



Social Impact Assessment: A Focus on Italian Innovative Startups with a Social Goal

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11.1 INTRODUCTION

Sustainable Development Goals in the “2030 Agenda for Sustainable Development” by the United Nations (2015) emphasized the need to steer business behaviors toward social goals; hence, the numerous attempts to formulate methodological solutions to attribute value and/or measure the social impacts of different phenomena. The key elements of the Agenda are presented in the 17 Sustainable Development Goals and 169 sub-goals, which aim to end poverty, fight inequality, and promote the social and economic development of populations. In addition, they take up key aspects of sustainable development, including climate change and the strengthening of climate change.

In this chapter, we address the topic of social impact assessment in a particular type of firm, which is the Italian Innovative startup with a social goal (ISUSG). The recent regulatory interventions on the third sector and

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firms with social goals confirm the importance of building an ecosystem favorable to social innovation. Literature offers many different definitions of social innovation; that one assumed by European Union considers it as innovations that are social both in their purposes and in tools. More specifically, it defines social innovations as new ideas (products, services and models) that simultaneously address social problems (more effectively than just innovative approaches) and new social relationships or collaborations (Caulier-Grice et al. 2010).

The inclusion of an impact assessment document among the regulatory requirements for startups with a social vocation has the purpose to define the added-value created by the enterprise from a quantitative and qualitative point of view and to evaluate its impact on the social and economic system.

In our study, we assess the use of the “Social impact assessment document” by Italian innovative startups and focus on the function actually covered by the document itself, highlighting the limits currently present in most companies called upon to use the document. We adopted a qualitative approach, using a semi-structured questionnaire, distributed to 88 innovative startups enrolled in Italian Business Register. The main results underline a poor awareness of the benefits deriving from the use of the social impact assessment document and a lack of knowledge/understanding of most widespread impact assessment methodologies.

To the best of our knowledge there are no studies focused on this specific topic, with the exception of the paper by Piccarozzi (2017) that performs a content analysis of the social impact documents of 61 ISUSGs. The Italian case may be relevant to draw policy indications also for other countries, given the importance that the third sector has in the country; moreover, it can be considered a pilot example to overcome some factors inhibiting social enterprise development and growth, such as the lack of supportive policy and legislative framework enabling startups and the absence of common mechanisms for measuring and demonstrating social impact. There are very few states that have nationally recognized systems or common methodologies for measuring and reporting social impact and, where they exist, they do not tend to be mandatory to use. The only exception is Italy, where social reporting is mandatory for social enterprises *ex lege*.

The chapter is organized as follows. After a careful literature review, we present the regulatory definition of Italian innovative startups with

a social goal and define the main objectives and methods for measuring social impact. Section 4 is dedicated to the description of the sample and methodology. The chapter ends with the discussion of the main results, authors' concluding remarks, and possible policy implications.

11.2 LITERATURE REVIEW

This section reviews the academic papers on social impact assessment published from 2000 to 2019.

We apply a two step systematic literature review to identify the relevant papers in this topic.

The analysis is performed using Business Source Complete as research database.

Firstly, we selected only academic papers published in journals with a peer reviewed evaluation process, with full text available, searching in the keywords for "Social Impact Assessment" or "Social Impact Measurement". We found 188 papers fulfilling these specifications; among these, 145 refer exactly to the social impact assessment theme, while the others are on the following related subjects: social policy (7), social science research (6), economic impact analysis (5), social responsibility (5), socio-cultural factors (4), sustainability (4), business ethics-social aspects (3), social influence (3), social capital (3), sociological research (3). We focused on the aforementioned 145 papers, distinguishing them in two main strands: critical and conceptual analysis of social impact assessment; social impact assessment applications, both qualitative and quantitative.

Secondly, we focused on Social Return on Investment (SROI), as a broadly used method in social impact assessment. This choice is further justified by the fact that, for ISUSGs, the Ministerial guide for Social Impact Assessment Document explicitly refers to SROI. We assumed the same specifications as above for the search on Business Source Complete (only academic papers published in journals with peer reviewed evaluation process, from 2000 to 2019, with full text available), searching in the keywords for "Social Return on Investment". We found a large number of references (123), due to the fact that the applications of this methodology embraces many different fields of business and research activities. In particular, in recent years studies on the topic have increased greatly due to the development of the so-called socially responsible investing and social impact finance. We have excluded contributions addressing

these specific issues (98), because our empirical analysis focuses on non-financial companies; we performed an in depth analysis on the remaining contributions (25). A systematic review on SROI is also provided in Banke-Thomas A. et al. (2015).

According to the first step review, the many different dimensions in which the definition of social impact can be declined is, to date, an important brake on the development of a unique and easily replicable measurement methodology; alternative solutions for determining impact are constantly evolving, among academics, financial institutions, and international organizations. Early definitions of social impact assessment (SIA) tended to see it as being inherently linked to a regulatory context (Vanclay 2003). Over the time, however, this interpretation has given way to a broader definition of SIA, including in the impact assessment widely the effects of projects and other public and private initiatives: this new concept of SIA is encapsulated in the following definition (Vanclay 2012): “SIA is the process of analyzing (predicting, evaluating and reflecting) and managing the intended and unintended consequences that are likely to follow from specific policy actions or project development, particularly in the context of appropriate national, state or provincial environmental policy legislation”. The goal of a such assessment is to help individuals and communities, as well as government and private-sector organizations, understanding and better anticipating the possible social consequences of planned and unplanned social changes resulting from policies, plans, and programs, through comparative models. While originally focused on impacts to variables as population, employment, and housing, the scope of social and economic variables analyzed through social impact assessment has greatly expanded, with a new consideration to long-term impacts related to community sustainability (Vanclay and Esteves 2011). This broader definition has resulted in the flourishing of a rich academic production, proposing critical and conceptual analysis of SIA (Vivalt 2015; Mathur 2016) and/or methodologies for summarizing the results of such assessments (Dos Santos 2008; Roshayani et al. 2015; Koks and Thissen 2016; Silovská and Kolaříková 2016; O’Faircheallaigh 2017; Grieco 2018). The search for an effective measurement approach requires that both academics and practitioners increase interdisciplinary skills. Overall, the analysis of the papers included in the strand of “critical and conceptual analysis of social impact assessment” results in the following three main points: lack of consensus in defining the so-called

“impact perimeter”, that makes the assessment highly problematic; relevance of the unexpected component of impact, that can compromise the robustness of the analysis; need to combine cross-discipline issues and skills, which limits the possibilities for effective assessments.

About papers dealing with the strand of “social impact assessment applications”, in literature, main different classifications are proposed about SIA methodologies: Perrini and Vurro (2013) suggest an indexing among strategic, participatory, and integrated methods; Nicholls (2015) distinguishes between output-based techniques, positive outcome-based techniques, and holistic techniques. The classification is based on the item on which the analysis focuses, respectively output, outcome and outcome and random tasks; Grieco et al. (2015) propose, instead, a classification according to the nature of the technique, distinguishing four main criteria: simple and social; holistic and complex; quality screening; management assessments. The most recognized classification, however, is still that one provided by Clark et al. (2004), which considers three main approaches to the problem: process methods, impact methods, and monetization methods. Process methods are based on comparative evaluation of inputs, outcomes and outputs, as defined in the “Impact Value Chain” logical model. The most common approaches within this category are: Best Available Charitable Option (BACO; Acumen Fund, 2006), Global Reporting Initiative (GRI; GRI Reporting Framework, 1997), B rating system (B-Lab), Endeavor’s Impact Assessment Dashboard (SAP, 2011), Global Impact Investing Rating System (GIIRS; Invest with value, 1970), Impact Reporting and Investment Standards (IRIS; The Rockefeller Foundation, 2008). Impact methods seek to capture the social and/or environmental returns of a project or investment through a qualitative analysis of the interactions among the different elements that define a particular phenomenon; the most commonly used techniques in this area can be traced back to the following theoretical approaches: Participatory Impact Assessment (The Feinstein International Center, Catley, 1999), Ongoing Assessment of Social Impacts (OASIS, The Roberts Enterprise Development Fund, 2002), Theory of Change (Aspen Institute, 2002). Monetization methods, finally, assign a monetary value to the benefits generated by identifying appropriate economic and financial proxies. This group includes: Cost-benefit analysis, Social Return on Investment (SROI, Roberts Enterprise Development Fund, 2000), Social Capital Partners’ Socially Adjusted Interest Rate (Social Capital Partner,

2001). Maas and Liket (2011) analyse and categorize thirty contemporary social impact measurement methods, including the above reported ones. The social impact measurement methods were found to differ on the following dimensions: purpose, time frame, orientation, length of time frame, perspective and approach. The authors underline that these methods have been developed in response to the changing needs for management information resulting from increased interest of corporations in socially responsible activities. Their classification clearly illustrates the need for social impact methods that truly measure impact, take an output orientation, and concentrate on longer-term effects. The analysis of the papers included in the strand of “social impact assessment applications” results in the following three main points: the high number of measures available highlights the difficulty of finding replicable methods; impact measures are strongly influenced by the context in which they are applied (“context-dependence issue”, Vivalt 2015) so the geographical reference area is crucial; regardless of the practical approach adopted, the identification and involvement of stakeholders in the impact assessment process is a key. According to the analyzed papers, the most widely used impact assessment methods are the Social Return On Investment-SROI and the Global Reporting Index (GRI).

As anticipated, we performed a second step review on SROI. This methodology, along the lines of the traditional ROI profitability indicator, has the main capacity to measure broader socio-economic outcomes, analysing and computing views of multiple stakeholders in a singular monetary ratio (Banke-Thomas et al. 2015), with the sustainability of assessments (Rotheroe and Richards 2007). Thereby, it tries to enable managers and investors to lever social and financial benefits simultaneously, while these are rather treated as trade-offs in classical cost-benefit analysis (Lingane and Olsen 2004). The calculation of the SROI index involves assessing, in monetary terms, costs, benefits and possible negative consequences of an item. Lingane and Olsen (2004) provide some guidelines for SROI application. Since the early 2000s, there has been growing interest in using SROI as a measure for assessing the performance of social enterprises. Millar and Hall (2013) deals with SROI as a performance measurement tool to capture social and economic value generated by social enterprises. Drawing on survey and interview data to analyse the use of SROI in health and social care settings, the author indicates that, despite being accepted as an internationally recognized

measurement tool for social enterprises, SROI is underused and undervalued due to practical and ideological barriers, as also highlighted in other studies (Ryan and Lyne 2008; Peattie and Morley 2008; Sheridan 2011). In particular, among the procedural difficulties, the traceability and estimations of returns; as a main cultural barrier, the traditional low propensity to translate into economic values aspects that are considered purely social. Moreover, the calculation of SROI should become a highly subjective process, representing social value through an effective monetization of social phenomena (Zappala and Lyons 2009), making it difficult and quite unsensed any comparison of SROI ratios among organizations (Mook et al. 2015). However, SROI can be considered as a plausible tool for governments to set funding and other facilitations priorities and evaluate performance (Cordes 2017). The analysis of the paper in this strand results in the following three main points: SROI follows a stakeholder-based approach, so it represents an inclusive measure of impact; it provides a synthetic ratio to capture social impact, providing information on the expected social return on investment; the limited comparability of the values, should be mentioned as a limitation of the method.

11.3 ITALIAN INNOVATIVE STARTUPS WITH A SOCIAL GOAL

11.3.1 *Regulatory Definition and Main Features*

The ISUSG is a firm that meets the requirements introduced in Decree-Law no. 179/2012 and, in addition, operates in any of the sectors identified by national legislation on social enterprises (Legislative Decree 112/2017, art. 2, paragraph 1, which replaces D.lgs.3 155/2006, art. 2, paragraph 1, referenced by the original provision). The sectors identified by the aforementioned provision are: social assistance; health care; education, training and education; environmental and ecosystem protection; enhancement of cultural heritage; social tourism; university and post-university training; research and provision of cultural services; extra-school training, aimed at preventing early school leaving and scholastic and educational success; instrumental services to social enterprises, rendered by entities comprising more than seventy percent to be maintained that exercise a social enterprise. Moreover, the requirements for innovative startups apply. The definition of innovative startup was introduced in Italy in 2012, whit the Decree Growth 2.0 (Decree no.

179/2012, Law no. 221/2012), according to which this type of firm enjoy a special reference framework on different subjects, such as administrative simplification, labor market regulation, tax facilitations, fail fast procedures. Innovative startups are companies with shared capital (i.e., limited companies), including cooperatives, the shares or significant registered capital shares of which are not listed on a regulated market nor on a multilateral negotiation system. These companies must also meet the following requirements: be new or have been operational for less than 5 years; have their headquarters in Italy or in another EU country, but with at least a production site branch in Italy; have a yearly turnover lower than 5 million Euros; do not distribute profits; produce, develop, and commercialize innovative goods or services of high technological value; are not the result of a merger, split-up, or selling-off of a company or branch; be of innovative character, which can be identified by at least one of the following criteria: at least 15% of the company's expenses can be attributed to R&D activities; at least 1/3 of the total workforce are PhD students, the holders of a PhD or researchers; alternatively, 2/3 of the total workforce must hold a Master's degree; the enterprise is the holder, depositary or licensee of a registered patent (industrial property) or the owner of a program for original registered computers.

The procedures to grant the status of ISUSG are regulated by Circular 3677/C, issued by the Italian Ministry of Economic Development on January 20, 2015. The status of ISUSG does not currently entail any additional legal benefit, except for any specific measure at regional and local level and some tax incentives for investors in these companies. However, the recognition of a particular status to these firms is a demonstration of a strong attention toward the social dimension of innovation. This attention has been translated, over the time, into the search for a measure to synthesize the social impact of firms.

The recognition of the status of ISUSG takes place through a procedure that starts with the release of a self-certification by the firm, declaring to operate exclusively in one or more of the sectors listed in Legislative Decree 112/2017, art. 2, paragraph 1, which replaces Legislative Decree 155/2006; indicating this sector (s); declaring to pursue a purpose of general interest; undertaking to provide evidence of its social impact, through the "Social Impact Assessment Document", annually confirming the requisites pursuant to art. 25, paragraph 15 of Legislative Decree n. 179/2012.

11.3.2 *Impact Measurement*

The assessment and representation of social impact is a mandatory prerequisite for the recognition of the status of ISUSG. It is worth remarking that this obligation is only in terms of reporting and measurement of social impact, it does not require defined performance levels. The document is decisive for the recognition of the social goal of innovative startups (formal profile) and plays a fundamental role in the concrete representation of benefits produced by the company in the social sphere (substantial profile). In the first self-certification for the recognition of the status of ISUSG, the document reports an estimate of the social impact of firm (expected impact); subsequently, in the annual review, the impact description will be more effective, using qualitative and quantitative measures (achieved impact). Determining the social impact of a firm, therefore, means recognizing and making its effects measurable in the medium/long-term period, as potential benefits or changes in terms of knowledge dissemination, better living conditions, and socially responsible behavior.

The Ministry of Economic Development, in its Guide for drafting the “Social Impact Assessment Document”, published on January 21, 2015, proposes a framework for this document, suggesting it should consist both of a descriptive and of a quantitative section; a grid of indicators is presented for this purpose.

The descriptive section should include the organization’s profile, the social problems that it intends to solve/mitigate, the activities to these aims, and, therefore, deepening the issue of social impact using two conceptual frameworks, the Theory of Change and the Impact Value Chain.

Theory of Change (ToC) explains a firm’s expected path to impact by outlining causal linkages in an initiative. It is a rigorous and participatory process in which different stakeholders articulate their long-term goals (impact) and identify the conditions they consider should unfold to achieve these goals. The identified changes are mapped in an “outcomes pathway”, that shows logical relationship and timeline between outcomes and the desired impact. The links between outcomes are explained by “rationales”. Rationales in a theory of change explain the connections between the outcomes and why one outcome is needed to achieve another (Taplin and Clark 2013).

The Impact Value Chain is a tool that illustrates how the firm's activities lead to the firm's ultimate desired outcome and impact. The Impact Value Chain directly builds on firm's Theory of Change, by articulating the relationship between firm's activities, outputs, outcomes, and impact (Clark et al. 2004).

The quantitative section of the Social Impact Document should, instead, report a set of indicators measuring the impact. The Guide by Ministry of Economic Development provides a grid that introduces an indicative set of references, distinguishing between general indicators and specific indicators. General indicators, both for output and for outcome, include measures for: social impact on beneficiaries; social impact on internal stakeholders; governance; equal gender principles; supporting for research activities; environmental sustainability; interaction with the reference territory and civic participation; number of stakeholders involved in the impact assessment; main economic and financial data. Specific indicators, both for output and for outcome, specifically refer to the sectors in the Legislative Decree 112/2017, art. 2, paragraph 1, for social enterprises. The Guide also contains an example of calculation of SROI (Social Return on Investment) for the attribution of an economic value to the social impact. Definition and measurement of outcome indicators presents greater difficulties than the output ones, since they show results for which the connection with the specific activities of the firm is less evident/immediate than for outputs. Outcomes are expressed as a change, an increase or a decrease of some factor; outputs are operational variables representing a measurable unit of production created by the activities of a business or organization.

After this short presentation of the Italian Innovative startup with a social goal and its requirements, the remainder of the chapter is organized as follows: paragraph 1 reviews the literature on the topic; paragraph 2 presents main peculiarities and demographic data of ISUSGs in Italy, according to national business register; paragraph 3 is for the empirical analysis. The last section concludes by commenting main results and suggesting for further research.

11.4 RESEARCH DESIGN

11.4.1 *Peculiarities and Main Demographics on Innovative Startups with a Social Goal in Italy*

This paragraph presents the main statistics related to size (capital, production value, number of employees), sectors and female, youth, and foreign prevalence of firms.

As of October, 7th 2019, there are 227 Innovative startups with social goal in the special section of the Italian Business Register. Table 11.1 shows the main features of these companies.

With regard to the legal form (*a*), limited liability company widely prevails, even in a simplified form (approximately 92% of the total). The breakdown by sector of activity (*b*) shows a strong orientation toward services (around 86% of the total). Dimensions, assuming the number of employees in the last year (*d*) as a proxy, are reduced at the micro-enterprise level; this dimensional profile is also confirmed by the distribution among classes of production value (*c*) and capital (*e*). With regard to the alternative requirements for the status of innovative startups, there is a prevalence of firms satisfying the first requirement (ratio between R&D costs and production value, 57.27%), but also the percentage about team's composition requirement is relevant (37.44%).

Through data from the Italian Business Register, it is also possible to deepen the analysis of female, youth, and foreign prevalence phenomena in ISUSGs (Table 11.2), with reference to the different levels in which this prevalence may possibly arise (exclusive/majority/strong).

For none of the three phenomena there are prevalence situations: in 74.88% of cases, female prevalence is not recorded; there is no youth prevalence in 82.82% of firms or foreign prevalence (about 96% of negative cases).

The typical profile of an ISUSG is, therefore, that one of a micro-sized limited liability company, operating in the service sector, without any gender, youth, or foreign specific connotations.

11.4.2 *Method*

Considering the exploratory nature of our study, we adopted a qualitative approach, using a semi-structured questionnaire, to deepen the use of the "Social Impact Assessment Document" by Italian innovative startups with a social goal.

Table 11.1 Main demographic and financial data of Innovative startups with a social goal, October 2019

	<i>Absolute values</i>	<i>Percentages</i>
<i>a. Legal form</i>		
Total	227	100.00
Limited liability company	183	80.6
Simplified limited liability company	25	11.01
Cooperative	18	7.93
Other	1	0.40
<i>b. Sectors</i>		
Total	227	100.00
Services	200	88.1
Industry and crafts	16	7.05
Others	4	1.76
Trade	3	1.32
Tourism	3	1.3
Agriculture and fishing	1	0.44
<i>c. Production value, last year class</i>		
Total	227	100.00
Fr. 0 to 100,000 euros	123	54.19
n.a.	63	27.75
Fr. 100,001 to 500,000 euros	36	15.86
Fr. 500,001 to 1,000,000 euros	4	1.76
Fr. 1000,001 to 2,000,000 euros	1	0.4
<i>d. Number of employees, last year class</i>		
Total	227	100.00
n.a.	144	63.43
0–4	68	29.96
5–9	12	5.29
10–19	3	1.32
<i>e. Capital class</i>		
Total	227	100.00
Fr. 5000 to 10,000 euros	69	30.40
Fr. 10,000 to 50,000 euros	59	26.00
Fr. 1 to 5000 euros	58	25.55
n.a.	17	7.49
Fr. 50,000 to 100,000 euros	9	3.96

(continued)

Table 11.1
(continued)

	<i>Absolute values</i>	<i>Percentages</i>
Fr. 100,000 to 250,000 euros	4	1.76
Fr. 250,000 to 500,000 euros	6	2.64
Fr. 500,000 to 1,000,000 euros	1	0.44
1 euro	4	1.76

Source Author's elaboration on Italian Business Register

Table 11.2 Female, youth, and foreign prevalence

<i>Female</i>	<i>Absolute values</i>	<i>Percentages</i>
<i>Female</i>		
Esclusive	17	7.49
Majority	11	4.85
Strong	29	12.78
<i>Youth</i>		
Esclusive	14	6.17
Majority	5	2.20
Strong	20	8.81
<i>Foreign</i>		
Esclusive	4	1.76
Majority	3	1.32
Strong	3	1.32

Source Author's elaboration on Italian Business Register

In the “Guide to drafting the Social Impact Assessment Document”, published by the Minister of economic development and redacted in cooperation with the Ministry for Education, University and Research (MIUR), the manifested purpose is to evaluate the social impact generated by firms, through an extremely agile and flexible procedure, with minimal costs for firms. So, our analysis aims at verifying the effective use of the Document and any issue related to its compilation.

The current number of Italian startups with social goals is 227, among these, 187 firms present a website in the Italian Business Register; examining these websites one by one, we were able to retrieve the email addresses for 88 firms; we have sent the link for the online compilation of the form through these email addresses. The response rate is 22%,

while the percentage of firms that have received but rejected our request is 5.68%.

The form consists of 7 questions, directed to define the social vocation of the firm, to verify the presence of difficulties during the process of writing of the Document, to analyse the use of one or more methodologies for measuring the value of the social impact and to quantify, in the most objective way, the social impact. In fact, as reported in the aforementioned Guide, to describe the social impact of an enterprise means to assess firm's activities in a long-term perspective, as potential benefits or changes that generate in the community in terms of knowledge, living conditions, social values. At the same time, these results must be translated into measurable terms.

11.5 MAIN FINDINGS AND DISCUSSIONS

Questions from 1 to 3 in our questionnaire aim at highlighting the social vocation of the innovative startups and defining the main financing sources.

In line with our expectations and with the mainstream of economic literature, the Italian innovative startups with social vocation present mainly process and service innovation, only a minor percentage (26.32%) are innovative startups that have a product innovation (Fig. 11.1). This

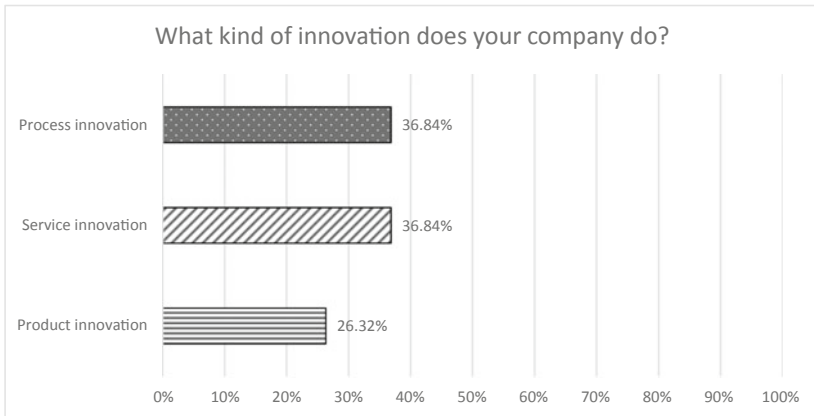


Fig. 11.1 Kind of innovation by ISUSGs

aspect is compatible with the social context in which they operate (life quality, Protection of health, Sustaining cultural and social value, Education and free personal development, Protection of safety, Juridical equality...). In these sectors firms' mission is to create innovative services or models to meet social needs and create economic development, to propose a solution to human, environmental, and health issues.

Demand number 2 in our questionnaire tries to describe the main source of financing to which innovative startups with social vocation rely in their business. Figure 11.2 shows the reduced ability to borrow for these kind of companies, which mainly use equity to finance their activities; the 23.32% of firms in our sample use public financing, while only 10.53% have access to bank credit.

Family and Banks represent the main source of financing for more than 80% of firms, while financing from Business Incubator and Investment funds concern, on the whole, the 12.50% of startups (Fig. 11.3). Personal capital is by far the most important source of startup financing and, as demonstrated in literature, this holds true even for firms that got access to bank debt (Colombo and Grilli 2007).

An interesting and quite unexpected result is that startups don't use any form of social lending, i.e. crowdfunding, even if it could represent an alternative to traditional and generally more expensive finance.

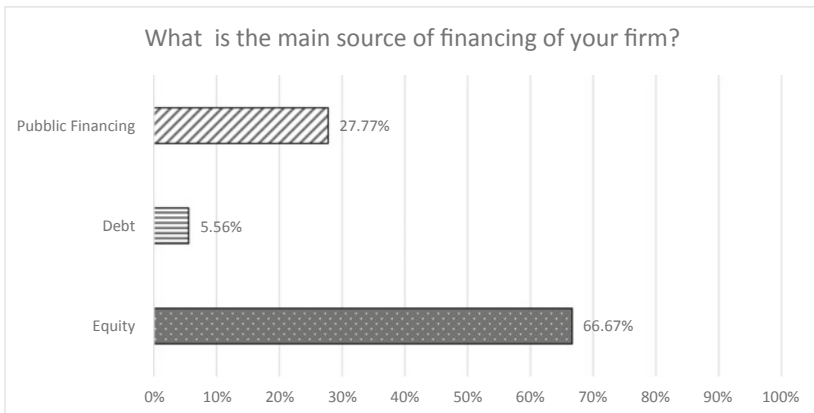


Fig. 11.2 Financing sources of ISUGSs

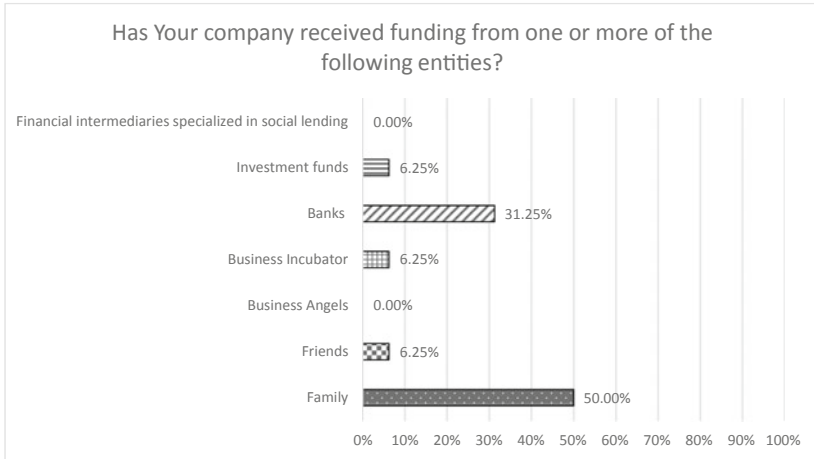


Fig. 11.3 Financing entities for ISUGs

Furthermore, Italy was among the first in Europe to adopt a specific legislation for the Equity crowdfunding, designing a regulatory framework that protects investors and regulates these forms of financing in support of innovative startups, with the aim to strengthening and modernizing the Italian innovative ecosystem. Innovative startups are now able to raise equity investments through campaigns published on online portals authorized by Consob—the National Commission for Companies and the Stock Exchange (Guidi 2014; Calenda 2017). Nonetheless, many startups are not inclined to use crowdfunding because its contribution to the firm in terms of value creation is not enough clear, nor it is easy to identify the phase of the business cycle for which it is more suitable (Paschen 2017).

Figure 11.4 shows the level of difficulty encountered by startups in drafting the Document of social impact evaluation referred to in the Legislative Decree n. 179/2012. More than 80% of them declares to have had adequate or low difficulties in drafting the document, while only in the 16.67% of the cases firms have faced significant difficulties.

Nevertheless, when we ask what is the method used to quantify the social impact of their activity, the answers are very heterogeneous, with only one respondent referring the use of methods suggested in the literature, in particular the SROI methodology, while others say that they are

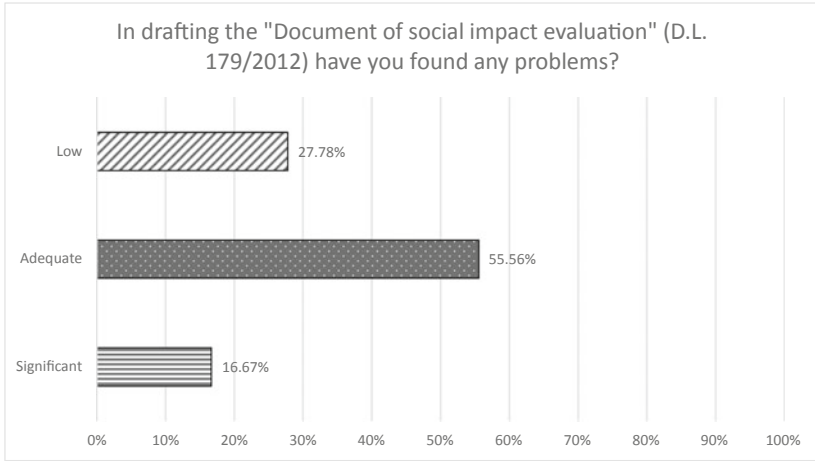


Fig. 11.4 Difficulties in drafting the “Social Impact Assessment Document”

still considering which instrument to use, or declare that they are not using any.

This aspect highlights great uncertainty, not only in the measurement methodology, but also in the actual benefit that companies consider to draw from the compilation of the Document, especially if we take in account that it is compulsory for innovative startups to write and publish the Social Impact Assessment Document.

As a consequence, also when we ask in the next question to indicate the monetary value determined through the method of measuring the social impact, the answers are vague, inaccurate, and difficult to understand. In this sense, our research confirms the critical points already presented in the literature, regarding the lack of consensus in defining the “impact perimeter”, the limit deriving from unexpected component of impact, the need to combine cross-discipline issues and skills, which limits the possibilities for effective assessments.

In the last question of our short questionnaire we asked the startups to indicate the three most relevant general and specific sector indicators, selected for the determination of their social impact, among those proposed in the Ministry’s Guide to the drafting of the “Social Impact Assessment Document”.

The response rate to this question is only 7.9% and, in line with our previous considerations, shows some confusion in the definition of sectoral indicators. In particular, output indicators, which relate to services or products supplied by firms, are confused with outcome indicators, which instead refer to results in terms of social impact. The procedural difficulties, already emerged in literature, in term of traceability and estimations of returns, cultural barrier, low propensity to give value to social aspects, appear even from our empirical analysis, demonstrating that the process of evaluation is still highly subjective (Zappala and Lyons 2009; Mook et al. 2015).

11.6 CONCLUSIONS

The liveliness of innovative business startups' is widely recognized as a driver for a country's economic development, together with the important social implications that may derive from it.

The presence of an enabling system for the diffusion of these phenomena is essential for the success of the initiatives. In a scenario with increasing social needs, while economic resources are limited, it is necessary to provide facilitations, including financial ones, to firms that can improve the well-being of the community.

In this chapter, we focused on Italian innovative startup with a social goal, a firm that operates in an innovative way in sectors impacting on social conditions, which in Italy enjoys a special regulation.

With the aim to evaluate the use of the "Social impact assessment document" by Italian innovative startups and to highlight the function actually covered by the document itself, we adopt a qualitative approach, through the use of a short questionnaire, distributed to 88 innovative startups enrolled in Italian Business Register.

The most important element that, in our opinion, emerges from the analysis presented in this chapter is the lack of knowledge of the methods of impact assessment by enterprises. Moreover, firms even demonstrate a lack of confidence in the function of the Social Impact Assessment Document; while it could reserve a crucial role in planning and verification of businesses' social impact, actually it represents only a regulatory obligation, in order to enjoy of the ISUSG status. Therefore it would be worthwhile to provide tools to raise awareness of the use of the assessment document by enterprises and to encourage its use also for the purpose of

fundraising and promotion. Our results confirm the relevance of practical and cultural barriers to the application of social impact measurement methodologies, as widely discussed in literature.

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