of the impact of B-type social cooperative “Alfa” – Results in short

Furthermore, the VALORIS model allows the use of the SROI method to measure the Return on Investment of the Public Body in the work placement social enterprise.

For instance, for the just mentioned Alpha enterprise, the SROI is as follows:

$$\text{SROI} = \frac{\text{Money value of the produced change (outcome)}}{\text{Investment}} = \frac{€1,022,259.30}{€634,813.34} = 1.61$$

Investments needed to reach it €634,813.34

So this method, besides giving indications on the absolute value of the saving generated in favour of the public administration and of the community, would support possible financial instruments that need money measurement of the impact for the evaluation of the business outcomes.

5. CONCLUSIONS

The objective of this research was to give an instrument to the project partners and to the participating enterprises to the “Act Social” project, in order to present their methods of impact measurement that could be used by them in the study of financial instruments conceived *ad hoc* for the social enterprises.

The social enterprises of the project – and of the area analysed in the project, that is Valle Camonica – are for the most social cooperatives, in second place foundations. As emerged in the third chapter, the main characteristics of the project's social enterprises are the following:

- Sectors of traditional activities and typical of social cooperation;
- High quality, not particularly strong on innovation;
- Little inclination towards the capital market;
- Presence of limited amount donations;
- Limited relationship (intended as economic-financial support) with the region,
- Little knowledge of the possible instruments to increase the financing sources, whether they are financial instruments, contributions or donations.

In general it's about well capitalized social enterprises little used to the issue of financing, whether it is of medium-long term or short term. On the one hand this reveals an independence that supports their business operations, on the other hand this scarce inclination can lead to:

- limited investments for innovation;
- reduced prospects of growth.

At a time when the social enterprise – to which it is granted an important role in support of the welfare of the territories – must succeed in remaining on the market in a sustainable way, faced with public funding cuts and the increase of needs; the possibility of having financing instruments to support growth, innovation, change is a subject of particular importance. For this reason the research has presented, after an examination of the instruments and of the most widespread ways to measure the social impact, two specific instruments: one for the enterprises which offer social-welfare-educational services (foundations and A-type social cooperatives) and one for the enterprises which practice work placement of disadvantaged personnel. Both methods, the first more descriptive, the second more quantitative and based on the costs-benefits analysis (VALORIS) can be used to get at a concise indicator, such as

the SROI, which identifies the economic impact of the investments in social activities. In both methods the counterpart is the community, so the economic-monetary impact is valued in respect to the costs avoided to the Public Administration and indirectly to the community. The use of these methods would be particularly useful if shared by more social enterprises, but especially if a financial broker decided to adopt them within the application of financial instruments conceived for the social enterprise. In conclusion, in fact, it is proper to stress that if the social enterprises can “do more” and “do better” to communicate their impact in the area where they operate, this would remain a vain work if the financial brokers don't propose adequate financial instruments to establish contact between demand and supply of capitals. One thinks of diversified financial instruments, which may involve in particular ways the private investors, the profit entrepreneurs of the region, or those who have large amounts of money and who may want to find methods to mix the loan capital with the donation.

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