
Powering social innovations - the role of Italian foundations in facilitating social innovation. The grantees' perspective.

Italian Research in Philanthropy Awards (IRPAs)

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Agenda

1. Background information on the study
2. Study objectives
3. Methodology
4. Profile of respondents
5. Findings
 - Meaning of social innovation
 - The role of foundations in pursuing social innovations
 - Grant utility, adequacy and feasibility
6. Discussion and conclusions

Background (1)

- Unique position of foundations to facilitate, generate, accept and implement social innovations - for their unique assets (i.e. risk-taking, independency, closeness to communities)
- Working definition of social innovation from the literature: transformative, durable, broad impact...
- Italy as an interesting study context
 - Social innovation funding in 2016: growth of 300%
 - Private foundations representing 22% of total social innovation funding in 2016 (21.4 million euros)

Background (2)

...HOWEVER:

The role of foundations in this context is severely understudied

- Due to lack of data, primarily
- Due to lack of agreement on what “funding social innovation” means

For this reason, we used a grantees’ perspective:

- Much used in the US (and more recently in the UK / Europe), as a way for foundations to evaluate their performance (internal / managerial approach)
- More and more in venture philanthropy / high-engagement philanthropy
- 72% of the grant recipients perceives themselves as “suppliers”, not partners
- this study proposes a new way to re-think the effectiveness of foundations

Study objectives

- to better understand the overall role of Italian foundations in creating opportunities for and removing barriers to social innovation development in Italy;
- to verify the level of synergy between objectives driving foundations and grantees to pursue social innovation projects;
- to evaluate adequacy and feasibility of social innovation grants provided by the Italian foundations from the grant-recipients perspective;
- to provide Italian foundations with a set of key recommendations for the effective use of their philanthropic capital in the field of social innovations.

Methodology (1)

The Sample:

- We used a database including all (!) social innovation funders in Italy in 2016 (Maiolini, 2017) N=30
- We narrowed the sample to include only foundations, or partnerships between foundations and public/private org. (no public organizations or firms alone) N=15
- Through a desk-based research, we identified all calls addressing social innovation (in any field) and built a database of grantees N=116

Methodology (2)

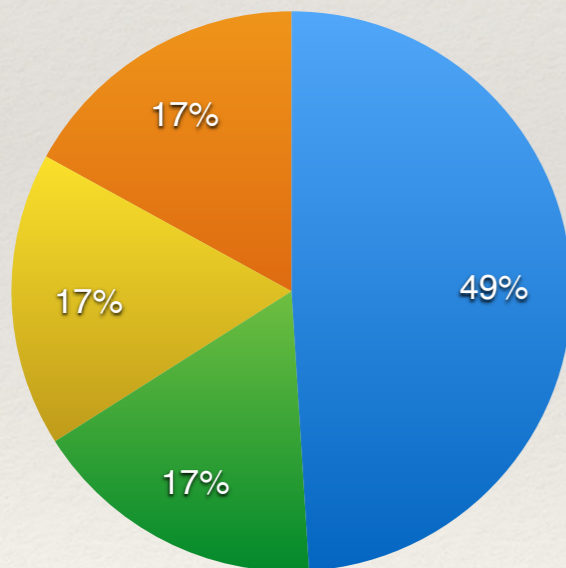
The Survey:

- Online, to the 116 grantees, from July to September 2017
- Anonymity and confidentiality
- Structure:
 - ❖ Social innovation as perceived by the respondent
 - ❖ The grant received and the extent to which it contributed to the grantee's social innovation objective
 - ❖ Grant adequacy and feasibility – relationship with the funder
 - ❖ The grantee's profile
- RESPONDENTS: 18 (!)

Who are the respondents?

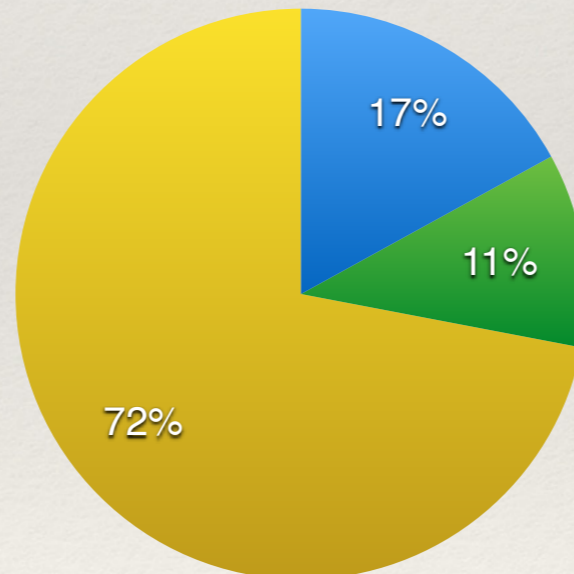
- Grant recipients are Italian nonprofit organisations that received grants for social innovations in 2016
- Anonymity condition

Number of your employees



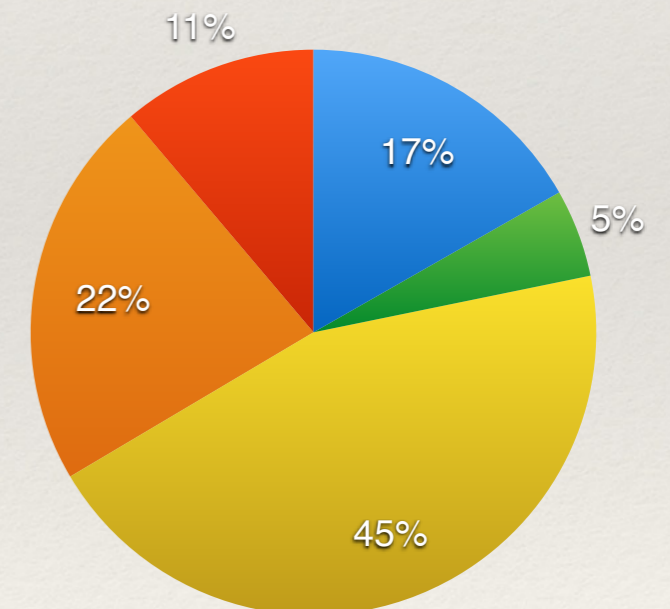
- 0-10 employees
- 11-50 employees
- Above 50 employees
- Volunteer-based

Years of existence



- 1-5 years
- 5-10 years
- more than 10 years

Annual revenues



- Less than €10k
- €10k-€99k
- €100k-€499k
- above €500k
- None

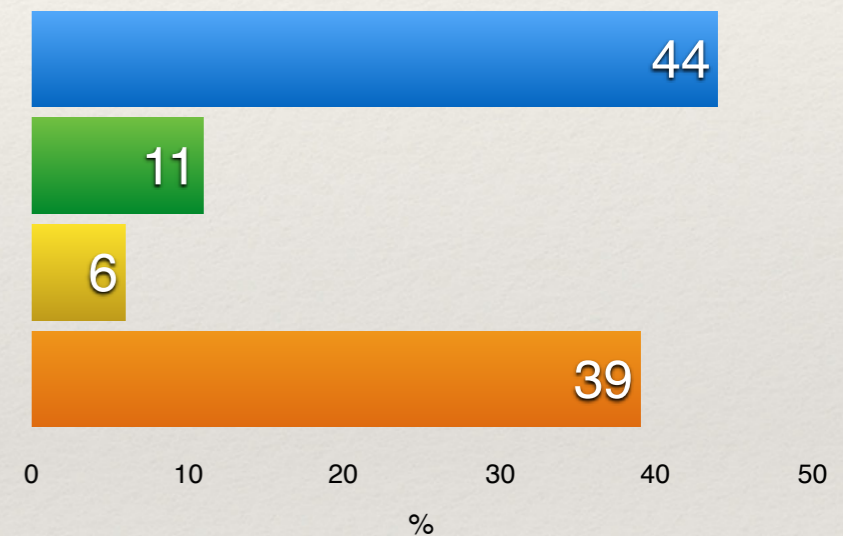
What is social innovation?

44% - Interventions responding to existing or emerging social need, with a different **management** modality

11% - Interventions responding to existing or emerging social needs with a different **operational** modality

6% - Interventions responding to emerging social needs of vulnerable populations frequently excluded by public services

39% - All of the above



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- General confusion on what is social innovation
 - Lack of unified definition even among grant recipients
 - Only 17% of grant recipients are specialised in social innovations
 - 11% of grant recipients pursue social innovations because of availability of funding

What is the role of foundations?

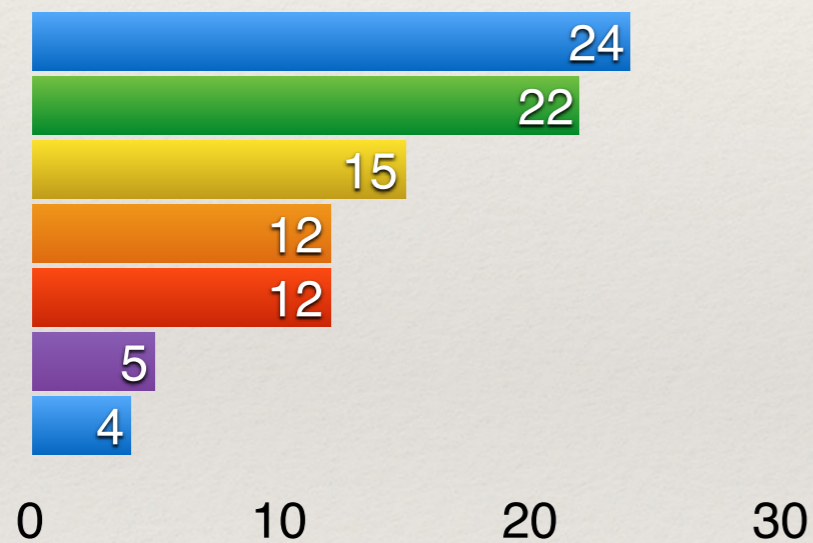
89% of grant recipients think that foundations have a significant role to fulfil in the pursuing of social innovations in Italy

but...

- Only 45% of grants are described by recipients as “transformative”.
- Grants do not build capacity of the receiving organisations (funding is too short-term and too inflexible).
- Grants should be coupled with non-financial support such as: training, coaching / mentoring, incubation, support of the fundraising efforts.
- Low propensity for risk as one of the hindrances.
- Need for more openness for dialog and partnership between grant givers and grant recipients.

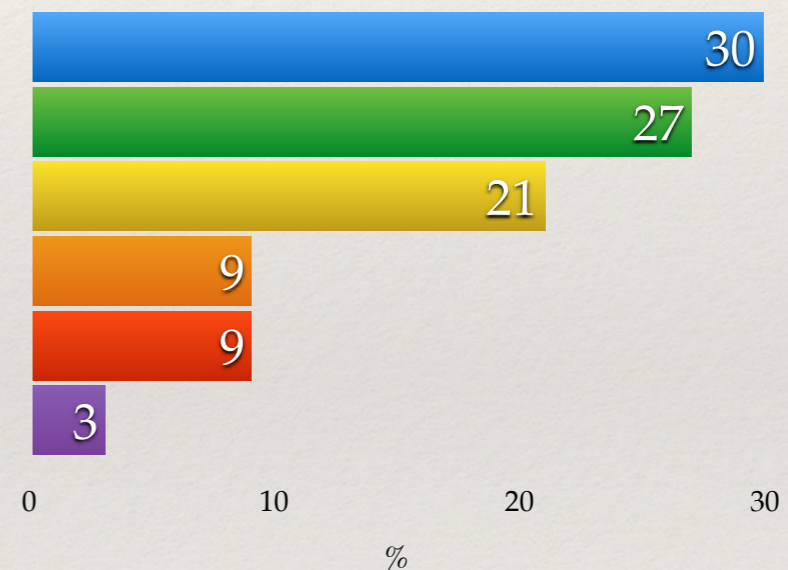
Social innovation barriers and solutions

Major barriers to the development of the social innovation



- Lack of non-financial support
- Short-term nature of funding
- Lack of funding flexibility
- Limited number of funding opportunities
- Opportunities too limited to make a real difference
- Limited understanding of the "social innovation" term
- Other

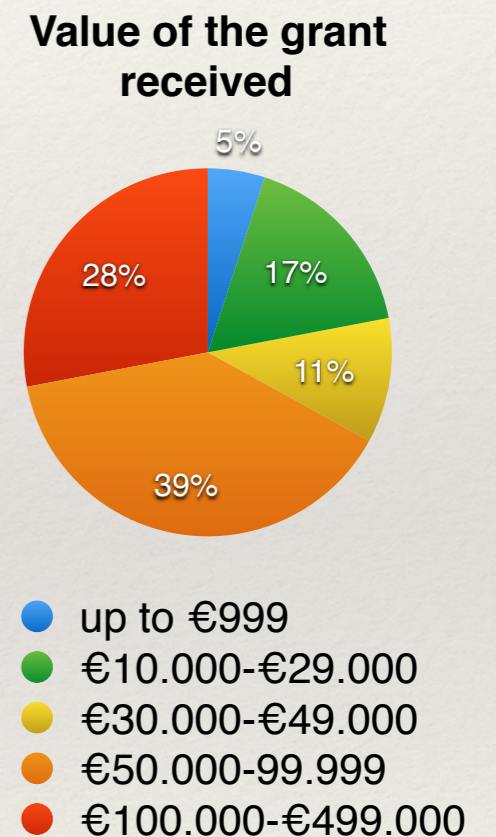
Solutions for removing barriers to the development of the social innovation



- Increased non-financial support
- Decreasing No. of recipients while increasing grant value
- Increasing project duration
- Bigger openness to risk
- More openness for dialog and partnership with grant recipients
- Other

What is the grant utility, adequacy and feasibility?

- Grants are relatively small: 72% of grants are below €100.000.
- Grants are short in duration: only 17% of the organisations were funded for period above two years.
- Decision-making is long: 22% of grant recipients waited more than 6 months for response on funding.
- Disbursing funds is smooth: 94% of grants is processed timely (as per contract).
- Funding is largely restricted (67%), which makes pursuing social innovations difficult!
- Funding innovations with “good old” grants?



Discussion (1)

- Results show that while the majority of grantees recognize the role of foundations as important...
- ...the adequacy of grants to fund social innovations is still low in their capacity to be really transformative.
- Interestingly, the lack of non-financial support is reported as the most critical barrier to the development of social innovations.
- Furthermore, the relationship between funders and grantees results still far from being a mutual partnership, rather falling into a quite traditional donor-driven relationship (very clear in fundraising too).

Discussion (2)

- Funders seem to be quite restrictive in their grant provision: financial support generally too small to lead to any meaningful change, and non-financial support lacking.
- «Compliance» more important than dialogue?
- Limitations imposed on grants funding: the good old story of coverage of organizations' costs and nonprofit «starvation cycle»

The way forward

Grantees' perception studies could still give much to the study of philanthropy in Italy.

Nonetheless, the potential of the study hampered by some limitations:

- On methods: grantees' identification, rate of response, is a survey enough?
- Lack of definition of social innovation?

Way ahead:

- Expand responses
- Reality check: compare results with the projects of grantees – really social innovations?

Thank you



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