

Enhancing impact evaluation systems to support strategic decision making and value creation processes in social enterprises

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Abstract

Objectives. *Realizing strategies contributing to a better world (improving individual and collective sustainable wellbeing), call for innovative managerial systems able to plan, monitor and evaluate the social impact of the business actions. Moreover, the growing interest on social enterprises development - and diversification - call for common frames. Although many contributions exist, and practices are emerging, there is a significant gap between theory and practice on “impact” models. The paper aims at developing a literature-based framework useful to highlight the main dimensions of a social impact assessment system able for support effective decision making and value creation processes, with a special reference for social enterprises. This is done by assuming a process-led perspective, connecting impact evaluation to the overall strategic and managerial systems.*

Methodology. *Methodology employed is desk research.*

Findings. *Competences, models and tools supporting SEs along the overall value creation process are lacking. Building integrated approaches allow SEs to implement customized, effective and process-led systems. This enhance the implementation of business strategies impacting on social well-being and, in turn, “social” reporting and accountability.*

Research limits. *Research scalability within very diversified social enterprises typologies and scopes.*

Practical implications. *The paper reports the main bases of a comprehensive social impact model that is being validated within a wide national empirical research, that, in turn, will identify effective models, tools and indicators.*

Originality of the study. *Enhancing process-led impact evaluation model definition and widening the focus from organizational dimensions and quantitative impact indicators approach to strategic and managerial process perspective.*

Key words: *social enterprise; strategy; social impact and performance evaluation*

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1. Introduction

In the new era the business mantra is sustainability; it is defined as the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs” (IISD, 2016). Sustainability can be analyzed at economic, social and environmental perspectives within very and very diversified focus (Frey, 2006; Venturi *et al.*, 2012; Ferraris and Grieco, 2015; Brown *et al.*, 2015). A common element is that it intrinsically includes the social innovation that is realized “wherever new mechanisms and norms consolidate and improve the well-being of individuals, communities and territories in terms of social inclusion, creation of employment, quality of life” (OECD, 2010).

Many researches and studies has been realized to better define and articulate the “measurement” of social innovation, including the national initiatives related to the overcoming of GDP as socio-economical solely indicator¹. Moreover, in the recent decade, a great interest has been created around the impact-based finance or social finance (and social-impact bonds or contract pay-by-results tools) (SIIT, 2014; Human Foundation, 2016). At the same time, many and diversified models and practices have been developed with reference to the enterprise' role in creating social innovation and, mostly, to the corporate social responsibility (Gawell, 2014; Mair *et al.*, 2006; Austin *et al.*, 2012; Grieco *et al.*, 2013; Iasevoli and Grieco, 2015). All these streams relate to the realization of strategies contributing to a better world, improving, in other terms, individual and collective sustainable and equal wellbeing. This calls for the development of innovative managerial systems able to plan, monitor and evaluate the impact of the business action, shifting the *research&practice* focus from “indicators measurement” itself to an overall, organic and comprehensive “impact model” and value creation process.

Social enterprises are often recognized as the best to achieve social innovation purposes; it tends towards social improvement and its hybrid form allows it to be close to different parts of society (Venturi *et al.*, 2012; Zamagni *et al.*, 2015; Borzaga *et al.*, 2001; Defourny and Nyssens, 2012; Defourny, Develtere, 1999). The same recent Third Sector reform in Italy has further stressed the relevance of social impact dimension and has routed social enterprises managerial processes within the dynamic alignment of their dual dimensions. SEs are hybrid organizations dealing with a dynamic balance between social and economic scope and goals (Pache and Santos, 2013; Santos *et al.*, 2015; Austin *et al.*, 2012). Another complexity dimension is related to the very diversified nature of SEs (from social cooperatives to foundations) both at national and European level (Kerlin, 2013; SESBA, 2017; Baglioni, Calo, 2018)². The high fragmentation of SEs around Europe, in term of regulatory discipline and preferred sectors is highly linked to the Countries welfare system, if more centralized or decentralized (Borzaga *et al.*, 2001; Defourny and Nyssens, 2012; Defourny and Develtere, 1999). The above assumptions do not allow to homogeneously identify SEs features.

The research questions concerning the definition of effective social impact assessment systems are, so, strictly interconnected to the ones related to the deepening of SEs strategic and managerial approach and features.

To redefine and requalify the role of SEs it is important to build an integrated measurement system which represent economic and social dimensions, as embedded in the specific strategic and organizational system in terms of: actors, rules, values and so on, consistently with the existing “helix”³ models.

¹ For the Italian system, see the BES initiative (<https://www.istat.it/it/archivio/rapporto+bes>), as also reported later in the paper.

² A comparative analysis of SEs in Europe has been realised within the Erasmus Plus SESBA (*Social Enterprise Skills for Business Advisers*) project (<http://sesbaproject.eu/>)

³ Some Authors refer to it as the Triple Helix Model, Others as the Quadruple Helix Model, some Others as the Quintuple Helix Model according to the explication of the third helix, mainly referred to the education institutions, the collectivity, to meso-structures and so on (Ferraris and Grieco, 2015).

Social enterprises are “ontologically” interested in impact evaluation but are often far away from them, struggling with the daily operational activities and assuming a merely compliance behaviors in social reporting. Competences, models and tools supporting SEs along the overall (social and economic) value creation process are lacking. While most studies focus on the business organizational constraints figured by social enterprises, the present work investigates the strategic potential role of assuming an integrated approach correlating impact evaluation issues to the overall business and managerial processes.

Although many contributions exist, and practices are emerging, there is a significant gap between theory and practice on “impact” models. Particularly, the paper aims to develop a literature-based framework useful to highlight the main dimensions of a social impact assessment system able for support effective decision making and value creation processes of companies, with a special reference to social enterprises (SEs).

This is done by assuming a strategic overall perspective, linking the impact evaluation issues to the overall strategic and managerial processes. This allows SEs to implement customized, integrated and process-led impact systems and support the “social” accounting and reporting transparency and accountability and the enhancement of business strategies impact on sustainable well-being. The paper reports the main bases useful to build a comprehensive social impact model that is being defined and validated within a wide national empirical research, encompassing focus group, structured interviews and semi-structured questionnaires.

Paper aims consideration, coupled with the significant diversification of SEs (in terms of legal forms as well as strategic, managerial and organizational dimensions both at national, European and international levels) suggest to first draft the conceptual and operative borders of SEs (par. 2) and then deepen the analysis of social impact and social impact evaluation (par. 3).

2. Social enterprises relevant dual-edged dimensions

Social enterprise has been differently defined, according the focus assumed on the prevalence of some characteristics, such as the capability to drive transformational changes, the re-investment of profits, the ability to address special needs and so on (Masseti, 2008; Kerlin, 2013; Borzaga *et al.*, 2001; Maticena, 2017; Defourny, Nyssens, 2012; Santos *et al.*, 2015; Pache *et al.*, 2013; OECD/LEED, 2018; Baglioni and Calo, 2018).

Social enterprise definition is also influenced by the different theoretical approaches, mainly between European and US ones; particularly, different is the concept of separation between the market-oriented actors and the socially oriented ones (Defourny, Nyssens, 2012; Kerlin, 2013). Social enterprises development has mainly been characterized in US by a growing reliance on commercial revenues from not profit organizations (Defourny and Nyssens, 2012; Kerlin, 2013; Baglioni and Calo, 2018); different the general trend in EU, where social enterprises are featured by the contemporary presence of social and business dimensions and has been defined as “business organizations aiming to provide goods and services addressing societal needs” (Borzaga and Defourny, 2001; Defourny and Nyssens, 2012). Under this very wide common conceptual umbrella there are significantly differences among countries as well as among diverse literature and empirical models and evidences on definitions and concepts with the term social enterprise (Kerlin, 2013; Maticena, 2017; Baglioni and Calo, 2018). Moreover, SEs definition is still overlapped with those of social entrepreneurship, social economy, third sector and, also, on the use of the same social enterprise “label”; in some contribution, SE is also used to identify a business which is adopting a social media strategy (Turban *et al.*, 2016). SE also is used as synonym of social entrepreneurship and social entrepreneur which, respectively, focus on “hybridity trends” of organizations and on the personal characteristic and orientation of the entrepreneur(s) and/or of individual innovators pursuing social change (Gawell, 2014; EC, 2016; Baglioni and Calo, 2018).

Additionally, SEs take different legal forms; the diversification of SEs concept is, in fact, the result of social, institutional and economic context diversity⁴, also related to the Country welfare system and its relative regulatory discipline (Borzaga and Defourny, 2001; Trexler, 2008; Defourny, Nyssens, 2012; Kerlin, 2013; SESBA, 2017; Maticena, 2017; Roman-Calderon *et al.*, 2018; OECD/LEED, 2018). Italy is the solely European Country to have recently defined SEs' legal form and regulatory frame within the Third Sector (TS) reform (Law 106/2016). The reform confirms the European Commission approach in identifying as SEs main dimension the relevance of the social impact within the company business architecture.

This fragmentation among countries and approaches, according to the combination of different drivers featuring SEs, call for a general and cross-country definition of SE (Roman-Calderon *et al.*, 2018). The common element and definition of SEs can be referred to the pursuing of both social and economic goals with an entrepreneurial spirit (Mair, Marti, 2006; Venturi *et al.*, 2012); definition compliant with the recent definition of SEs in the national regulation of Third Sector and Social Enterprises. SEs can be defined, thus, as every organization socially oriented (Ebrahim, Battilana and Mair, 2014), a hybrid form in which the social goals combine with the economic performance ones. The social dimension meaning “an array of values associated with behavior with an orientation beyond the market, state or self”; also, the economic dimension (the “enterprise” nature) refer to the “values associated with business, commerce, purpose and corporate structure” (Trexler, 2008; Ebrahim, Battilana and Mair, 2014; Venturi *et al.*, 2012).

Assuming this general and cross-country perspective and building on on Defourny & Nyssens (2012) and on OECD/LEED (2018) contributions, the following table clusters the SEs' main economic, social and managerial dimensions.

Tab. 1: Social Enterprises main features

Economic dimensions	Social dimensions	Managerial dimensions
Goods production and/or services delivery	Explicit aim to benefit the community	High degree of autonomy
Significant level of economic risk	Initiatives launched by citizens or civil society organizations	Decision-making power not based on capital ownership
Minimum amount of paid workers	Restricted or limited profit distribution	Participatory nature, involving all relevant internal/external actors

Source: Adaptation from Defourny and Nyssens (2012) and OECD/LEED (2018)

SEs and “traditional” businesses share some characteristics (Austin *et al.*, 2012; Mair and Martí, 2006; Zahra *et al.*, 2009) as: the opportunities, the entrepreneurial risks, the managerial processes, and, to some extension, to the resource seeking (financial and not) and the external context. At the same time, they differ in mission and motivation, resources, accountability and in the drift between the mission and the performance measurement.

Dual strategic goals alignment also means for SEs the ability to balance financial funding among welfare state procurements and grants with market-based business revenues. For both funding “arenas”, SEs ability to catch market needs allow them to be flexible and easily adapt to challenge scenarios. Social enterprises face with multi-stakes, with divergent needs and holding different interests (Ebrahim *et al.*, 2014). Managing external pressures/opportunities and internal decision-making processes (highly participatory and not based on capital ownership) are the main crucial dimensions to SEs sustainability (Pache and Santos, 2013; Santos *et al.*, 2015). This is even more true in turbulent times, exercising more pressure in term of prioritizations, resources allocation, and pathways needed (Eisenhardt and Martin, 2000; Ramus *et al.*, 2016).

⁴ For comprehensive comparative analysis of models of social enterprise found internationally please refer to Kerlin (2013) that specifically focus on national/regional differences among SEs driven by institutional dimensions as well as to Baglioni and Calo (2018) and to SESBA project reports (2017).

SEs legitimacy relates to their ability to create an impact (Suchman, 1995; Kostova *et al.*, 1999; Kuosmanen, 2014) and, consequently, to prioritize actions and resources (Deephouse, 1996). SEs has always been “evaluated” for their capability to generate outputs able to deal with social issues. Nowadays it is required a “structured proof” of the impact, of the “long lasting effect” generated by those outputs. This is confirmed by the same regulatory frame defined, in Italy, within the Third Sector Reform (IPSOA, 2017; Non Profit Network, 2017; Italian Non Profit, 2017; Esela, 2017). In Italy, most of SEs are micro-sized and, lack of quality management, lack of skilled labour (Unioncamere, 2014) and information opacity.

Although briefly reported, these considerations highlight the importance of building effective managerial models and tools supporting SEs strategic, organizational, financial and operative “dual balance” and performance. The need of keeping track of the organization’s financial and statistical indicators as well as the relevance of managerial skills and structure has strongly emerged from Raišienė and Urmanavičienė (2017) recent research as well as from, among the others, Santos *et al.*, (2015) and Pache *et al.* (2013). The lack of managerial competences and models are defined as the “factors that could cause a drift in the balance”; it should be noted that this is a double-edged problem, because a reverse mission drift may occur as the revenue drifts (Raišienė and Urmanavičienė, 2017).

3. Impact measurement and SEs strategic and managerial processes

As already reported, many researches and studies has been realized to better define and articulate the “measurement” of social innovation and impact: national statistics on socio-economic well-being (overcoming GDP); impact-based finance system and tools; corporate social responsibility in creating social innovation. Traditionally impact has been referred to the “investment impact” that is the companies investment “with the intention to generate social and environmental impact alongside a financial return” (Human Foundation, 2016; DCED, 2016; Maticena 2007, 2017; Zamagni *et al.*, 2015)⁵. To widening the horizon, crucial is the role of public policies; in Italy in fact, the G8 National Advisory Board (which involved the representatives of TS, finance and business) has been changed in Social Impact Agenda to scale-up the, currently, four-years work for the sustainable development of the Country (Human Foundation, 2016).

The “impact challenge” has in fact started in 2013 with the work of the G8 Social Impact Investment Taskforce (GSG, 2016). In fact, with “impact” we refer now to wider a process focused on the outcome generated through the SEs operational activities, plus the potential value lost if those activities were not run-out (Clark *et al.*, 2004; EVPA, 2012 in GECES, 2014; HBR, 2015). The paper leverages on contributions developed within all these - partially interrelated - purposes to furnish an organic frame aimed at contributing to the definition of a process-led, customizable and integrated SEs managerial systems able to plan, monitor and evaluate business value and impacts.

3.1 Corporate Social Responsibility, Hybrid Forms and Impact Evaluation

All companies have a social impact; moreover, nowadays, most companies are aware of their social role and support social goals achievement. Different degree of embeddedness and explication of the social oriented goals exist within the socio-economic eco-system, drafting a kind of continuum between for-profit and not-for-profit strategic spaces (Defourny, Develtere, 1999; Borzaga, Defourny, 2001; Moulaert, Ailenei; 2005; Zamagni *et al.*, 2015). Both for-profit and not-for-profit organizations are subjected to market uncertainty, socio-economic and demographic changes and, industry ghosting borders; they require new organizational forms, more flexible and adaptive (Daft and Lewin, 1993). Organizational problems often strive with the structural inertia

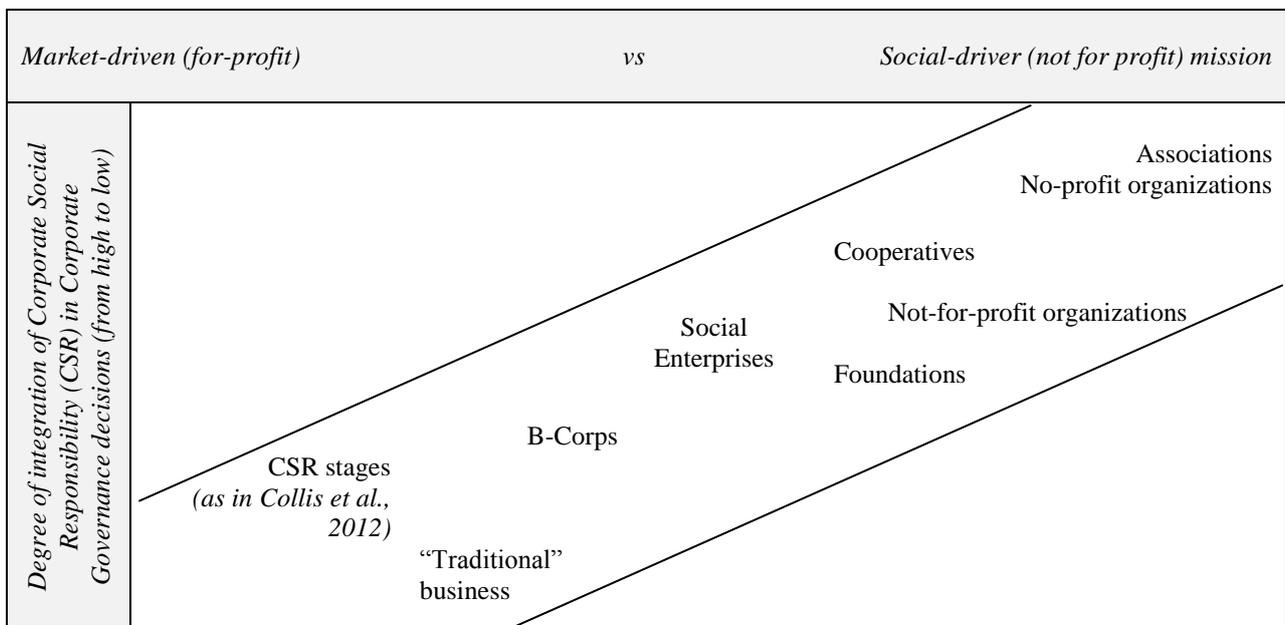
⁵ DCED (2016) has been put more emphasis on the impact at a micro-level analysis, although still with a financial perspective; it is measured through the “financial returns and outputs after investment decisions have been made”, defining the rate system and a set of indicators which can be used by enterprise to self-report their achievements.

(cultural assumption, idiosyncratic investments and more); the case is even emphasized for hybrid organization because they often face drift problems among the mission and the performance measurement, making even harder the competition in the market arena.

To better identify the various hybrids forms within this continuum, we can refer to stakeholder theory and Corporate Social Responsibility (CSR). CSR is a “concept whereby organizations integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (European Commission, 2001 in Maon *et al.*, 2008). To this extent, it’s useful to distinguish the stages of commitment of the different organizations in terms a) they explicit orientation to market or social mission and, b) to their degree of integration into the Corporate strategy (Collis *et al.*, 2012), meaning as the intentionality to adopt strategies which take into consideration the economic and the social dynamics.

In order to build an integrated social impact system for SEs it is valuable to consider both the CSR’s stages continuum and the social and market-oriented continuum (which move through the not-for-profit and for-profit requirement continuum). To the extremes, there are the traditional intended business and the associations and/or in general no-profit organizations, in the middle a wide scenario of the so-called hybrid organizations, as the B-Corps, the cooperatives, the foundations, the social enterprises and so on, as in the following Figure 1.

Fig. 1: CSR and social/market mission continuum



Source: Elaborated by Authors

SE is characterized by a high degree of integration of Corporate Social Responsibility (CSR) in Corporate Governance decisions and by the need to manage the tension between the social and economic goals. As assumed by Grieco (2015 and in Florman *et al.*, 2016) “the aim of social impact assessment is both to help decision-makers evaluate the merits of continuing with their business or programs and ex-post evaluations of activities undertaken”.

At the same time, this evaluation is strongly embedded within a wider societal context that need to be considered while building integrated models.

3.2 Impact evaluation macro and micro level

Impact is embedded in the organization mission but, at the same time, within “the societal challenges it seeks to address” with its activities (Social Impact Investment Taskforce, 2014; Brown *et al.*, 2015; Zamagni *et al.*, 2015). For this reason, it is impossible to define a standard set of

indicators. The country-specific context influences the businesses dynamics and, so, the same contents of shared “social” performances. To this extent, some driving indicators for SEs performance evaluation can be derived from the national statistical social and economic sustainable well-being analysis to address and articulate the composing parameters of the socio-economic dimensions. Impact, its dimensions related to the same “well-being” concept as well as their associated indicators, change over time and across (local) system, as also assumed within the Italian national system monitoring and evaluating well-being (ISTAT-CNEL, BES Reports, 2013; 2014; 2015; 2016; 2017). Consistently, the methodology impACT developed by EURICSE (Depedri, 2016), moved forward to identify the main relevant actors for SEs, and how to catch the right information to dynamically re-design internal and external processes and priorities. The impACT model highlights two very relevant dimensions:

- the first: the need of integrating internal and external priorities, actors and processes that, in turn, confirm the continuity of macro and micro level analysis and goals as well as the consequent need for defining multi-dimensional balanced monitoring and evaluation systems;
- the second: the need of assuring a process-led approach supporting strategic and managerial dynamic alignment.

Before deepening the analysis on the process dimension, the next paragraph deals with the first point, with reference of the existing multi-variable impact evaluation systems.

3.3 *Balanced impact evaluation models*

There are three different methods for the social impact evaluation (Grieco *et al.*, 2013; Zamagni *et al.*, 2015); according to Clark *et al.* (2004), the methods can be grouped as follow:

1. “Process Methods”. It measures the efficiency and efficacy of the outputs. It is influenced by the organization’s understanding of its own operational processes and its cultural willingness to embrace the value of accountability and to practice performance assessment;
2. “Impact Methods”. It is a tool that relate outputs and outcomes;
3. “Monetization Methods” monetize outcomes or impact by assigning a currency value to them.

Indicators differ in the methods, in organizational costs and in the business nature for the primary application. Most of indicators have been suited for nonprofit organizations (Clark *et al.*, 2004; Zamagni *et al.*, 2015; Grieco and Iasevoli, 2015). Among the mostly known indicators there are the Theories of Change that focuses on the “Process”, the Balanced Scorecard (BSc) focuses on the “Process” and in part on the “Impact” and the Social Return on Investment (SROI) that focus on the “Impact” and “Monetization”.

Moreover, for each indicator there are different purpose to assess, such as the screening, the partnership formation, the management operation, the scaling operation, the external reporting, the exit and the retrospective evaluation (Clark *et al.*, 2004; Grieco *et al.*, 2013; Grieco and Iasevoli, 2015). Considering the scaling operation, the most effective is the Balanced Scorecard (BSC).

According to Weber, Kröger and Lambrich (2015, in EU-OECD, 2016), “scaling social impact is a big challenge for all the entities - public agencies, networks of social enterprises, communities of practitioners and researchers - that are committed to supporting social enterprise development. In most cases, the value-creation chain of social enterprises differs significantly from that of conventional enterprises”.

Most of the impact measurement tools can be divided in general or specific, basing on the number of spheres taken into consideration (Florman *et al.* (2016); however, but this can be a limited approach to measure the impact chain. Authors to this extend realized the “External Rate of Return - ERR” impact measurement platform which call to cover from the strictly business sphere to the society and environmental spheres, as valorized also within the impACT approach (Depedri, 2016). Florman (2016) ERR diagram articulate the impact evaluation in layers (distributed along a concentric circle system) related to diverse actors/stakeholders to whom refer the impact values.

Florman contribution can be related to two main dimensions, with reference to the present paper aims: the definition of a diversified and rich set of indicators per each layer; the confirm of

the opportunity - and value - of defining systems (and platform) integrating diverse indicators and layers (and, so, actors to whom the same impact is referred). As already reported, the need of defining models and system integrating different typologies and “levels” of impact indicators is also valorized within the impACT model (Depedri, 2016).

The set of indicators to measure results and impacts is a strategic tool to address the business pathway and the stakeholders’ expectations because it shows off “which areas of performance in the organization are considered most important” (Epstein, Yuthas, 2014). As assumed by Santos *et al.* (2015), “social business hybrids attempt to combine the best of both worlds: create value for society in areas where markets and governments are failing, while developing financially sustainable operations that leverage commercial contracts and enable reaching scale”.

The impact measurement issue can be, thus, analyzed considering the process of integration of the impact into the operational activities and the business orientation, output versus outcome. According to DCED (2016) there are different impact measurement approach such as:

1. “Rating systems as a predictor of impact”: it considers the quantitative indicators to monitor all the policies and processes for the due diligence;
2. “Output measurement as a proxy for social impact”: it considers the quantitative indicators strictly related to the output processes;
3. “Directly assessing social impact”: it considers a range of quantitative and/or qualitative information to vary the analysis according to the levels of depth and the referred stakeholders;
4. “The assessment of social impact as part of doing businesses”: it considers a range of quantitative and/or qualitative information which “encourage the integration of results measurement into the management decision-making” of the beneficiaries.

Tab. 2: Embeddedness and focus of impact measurement approaches

Impact measurement operational embeddedness	High	Rating systems as impact predictors	Social impact assessment as organic business dimension
	Low	Output measurement as a proxy of social impact	Measurement system directly assessing social impact
		<i>Output oriented</i>	<i>Outcome oriented</i>
<i>Measurement Focus/Orientation</i>			

Source: Elaboration from DCED (2016)

All impact measurement systems have common strength and weakness points (Grieco *et al.*, 2013; Grieco and Iasevoli, 2015; Flormann *et al.*, 2016). The strength ones are “usability”, “inclusiveness”, “value demonstrating and enhancing”, meanwhile the weakness points are “resource intensive”, “subjective”, “inaccessible” and “insufficiently transparent” (Florman *et al.*, 2016, p.12-16). Impact evaluation general constrains mainly refer to the “level of research expertise”, the “commitment to longitudinal study”, and the “allocation of resources that are typically beyond the capabilities of implementing organizations” (Ebrahim, 2013; Grieco and Iasevoli, 2015).

Overcoming main constrains require all internal and external actors to make a long-term commitment to research and collaboration (Ebrahim, 2013). This statement also confirms that:

- impact measurement is an important issue that need to be fully understood, customized and “weighted” within the specific strategic and organizational context (Ebrahim, 2013) in order to specifically evaluate “where” and “how” the value is created, and which are the best indicators and models to support achievements;
- impact evaluation system requires “longitudinal” attention, resources and competences to be built within the SEs, together with a cultural change toward impact-evaluation-based individual

and organizational behaviors (that can leverage on the strong impact-based and purpose-oriented behaviors that already represent strong values in almost all SEs).

3.4 From balanced systems to process-led and integrated impact evaluation models and tools

“Simply repeating the mantra of measuring impact won’t get us there” (Ebrahim, 2013; Grieco and Iasevoli, 2015). It is crucial to assume an approach valorizing:

- the full integration of the impact evaluation within SEs strategic, organizational and operative behaviors, rules and values (*customized model*);
- the balance among internal and external impact dimensions and actors (*balanced model*);
- the assumption of a process-driven approach that will “bring” SEs to an effective impact evaluation model dynamically aligned with internal and external dimensions. The process perspective drives allow to enhance “impact-driven” organizational behaviors, build “impact-related” managerial competences and models starting from the impact goal definition (together with the economic and financial performance ones), its monitoring and alignment, to its evaluation (and consequent goals re-definition) (*process-led model*).

The development of this approach is itself gradual. Basing on the DCED (2016) assumptions, four different stages can be analyzed with reference to the implementation of impact evaluation system. “These are:

1. Emergence - individual organizations are developing their own practices;
2. Consensus - best practices emerge and there is increasing alignment across organizations;
3. Standardization - standards for performance measurement and transparency increase traction;
4. Integration - standards become part of impact investing market’s formal infrastructure.

As already stated, although with a different perspective, businesses - socially or market oriented - are open system thus does not make sense to evaluate their impact singularly intended”. The critical analysis base on the evaluation of the impact value system. It is fundamental to analyze the impact in a systemic perspective to work on the actual scenario and get oriented to new futures (Hamel, 2012). In other words, as assumed by Edward de Bono “most of the mistakes in thinking are inadequacies of perception rather than mistakes of logic” (in Maon *et al.*, 2008).

Less importance has been typically put to a more systematic and embedded approach into the organizational activities which can help to analyze and scale-up the impact in multi-levels and multi-actors’ perspective; in other words, to focus on the “impact chain” (DCED, 2016) which is the most sustainable pathway because it considers an iterative and embedded process (Clark *et al.*, 2004; Grieco *et al.*, 2013; Grieco and Iasevoli, 2015). This is even more crucial when considering that nowadays impact - and its measurement - is not perceived as relevant important issue from those actors whom operate in the Third Sector (Epstein, Yuthas, 2014). It is mostly taken as automatically assured by assuming purpose-driven behavior; in addition, operators typically strive to catch the opportunity to integrate different and disparate values (Trexler, 2008), and struggle whit the bureaucratic and operative issues.

On the contrary, assuming the proposed customized, integrated and process-led approach allow to sustain the value creation and the impact achievement supporting the individual and organizational behavior, starting from the same impact goals co-definition. Shifting the “impact evaluation” issue from the measurement stage (at the end) to the strategic planning phase (at the beginning) also allow a better communication and social marketing, including the attraction of additional investor resources.

Impact evaluation requires new tools, which can emphasize and “track” the positive loop generated and allow to focus on the overall iterative “impact chain” process (Clark *et al.*, 2004; Ebrahim, 2013; Grieco *et al.*, 2013; Zamagni *et al.*, 2015; Grieco and Iasevoli, 2015; DCED, 2016). It consists in clearly identify business missions, accountability roles and the targets of the operative processes. Assuming this approach, traditional tools can be:

- 1) enriched and renewed consistently within a balanced and integrated system (also in terms of: internal/external actors expected; macro/micro level; and so on) that is also customized according to the SE institutional, environmental, strategic and managerial features. Consistently, tools have to be defined together with actors, responsibility as well as with the specific step of the value creation process, both for the internal and external dimension. Internal and external communication plays a very significant role within overall processes of value definition, creation and distribution. Focusing on the internal vs external perspective of the impact measurement and communication allows to highlight different “tool and actors” combinations. For example:
 - on the “external perspective”, the integrated balance sheet can represent the main relevant tool to communicate to main targets (including the internal resources) as well as to wider stakeholders groups the value creation and distribution processes and the impacts realized (DCEC, 2006);
 - on the “internal perspective”, the Balanced Scorecard (BSC) definition represent a very relevant tool to promote and valorize the internal “value-chain processes”, stimulating and guiding SEs internal actors in sharing and defining purposes, goals, actions and responsibilities.
- 2) integrated with models and tools referred to the different stages of the strategic and managerial processes, starting from the CANVAS (as in DCED, 2016) and the traditional planning, control and evaluation models, as also applied to not-profit (among the others, Anthony, Young, 2002; Maticena, 2007, 2017), including the Deming’s PDCA cycle, that has been extensively used as base level to define and deploy strategic, managerial and operative planning and control systems.

4. Conclusion

Impact evaluation represent a strategic issue to valorize business strategies contributing to individual and collective sustainable wellbeing as well as social innovation. This is true for all companies (also on a CSR perspective) and, especially, for SEs.

SEs are intrinsically interested in impact evaluation but are often far away from them, struggling with the daily operational activities, the “lack of commonly defined performance metrics to assess both organizations and capital returns” (Bonini and Emerson, 2005) as well as with the lack (in Italy until the recent reform) of a clear and organic regulation frame. This situation also - but not completely - explain why many SEs have been assuming merely compliant behaviors in social reporting. Moreover, in defining impact - and its measurement and reporting -SEs tend to focus on the operational level (social reports describing activities and not impacts). This approach, moreover, might mislead SEs to correctly perceive the opportunities and threats coming from the external environment, and to the alternative pathways being run out into the internal processes (Anheier, 2005). On the contrary, SEs need to understand the managerial approaches to catch opportunities, to match the social and the economic dimensions, and, to attract and address the investor resources to generate impact.

Although many contributions exist, and practices are emerging, there is a significant gap between theory and practice on “impact” models. Competences, models and tools supporting SEs along the overall (social and economic) value creation process is needed.

The paper aims to develop a literature-based framework useful to contribute to the definition of a comprehensive impact evaluation model allowing the SEs in implementing customized, integrated and process-led systems (and tools). This, in turn, support the “social” accounting and reporting transparency and accountability and enhance the implementation of business strategies impacting on social well-being in a sustainable way.

The present paper leverages on existing contributions to contribute to the definition of a process-led and integrated SEs managerial systems, able to plan, monitor and evaluate the impact of

the business action. This integration allows:

- to valorize the relevant contributions and evidences not only on the static “measurement” perspective but, also, on the overall SEs required managerial processes, sustaining the implementation of business strategies improving social innovation. Moreover, this level is intended to valorize the interconnections between macro and micro impact levels;
- to highlight the importance of integrating the “impact evaluation” issue within the overall strategic and organizational value creation processes. Assuming a process-led perspective allows to re-think the managerial competences and model needs along the overall strategic processes, from organizational identity definition to the social reporting. This approach:
 - enhances the organic integration of social orientation (and evaluation) along the overall managerial and organization behavior;
 - avoids that “social reporting” represent a merely formal commitment, due by (social and regulatory) norms, describing activities - and not impacts - and/or not fully representing SE’ identity, culture, value and impact (expected and realized).

Contributions and evidences on social impact evaluation models and tools, coupled with the ones deepening SEs features, allow the draft the main conceptual and operative frame underpinning the definition of an organic SEs’ impact evaluation approach. More specifically, the analysis proposed in the paper has aimed to enhance the assumption of a “process-led, customized and balanced” SEs impact evaluation approach, widening the focus from quantitative impact indicators approach to an overall strategic and managerial process perspective. This approach (as well as the dimensions and the tools proposed for each step of the impact evaluation process) is being defined and validated within a wide empirical research, encompassing focus group, structured interviews and semi-structured questionnaires, involving many and differentiated actors at the overall national level.

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