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"NON-PROFIT FOUNDATIONS' GOVERNANCE AND STRATEGY: ANALYSIS OF ITALIAN BANKING FOUNDATIONS"

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Firma dello studente

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"Someone's sitting in the shade today because someone planted a tree a long time ago."

Warren Buffett

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INTRODUCTION

In a historical moment characterized by great transformations and global challenges, it is fundamental to seek channels of dialogue and collaboration between the public and the private sectors, in order to better address the different problem areas of society, including economic, social and health issues, just to name a few. These continuing turbulences have drawn attention to the responsibility of both public and private bodies, which feel responsible for implementing specific actions in order to try to overcome these "social diseases".

The recent reform of the Third Sector confirms the central and growing role of non-profit organizations, especially foundations, which are the most important asset holders among them. The non-profit sector is represented by private institutions that pursue social objectives for the good of the community, embracing several areas like arts and culture, education, volunteering, healthcare, scientific research, local promotion, environment, sport and so on. They are characterized by the "not-for-profit principle" and can adopt different legal forms as associations, committees, foundations, cooperatives, social enterprises, etc.

Italian Foundations are a great heritage for our country because they have the peculiar ability to coordinate the other entities operating in the non-profit sector. By definition, a Foundation is a non-profit private law entity with legal personality and the function of supporting welfare structures, protecting the environment and the cultural growth of our territories. These organizations are key players in promoting, guiding and supporting social initiatives for the development at local and national levels.

In this paper, we will firstly focus on giving a broad view of the philanthropy in general and its role of replacing and supporting the State where it cannot arrive.

We will therefore consider the Third Sector and all the entities that operate within it, in particular we will concentrate on Foundations of Banking Origin (FOB), the main argument of this thesis.

After stating the research question, in the fourth and last chapter the research methodology will be described, and the various analyses will be carried out. First of all, they consist in the study of the variables both from a descriptive point of view and through graphs and tables. Subsequently, some statistical tests will be conducted in order to highlight the presence or absence of significant differences across samples. Finally, if they have emerged, the comparison tests between the groups will be performed, both from the territorial and from the dimensional point of view.

1. PHILANTHROPY

Philanthropy, from the ancient Greek "love for man", includes all those private initiatives aimed at improving people's quality of life or achieving general interest objectives such as support for culture, health, social inclusion, education, social innovation. In the common sense philanthropists are people with financial capital as entrepreneurs, financiers, professionals or whoever decide to share its fortune and expertise with the community[1].

It can be both a potent vehicle through which public needs are met and an instrument for the expression of private beliefs and commitments because it allows individuals to express their values, to single out particular issues or causes as being worthy of attention, and, through gifts of money, to support activities that benefit the public (Frumkin, 2010).

Considering social and environmental aspects in the selection of investments and in the strategic asset allocation phase allows the alignment of financial and philanthropic objectives, generating both reputational and economic benefits (Forum per la Finanza Sostenibile, 2016).

The United Nations have adopted 17 Sustainable Development Goals to promote prosperity while protecting planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

1.1. Global philanthropy

Global philanthropy holds immense promise in the 21st century. Global giving is growing, gaining visibility, and creating much-needed change around the world.

The starting point for an analysis of trends in generosity around the world and how people's natural desire to connect and help others build a better society is the *CAF World Giving Index*. Charities Aid Foundation (CAF) is a leading international charity registered in the United Kingdom, which objective is helping donors, companies, charities and social organizations make a bigger impact, ensuring a better giving. The aim of this index is to provide insight into the scope and nature of giving around the world.

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[1] italianonprofit.it.

In order to ensure that giving is understood in its various forms, it considers three aspects of giving behavior:

- helping a stranger;
- donating money to a charity;
- volunteering time.

The method used to calculate CAF World Giving Index is primarily based upon data from Gallup's World Poll[2], which is a research project carried out in 146 countries in 2017 that together represent around 95% of the world's population. The survey asks questions on many different aspects of life today including giving behavior. Each country is given a percentage score and then countries are ranked on the basis of these scores (CAF World Giving Index, 2018).

	CAF World Giving Index ranking	CAF World Giving Index score (%)	Helping a stranger (%)	Donating money (%)	Volunteering time (%)
Indonesia	1	59	46	78	53
Australia	2	59	65	71	40
New Zealand	3	58	66	68	40
United States of America	4	58	72	61	39
Ireland	5	56	64	64	40
United Kingdom	6	55	63	68	33
Singapore	7	54	67	58	39
Kenya	8	54	72	46	45
Myanmar	9	54	40	88	34
Bahrain	10	53	74	53	33
Netherlands	11	51	52	66	37
United Arab Emirates	12	51	68	62	23
Norway	13	50	54	65	32
Haiti	14	49	62	54	31
Canada	15	49	57	56	33
Nigeria	16	48	71	36	37
Iceland	17	48	50	65	27
Malta	18	47	53	64	25
Liberia	19	47	80	14	47
Sierra Leone	20	47	80	23	37

Fig. 1: Top 20 countries in the CAF World Giving Index with score and participation in giving behaviors (Source: CAF World Giving Index, 2018, p. 11)

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2 www.gallup.com/analytics/232838/world-poll.aspx.

For the first time, Indonesia tops the CAF World Giving Index whereas Myanmar, having previously held the top spot since 2014, drops to ninth place. Having come in second place in 2017, Indonesia's three individual giving scores are largely unchanged, while all Myanmar ones decreased. Australia and New Zealand make up the other countries in this year's top three with only around half a percentage point between them, followed very closely by the United States. On the basis of this global ranking, Italy is stable at 84th place, with an overall score of 33%.

According to the "Global Philanthropy Report" (2018), conducted by some researchers from the Hauser Institute for Civil Society at Harvard Kennedy School in collaboration with UBS, it emerges that the global philanthropy industry is young and growing rapidly despite the fact that most foundations still act in isolation. The data collected shows that Institutional philanthropy has a global reach, with more than 260.000 foundations in 39 countries.
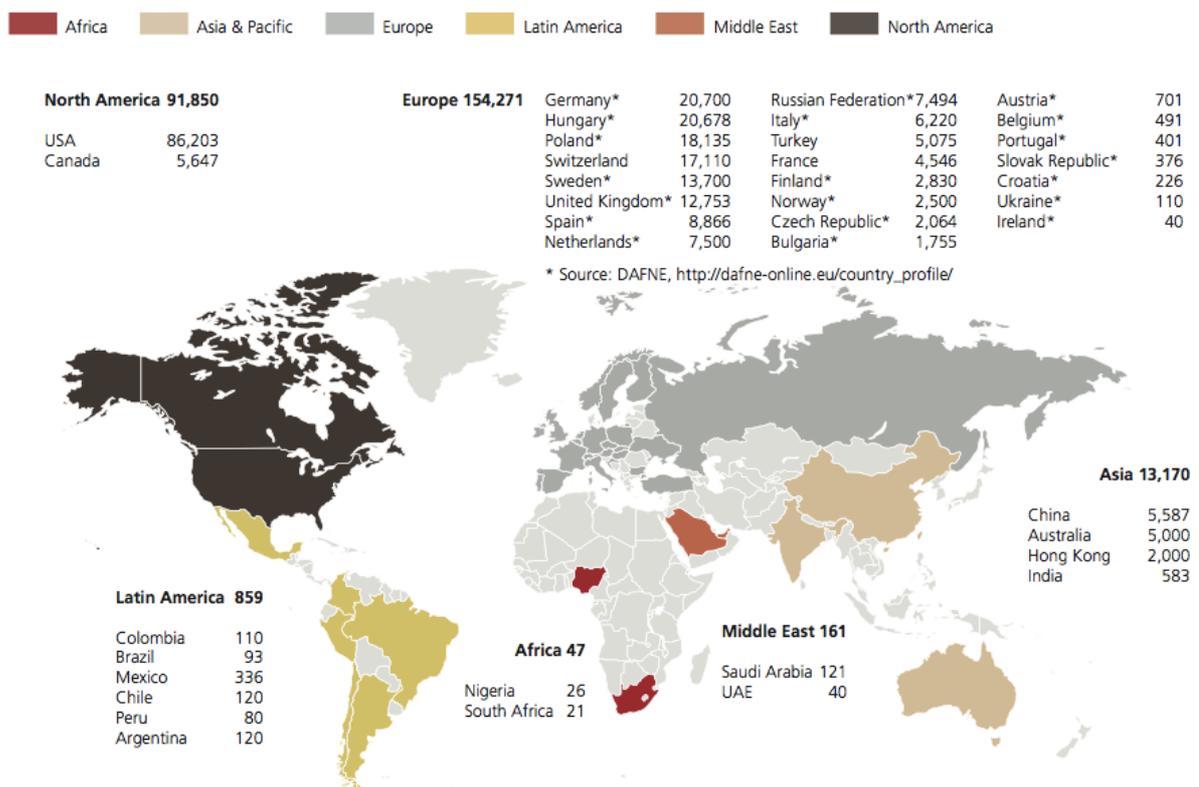

| Africa | Asia & Pacific | Europe | Latin America | Middle East | North America |

North America	91,850				
USA	86,203				
Canada	5,647				

Europe 154,271					
Germany*	20,700	Russian Federation*	7,494	Austria*	701
Hungary*	20,678	Italy*	6,220	Belgium*	491
Poland*	18,135	Turkey	5,075	Portugal*	401
Switzerland	17,110	France	4,546	Slovak Republic*	376
Sweden*	13,700	Finland*	2,830	Croatia*	226
United Kingdom*	12,753	Norway*	2,500	Ukraine*	110
Spain*	8,866	Czech Republic*	2,064	Ireland*	40
Netherlands*	7,500	Bulgaria*	1,755		

* Source: DAFNE, http://dafne-online.eu/country_profile/

Asia 13,170	
China	5,587
Australia	5,000
Hong Kong	2,000
India	583

Latin America 859	
Colombia	110
Brazil	93
Mexico	336
Chile	120
Peru	80
Argentina	120

Africa 47	
Nigeria	26
South Africa	21

Middle East 161	
Saudi Arabia	121
UAE	40

Fig. 2: Foundations around the world (Source: Global Philanthropy Report, 2018, p. 13)

In terms of geographical location, foundations are highly concentrated with 60% located in Europe and 35% in North America. The concentration is not only geographical but also capital since 7 countries in Europe account for 90% of charitable expenses, with foundations in Italy holding $86.9 billion in philanthropic activities. Resources are mainly concentrated in certain sectors, among which education (school, university, professional, etc.) is predominant.

As above mentioned, while many countries and cultures have long traditions of philanthropic giving, the current global foundation sector is notable for its youth and recent growth: 72% of existing foundations were established in the last 25 years. Individual regions show similar patterns of recent growth. In Europe and North America more than 40% of foundations have been created in this century, while in Latin America the percentage is over 50%. Even higher rates are found in Africa, with a percentage of 66%, and in Asia and Pacific, with a peak of 75%.
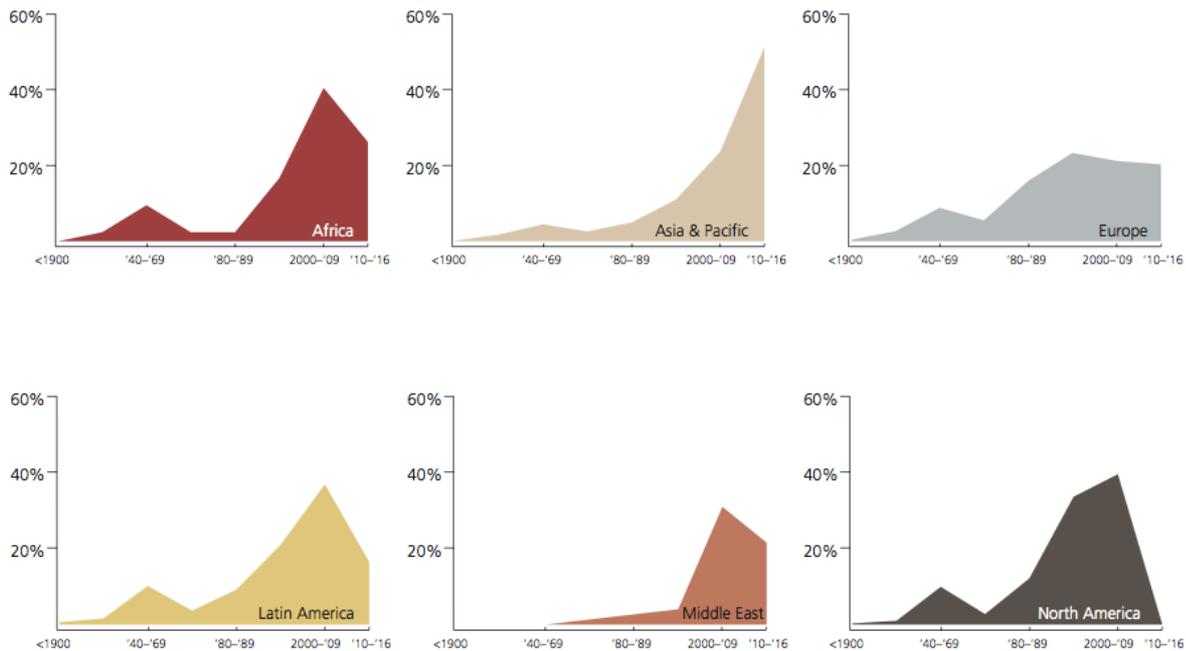

Fig. 3: Age of foundations (Source: Global Philanthropy Report, 2018, p. 14)

Philanthropists are best placed to encourage more strategic approaches, facilitate collaboration, serve as role models for others and, in particular, have a greater impact on the economic and social challenges being faced.

Despite this, however, global philanthropy remains very fragmented: almost 58% of foundations act in isolation and do not collaborate with other foundations. This entails challenges in terms of their ability to finance new projects, assess their impact, share and communicate learnings and build partnerships.

The global assets of philanthropic foundations exceed USD 1.5 trillion and are heavily concentrated in the United States and Europe, with a percentage of 60% and 37% respectively. This underlines the huge difference in the size of the foundation sector in different regions and countries.

It is important to emphasize, however, that philanthropic institutions outside Europe and the United States rely more on annual contributions than on permanent assets or endowments to achieve their goals. In these countries, where endowments are relatively few and sometimes not legally protected, there is not the same corpus of philanthropic capital dedicated in perpetuity to the public good.

On the other hand, in the United States and in many European countries, much of the global foundation asset base is permanent and irrevocable, committed in perpetuity to charitable activities.

Globally, many foundations can have multiple sources of funding because the legal framework in most countries does not distinguish between institutions providing resources and institutions receiving them, with an important exception: the United States. This additional external funding is seen as a way to maximize the impact of philanthropic institutions through more philanthropic capital and an increased number of stakeholders. In the United States, however, having multiple sources of income is associated with public charities (*resource-receiving*) rather than foundations (*resource-giving*).
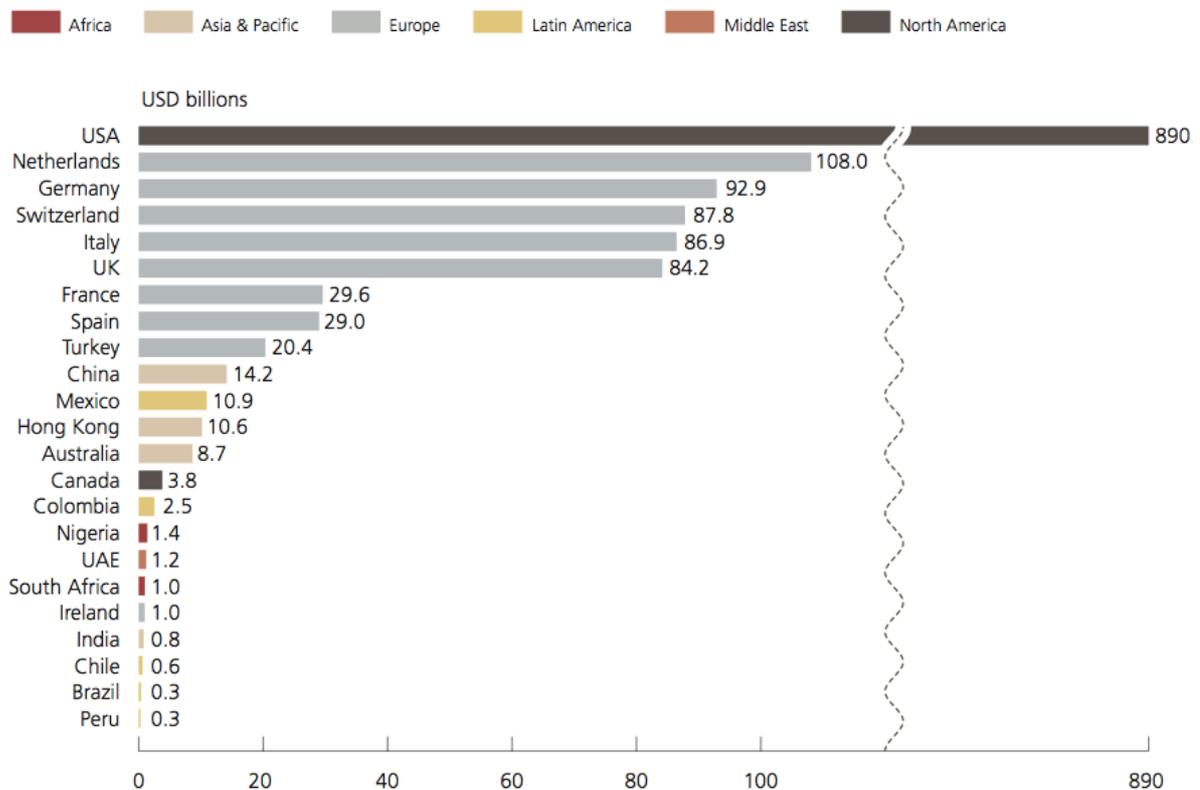

Fig. 4: Foundations assets (Source: Global Philanthropy Report, 2018, p. 17)

Looking at priorities, areas of focus and purposes of philanthropic institutions all around the world, education is seen as the key to both individual opportunity and achievement, and also the engine of national economic prosperity. Globally, 35.1% of nearly 30.000 foundations direct resources towards quality education initiatives.

The other top priorities for many philanthropic entities are human services and social welfare (21.2%) and health (20.4%), followed by arts and culture (17.7%) and poverty alleviation (16.3%). Finally, over half of foundations seek to align programs with government priorities.

Region	Focus areas	% of foundations
Global	**Education**	**35.1**
	Human services / social welfare	21.2
	Health	**20.4**
	Arts & culture	17.7
	Poverty alleviation	16.3

Fig. 5: Philanthropic priorities (Source: Global Philanthropy Report, 2018, p. 25)

Philanthropic foundations employ a range of social investment strategies and approaches in order to achieve their often complex goals, trying to maximize their impact.

Key operational factors and challenges include:

- approaches to raising and deploying philanthropic capital;
- the extent to which organizations collaborate with peer philanthropies and/or public entities;
- approaches to organizational governance;
- human resource practices;
- impact assessment.

A majority of foundations use their philanthropic capital to operate their own programs and activities, while in other countries, including the United States, foundations are grant-making institutions, i.e. entities that disburse funds to other charitable organizations.

In taking over the global philanthropy landscape, it is important to go beyond this *either-or* framework. There also seems to be a shift towards public and multi-donor fundraising models, moving away from the conventional practice of one main source financing the majority of philanthropic capital.

1.2. Strategic philanthropy

Over the past few decades, *"Strategic philanthropy"* has become a dominant theme among foundations, which seek to not only provide grant support to non-profit entities, but also to assess social problems, develop strategies to solve them and track the results of their efforts. Strategic philanthropy is, in fact, the support of socially useful activities through the provision of monetary resources, which come from individuals, banking or business foundations.

It can be defined as the charitable transfer of resources to recipients in the form of direct donations of financial assets, as well as donations in kind of employee time, goods or services for the satisfaction of a social cause.

According to Porter and Kramer (1999), "value creating" practices are to select the best grantees, signal other funders about grantee effectiveness, improve grantee performance and advance the state of knowledge and practice. Under this framework, strategic philanthropy searches for ways to align performance with the greater good and considers this conflict as a strategic paradox between *profitability* and *responsibility* (Kubickova, 2018).

Many foundations, however, act without changing the operations, culture, skills and structure of the foundation itself, thus falling into a natural trap, adopting the veneer of strategic philanthropy without making the deeper institutional changes necessary to support it (Patrizi and Heid Thompson, 2011).

In short, many foundations are not effective because they try to change what they do without considering how they do it. When form does not follow function, the chances of a foundation becoming effective in its strategic efforts are greatly reduced.

The essential concept of strategic philanthropy is "social change", which is the transformation implemented by the philanthropic act, through a return not financial but social. From this point of view, a disbursement therefore acquires meaning if it allows to reach the set objectives, to improve the quality of life of the recipients and to produce change.

Every non-profit organization can be a "change engine" if it adopts organizational and management tools to evaluate and improve performance. Individual philanthropists or organizations operating in a strategic philanthropy perspective build a strong relationship with the beneficiary organization, provide funding carefully measured in relation to the project, together with other forms of support such as organizational and management consulting, evaluate the results and place the intervention over a medium or long period.

In order to understand if the donation has actually led to satisfactory results, it is necessary to have a "theory of change" that defines the methodology of the intervention and the tools to analyze the situation before and after. Non-profit organizations that adopt a "theory of change" achieve positive results in every aspect: they improve the external image, the ability to raise funds, present projects and are able to achieve more easily the defined objectives.

According to Patrizi and Heid Thompson (2011), foundations leaders must address four key challenges to their efforts to be more effective and strategic:

- what is missed in the prevailing practice of planning is the critical role a foundation can and should play in developing strategy as it is executed;
- the less trust foundations have in their partners, the more likely they are to carry out micro monitoring and request more data and reports. Grantees should be treated as the central partners who are ultimately in the strategy process;
- as foundations organize themselves around making grants, program staff can face tremendous pressure to attend to the next grant in the queue rather than review current efforts that are being implemented;
- while foundations can reflect a lot on the type of substantial knowledge they want to acquire or build in specific fields, they have not put much effort into considering the skills needed to participate actively in the types of strategy they propose.

As Mario Morino, chairman of the Morino Institute and co-founder of Venture Philanthropy Partners, said *"What is needed is not new solutions to social problems but new ways to find and support successful nonprofits so they can grow and build on their success"*.

2. NON-PROFIT ORGANIZATIONS

A non-profit organization (NPO) is an entity traditionally dedicated to promoting a particular social cause or supporting a shared community viewpoint. Economically, it uses the surplus of its revenue to achieve its goal, rather than distributing it to shareholders, leaders or any other member of the organization.

Non-profit entities are therefore tax-exempt and can operate in several fields such as religion, science, research or education.

The Civil Code provides different legal forms for non-profit organizations, distinguishing private legal persons (Book I, Title II) in:

- *recognized*, therefore recognized associations and foundations (Book I, Title II, Chapter II);
- *non-recognized* associations and committees (Book I, Title II, Chapter III).

In fact, Italian law allows non-profit organizations to take different legal forms that vary according to the role they assign to volunteers, workers, the assets of the organization or the purposes assigned to it. Recognized Associations and Foundations are established by notarial public deed. Once legal personality has been achieved, the entity is perfectly distinguished from the natural persons who helped to establish it and subsequently administer it. In case of indebtedness in the first case, the entity is solely responsible for it through its own assets, in the second case also the administrators are responsible.

The Association, whether recognized or not, is a group of people who join together to contribute to a purpose considered legitimate by law. It is therefore based on the action of the members who, through the assembly and the election of corporate offices, contribute to govern it.

The Foundation, on the other hand, is based on a patrimony, destined by one or more founders, even with a testamentary deed, for a lawful and socially useful purpose. A Foundation may be set up by a natural person or by a legal entity, including a public one, or by a company.

The Committee has characteristics completely similar to the Association, except, as a rule but not obligatorily, the fact that it has a concrete objective. Generally, it does not acquire legal personality, therefore the promoters are responsible for it with the Committee's fund.

2.1. Non-profit structure and profiles in Italy

On 11 October 2019, starting from the data contained in the latest "Permanent Census of Non-Profit Institutions", ISTAT updated the information on the structure and main characteristics of non-profit organizations at territorial level as at 31 December 2017.

	2001	2011	2015	2016	2017
Numero di Istituzioni non profit	235.232	301.191	336.275	343.432	350.492
Dipendenti delle istituzioni non profit	488.523	680.811	788.126	812.706	844.775
in % sul numero di imprese dell'industria e dei servizi di mercato	5,8	6,8	7,7	7,8	8,0
in % sul numero di dipendenti delle imprese dell'industria e dei servizi di mercato	4,8	6,0	6,9	6,9	7,0

Fig. 6: Non-profit institutions and employees (Source: Structure and profile of the non-profit sector, 2017, p. 1)

In 2017 there were 350.492 non-profit institutions active in Italy, 2.1% more than in 2016, employing 844.775 workers, an increase of 3.9%.

The non-profit sector is constantly expanding with average annual growth rates higher than those of market-oriented companies, both in terms of number of companies and number of employees. As a result, the importance of non-profit institutions has increased compared to the Italian production system as a whole, going from 5.8% in 2001 to 8.0% in 2017 for number of units and from 4.8% in 2001 to 7.0% in 2017 for number of employees.

Forme giuridiche	Istituzioni			Dipendenti		
	v.a.	%	Var. % 2017/2016	v.a.	%	Var. % 2017/2016
Associazione riconosciuta e non riconosciuta	298.149	85,1	2,0	169.303	20,0	9,3
Cooperativa sociale	15.764	4,5	1,1	441.178	52,2	2,9
Fondazione	7.441	2,1	-0,9	101.928	12,1	3,8
Altra forma giuridica	29.138	8,3	3,5	132.366	15,7	1,1
TOTALE	**350.492**	**100,0**	**2,1**	**844.775**	**100,0**	**3,9**

Fig. 7: Non-profit institutions and employees by legal form (Source: Structure and profile of the non-profit sector, 2017, p. 3)

The association is the legal form with the largest share of institutions (85.1%), followed by those with another legal form (8.3%), social cooperatives (4.5%) and foundations (2.1%). Compared to 2016, non-profit institutions increased for all legal forms, more markedly for entities with other legal form (+3.5%), followed by associations (+2.0%) and social cooperatives (+1.1%), with the exception of foundations, which decreased slightly (-0.9%).

The distribution of employees by legal form remains rather concentrated, with 52.2% employed by social cooperatives, a percentage that stands at 20.0% in associations, 15.7% in entities with other legal form and 12.1% in foundations. They increased most in associations (+9.3%) and

foundations (+3.8%), followed by social cooperatives (+2.9%) and entities with other legal form (+1.1%).

Regioni/Province autonome e Ripartizioni	Istituzioni			Dipendenti		
	v.a.	Per 10 mila abitanti	Var. % 2017/2016	v.a.	Per 10 mila abitanti	Var. % 2017/2016
Piemonte	29.649	67,8	2,2	72.836	166,4	3,6
Valle d'Aosta / Vallée D'Aoste	1.382	109,5	0,9	1.800	142,6	-3,5
Lombardia	56.447	56,2	2,7	189.656	189,0	4,7
Liguria	10.905	70,0	2,2	22.449	144,2	1,9
Nord-Ovest	**98.383**	**61,1**	**2,4**	**286.741**	**178,2**	**4,1**
Bolzano / Bozen	5.588	105,9	4,2	9.396	178,0	11,8
Trento	6.265	116,0	1,8	13.156	243,7	2,5
Trentino-Alto Adige / Südtirol	11.853	111,0	2,9	22.552	211,2	6,2
Veneto	30.597	62,4	1,2	79.113	161,3	5,4
Friuli Venezia Giulia	10.722	88,2	2,2	19.447	160,0	6,5
Emilia-Romagna	27.342	61,4	0,7	78.222	175,7	3,9
Nord-Est	**80.514**	**69,2**	**1,4**	**199.334**	**171,2**	**5,0**
Toscana	27.534	73,7	2,5	51.501	137,8	8,2
Umbria	6.875	77,7	1,9	11.604	131,2	-0,2
Marche	11.449	74,7	0,1	18.996	124,0	6,0
Lazio	32.236	54,7	3,1	110.538	187,5	4,5
Centro	**78.094**	**64,8**	**2,3**	**192.639**	**159,9**	**5,3**
Abruzzo	8.043	61,2	2,4	11.531	87,7	5,2
Molise	2.061	66,8	6,6	3.350	108,6	9,3
Campania	20.979	36,0	7,2	32.541	55,8	0,5
Puglia	17.147	42,4	-1,2	37.271	92,1	4,8
Basilicata	3.669	64,7	1,2	6.160	108,6	-12,0
Calabria	9.370	47,9	3,3	11.422	58,4	3,3
Sud	**61.269**	**43,7**	**3,1**	**102.275**	**72,9**	**2,3**
Sicilia	21.886	43,5	2,8	41.726	83,0	-2,0
Sardegna	10.346	62,8	-5,6	22.060	133,8	0,4
Isole	**32.232**	**48,3**	**-0,1**	**63.786**	**95,6**	**-1,2**
ITALIA	**350.492**	**57,9**	**2,1**	**844.775**	**139,7**	**3,9**

Fig. 8: Non-profit institutions and employees by region/autonomous province and geographical breakdown (Source: Structure and profile of the non-profit sector, 2017, p. 2)

The table above confirm the very concentrated location of non-profit organizations in the territory, with more than half of the institutions active in the North, compared to 26.7% in the South and Insular Italy. The main factors that have determined this imbalance can be many: a higher per capita income and a widespread presence of Savings Banks in the Northern regions compared to the Central and Southern ones, as well as a greater globalization of the Northern metropolitan areas (among which Milan stands out).

The number of not-for-profit institutions per 10.000 inhabitants is another indicator that measures the concentration of the non-profit sector at a local level. While in the Center-North this ratio is over 60% (particularly in the North East, where it reaches the level of 69.2%), in the South and in the Islands, it is equal to 43.7% and 48.3% respectively.

Despite this, the growth in the number of institutions is stronger in the South, with an increase of 3.1% compared to 2016, rather than in the North West (+2.4%) and in the Center (+2.3%). The most dynamic regions are Campania (+7.2%), Molise (+6.6%) and the Autonomous Province of Bozen (+4.2%). On the other hand, there was a decrease in Sardinia (-5.6%) and, to a lesser extent, in Puglia (-1.2%) and the Islands (-0.1%).

As regards the number of employees, they are even more concentrated than non-profit institutions from a territorial point of view, with over 57% employed in the North.
The country, therefore, is split in two, confirming the fact that there are still gaps in the territory and that the State does not have enough resources to allow equal opportunities between the various regions.

Settori di attività	Associazione riconosciuta e non riconosciuta	Cooperativa sociale	Fondazione	Altra forma giuridica	Totale
Cultura, sport e ricreazione	214.745	390	1.978	8.822	225.935
Istruzione e ricerca	6.806	1.328	2.046	3.735	13.915
Sanità	10.162	1.218	541	314	12.235
Assistenza sociale e protezione civile	22.601	7.117	1.646	881	32.245
Ambiente	5.150	10	91	101	5.352
Sviluppo economico e coesione sociale	723	5.503	62	201	6.489
Tutela dei diritti e attività politica	5.100	3	57	119	5.279
Filantropia e promozione del volontariato	3.273	7	293	61	3.634
Cooperazione e solidarietà internazionale	3.854	23	244	71	4.192
Religione	2.507	0	237	14.082	16.826
Relazioni sindacali e rappresentanza interessi	22.313	0	123	185	22.621
Altre attività	915	165	123	566	1.769
TOTALE	298.149	15.764	7.441	29.138	350.492

Fig. 9: Non-profit institutions and employees by prevalent business sector (Source: Structure and profile of the non-profit sector, 2017, p. 4)

The structure of non-profit institutions divided by economic activity is very concentrated on the territory, with the culture, sport and recreation sector representing almost two thirds of the units (64.5%), followed by social assistance and civil protection (9.2%), trade union relations and interest representation (6.5%), religion (4.8%), education and research (4.0%) and health (3.5%).

Each type of non-profit organization deals mainly with a specific sector of activity: associations are mainly active in culture, sport and recreation (72.0%), social cooperatives in social assistance and civil protection (45.2%), foundations in education and research (27.5%) and, finally, other legal forms in religion (48.3%), as evidence of the fact that they are mainly composed of religious organizations.

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2.2. Third Sector

The so-called "Third Sector" is the third dimension of the welfare after Public Institutions (First Sector) and Market Enterprises (Second Sector). When we talk about welfare, we mean the complex of public policies implemented by a state that intervenes, in a market economy, to guarantee the assistance and welfare of citizens, changing in a deliberate and regulated way the distribution of income generated by the forces of the market itself.
The objectives pursued by welfare are basically three:

- to ensure a minimum standard of living for all citizens;
- to provide security for individuals and families in the presence of adverse natural and economic events of various kinds;
- to enable all citizens to benefit from certain basic services, such as education and health.

Unlike traditional companies operating in the market, the aim pursued by Third Sector entities is the exercise of activities with civic purposes or social utility.

"Third sector" means all the private entities set up for the pursuit, on a non-profit basis, of civic, solidarity and social utility purposes and which, in implementation of the principle of subsidiarity and in accordance with their Statutes or Constitutive Acts, promote and carry out activities of general interest through forms of voluntary and free action or mutuality or the production and exchange of goods and services[3].

One of the great novelties of the new legislation on the non-profit sector in Italy is the introduction of a single category that defines the boundaries of this variegated world. They are the entities of the Third Sector (ETS), united by the same legal profile, the registration in the Single National Register of the Third Sector (RUNTS) and the presence of voluntary activity.

The reform identifies different categories of organizations with specific characteristics and each type finds space in different sections of the Single National Register of the Third Sector. First of all, there are voluntary organizations (ODV) and social promotion associations (APS), categories that have been regulated by specific laws and historically the most rooted. In addition to these, there are philanthropic entities, known as foundations, philanthropic associations and community foundations, social enterprises, totally renewed and strengthened compared to the

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[3] Delegated Law 106/2016 (Article 1, paragraph 1).

past and which include social cooperatives, associative networks, which, thanks to the reform, acquire a new role in monitoring and control activities, and mutual aid societies. The reform then leaves a "blank page", open to the new possible organizations of the future: it is the section "Other ETS" in which all the other realities that have the characteristics of an entity of the Third Sector but are not referable to any of the categories mentioned above can be registered[4].

Foundations of Banking Origin (FOB) are clearly placed by the legislator outside the scope of the provisions in question, although the issues addressed by them very often fall within the scope of the social enterprise. Their exclusion from the Third Sector rules makes their characterization in the national legal framework even more peculiar.

2.3. Foundations

A Foundation is an entity endowed with private legal personality regulated by the Italian Civil Code and based on a share capital aimed at a specific legal purpose and of social utility.
The Foundation must be constituted by public deed or testamentary disposition and after its constitution it is listed in the Register of Private Legal Persons.

There are different types of Foundation that differ one from the other in terms of intervention methods, founding thrust, operation and support to institutions, but essentially they are divided into two categories:
- the *operating foundation* which manages projects, services or cares for a public good, using its own organization;
- the *grant-making foundation*, which provides resources to third parties to finance worthy social initiatives.

Adopting one of the above methods of intervention does not automatically exclude the other; on the contrary, most foundations adopt a so-called "mixed" hybrid model.
In other words, foundations play an important role in promoting, directing and supporting social initiatives that integrate public welfare and market services, thus promoting the constitutional principle of subsidiarity (Boesso and Cerbioni, 2017).

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[4] Legislative Decree 117/2017 (Article 4, paragraph 1).

The different types of Foundation mentioned above are:
- Family or Corporate Foundation
- Community Foundation
- Participation Foundation
- Foundation of Banking Origin
- Lyrical-Symphonic Foundation

Corporate Foundations are promoted by Italian or foreign companies in order to implement social responsibility policies, while *Family Foundations* are promoted by one or more families in order to allocate and enhance assets for social benefit.

Corporate and Family Foundations are concerned with the development and welfare of the communities they serve, mainly playing three roles:
- support the third sector by promoting their own projects and supporting projects of other public and non-profit organizations;
- redistribute not only economic but also cultural and social resources;
- are drivers of innovation as they develop and support innovative projects.

Corporate foundations are set up for *ethical reasons* with regard to philanthropic business purposes, *personal reasons* with regard to the will of management or ownership and *strategic reasons* to improve the positioning of the company.

Community Foundations are entities that are created and developed on the initiative of institutional, economic and Third Sector actors in the territory of reference in order to improve the welfare of the territory through the implementation of the culture and practice of gift.

The U.S. Cleveland Foundation, founded in Ohio in 1914 by the banker Frederick Harris Goff, inspired Italian Community Foundations. Community Foundations have the main characteristic of looking directly into the territory for resources to be redistributed in the same geographical area.

The main roles of these foundations are:
- welfare actors who invest in projects that improve the life of the community;
- activators of resources, energy and capacity of the territory that generate value in the long-term;

- catalysts of donations from the community and local actors thanks to strategic management;
- subsidiarity instruments that intervene where social need arises by integrating the other welfare actors.

Participation Foundations are made up of a plurality of actors, which, according to the Statute, borrow some of the typical characteristics of the association, such as the possibility to bring in new members and the assembly of associates. They are generally operational realities that enhance the contribution of all members.

Participation foundations, intended as an organizational model, are able to merge the supervision and control requirements of local public bodies with the need for efficiency and effectiveness of social management. They are therefore a useful tool in the hands of public entities to achieve the interests of the community by involving private individuals in such a way as to attract capital and management skills that would otherwise be difficult to obtain.

Foundations of Banking Origin were born from the spin-off of the philanthropic and credit activities of a number of Italian banks placed under public control, which manage assets of public importance, projects in the social, health, educational and training fields and make disbursements for the benefit of public and non-profit organizations.

They were born at the beginning of the 90s as a result of the Savings Banks Reform and are the recipients of a significant part of the shares of credit companies. Subsequently, the rules imposed a diversification of investment of assets that led them over time to hold increasingly smaller equity stakes in banks.

The governance of Banking Foundations provides for a composite presence of representatives of the territory from or indicated by public, economic and Third Sector institutions. They contribute to the financing of activities promoted by non-profit organizations and other entities, including public ones, which promote the general interest by allocating resources to predefined sectors through calls for tenders or direct allocations.

Lyrical-Symphonic Foundations were established by Legislative Decree 367/1996 which transformed autonomous operatic entities, concert institutions and other opera, choreography

and music institutions of national importance previously established by Law 800/1967 into foundations under private law.

The aim of Lyric-Symphonic Foundations is to promote and encourage in Italy and abroad the knowledge of cultural, artistic and social values of the world of music in general and of opera and dance, especially as a means of growth and civil progress.

2.3.1. Intervention profile

In general, foundations operate in different forms and have different ways of responding to the needs of individuals and the socio-economic territory.

According to the procedures of action and intervention, foundations may be classified into two different types: the first one is characterized by the adoption of a "grant-making" model, while the second one is characterized by the adoption of an *"operating"* model.

Those foundations that decide to pursue their goal indirectly choose the *grant-making model*, providing economic contributions and philanthropic grants to finance initiatives and projects deemed close to their themes of interest, which will then be concretely carried out by the subjects of the Third Sector.

This model, still prevalent in Italian banking foundations, requires a serious commitment in determining the specific selection criteria and disbursement methods, especially in light of a possible impact on socio-economic development. Partnerships are therefore created with associations, subjects or entities close to their statutory purposes, which must have a solid and lasting link, so as not to compromise the original mission and be able to create social value.

Foundations can take on different roles depending on the activities promoted (Barbetta, 2013), including:

- to be *experimental subjects*, when they design directly the initiatives then put in place by external subjects and develop innovative strategies in response to emerging needs;
- to act as a *sponsor*, when they finance projects or entities whose value can enhance the reputation and visibility of the foundation, for example through the provision of donations, contributions and grants to other actors, entities, associations and non-governmental organizations;

- to act as *resolvers*, when they stimulate the participation and involvement of new actors to respond to specific needs at a local level through tenders and projects on topics close to the statutory purposes.

This model is closer to the classic idea of patronage and sees the foundations active only in the financing phase of the projects, which are then concretely carried out by the non-profit entities that are beneficiaries of such funding.

The abovementioned financing phase can be explained through three different categories of interventions (Barbetta, 2013; Boesso and Cerbioni, 2013), which are:

- the support of the requests coming from individuals and social actors, through an extensive and widespread subsidiarity activity;
- the support to projects expressed by the most qualified operators of the Third Sector in all the main social fields;
- the investment in research through the selection and financing of projects that are not only socially useful, but also characterized by high rates of innovation.

The *operating model* is chosen instead by those foundations that carry out projects or services "on their own" or "in tandem" with other public or private actors, such as health or welfare services and scholarships.

The number of own projects has, in fact, increased, highlighting the proactive role that foundations play within the territory and becoming a priority point of action for them. In this way, the foundation develops a sort of entrepreneurial management style and a high degree of expertise, which favors diffusion of an entrepreneurial culture within banking foundations.

In foundations that adopt this model there is generally a more concrete commitment to the development of the project and its subsequent management in the territory, as well as a direct involvement of the Board of Directors and employees.

Therefore, it is configured as a model aimed at directly realizing goods and services of public social utility, reducing in fact a specific discomfort.

The range of action of an operating foundation is very wide because, in order to pursue its goal, it promotes research, studies and projects of social utility ranging from economic to environmental and scientific fields.

In order to carry out the above activities, three types of intervention are possible (Barbetta, 2013; Boesso and Cerbioni, 2013):

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- the promotion of in-house projects proposed and developed by the foundations themselves for the benefit of the local community;

- the promotion of complex and participative projects also carried out by other organizations to promote the creation of greater social value;

- the planning of autonomous and potentially replicable experimental projects, if successful.

Despite the prevalence of grant-making activity over operating activities, these intervention models are not always and clearly preferable one to another.

The typical manner of intervention of Italian banking foundations is, in fact, an integrated mix of the two approaches, in which foundations carry out both granting and operating activities at the same time (*mixed model*).

It should also be noted that banking foundations can operate in another way, through *instrumental enterprises*, which are companies carried by foundations that operate exclusively for the direct implementation of the statutory purposes in the relevant sectors. Although non-profit entities, in general, may not engage in business activities, exceptions are made in such cases when business activity is strictly instrumental to the achievement of institutional goals in the relevant sectors (Leardini et al., 2013).

2.3.2. Administrators' degree of support

Although the theoretical models developed in the literature are very rich and elaborate in indicating the different functions of administrators to support the strategic approach of foundations, their activities can be mainly classified into two macro-areas. The first strand of literature focuses on the *deterministic* impact that foundations can bring if and when governed by a managerial approach, while the second strand of research investigates the *solidarist* and cooperative role of foundations in supporting the prosperity of other non-profit organizations.

The first approach would like the administrators to be more business-oriented and careful in selecting and accompanying social projects in the foundation's portfolio towards experimental activities, even risky, but able, based on preliminary analysis, to guarantee concrete results, always without opposing to the pursuit of a social mission.

This scientific approach is called "determinism" and, using a metaphor, is very similar to the functions observable in a private equity investment fund, where the operating members of the Board, appropriately assisted by a staff of internal analysts and managers, monitor and if necessary support the funded companies to facilitate their growth and competitive success (Carlotti, 2012).

The Anglo-Saxon philanthropists have transferred the Taylorism and scientific culture into classical patronage, in addition to the Darwinian selection, so that only those who are deserving and more capable of creating a greater shared social value can have the funding.

In proposing their model of strategic philanthropy, Porter and Kramer (1999) identify four virtuous behaviors that foundations can adopt for an effective creation of social value, i.e. all the activities through which new products or services are developed by foundations, so that they are perceived as valuable by both beneficiaries and other stakeholders (Hinna and Monteduro, 2017).

The four implementation phases for value creation are:

1. *Selecting the best grantees*;
2. *Signaling other funders*;
3. *Improving the performance of grant recipients*;
4. *Advancing the state of knowledge and practice*.

The first two are relatively well known but are rarely practiced systematically, while the last two are far more powerful but far less common. All four aspects can create value but are presented on an ascending hierarchical scale according to their impact. Each time you move from one approach to the next, the latter will have a greater impact than the previous one and will leverage a specific characteristic of the foundation (resources, skills, independence and time horizon), shifting the focus from the individual recipient to the social sector as a whole.

The first process of value creation is straightforward. Foundations must act like investment advisors in the business world, i.e. they can use their expertise to channel resources towards maximum productivity within the social sector, financing the most cost-effective organizations or those facing urgent or overlooked problems. In this way, choosing recipients and allocating funds is itself a source of value.

Most foundations recognize evaluation and selection as primary tasks, but few still systematically work to measure their performance in order to improve the return of their future assignments.

The second way to create value is a logical extension of the first. If a foundation is skilled at evaluating and selecting charities, the next step is to educate and attract other donors, especially those who do not have the same expertise in that particular field. In this way, the foundation increases the amount of funds raised because it acts on a larger pool of philanthropic resources. Attracting other funders by offering matching grants is a form of signaling that is, however, rarely used. Another way to actively help grantees raise additional resources is to educate other donors to improve their selection procedures.

The prevailing culture of independence among foundations, however, continues to be an obstacle to such learning and the performance improvement that could result from it.

The third approach available to foundations to create even more value is to move from the role of capital provider to the role of fully engaged partner, thereby improving the grantee's effectiveness as an organization, as well as raising its social impact. Helping grantees to improve their overall performance is important because foundations can affect the social productivity of more resources than just their slice of the whole. Working directly with grantees is, therefore, a more powerful use of scarce resources than simply selecting them or signaling other funders.

Foundations can not only encourage non-profit entities to measure and manage their performance but also bring to bear their objectivity, as well as their own and outside expertise to help grantees identify and address weaknesses. The range of ways in which foundations can assist grantees goes well beyond making management-development grants. In fact, they can become fully engaged partners, providing advice and management assistance, as well as access to professional service firms and a host of other non-cash resources. Obviously, it also requires the willingness to engage for the long term.

The fourth and final process to create maximum value is to fund research and a systematic progression of projects that produce more effective ways to address social problems, so that every dollar spent by philanthropists, government and other organizations becomes more productive.

Foundations, being in a unique position to study a field in depth, must not only pursue knowledge breakthroughs and establish pilot projects, but also push for their realization.

Despite cutbacks in government funding for social programs, foundations can still set a new agenda and change both public sentiment and government policy, as well as create enormous value by improving the state of knowledge and practice in the social sector.

Today some foundations are carrying out activities with such potentially high impact but, unfortunately, they are still too few.
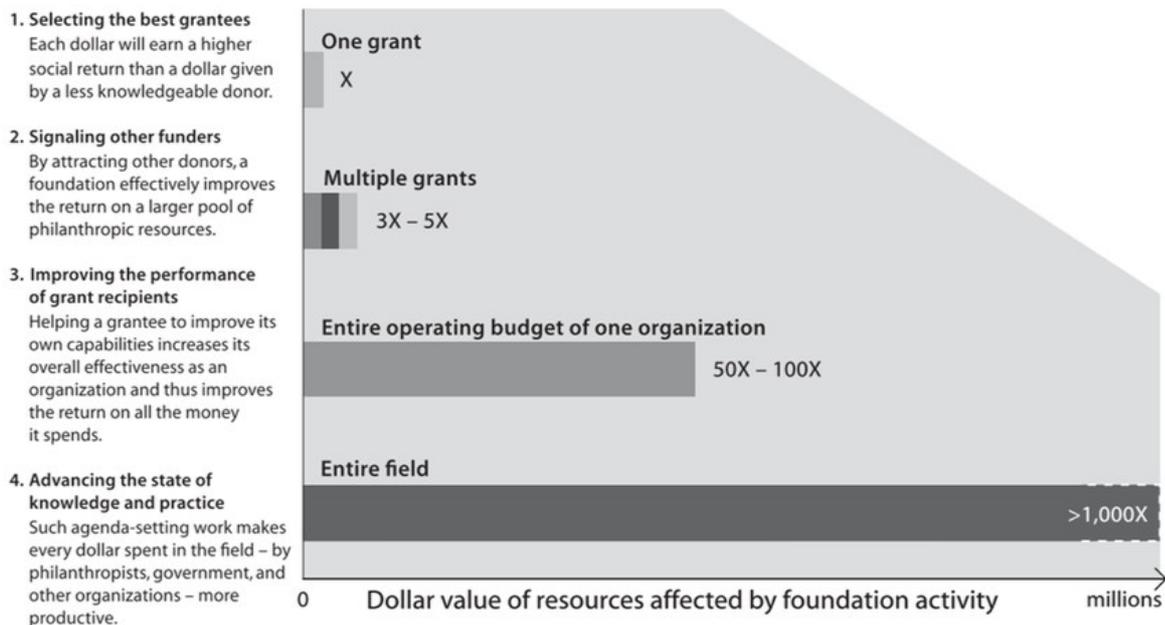

1. Selecting the best grantees
Each dollar will earn a higher social return than a dollar given by a less knowledgeable donor.

2. Signaling other funders
By attracting other donors, a foundation effectively improves the return on a larger pool of philanthropic resources.

3. Improving the performance of grant recipients
Helping a grantee to improve its own capabilities increases its overall effectiveness as an organization and thus improves the return on all the money it spends.

4. Advancing the state of knowledge and practice
Such agenda-setting work makes every dollar spent in the field – by philanthropists, government, and other organizations – more productive.

One grant
X

Multiple grants
3X – 5X

Entire operating budget of one organization
50X – 100X

Entire field
>1,000X

0   Dollar value of resources affected by foundation activity   millions

Fig. 10: Foundations create value in four ways (Source: Porter and Kramer, 1999, p. 124)

In practice, the four approaches to creating value are mutually reinforcing, and their benefits are cumulative. The more foundations are able to create new knowledge, improve the performance of non-profit entities, and influence larger public and private sector efforts, the greater will be their impact.

The ability to create value in any of these four subsequent approaches requires, however, a real strategy that embraces the following principles (Porter and Kramer, 1999):

1. *The goal is superior performance in a chosen arena*: for a foundation to achieve excellent results, it must measure both its performance over time, challenging itself to continuously improve, and the performance of the organizations it funds;

2. *Strategy depends on choosing a unique positioning*: the starting point for a foundation to achieve superior performance is to determine where it will make its impact and how, limiting the number of social challenges it addresses.

3. *Strategy rests on unique activities*: every major activity of the foundation must then be tailored to its positioning, i.e. its selection process, the size and duration of its grants, and the types of non-monetary support it provides grantees;

4. *Every positioning requires trade-offs*: to achieve excellence in what it does, a foundation must give up opportunities in other approaches and in other fields. These trade-offs are therefore necessary in order to create social value.

In the following years, several authors and professionals in this field have tried to help non-profit entities to adopt a predetermined strategy in accordance with all the principles of strategic philanthropy, but with poor results.

The fundamentals of the so-called "pure determinism", as conceived by Porter and Kramer in 1999, do not fit perfectly with the reality of social change in a complex world. Several authors, including Kramer himself, have criticized this model and proposed some corrections (Kania, Kramer and Russell, 2014).

As described by the theorist David Snowden, who distinguishes between simple, complicated and complex problems, strategic philanthropy can be effective in certain cases. In practice, despite some shortcomings, it works well for simple and complicated problems, towards which most philanthropic funding is directed.

As far as complex problems are concerned, there is the need to move from a "predictive" model to an "emerging" one that better suits the complex conditions in which strategic philanthropy operates. This implies that an organization learn what works in practice, i.e. what parts of its intended strategy went unrealized, what parts are deliberate, and what parts are emergent.
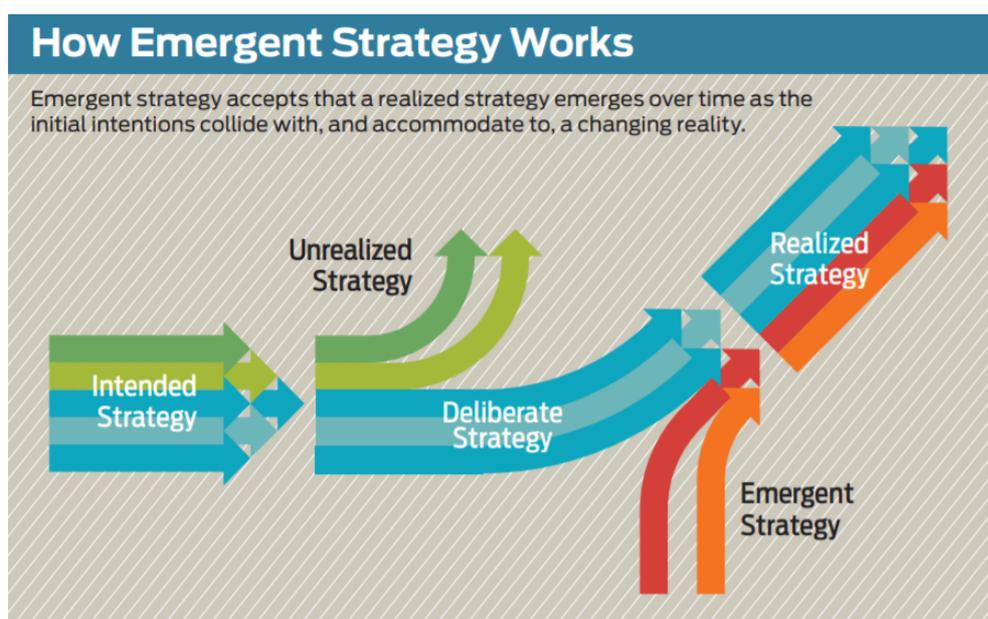

Fig. 11: How emergent strategy works (Source: Mintzberg, Ghoshal and Quinn, 1998)

In recent years, we are already seeing a number of fundamentals shifting from predictive to emerging strategy. In complex systems, improving the knowledge, effectiveness and resilience of grantees and all others participants, is a powerful way to support sustainable change.

The emergent strategy embraces three principles of complexity theory (Kania, Kramer and Russell, 2014):

1. *Co-creating strategy*: the complex problems and their solutions are influenced not only by the beneficiaries of the funding, but also by many other actors (for-profit, non-profit and governmental). However, no funder has the necessary resources to make all other participants adopt their preferred strategy. This is why it must not be shaped independently, but it must be co-created and co-evolve within multiple organizations.

2. *Working the attractors*: in social systems, the so-called "attractors", i.e. people, ideas, resources, or events, can lead the system to move toward or away from the funder's goal. Therefore, any agent trying to influence a complex system should amplify or dampen the attractors' effects in order to create continuous opportunities and achieve the desired outcome.

3. *Improving system fitness*: the ability of a system to adapt to changing circumstances and, finally, to achieve its objectives, does not depend on a single configuration but on the overall "fitness" of the entire system. It evolves continuously as circumstances change over time and includes the degree of alignment and relational trust between the various participants, which can accelerate the adoption of new ideas.

On a side diametrically opposed, but not necessarily irreconcilable with the previous one, there is a more national, continental and ethical cooperative tradition. This second approach, called "solidarity", has a more operational and less planned idea, fully rooted in generosity, mutual help and continuous support of other non-profit entities.

Prior to the introduction of efficiency practices and performance management techniques imported from the public and private sectors (Aiken and Bode, 2009; Carnochan et al., 2014), the traditional non-profit sector was mainly oriented towards mission rather than profit.

According to several authors (Sanders and McClellan, 2014), non-profit organizations should embody certain values such as altruism, volunteering, cooperation and social justice (O'Connell, 1988), even when in opposition to business logic.

The solidarity-based approach, therefore, seeks to select, support and encourage those projects concerning the primary needs of the territory in which the foundation operates, even if it is not possible to maximize the return on investment (ROI).

Millesen and Martin's studies (2014) suggest that foundation leadership rarely achieves the managerial approach postulated in the most efficiency-oriented literature but is rather an expression of the genuine and ethical commitment to social welfare, often tempered by a tradition oriented towards charity, inclusion, serendipity and even fear of the future. They have also noted the existence of great social pressure that encourages foundations to promote justice and support for other individuals and non-profit entities on the assumption of mutual help and solidarity between organizations that share the same values and missions.

These results are also consistent with the opinion of Graddy and Morgan (2006), who state that the decision-making process of non-profit entities may result either in a strategy of adaptation in the form of a proactive and ethical response to environmental pressures (serendipity) or in a strategy of inertia in the form of an action inspired by tradition or fear.

The analysis of the proposed literature shows that the "managerial" aspect, connected with the adoption of given organizational structures and tools to support management, and the "ethical" aspect, connected with the finalism of non-profit entities, should be complementary and not conflictual. In this sense, one could speak of the "ancillary" complementarity of these two aspects, with the former functional to support the latter operationally (Boesso, Cerbioni and Mian, 2019).

According to the abovementioned authors, therefore, the Board of Directors of each foundation, typically involved in the strategic definition, should mediate between efficiency-oriented solutions and charitable initiatives to formulate a vision, a mission and guidelines that the organization will then try to follow and develop in search of a tangible social impact.

3. FOUNDATIONS OF BANKING ORIGIN

Foundations of Banking Origin (also commonly called Banking Foundations) are non-profit private law institutions, which pursue exclusively aims of social utility and the promotion of economic development in the broad field of environment, culture, art and nature.

3.1. History and normative

Italian Banking Foundations were born at the beginning of the nineties with the so-called "Amato Law"[5], which led to the separation of the credit business from the philanthropic business and the privatization of savings banks and public-law credit institutions. These entities had a strong solidarity connotation that arose mostly at the beginning of the nineteenth century on the push of mechanisms of self-organization and self-protection of communities, in a critical phase of transition from agricultural to industrial civilization.

Credit activities were attributed to the abovementioned financial institutions, while activities aimed at social, cultural, civil and economic development remained the prerogative of Foundations, called of banking origin precisely because they were created on the occasion of the reform of the Italian banking system.

In the first years of life, however, there was still a certain underlying confusion between banking activities and institutional purposes, which was overcome with the Ciampi reform of 1998/1999[6], leading to the recognition of the private legal nature of Foundations, definitively perfected by subsequent laws[7].

After abandoning the initial task of providing funds for charitable purposes, foundations have begun their growth path aimed at finding their own operational model able to respond to their mission as activators and catalysts of the best social and cultural resources present in the areas of operation, also through the experimentation of innovative intervention formulas (Boesso and Cerbioni, 2017).

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[5] Law 218/1990.
[6] Delegated Law 461/1998; Legislative Decree 153/1999.
[7] Consolidated Law on Finance 2002 (Law 448/2001, Article 11); Law 112/2002 (Article 5).

There are currently 88 foundations of banking origin in Italy, which differ in origin, size and territorial operation. Their role is to promote the development of the entire country but, in particular, of the territories in which they are established, as providers of philanthropic resources to non-profit and local authorities, and as important institutional investors.

Each year Banking Foundations as a whole donate philanthropic grants of around one billion euros and the beneficiaries are always private non-profit entities or public institutions.

The resources used for philanthropy are taken from the profits generated by the investment of their assets in funds for social housing, innovation in small and medium-sized enterprises, technological research or infrastructure and, only in part, in banking activities.

The Charter of the Foundations of 2012 and the subsequent ACRI-MEF Memorandum of Understanding of 2015 are two important steps in the process of legitimization of foundations, in order to give consistency to the best practices already tested and to strengthen the defense of their responsible autonomy.

3.1.1. Charter of the Foundations

The Charter of the Foundations is the document that outlines the guidelines for a common behavioral orientation that, in compliance with the rules governing Foundations, allows to enhance the value of their action and to strengthen their autonomy, responsibility, transparency and independence.

The ACRI Shareholders' Meeting of 4 May 2011 had begun drafting this document as the opportunity to provide guidelines on governance, institutional activity and the use of the assets of Italian banking foundations had been formalized.

The Charter of the Foundations was unanimously approved during the Shareholders' Meeting of 4 April 2012, after a process of elaboration inspired by the widest participation, which involved all the Foundations through working groups.

The Charter is divided into three main sections: *governance*, *institutional activity* and *asset management*. They are preceded by a preamble, which sets out the reasons that encouraged foundations of banking origin to adopt a common charter of reference and the objectives to be pursued through this document.

The first section, dedicated to governance, identifies some of the fundamental structures that every foundation should have, and indicates the elements that must guide the action carried out by these bodies. In particular, it deals with principles including independence, autonomy and responsibility, as well as the competence and authority of the directors, the publicity and transparency of the appointment and nomination procedures.

The second section deals with the institutional activity of foundations, which must act in pursuit of transparency, impartiality of decisions, accessibility of information and accountability. Particular attention is paid to the need to operate in a cost-effective manner and pursue efficiency and effectiveness objectives, implementing budgetary policies aimed at stabilizing disbursements over time and achieving a balanced distribution of resources between the various commitments.

The third and last section deals with asset management, which must first and foremost be oriented towards diversification and risk control, in such a way as to safeguard the integrity of the assets themselves and create a profitability that allows the achievement of the mission undertaken. The use of assets also requires careful strategic planning, which always determines different timing of investments and allows for diversification of the instruments through which they are made.

The Charter of the Foundations represents an important statement of position by foundations of banking origin and indicates their desire to work more and more in synergy, clarifying once and for all the principles they aim to pursue through their work.

3.1.2. ACRI-MEF Memorandum of Understanding

The Memorandum of Understanding between the Association of Foundations and Savings Banks Spa (ACRI) and the Ministry of Economy and Finance (MEF), signed in Rome on 22 April 2015, is the second documental milestone that the Foundations have reached as part of their extensive and organic process of self-discipline, thanks to the constant and profitable dialogue undertaken with their Supervisory Authority.

With the signing of this document, Foundations began a process of self-regulation that has several main objectives such as strengthening the diversification of investments, enhancing the

transparency of the lending activity and further guaranteeing the autonomy and effectiveness of governance.

The Memorandum of Understanding is an unprecedented achievement in both form and substance. In form, as for the first time the relationship between a public supervisory authority and private entities is regulated through an instrument typical of relations between private entities, i.e. an agreement. In substance, because the document is inspired by the common objective of containing the risks that affect Foundations due to their nature as institutional investors and, at the same time, as subjects of general interest. In addition, it has the main purpose of further releasing the potential of Foundations for the benefit of the entire community, which remains the first and most important interlocutor to which they assume their commitments[8].

After Article 1, which introduces the main definitions in the Memorandum of Understanding, there is Title 1, concerning the economic and patrimonial aspects of foundations.
This section includes Articles 2 to 5 dealing respectively with the following topics: asset management, debt, derivative transactions, companies and instrumental entities.
As far as asset management is concerned, it may not be used in exposures to a single entity amounting to more than one third of the total assets in the foundation's balance sheet.
Article 3 stresses that the principle of conservation of assets must be respected, with no recourse to any type of indebtedness, except in the case of temporary and limited liquidity requirements and, in any case, for an amount not exceeding 10% of the assets.
With regard to the use of derivatives, they are expressly prohibited, except for hedging purposes or in transactions where there is no risk of capital loss.

The second and last section includes Articles 6 to 13 which cover the following topics: participation, mandates, selection and fees of the bodies' members, incompatibility and ineligibility, transparency, cooperation and forms of aggregation, implementation of the protocol.
Positions in statutory bodies, including the Chairman, may last for a maximum period of four years and may not be held for more than two consecutive terms.
As far as the members of the bodies are concerned, they must be the bearers of professionalism, competence and authority, as well as receive remuneration of a limited amount, consistent with

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[8] acri.it.

the nature of banking foundations and the absence of lucrative purposes. Statutes also ensure the presence in organs of the less represented gender and affirm the incompatibility with the political offices of the abovementioned positions.

Foundations must make public on their websites comprehensive information and key documents concerning their activities, including statutes, regulations, budgets and forward planning documents. In order to ensure the transparency of the choices made, the information must be made clear, easily accessible and unambiguous.

Article 12 encourages foundations to use cooperation and aggregation in order to pursue common objectives, as well as efficient and cost-effective management.

Finally, Article 13 states that foundations must adapt their statutes to the Memorandum of Agreement within twelve months of its signature.

3.2. Social role

The birth of banking foundations is the result, in some ways unexpected, of a public policy aimed at remedying an anomaly in our banking system, characterized by a very high presence of banks under public control, many of them operating under the legal form of the foundation or association, which prevented a full deployment of the dynamics of competition.

The peculiar origin of these "private foundations born by public decree" has contributed significantly to affect their governance structure and the way they operate, especially in the *trade-off* between asset management and institutional activities.

The basic idea is that banking foundations can play an essential role in supporting a pluralist approach to the development and dissemination of social innovation. A full deployment of this function, however, requires a radical rethinking of the activity and organization of these bodies, especially in the creation of precise intervention strategies that highlight their specific role, and a greater professionalization of both philanthropic activity and asset management.

The argument put forward is that banking foundations, by virtue of their peculiar nature as private institutions pursuing aims of social utility are able to remedy certain "State and Market failures". Such an ability can justify the existence of institutions that, through their action, allow society and the economic system to deal with certain problems that greatly influence the quality of collective life, in addition to those represented by businesses and public administrations.

They perform actions that neither public administrations nor the market can easily implement, including supporting social innovation in actions and policies aimed at achieving objectives of public utility for the development of the country, a role known as "*social merchant banking*" (Barbetta, 2000).

Supporting social innovation means, therefore, fully understanding that the resources of a foundation can be sufficient to carry out "demonstration actions", i.e. showing how the problems themselves can be tackled with more effective and/or less expensive tools and policies than those used until now.

These various activities carried out by the social innovator require economic, intellectual and relational resources. After seeing a problem, he wonders how to deal with it better, experiments with a solution and, finally, takes the risk of checking its effectiveness.

The best foundations in the world do not limit themselves to being almsgivers, but they operate as actors of change, active subjects of the social, cultural, educational and environmental policies, which aim to understand and remove the causes of social problems, not just to buffer their effects.

This is obviously not the only social function that foundations of banking origin can perform. In fact, their rich patrimonial endowment allows them to play a further role that cannot be exercised by private companies and which, paradoxically, the public administration itself exercises with difficulty: the role of *"catalyst"* of the actors and resources existing in a community.

In conclusion, playing the role of the social innovator cannot be the outcome of a random realization, but requires the adoption of a coherent operational strategy with focused objectives and suitable operational tools.

3.3. Governance

Governance is that system of relationships among the board, management and auditors that defines how organizations are directed and managed to achieve their mission and objectives. The distribution of rights and responsibilities among the different entities of the organization, as well as the rules and decision-making procedures, constitute the key elements of the governance structure.

A good governance must adapt to the specific characteristics of the organization, as it is fundamental to align strategy and operations with an "effective" management of social interventions. The latter must, in fact, be aimed at maximizing the benefits that the target territories can expect from the funds invested and the projects developed.

In our territory, social, environmental, political, cultural and economic factors represent such a strong specificity that the activity of financing and developing meritorious projects and initiatives cannot be purely casual, dictated by short-term convenience or decided by a single subject according to personal preferences.

3.3.1. Roles and responsibilities

The governance structure of the Foundations of Banking Origin is a particular typology of the so-called "dual" model, which consists of board and management. While the model provides for a deep separation between the board, which is charged for setting objectives, strategies, and programs in line with achieving a social purpose, and management, which executes the actions and is responsible for the proper use of assets within the programs defined by the board, the governance structure of Italian banking foundations is more articulated.

In fact, there are two boards with different but complementary functions: the *Board of Trustees* and the *Board of Directors*.

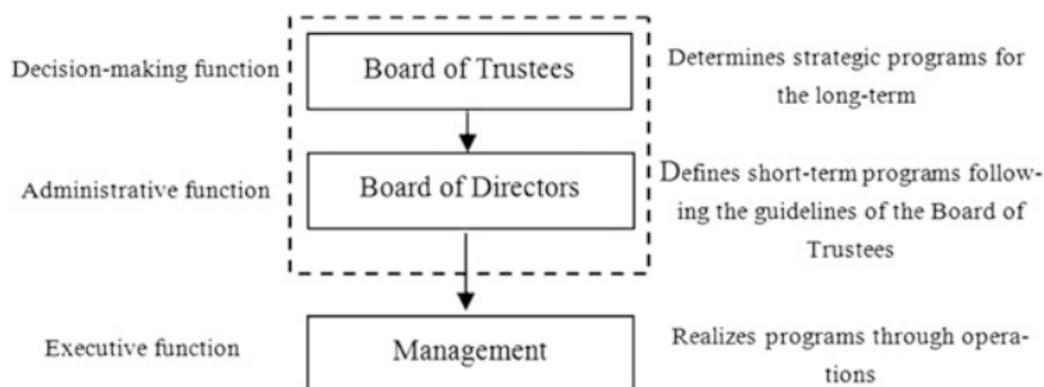*Fig. 12: Governance structure model for Italian banking foundations (Source: Leardini, Rossi and Moggi, 2013, p. 6)*

The Board of Trustees represents the body that protects the values of the Foundation and is in charge of its direction. As highlighted by the literature (Anheier, 2005), the board does not represent the ownership that transferred the assets to the organization. Rather, it is responsible

for defining objectives, strategies, and long-term programs in the exclusive interest of the territory in which it operates.

As a result of the presence of two boards, the Board of Trustees has many components that must possess appropriate specialist knowledge in matters relating to the area of intervention or functional to the foundation's activities.

Since it plays a key role in the relationship between the foundation and its stakeholders, the Board of Trustees should positively represent the organization and its programs to them and, in particular, to the community at large (Leardini, Rossi and Moggi, 2013).

According to Ingram (2009), it has four main objectives and responsibilities: legal and fiduciary, oversight, fundraising, and representation of constituencies and viewpoints. For this reason, the Board of Trustees has several different functions, among which:

- determine the mission of the organization;
- select, support and evaluate the Board of Directors;
- ensure effective planning;
- provide financial oversight.

However, its basic function does not change: it is the decision-making center of the foundation, which is in charge of strategic planning and control.

On the other hand, the Board of Directors is in charge of the administrative function of Foundation's activities within the planning framework defined by the Board of Trustees, but it is not a mere executor of its guidelines. In fact, it has the more complex task of translating long-term programs into short-term action plans to be implemented by management at the operational level, in order to complete the strategic planning activity designed by the Board of Trustees and, if necessary, to formulate new proposals. In this way, it embodies a link between the decision-making body and the management, enabling the foundation to overcome one of the main criticisms of the dual governance model for non-profit organizations.

The relationship between the Board of Trustees and the Board of Directors can be defined as an agency relationship, where the former entrusts to the latter the task to operationalize the long-term strategies, while the actual implementation and executive function are delegated to management.

As for the members of the Board of Trustees, the articles of incorporation of Foundations provide that the members of the Board of Directors must have adequate specialist knowledge

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and operating experience in the fields of academic career, business management or professional services, as well as administrative or executive roles in public or private bodies, with particular reference to the financial and securities sector (Boesso and Cerbioni, 2019).

The Board of Directors performs, in particular, the following functions:
- prepare the annual planning document, the financial statements and management report;
- identify and propose specific activities and interventions in addition to existing programs;
- deliberate projects and disbursements consistent with the guidelines of the Board of Trustees;
- manage Foundation's assets in order to ensure an adequate ROI (Return on Investment).

Appropriate coordination with the Board of Trustees is also necessary with the aim of ensuring that its guidelines are translated into management operations.

After the Board of Trustees and the Board of Directors, the Audit Committee is the third mandatory minimum body of Banking Foundations' governance. It is the control body and has the task of monitoring the proper functioning of the foundation, assuming the typical functions of the Board of Statutory Auditors of limited liability companies or corporations.
The Audit Committee is appointed by the Board of Trustees and ensures the legitimacy and the proper work of the banking foundation, verifying that it has achieved its objectives without contravening the provisions of the law and the statute.

The Audit Committee is responsible for several functions, among which monitoring:
- the sense of respect for the principles of good administration;
- the adequacy of the organizational, administrative and accounting procedures;
- the operation of the banking foundation.

For the reasons mentioned above, the Audit Committee participates without voting rights in the meetings of the Board of Trustees and the Board of Directors.

The governance is completed by the figure of the President, who acts as a Managing Director. It is the legal representative of the foundation; it is appointed by the Board of Trustees and can be confirmed only one time. The duration of this office, however, is variable and depends on the statutory provisions.

It oversees the proper functioning of the foundation and the action of both boards, as well as the day-to-day operations in relation to all projects, along with its Secretary General and staff. The President symbolizes the operating unity of the organization and its functions are strictly linked to the normal conduct of the meetings.

3.3.2. The phases of good governance

In our system the Foundations have such a wide freedom of action that the Bodies of Administration can outline independently their own future, without the specific interests of a main subject that exercises proprietary or elective prerogatives. In fact, the governing bodies are responsible for the strategic choices to operate in one or more areas with the most suitable structures and forms in relation to the specific needs to be fulfilled and the resources available. However, their wide freedom is functional to the achievement of important social goals and the progress of the common good of the foundation.

The uniqueness of the role of governing bodies and the extreme social relevance of the institutional aims pursued by foundations have induced the University of Padua to promote various surveys on the governance of foundations and their strategic action, in order to map and document the state of the art, as well as to inform and influence those working in the field.

Regarding the characteristics of governing bodies, the first survey on the governance of foundations (Boesso et al., 2011), conducted in 2010 through the involvement of the Presidents, has allowed the formulation of a governance model, functional to the promotion of institutional philanthropy, articulated in the following six stages:
1. the creation of a heterogeneous "brain enterprise" in the top management bodies of government;
2. the ability to make them a "team" competent in philanthropy and lines of action;
3. the production of information on the Foundation's internal and external context regarding the target territory, to make "calculated" decisions;
4. the definition of the programmatic lines, to "balance" the intermediate objectives, functional to the achievement of the long-term mission, with the resources actually available;
5. the optimization of the work of the bodies, to ensure the correct decision-making process and the "support" of the directors to the operational core;

6. the communication of results and the "self-assessment" of the effectiveness and efficiency of governance until the formation of a new government team that builds on previous experiences.
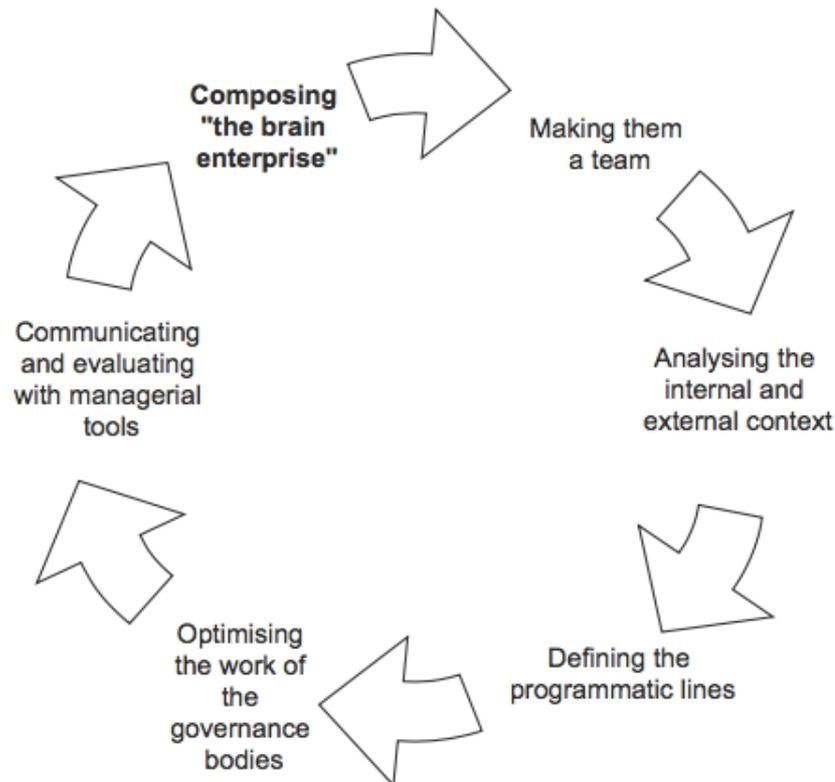
Fig. 13: The governance of Non-Profit organizations: phases and characteristics (Source: Boesso and Cerbioni, 2019, p. 54)

Composing "the brain enterprise"

In the non-profit sector, the Board of Directors, in addition to supporting managers in business strategy and controlling activity and performance, ensures that adequate resources are available and that organization's activities are in line with the mission.

As a consequence, administrators are required to have different skills and competences, in order to bring the greatest number of resources to the company and to know how to relate with the external environment. The higher the quality and quantity of this human and social capital, the better the performance of the foundation. For this reason, the process of selecting candidates for the role of CEO must be very accurate and the incentive system must be correct.

As Dan Pallotta (2013) said, non-profit organizations that use money for greater social production are not seen in the same way as those in the for-profit sector, where the more value

you produce, the more money you earn. This opinion is caused by the current ethical system, which every year sends tens of thousands of people coming from the best universities, who could make a big difference in the non-profit sector, directly in the for-profit sector, because they do not have the willingness to make a life-long economic sacrifice.

Businessweek conducted a study considering the compensation for those who have achieved an MBA after 10 years of business school, and the average compensation for a Stanford graduate, with the bonus, at the age of 38, is $400,000. On the other hand, at the same age, the average salary for the CEO of a medical charity billing more than $5 million is $232,000, and for an anti-hunger organization, $84,000.

For this reason, it is almost impossible to find many people who can earn $400,000 but sacrifice $316,000 a year to become the CEO of an anti-hunger organization. This is what happens when morality is confused with thrift.

Making them a team

The activities that each foundation must carry out are dynamic, heterogeneous and often far from the professional profile of the administrators. For these reasons it is essential to analyze their skills and try to train them continuously.

The "*balance of skills*" is necessary in order to become aware of possible critical situations and to operate with a view of continuous improvement, also by organizing work sessions specifically dedicated to increase the awareness of the activities carried out by the organization itself or by other Foundations.

Analyzing the internal and external context

To facilitate their work, the Trustees should receive regular information about the Foundation, the context in which it operates, and the individual topics on the agenda (Powell, 1995).

As far as information about the Foundation is concerned, it can be found in the newsletter or in the company dashboards, which are a set of result and performance indicators constantly updated with regard to existing funding, the percentage disbursed, deadlines, and the progress of projects.

At the same time, a specific periodic research activity is appropriate to maintain a proper level of vigilance on the socio-economic conditions of the territory and the areas in which intervention is carried out, in order to prevent certain situations or the emergence of new needs. Finally, it is useful to prepare and provide supporting documentation relating to each item on the agenda before each meeting, so as to facilitate the administrators' work.

Defining the programmatic lines

Among the various tasks of the Board of Directors, one is to periodically check the alignment between the various available resources (financial, human, instrumental and intangible) and social objectives, which must be reorganized into sub-objectives to better analyze the intermediate results.

These sub-objectives must be programmed by the administrators and achieved progressively, giving priority to certain interventions and relationships.

In the life cycle of the foundation it is necessary, in fact, to know how to alternate and coordinate the different phases, starting from the collection of resources and the disbursement of funding and activities to the subsequent analysis and verification of results.

Optimizing the work of the governance bodies

Within a foundation it is essential that the governing bodies exercise their prerogatives in a constructive climate that allows the administrators to play an active role, avoiding promiscuity between operational and administrative functions.

This behavior of administrators, called *"Constructive No-Confidence"*, consists of inspecting, validating and enriching the projects of operational managers, in order to increase the impact and likelihood of success of projects.

In order to ensure a more functional governance for the design, implementation and control of the various projects, as well as greater dynamism and better integration with local actors, it is important to articulate the government into several bodies, which must meet frequently, and open the doors to an external contribution from "third parties".

The last phase of the governance model consists of approving the main economic-financial data, analyzing the social impact of the foundation's activities and evaluating the work of the board.

The management control is carried out through extemporaneous surveys and structured social reports for disbursement activities, and through risk analysis, absolute and relative returns for asset investment activities.

Finally, a periodic review of institutional purposes, strategic planning, as well as short, medium and long-term objectives should be carried out by all foundations that are more oriented towards corporate management criteria, with the ultimate aim of identifying possible lines of improvement.

The first survey carried out in 2010 with the main Italian foundations revealed a partial adoption of all theoretical postulates, also highlighting critical issues and areas for possible improvement. The six-phase model, although it represents only an "excellent theoretical approach" that often encounters operational difficulties, is full of opportunities and attributes that the foundation must be able to grasp when the need arises, according to programs and timescales that vary from context to context.

3.4. Strategy

The strategy can be defined as the determination of long-term organizational objectives, goals and action plans, as well as criteria for allocation of resources and evaluation of results.

In order to align the abovementioned aspects within a non-profit organization, it is of fundamental importance to coordinate the following four corporate elements, typical of Anglo-Saxon foundations:

1. *Mission*;
2. Corporate *Governance*;
3. *Operations*;
4. *Accountability*.

The first two corporate features of each organization are in fact purpose and leadership, then integrated by the organization of resources, performance analysis and reporting.

The *mission* explains the objectives that a foundation wants to achieve in the long-term and the strategies implemented, as well as the values shared by the many individuals within it.
In practice, it is embodied in declarations of intent, statutes, ethical codes, mission statements and strategic maps (Kaplan, 2001).

The *corporate governance* characterizes the steering structure, the decision-making processes and the control elements that govern the interests of the owners both with those who manage the organization and with those who benefit from the social activity.
Key element is the need to obtain the social and financial support necessary to achieve certain objectives that are often pursued without the help of monetary flows (Cornforth, 2001).

Operations represent the technical-physical, spatial or temporal transformation cycles of both tangible and intangible resources, which allow the production and delivery of goods and services, trade and brokerage.
In practice, they are implemented in the study of production and distribution processes, as well as in the definition of activities, routines and procedures that lead to the achievement of expected goals and the creation of social value.

Finally, *accountability* represents the directors' responsibility to inform stakeholders and to verify the organization's operations through information systems, financial and management accounting, as well as the production of summary documents such as the financial statements, the management report and the mission and/or social report.
A distinguishing element is the emphasis placed on individual communication and information policies as the basis of operating legitimacy and integrated into a broader *corporate social responsibility* framework (CNDCEC, 2002).
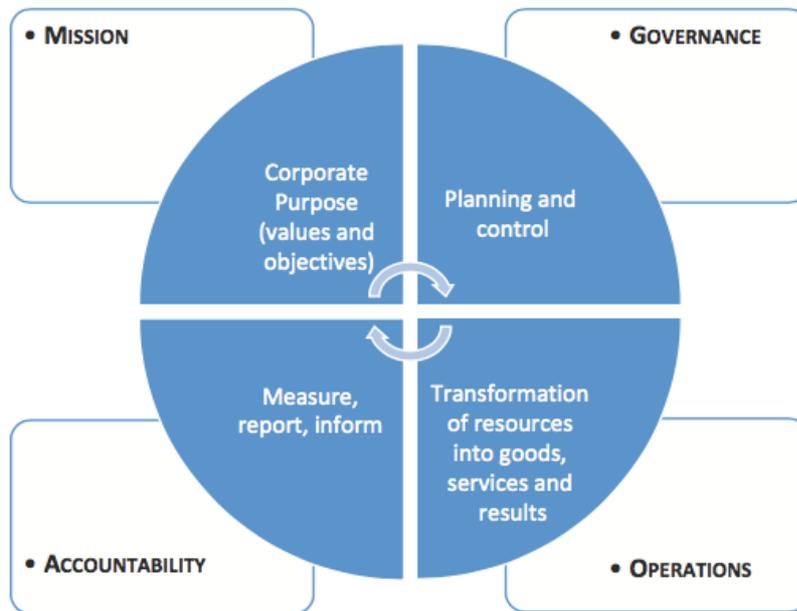
Fig. 14: The corporate features of a Non-Profit organization (Source: Boesso and Cerbioni, 2019, p. 13)

In order to better analyze the relationship between good governance and performance, it is useful to define more precisely the concept of "strategy" within a grant-making foundation.

Strategic philanthropy is the transformation brought about by the philanthropic act, through a return not financial but social. From this point of view, a donation therefore acquires meaning if it allows to reach the set objectives and improve the quality of life of the recipients: one does not donate to donate but to produce change.

Although its applicability in the Italian context is inevitably affected by the typicality of our country, strategic philanthropy can help to achieve better social performance through the experimentation of different possible solutions, in order to identify those that best suit certain environmental conditions.

3.4.1. Support activities for strategic philanthropy

To plan the right strategy, however, the role of governance within a foundation seems essential and it is therefore necessary to analyze which characteristics can make it suitable to identify and pursue the most appropriate strategic objectives. Board members do not simply monitor the managerial team but play an active role in the decision-making process, defining the organizational mission and developing the agreement on resource allocation (De Andrés-Alonso, Azofra-Palenzuela and Romero-Marino, 2009).

In defining the characteristics of the governance model, the Italian literature on the emerging social role of FBOs (Barbetta, 2001) and the research carried out by the *Center for Effective Philanthropy* on the major U.S. foundations (CEP, 2004) propose two dimensions of analysis to illustrate how these non-profit organizations, in order to successfully achieve their social aims, can implement various philanthropic strategies based on "project funding" priorities and "project development" activities.

The "project funding" dimension, which is related to the priorities given to different types of financed projects, illustrate a particular strategic approach:

- seed capital for autonomous projects, which are characterized by a large degree of self-government;
- complex, participated and long-term projects;
- own projects proposed by the foundations themselves;
- research grants;
- unconditional grant-giving.

While the first three typologies refer to operating foundations as social merchant banks, the last two refer to grant-making foundations, which are more interested in giving financial support to activities proposed by the so-called "third sector" players, like associations, groups, nonprofit organizations, and more others.

On the other hand, the "project development" dimension highlights how foundations allocate their time dedicated to donations in three phases:

- *ex ante*, which is related to project selection;
- *in progress*, which concerns the financing;
- *ex post*, which is dedicated to understanding the effectiveness of the financed project.

In the development of these phases, the task of defining the institutional structure and the characterizing elements of the decision-making process that must lead to the best possible allocation of philanthropic funds is assigned to the governing bodies.

Although foundations have different practices in allocating their time across these three phases, it is difficult to clearly identify the optimal solution to achieve the expected result. Each choice of structure, in fact, has pros but also cons, such as taking resources from philanthropic action

to divert them to support activities and staff, or creating rigid operational processes that would be an obstacle in establishing relationships with people in social distress.

Finally, when evaluating the different possible solutions, it is important to be aware of the fact that they are often subject to *trade-offs*, or at certain costs versus uncertain benefits.

The following are the possible alternatives applicable to the governance of non-profit entities in the exercise of their main functions:

- the articulation of government roles, structures and skills (wide *vs* narrow);
- the perceived suitability of each administrator for the role of philanthropy support (enthusiastic participation *vs* training);
- the pervasiveness of the planning process (major *vs* minor);
- the choice of the prevalent intervention profile (granting *vs* operating);
- the degree of administrator's support to the disbursement processes (determinism *vs* solidarity).

A wider articulation of roles and structures certainly favors a more professional exercise of strategic philanthropy; on the other hand, however, it reduces the resources that would otherwise be allocated to the disbursements.

In order to make the intervention of a foundation effective, as well as cost efficient, the administrators must at least have a sense of belonging to the organization, even better if they share a common value system, enhance the different skills and participate in continuous training meetings.

The portfolio of social initiatives cannot be managed in the absence of multi-year planning and scheduling of interventions; on the contrary, it must be periodically reported and compared with other alternative projects as well as at different time stages.

3.4.2. Asset management for grant-making activities

According to the law, banking foundations have been designated with the exclusive purpose of promoting the social and economic development of the territory, beyond the profit-making intent (Basile, 2003).

However, the attribution of public purposes to banking foundations does not prevent them from carrying out activities other than those of a social nature; on the contrary, it requires that such activities be instrumental to the public interest objectives they pursue.

Therefore, asset management and participation in banks or companies, for example, are not in contradiction with institutional purposes if their aim is to produce a *return on investment* (ROI) that contributes to the achievement of social objectives.

Banking foundations are, in fact, independent organizations with their own assets and statutory and management autonomy, in the service of public utilities (Danzi and Demarie, 2003). Their business comprises two major areas of activity:

- *asset management activity*, aimed at maximizing the return on investment;
- *grant-making activity*, focused on the maximization of value for the territory.

The distinction between these two activities is suggested by the law, which states that asset management must be carried out with appropriate organizational procedures to ensure its separation from the other activities of the foundation.

As repeatedly stated in the statutes, banking foundations are primarily engaged in economic and social development enterprises. The management of assets is therefore functional and instrumental to the grant-making activity, which is the core business of these non-profit entities. Grant-making activity requires the foundation to know the needs of the territory in which it operates and their order of priority, to identify actions that will satisfy these needs, and to find the funds necessary to implement the interventions.

The abovementioned funds derive from asset management and represent a part of the operating surplus, which is total revenues net of costs and taxes, after assignments to reserves, the fulfillment of legal obligations and the repayment of any previous deficit.
In the management of assets, banking foundations must diversify the risk of their investment portfolio, trying to produce a ROI that contributes to the achievement of statutory purposes.

There is also a temporal connection between asset management and grant-making activity: the two activities are not, in fact, simultaneous but rather successive to each other.

In practice, as *Fig. 15* shows, the operating surplus produced by the management of a foundation's assets in a certain period (*t*) provides the financial resources necessary in the subsequent period (*t+1*) to carry out interventions of social utility through grant-making activities.
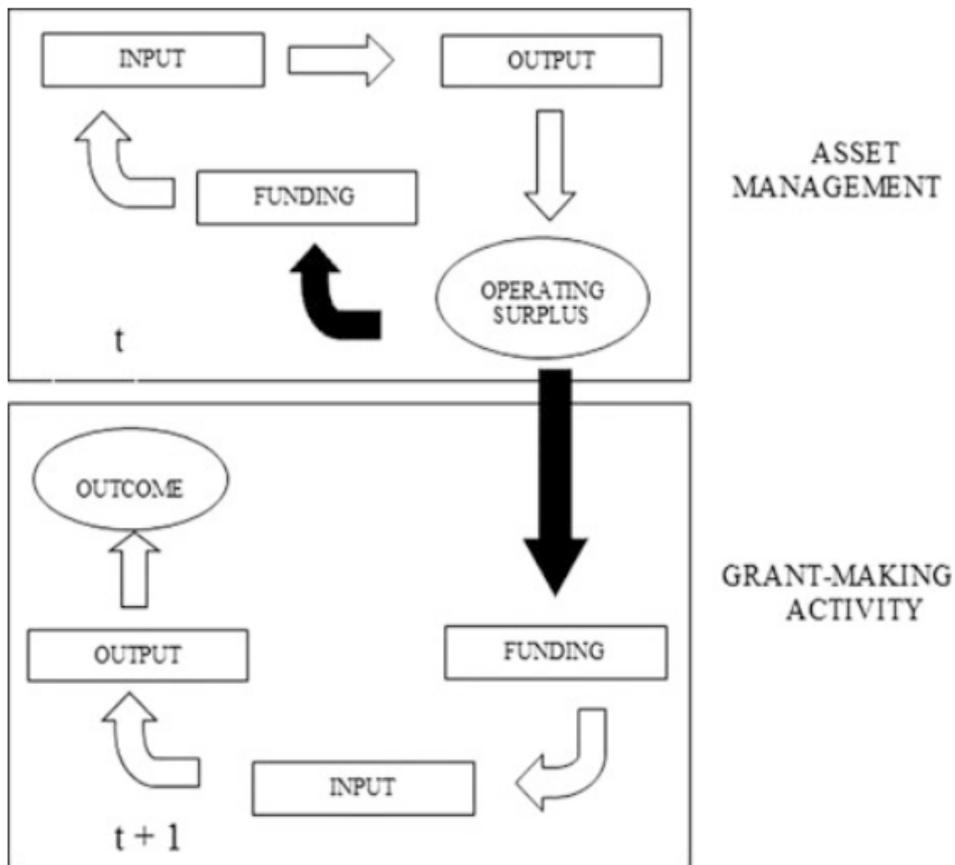
Fig. 15: Relationship between asset management and grant-making activity (Source: Leardini, Rossi and Moggi, 2013, p. 14)

Firstly, the income derived from the trading of financial instruments must cover the operating cost. Subsequently, the operating surplus that remains is partially reinvested in asset management, in order to maintain the integrity of the capital, and partially used to carry out the grant-making activity.

The allocation of operating surplus represents the connection between institutional activity and asset management, which requires careful planning and a strategic coordination by a single body with a unitary view (Salamon and Voytek, 1989).

3.5. Management tools

All economic organizations, whether private or public, profit or non-profit, base their existence on a relationship of trust with all their interlocutors. This relationship may become stronger or weaker based on their conduct and the adequacy, reliability and transparency of the information presented to stakeholders.

In the Anglo-Saxon world, in order to explain the information duties of economic organizations, it has been introduced the term *accountability*. It means duty and responsibility to explain and illustrate, to those who have the legitimacy to do so, what is being done to comply with the defined programs, both from an economic and income point of view (for example, towards current or potential investors), and from a social and institutional one.

The need to present correct and truthful data and information on the work to stakeholders, in addition to being a moral duty linked to the responsibilities of each institution, is a mandatory duty when an organization presents a report on its activities and results.

The three documents identified to communicate the information required by stakeholders, both institutional and non-institutional ones, in Banking Foundations are:

- *Financial Statements*: in which the economic, financial and asset situation of the foundation is presented, using accounting data;
- *Mission Report*: this document is designed to extend the information on the institutional activity of the foundation, in particular to inform institutional stakeholders on how the resources acquired to fulfil the statutory duties have been used;
- *Social Report*: it extends the information further, informing all stakeholders of the effects that the organization's activity has on them.

Every economic organization, including therefore Foundations of Banking Origin, both carries out its own direct institutional activity and interacts indirectly with the whole range of its stakeholders, causing very wide direct and indirect effects. These different effects also lead to different objectives in the presentation of accountability, precisely in order to respect the specific information objectives that are connected to the different needs of the various stakeholders.

The concept of stakeholder is not so immediately clear and definable, but it can be defined as one who has legitimate expectations, although to be reconciled with those of others.

3.5.1. Financial Statements

The financial statements of companies were the first accountability document of private organizations to be regulated by law. It must express, in a reliable and complete manner, the economic-financial results of the business activity, illustrating the ways in which commitments to stakeholders, i.e. creditors, employees, shareholders, the State, but also other interlocutors, who, although not having a direct interest in the results of the financial statements, consider useful to monitor the situation of the company because this could have an impact on the quality level of products and services offered.

The institutional purpose for which a company is established is the achievement of a positive result on the market, maximizing its value in the long term, in compliance with the law and ethical-moral principles.

In Banking Foundations, it can be identified a specific reporting model required by law, which takes into account the particular nature of these organizations and their main characteristics. The prescribed model provides for foundations that *"The financial statements of the Foundations consist of the documents provided for in Article 2423 of the Civil Code. The Foundations keep the books and accounting records, prepare the financial statements and the report on operations with reference to the individual disbursements made during the year. The management report illustrates, in a special section, the social objectives pursued by the Foundation and the interventions carried out, highlighting the results obtained with regard to the various categories of recipients"*[9].

The model requires Banking Foundations to prepare Financial Statements consisting of the Balance Sheet, Income Statement, Notes to the Financial Statements and the Report on Operations, with a special section to include all the information on the foundation's institutional activities, which in concrete terms are nothing more than the Mission Report.
The fact that the Legislator has provided for the inclusion of the Mission Report in the Annual Report is significant because it departs from the approach used for the Social Report and because, in order to be able to express an opinion on the work of the foundation, both economic-financial and institutional performances must be taken into account.

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[9] Legislative Decree 153/1999 (Article 9, paragraph 1).

Balance Sheet

From a structural point of view, the layout of the Balance Sheet follows the layout proposed by the Italian Civil Code. The purpose of this document is to highlight the tools and conditions available to the foundation to set up its activities, both in terms of asset management and institutional activity.

ASSETS (investments)

Fixed Assets

Tangible Assets

Intangible Assets

Financial Assets

Current Assets

Inventories

Non-interest-bearing financial instruments

Accounts receivable

Liquid assets

LIABILITIES AND NET EQUITY (funding sources)

Net Equity

Establishment/Original Fund of the organisation

Contributions to the organisation

Reserves created with previous operating surpluses

Surplus or Deficit (with minus sign) of operations during the year

Liabilities

Funds for institutional activity (grants, others)

Provisions for future risks and charges (assumed debts)

Payables to banks and financial operators

Payables to employees (including severance)

Payables to Suppliers

Fig. 16: Balance Sheet or Financial Statement (Source: Boesso and Cerbioni, 2019, p. 31)

The Balance Sheet is represented by a scheme of opposed sections (*Fig. 16*), which sees on one hand the sources of funding available to the Foundation, and on the other the uses to which these funds are allocated.

Specifically, the section of investments reports both fixed and current assets. The first ones represent immobilized investments, such as plants, equipment and software, calculated as the purchasing cost minus the accumulated cost of use, while the second ones represent short-term investments, such as cash and bank accounts, receivables from customers and securities.

The opposed section of the Balance Sheet consists of funding sources and includes "Liabilities", represented by payables to banks, financial operators, suppliers and employees, and "Net Equity", including the initial capital received from the Foundation, further donations for specific long-term investments and the surplus/deficit of each year as indicated in the Income Statement.

The financial equilibrium is observed above all in the ability to maintain or increase the Net Equity over time, in order to enhance the company's resources available to finance further social projects, rather than using its own founding capital to meet ordinary operating costs.

Another key element is the monetary balance, which is observed to see whether the current assets are sufficient to cover all the short-term liabilities that the organization will have to bear. Public partners often tend to postpone their payment, creating serious financial difficulties for entities that have to pay their short-term operating costs.

Income Statement

The Income Statement is represented and communicated through a scalar scheme (*Fig. 17*), which shows how total expenses are deducted from total income. In particular, it includes production costs and revenues, as well as income and expenses from ancillary and extraordinary activities, which are not part of the regular business of the organization. The result is the determination of Non-Profit organizations' surplus/deficit, the so called "Operating Result".

The economic efficiency is obviously achieved in the presence of an operating surplus or, in the case of a negative balance, the sponsors and supporters will take care of it by intervening on the financial situation of the organization.

INCOME STATEMENT or MANAGEMENT REPORT

A. Value of production deriving from:

Assets:

- Dividends and similar income

- Interest and similar income

- Other asset management results (revaluations, write-downs, etc.)

Promotional and fundraising activities:

- Contributions/donations from public entities

- Contributions/donations from companies and individuals

Institutional activities:

- Sales revenues and contributions from institutional activities

- Considerations/funding from calls, conventions and contracts

B. Production costs relating to:

Resolved disbursements or provisions for future disbursements

Direct costs of project related, promotional and institutional activities (specific and direct production factors of each project)

Cost of governance and administration bodies

Refunds to members of the organisation

Annual portion of the cost of multiannual production factors (calculated internally by amortisation)

Provisions for future charges and risks of expiring projects (calculated internally by estimating future events)

Other operating costs and charges

C. Income and expenses from ancillary activities

D. Income and expenses from extraordinary activities

E. Taxes

Operating result, Balance or Deficit (A - B +/- C +/- D -E)

Provisions for reserves and funds, including funds for disbursements

Fig. 17: Income Statement or Management Report (Source: Boesso and Cerbioni, 2019, p. 29)

Notes to the Financial Statements

The last and fundamental document of which Banking Foundations' Financial Statements are composed is the Notes to the Financial Statements. This document seeks to supplement the information contained in the Balance Sheet and Income Statement in order to provide a clear and detailed representation of the foundation's situation with regard to both asset management and institutional activity.

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Its content also includes an indication of the composition and movements of the Balance Sheet items when they are useful for the understanding of the Financial Statements. This provision is of fundamental importance in order to increase the reporting capacity of the Financial Statements on institutional activity, offering additional accounting information that is adequately structured, compared to that already planned and included in the Mission Report.

3.5.2. Social Report

The need to broaden the scope of information provided to stakeholders leads to the Social Report, which is a document that provides information on all the company's activities, including those that do not derive from the economic-financial exchange on the market and, therefore, cannot be expressed in the financial statements.

The Social Report is therefore an operating planning document for the formulation and verification of a sustainable path in order to achieve institutional and business objectives in the medium and long-term.

Through this reporting tool, all the information produced by the organization is available to both administrators and all potential stakeholders, making transparent and understandable (Boesso and Cerbioni, 2019):

- the commitments that the organization has made to its communities of reference;
- the activities, initiatives, projects, services through which the commitments have been translated into concrete results;
- the results (output) and the social impacts (outcome) actually generated.

The Social Report, while starting from the financial statements and taking due account of the economic and financial results, in addition to providing information on the institutional activity of the company, also integrates data and information with reference to the side effects of ethical, social and environmental nature that the activity has on civil society.

The Social Report is therefore included as an appendix to the management report, a document that is not part of the financial statements, but is an essential attachment given the synergy with it. Its location responds to the need to keep this document separate from the institutional economic-financial market information of the financial statements.

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3.5.3. Mission Report

The Mission Report, on the other hand, is characteristic of non-profit companies, which have as their institutional purpose the achievement of certain benefits for a group or community and is used to inform institutional stakeholders on how to achieve this purpose.

The Ciampi Law included the Mission Report among the information duties specifically provided by the regulations on the content of the Management Report and not in a separate appendix, so as to clearly highlight the importance of the evaluation of both economic-financial and institutional performance, two related and interdependent aspects of Banking Foundations. It analyzes all the quantitative information summarizing the institutional activity carried out by the foundation during the year, in order to evaluate the objectives pursued in the areas of intervention, the results obtained and the consequent social impact, also with reference to the different categories of stakeholders.

The Mission Report, as an essential element through which non-profit organizations are directly responsible for their work to the community, must not present all the ethical and socio-environmental effects of the organization's activity, but only the results of the disbursement activity in relation to institutional purposes.

The reference in the Mission Report only to the institutional stakeholders of a non-profit organization does not exclude a strong correlation with the Social Report, in particular because the "border" between the two documents is not as clear as in the case of comparison with the Financial Statements. The more a non-profit organization widens the area of its institutional stakeholders, the more the Mission Report tends to come closer to the social one.

3.6. Search request

Based on the XXV Annual Report of the Foundations of Banking Origin, with reference to 2019, this paper aims to study the 86 foundations described within it. Its objective is to understand whether the size or the geographical area of intervention may in fact lead to significant differences in terms of management indicators.

Very little research has been carried out so far to further analyze this peculiar type of non-profit organizations and, in particular, their performance. Several scholars, including Porter and Kramer (1999) claim that *"There has been no comprehensive study that has documented the foundations' (best) practices or the effectiveness of their commitment to giving"*.

In the empirical continuation of this work we will see a new analysis in the literature with various elements of innovation, in order to bring Philanthropy, with the necessary precautions, to the world of measurable sciences. Therefore, after having prepared and analyzed various data and balance sheet indicators, this paper focuses on the research of possible differences between the Italian Banking Foundations, both from a dimensional and territorial point of view.

In the next chapter we will describe in detail the empirical research of this work, the construction of the data set and its subsequent analysis.

In the first paragraph we will introduce the method by which this paper tries to answer the empirical question. Subsequently, in the second paragraph, the sample used will be introduced and the first descriptive statistics will be analyzed. To conclude, in the third paragraph, we will explain and comment all the details of the empirical analysis used to test the various hypotheses.

4. ANALYSIS OF ITALIAN BANKING FOUNDATIONS

In this chapter we will try to answer to the abovementioned research question starting from the analysis of the 2019 Financial Statements' data of all Foundations of Banking Origin in Italy. It has been chosen to analyze this peculiar type of foundations for several reasons.

First of all, Banking Foundations play a fundamental role of subsidiarity in the Third Sector, also through initiatives of social responsibility towards subjects and/or territories in situations of major socio-economic disadvantage.

Moreover, they consider it appropriate to define parameters of effectiveness and operational efficiency, ensuring full compliance with the so-called "principle of transparency", sanctioned both by the *Charter of the Foundations* (2012) and by the *ACRI-MEF Memorandum of Understanding* (2015), thanks to which the financial statements are public by law.

Finally, the sample is homogeneous, and the information is more accessible and organized, therefore easily analyzable and comparable.

The empirical research methodology and the sample being studied will be presented below. Then we will describe the various analyses carried out, which consist primarily in the study of the variables both from a descriptive point of view and through graphs and tables. In conclusion, the comparison tests between groups will be performed, in order to identify and analyze any differences that may have arisen.

4.1. Empirical research methodology

After setting out the objective of this paper, it is now exposed the research methodology used to test the truthfulness or not of the abovementioned hypotheses.

First of all, all 86 Banking Foundations were divided into different groups according to equity size and region.

One of the main criteria adopted by ACRI (Association of Foundations and Savings Banks SpA) for its analysis is the dimensional one, dividing the banking foundations into five groups of equal number[10]: *Small*, *Medium-small*, *Medium*, *Medium-large*, *Large*.

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[10] With regard to the subdivision of the entire universe according to the size of the equity, we have adopted the statistical criterion of quintiles, that is the values of equity that allow to create five groups of equal number: Small Foundations (17 Foundations), Medium-small (17), Medium (18), Medium-large (17), Large (17).

Concerning the territorial groups, on the other hand, reference was made to the four traditional geographical subdivisions of the country[11]: *North West, North East, Center, South and Islands.*

Lombardia - 2
F. Bm. Lombardia,
F. Cariplo

Trentino Alto Adige - 2
F. Cr. Bolzano, F. Cr. Trento e Rovereto

Friuli Venezia Giulia - 3
F. Cr. Gorizia, F. Cr. Trieste, F. Friuli

Veneto - 6
F. Bm. Rovigo, F. Cassamarca,
F. Cr. Padova e Rovigo,
F. Cr. Verona Vicenza Belluno e Ancona,
F. di Venezia, F. Mp. di Vicenza

Emilia Romagna - 19
F. Bm. e Cr. Faenza, F. Cariparma, F. Cr. Bologna, F. Cr. Forlì,
F. Cr. Carpi, F. Cr. Cento, F. Cr. Cesena, F. Cr. Ferrara,
F. Cr. Imola, F. Cr. Mirandola, F. Cr. Modena, F. Cr. Ravenna,
F. Cr. Reggio Emilia, F. Cr. Rimini, F. Cr. Vignola, F. Cr. e Bm. Lugo,
F. M. Bologna e Ravenna, F. M. Parma, F. Piacenza e Vigevano

Marche - 8
F. Cr. Ascoli Piceno,
F. Cr. Fabriano e Cupramontana,
F. Cr. Fano, F. Cr. Fermo, F. Cr. Jesi,
F. Cr. Loreto, F. Cr. Macerata, F. Cr. Pesaro

Piemonte - 11
Compagnia S. Paolo, F. Cr. Alessandria,
F. Cr. Asti, F. Cr. Biella, F. Cr. Cuneo,
F. Cr. Fossano, F. Cr. Saluzzo,
F. Cr. Savigliano, F. Cr. Torino,
F. Cr. Tortona, F. Cr. Vercelli

Umbria - 6
F. Cr. Città di Castello,
F. Cr. Foligno, F. Cr. Orvieto,
F. Cr. Perugia, F. Cr. Spoleto,
F. Cr. Terni e Narni

Liguria - 3
F. Agostino de Mari,
F. Cr. Genova e Imperia,
F. Cr. Spezia

Abruzzo - 4
F. Cr. Chieti,
F. Cr. L'Aquila,
F. Pescarabruzzo,
F. Tercas

Toscana - 11
F. Bm. Lucca, F. Cr. Carrara, F. Cr. Firenze, F. Cr. Lucca,
F. Cr. Pistoia e Pescia, F. Cr. Prato, F. Cr. San Miniato,
F. Cr. Volterra, F. Livorno, F. Pisa, F. Mp. Siena

Lazio - 5
F. Carivit,
F. Cr. Civitavecchia,
F. N. Comunicazioni,
F. Roma, F. Varrone

Campania - 2
F. Cr. Salernitana,
F. Banco di Napoli

Puglia - 1
F. Puglia

Sardegna - 1
F. Sardegna

Calabria - 1
F. Carical

Sicilia - 1
F. Sicilia

Fig. 18: Distribution of Banking Foundations by geographical area

[11] The regions included in each of the four geographical divisions are:
- North West: Piemonte, Valle d'Aosta, Lombardia and Liguria (16 Foundations);
- North East: Trentino-Alto Adige, Veneto, Friuli-Venezia Giulia and Emilia-Romagna (30);
- Center: Toscana, Umbria, Marche and Lazio (30);
- South and Islands: Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sicilia and Sardegna (10).

Subsequently, their financial statements were reviewed in order to extrapolate the items under examination and calculate the corresponding management indicators. If the numerator or denominator have assumed a negative value, the corresponding index has not been calculated, as it lacks any economic meaning. After that, the data obtained was analyzed, first with the help of descriptive statistics, then through some of the most powerful statistical tests.

In order to identify the characteristics of the distribution of a given sample, the main descriptive statistics used are average, standard deviation, minimum and maximum values, as well as the box-plot diagram, a graphic representation built with simple dispersion and position indexes. "The box-plot is another way of representing a data set graphically. It is constructed using the quartiles and gives a good indication of the spread of the data set and its symmetry (or lack of symmetry). It is a very useful method for comparing two or more data sets. The box-plot consists of a scale, a box drawn between the first and third quartile, the median placed within the box, whiskers on both sides of the box and outliers (if any)." (Nicholas, 1999).

Before proceeding with the comparison between the various groups of foundations, both from a geographical and dimensional point of view, we will verify the normality and homoscedasticity of the variables under examination, as well as their independence. These assumptions are necessary in order to use the correct statistical test.

The Shapiro-Wilk test is tailored to assess the goodness of fit to the normal distribution and it is one of the most powerful tests especially for small samples. The null hypothesis of this test is the presence of normality and the level of significance has been placed equal to $\alpha = 0.05$. Consequently, if we are in the presence of a p-value of the test lower than 0.05, we will reject the null hypothesis and accept the alternative hypothesis, i.e. we assume that the variable is not distributed as normal.

If the assumption of normality is respected, we will proceed with the parametric Levene's test; vice versa, we will proceed with the non-parametric one, which calculates the median based on the ranks of observations instead of the mean. This case may arise especially in the presence of abnormal values, the so-called *outliers*, which will however be taken into account since they come from balance sheet data.

Levene's test is an inferential statistic used to assess the equality of variances for a variable calculated for two or more groups, which can also have different sample sizes. The null hypothesis assumes that the population variances are equal (called homogeneity of

variance or homoscedasticity). If the resulting p-value of the test is lower than 0.05, we will reject the null hypothesis and accept the alternative hypothesis, i.e. we assume that there is a difference between the variances in the population.

In case both the assumption of normality and the assumption of homogeneity of variance are respected, we will proceed with an ANOVA test (analysis of variance), a set of statistical techniques that allow comparing two or more groups of data by measuring the variability within these groups with the variability between groups. The null hypothesis provides that the data of all groups have the same origin, i.e. the same stochastic distribution, and that the differences observed between the groups are due only to chance.

On the contrary, if the assumption of normality is violated, the homogeneity of the variance will be verified anyway through Levene's non-parametric test, and only after that, the Kruskal-Wallis test can be performed. This method is the non-parametric correspondent of the analysis of variance, in which the data are replaced by their rank and it is usually adopted when a normal population distribution cannot be assumed. The null hypothesis provides that the independent groups come from the same population and/or from populations that have the same median, while the alternative hypothesis assumes that the population median of at least one group is different from the population median of at least one other group.

Finally, in order to analyze the specific sample pairs for stochastic dominance, we will use Tukey HSD multiple comparisons for ANOVA test and Dunn–Bonferroni pairwise comparisons for Kruskal-Wallis test. The Bonferroni correction is to multiply each Dunn's p-value by the total number of tests being carried out.

4.2. Equity analysis

As at 31 December 2019, Foundations of Banking Origin had book equity of 40,272 million euro, equal to approximately 86% of the liabilities on the balance sheet.
With reference to the size and geographical distribution of the equity, it should be noted that, for "genetic" reasons related to the territorial evolution of the banking system, this is characterized by a strong concentration.

GRUPPI	Fondazioni Piccole		Fondazioni Medio-piccole		Fondazioni Medie		Fondazioni Medio-grandi		Fondazioni Grandi		Totale		
	Milioni di euro	N°	Milioni di euro	N°	Milioni di euro	N°	Milioni di euro	N°	Milioni di euro	N°	Milioni di euro	N°	Media in milioni di euro
AREE GEOGRAFICHE													
Nord Ovest	36	1	174	3	437	3	931	4	17.279	5	18.858	16	1.178
Nord Est	58	7	136	2	899	6	2.859	9	7.109	6	11.064	30	368
Centro	250	7	731	10	797	5	1.125	3	5.447	5	8.351	30	278
Sud	74	2	174	2	605	4	222	1	919	1	1.996	10	199
Totale	419	17	1.217	17	2.739	18	5.139	17	30.756	17	40.271	86	468
Media	24		71		152		302		1.809		468		

Fig. 19: Distribution of Banking Foundations' equity by size group and geographical area (Source: XXV Annual Report of the Foundations of Banking Origin, 2020, p. 20)

In terms of geographical distribution, the 46 Foundations based in the north of the country have an overall equity of almost 30 billion euros, equal to 74.3% of total equity. In particular, in the *North West*, where 5 of the 17 large foundations are located, the average value of the equity is more than two and a half times the general average (1,178 million euros compared to 468 million euros). The *North East* has a more widespread presence of foundations (30), but a lower than average value of equity (368 million euros).

The *Center*, in which 30 Foundations are present, has even a lower average equity value of 278 million euros.

The *South and Islands* have less weight in the territorial distribution (the equity of the Foundations in this cluster represents only 5% of the system), counting 10 Foundations with an average equity which, with about 200 million euros, is below half the overall value.

With regard to size concentration, it should be noted that the group of the 17 *Large* foundations has an overall equity of more than 30 billion euros (76.4% of total equity), while the 17 *Small* foundations weigh only 1% of the system, with a total equity of 419 million euros, even lower than the total average value.

The *Medium-Large*, *Medium* and *Medium-Small* foundations account respectively for 12.8%, 6.8% and 3% of total equity, with an average value of 302, 152 and 71 million euros.

4.3. Results

Before starting the actual analysis, it is considered necessary to briefly introduce the management indicators coming from the corporate and legal doctrine that follows the Foundations of Banking Origin.

In this paper ten indicators belonging to the following four categories will be illustrated:

- *Profitability*;
- *Efficiency*;
- *Institutional activity*;
- *Composition of investments*.

The indicators identified are calculated for all 86 Banking Foundations on the basis of the values recorded in the 2019 financial statements (*book value*), both for balance sheet and income statement data, with the caveat that the average value of the quantity taken into consideration is calculated as a simple arithmetic average of the start and end values of the year of reference.

4.3.1. Profitability

The profitability of Banking Foundations' assets is an issue of particular interest in relation to the direct link between profitability itself and the ability of foundations to fulfill their institutional goals.

The following are the management indicators related to profitability that have been taken into consideration, each of which will be treated first from the territorial point of view, then from the dimensional one.

Indicator n°1
$$PRO1 = \frac{\text{Ordinary income}}{\text{Average Equity}}$$

The indicator provides a measure of the return on average equity invested by the Foundation during the year, expressed at book value.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	30	29	10
Mean	5,3442%	7,6215%	4,9434%	3,8141%
Std. Deviation	2,07085%	15,94832%	2,97751%	1,86495%
Minimum	1,45%	0,32%	0,25%	0,84%
Maximum	9,18%	90,49%	13,73%	6,54%

Fig. 20: Descriptive statistics

The indicator *PRO1* assumes an average value of 5.34% for *North West* foundations (sd = 2.07%), 7.62% for *North East* (sd = 15.95%), 4.94% for *Center* (sd = 2.98%) and 3.81% for *South and Islands* (sd = 1.87%).

Fig. 21: Distribution of the indicator PRO1 by macro-area (box-plot)

The box-plot suggests a strong positive skewness in the distribution of the indicator for *North East* foundations, with an abnormal maximum value of 90.49% (*outlier*).

Test of Normality

	Macro-area	Shapiro-Wilk		
		Statistic	df	Sig.
PRO1	C	,944	29	,127
	NE	,330	30	,000
	NW	,969	16	,815
	S	,959	10	,780

Fig. 22: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution for three groups out of four but rejects it for *North East* foundations (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of PRO1	Based on Median	1,093	3	81	,357

Fig. 23: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	85
Test Statistic	2,567[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,463

a. The test statistic is adjusted for ties.

Fig. 24: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	16	17
Mean	5,5942%	4,7567%	5,0024%	4,5041%	9,2693%
Std. Deviation	2,78604%	3,18265%	3,04091%	2,30912%	21,06234%
Minimum	1,95%	0,32%	1,22%	0,57%	0,25%
Maximum	13,71%	13,73%	13,37%	8,55%	90,49%

Fig. 25: Descriptive statistics

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The indicator *PRO1* assumes an average value of 5.59% for *Large* foundations (sd = 2.79%), 4.76% for *Medium-Large* (sd = 3.18%), 5.00% for *Medium* (sd = 3.04%), 4.50% for *Medium-Small* (sd = 2.31%) and 9.27% for *Small* (sd = 21.06%).

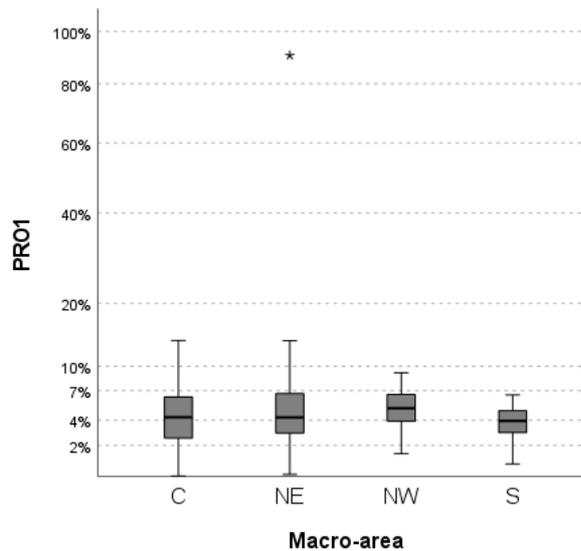*Fig. 26: Distribution of the indicator PRO1 by dimension (box-plot)*

The box-plot suggests a strong positive skewness in the distribution of the indicator for *Small* foundations, with an abnormal maximum value of 90.49% (*outlier*).

Test of Normality

	Dimension	Shapiro-Wilk		
		Statistic	df	Sig.
PRO2	L	,897	17	,061
	M	,826	18	,004
	ML	,973	16	,882
	MS	,987	15	,997
	S	,730	15	,001

Fig. 27: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution for three groups out of five but rejects it for *Medium* and *Small* foundations (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

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Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of PRO1	Based on Median	,324	4	80	,861

Fig. 28: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	85
Test Statistic	1,784[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,775

a. The test statistic is adjusted for ties.

Fig. 29: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Indicator n°2 $$PRO2 = \frac{\text{Operating result}}{\text{Average Equity}}$$

The indicator summarizes the result of the Foundation's investment activity, net of charges and taxes, in relation to the average equity expressed at book value.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	27	28	10
Mean	4,0520%	4,1247%	3,3179%	2,2297%
Std. Deviation	2,06686%	3,13977%	1,99442%	1,50619%
Minimum	0,95%	0,22%	0,06%	0,07%
Maximum	8,15%	14,42%	7,53%	4,55%

Fig. 30: Descriptive statistics

The indicator *PRO2* assumes an average value of 4.05% for *North West* foundations (sd = 2.07%), 4.13% for *North East* (sd = 3.14%), 3.32% for *Center* (sd = 2.00%) and 2.23% for *South and Islands* (sd = 1.51%).
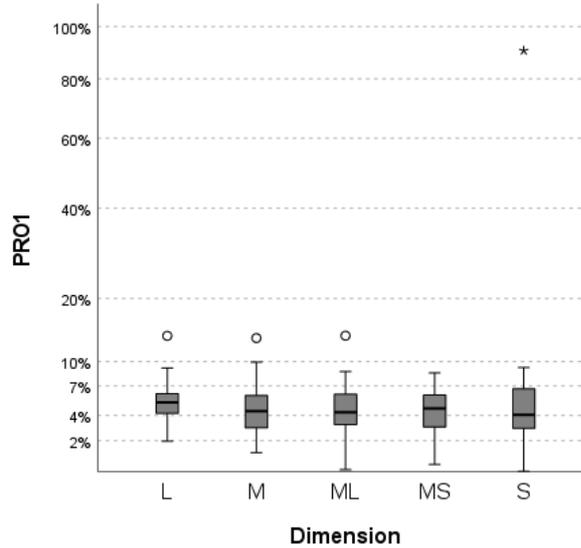

Fig. 31: Distribution of the indicator PRO2 by macro-area (box-plot)

The box-plot suggests a positive skewness in the distribution of the indicator for *North East* foundations, with an abnormal maximum value of 14.42% (*outlier*).

	Test of Normality			
		Shapiro-Wilk		
	Macro-area	Statistic	df	Sig.
PRO2	C	,959	28	,329
	NE	,796	27	,000
	NW	,941	16	,363
	S	,951	10	,683

Fig. 32: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution for three groups out of four but rejects it for *North East* foundations (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of PRO2	Based on Median	,183	3	77	,908

Fig. 33: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	81
Test Statistic	5,473[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,140

a. The test statistic is adjusted for ties.

Fig. 34: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	16	18	15	15
Mean	4,2074%	4,0034%	3,6106%	2,9124%	3,1429%
Std. Deviation	2,15121%	2,21664%	2,45080%	1,50501%	3,57818%
Minimum	1,22%	0,59%	1,31%	0,07%	0,06%
Maximum	10,13%	8,15%	10,80%	5,81%	14,42%

Fig. 35: Descriptive statistics

The indicator *PRO2* assumes an average value of 4.21% for *Large* foundations (sd = 2.15%), 4.00% for *Medium-Large* (sd = 2.22%), 3.61% for *Medium* (sd = 2.45%), 2.91% for *Medium-Small* (sd = 1.51%) and 3.14% for *Small* (sd = 3.58%).
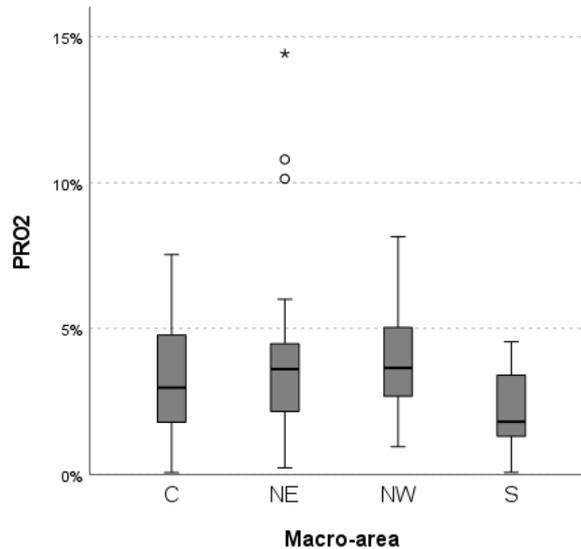
Fig. 36: Distribution of the indicator PRO2 by dimension (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *Large* and *Medium* foundations, and a strong positive skewness for *Small* foundations, with an abnormal maximum value of 14.42% (*outlier*).

Test of Normality

	Dimension	Shapiro-Wilk		
		Statistic	df	Sig.
PRO2	L	,897	17	,061
	M	,826	18	,004
	ML	,973	16	,882
	MS	,987	15	,997
	S	,730	15	,001

Fig. 37: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution for three groups out of five but rejects it for *Medium* and *Small* foundations (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of PRO2	Based on Median	,558	4	76	,694

Fig. 38: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	81
Test Statistic	6,124[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,190

a. The test statistic is adjusted for ties.

Fig. 39: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Indicator n°3 $$PRO3 = \frac{\text{Ordinary income}}{\text{Total assets}}$$

The indicator is a measure of the performance of average assets invested by the Foundation during the year, expressed at book value.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	30	29	10
Mean	4,5629%	3,8320%	4,0180%	3,4201%
Std. Deviation	1,73257%	2,23867%	2,45522%	1,72068%
Minimum	1,37%	0,28%	0,17%	0,76%
Maximum	8,03%	10,57%	10,02%	6,13%

Fig. 40: Descriptive statistics

The indicator *PRO3* assumes an average value of 4.56% for *North West* foundations (sd = 1.73%), 3.83% for *North East* (sd = 2.24%), 4.02% for *Center* (sd = 2.46%) and 3.42% for *South and Islands* (sd = 1.72%).
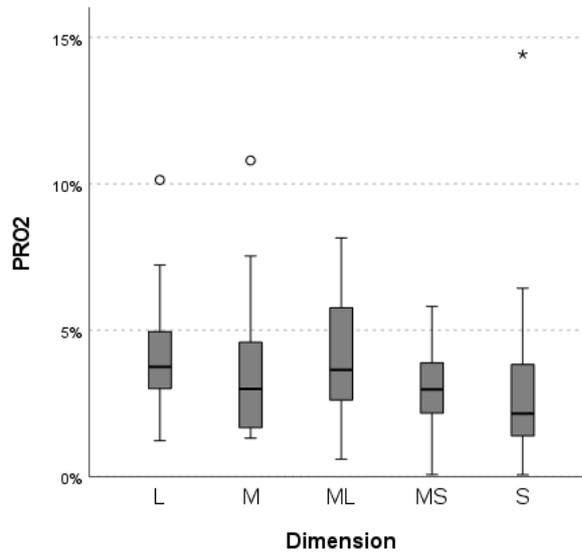
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Fig. 41: Distribution of the indicator PRO3 by macro-area (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *Center*, *North East* and *North West* foundations.

Test of Normality

	Macro-area	Shapiro-Wilk		
		Statistic	df	Sig.
PRO3	C	,968	29	,506
	NE	,915	30	,021
	NW	,954	16	,556
	S	,975	10	,936

Fig. 42: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution for three groups out of four but rejects it for *North East* foundations (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of PRO3	Based on Median	1,624	3	81	,190

Fig. 43: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Total N	85
Test Statistic	2,727[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,436

a. The test statistic is adjusted for ties.

Fig. 44: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	16	17
Mean	4,6860%	4,0218%	4,2171%	3,5930%	3,3681%
Std. Deviation	2,16451%	2,41024%	2,25939%	2,14290%	1,82382%
Minimum	1,53%	0,28%	1,14%	0,17%	0,24%
Maximum	10,57%	10,02%	9,07%	7,41%	7,56%

Fig. 45: Descriptive statistics

The indicator *PRO3* assumes an average value of 4.69% for *Large* foundations (sd = 2.17%), 4.02% for *Medium-Large* (sd = 2.41%), 4.22% for *Medium* (sd = 2.26%), 3.59% for *Medium-Small* (sd = 2.14%) and 3.37% for *Small* (sd = 1.83%).
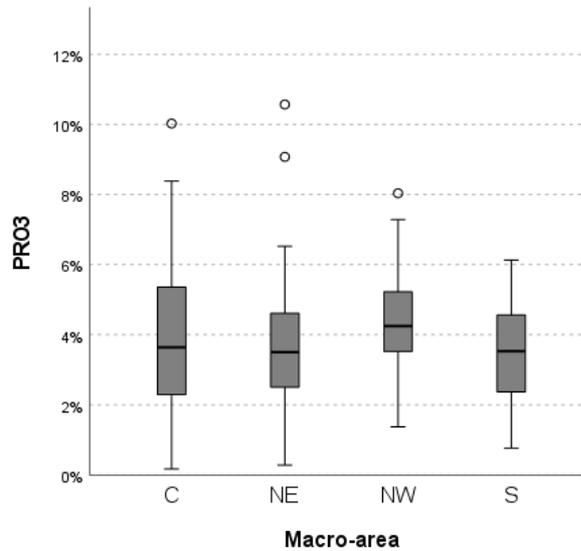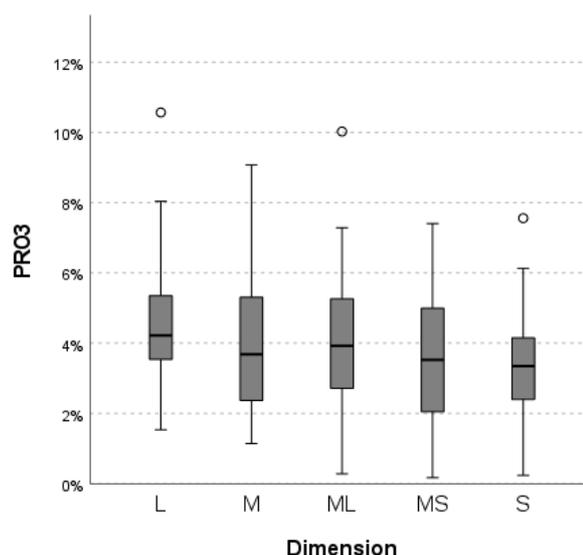

Fig. 46: Distribution of the indicator PRO3 by dimension (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *Large*, *Medium-Large* and *Medium* foundations.

Test of Normality

	Dimension	Shapiro-Wilk Statistic	df	Sig.
PRO3	L	,905	17	,083
	M	,937	18	,253
	ML	,957	17	,569
	MS	,973	16	,891
	S	,972	17	,854

Fig. 47: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution for all groups (p-value > 0.05). Therefore, we will proceed with parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
PRO3	Based on Mean	,290	4	80	,884

Fig. 48: Levene's homogeneity of variance test

Levene's parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the ANOVA test can be performed.

ANOVA

PRO3

|	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18,275	4	4,569	,970	,429
Within Groups	376,793	80	4,710		
Total	395,068	84			

Fig. 49: One-way ANOVA test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

4.3.2. Efficiency

The analysis of operating costs and administrative expenses related to the ordinary management of the Foundations is important in order to understand their impact on income, investments and assets.

The following are the management indicators related to efficiency that have been taken into consideration, each of which will be treated first from the territorial point of view, then from the dimensional one.

Indicator n°4
$$EFF1 = \frac{\text{Operating charges}}{\text{Ordinary income}}$$

The indicator expresses the share of income absorbed by the operating costs of the Foundation.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	30	29	10
Mean	20,6115%	62,0371%	88,6344%	51,5543%
Std. Deviation	15,36389%	118,88371%	314,90889%	51,75927%
Minimum	2,29%	6,36%	3,68%	13,71%
Maximum	58,67%	557,62%	1721,62%	178,32%

Fig. 50: Descriptive statistics

The indicator *EFF1* assumes an average value of 20.61% for *North West* foundations (sd = 15.36%), 62.04% for *North East* (sd = 118.88%), 88.63% for *Center* (sd = 314.91%) and 51.55% for *South and Islands* (sd = 51.76%).

Fig. 51: Distribution of the indicator EFF1 by macro-area (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *North East* and *South and Islands* foundations, and a strong positive skewness for *Center* foundations, with an abnormal maximum value of 1721.62% (*outlier*).

Test of Normality

| | Macro-area | Shapiro-Wilk | | |
		Statistic	df	Sig.
EFF1	C	,235	29	,000
	NE	,458	30	,000
	NW	,894	16	,065
	S	,732	10	,002

Fig. 52: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *North West* foundations but rejects it for the other three groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of EFF1	Based on Median	,744	3	81	,529

Fig. 53: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	85
Test Statistic	5,323[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,150

a. The test statistic is adjusted for ties.

Fig. 54: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	16	17
Mean	12,5784%	57,9690%	25,7348%	62,8594%	153,4442%
Std. Deviation	8,38874%	130,95305%	13,48538%	100,01463%	405,20094%
Minimum	2,29%	5,99%	6,89%	9,94%	13,75%
Maximum	35,34%	557,62%	56,92%	408,41%	1721,62%

Fig. 55: Descriptive statistics

The indicator *EFF1* assumes an average value of 12.58% for *Large* foundations (sd = 8.39%), 57.97% for *Medium-Large* (sd = 130.95%), 25.74% for *Medium* (sd = 13.49%), 62.86% for *Medium-Small* (sd = 100.02%) and 153.44% for *Small* (sd = 405.20%).
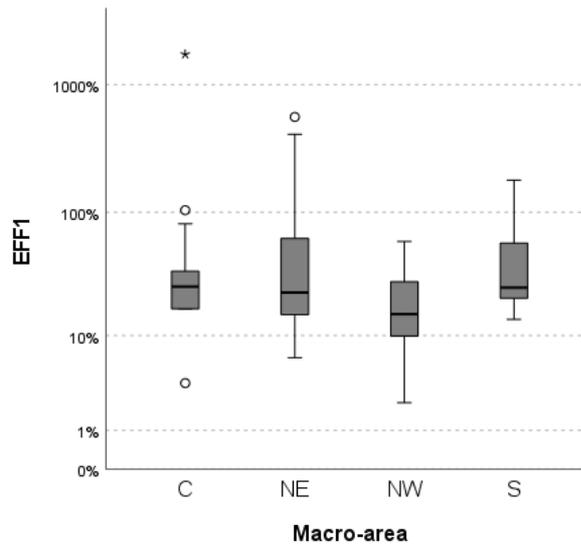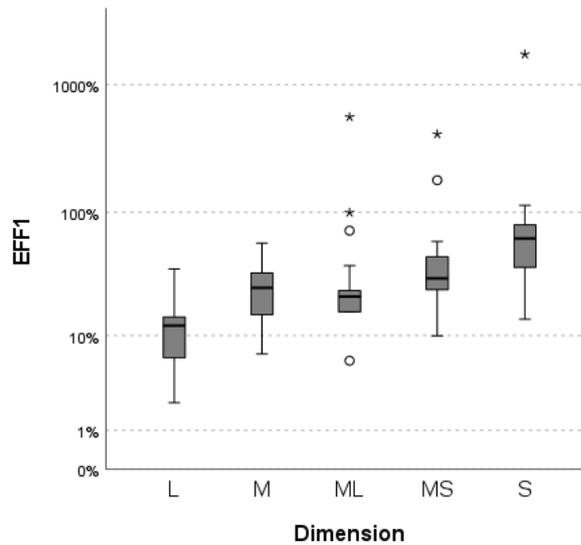
Fig. 56: Distribution of the indicator EFF1 by dimension (box-plot)

The box-plot suggests a positive skewness in the distribution of the indicator for *Medium-Large* and *Medium-Small* foundations, the first with an abnormal maximum value of 557.62% and the latter of 408,41% (*outliers*), and a strong positive skewness for *Small* foundations, with an abnormal maximum value of 1721.62% (*outlier*).

Test of Normality

| | Dimension | Shapiro-Wilk | | |
		Statistic	df	Sig.
EFF1	L	,893	17	,052
	M	,935	18	,235
	ML	,391	17	,000
	MS	,490	16	,000
	S	,327	17	,000

Fig. 57: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *Medium* and *Large* foundations but rejects it for the other three groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of EFF1	Based on Median	,708	4	80	,589

Fig. 58: Levene's homogeneity of variance test

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Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	85
Test Statistic	31,057[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,000

a. The test statistic is adjusted for ties.

Fig. 59: Kruskal-Wallis test

The Kruskal-Wallis test shows significant differences across samples (p-value < 0.05). Therefore, Dunn's post-hoc tests with Bonferroni correction are carried out on each pair of groups.

Pairwise Comparisons of Dimension

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig.[a]
L-ML	-20,706	8,466	-2,446	,014	,217
L-M	-23,082	8,347	-2,765	,006	,085
L-MS	-34,908	8,597	-4,061	,000	,001
L-S	-44,353	8,466	-5,239	,000	,000
ML-M	2,376	8,347	,285	,776	1,000
ML-MS	-14,202	8,597	-1,652	,099	1,000
ML-S	-23,647	8,466	-2,793	,005	,078
M-MS	-11,826	8,480	-1,395	,163	1,000
M-S	-21,271	8,347	-2,548	,011	,162
MS-S	-9,445	8,597	-1,099	,272	1,000

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same.
Asymptotic significances (2-sided tests) are displayed. The significance level is ,050.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Fig. 60: Dunn-Bonferroni post-hoc test

The pairwise comparisons shows the results of the Dunn-Bonferroni test on each pair of samples. There is a strong evidence of a difference between the following groups (p-value < 0.05):

- *Large* foundations – *Medium-Small* foundations;
- *Large* foundations – *Small* foundations.

There is also a less significant difference, since it is obtained without using Bonferroni's correction, between the following groups (p-value < 0.05):

- *Large* foundations – *Medium* foundations;
- *Medium-Large* foundations – *Small* foundations;
- *Medium* foundations – *Small* foundations.

Indicator n°5

$$EFF2 = \frac{\text{Operating charges}}{\text{Deliberate disbursements}}$$

The ratio provides a measure of the incidence of operating costs expressed in terms of the impact on the institutional activity performed, measured by the resources deliberated.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	29	30	10
Mean	68,4069%	100,9951%	155,4906%	146,2760%
Std. Deviation	75,79639%	133,31004%	191,02979%	158,25538%
Minimum	10,07%	13,56%	13,33%	19,69%
Maximum	298,03%	679,30%	859,35%	475,53%

Fig. 61: Descriptive statistics

The indicator *EFF2* assumes an average value of 68.41% for *North West* foundations (sd = 75.80%), 101.00% for *North East* (sd = 133.31%), 155.49% for *Center* (sd = 191.03%) and 146.28% for *South and Islands* (sd = 158.26%).

Fig. 62: Distribution of the indicator EFF2 by macro-area (box-plot)

The box-plot suggests a positive skewness in the distribution of the indicator for *North West*, *Center* and *South and Islands* foundations, and a strong positive skewness for *North East* foundations, with an abnormal maximum value of 679.30% (*outlier*).

Test of Normality

| | Macro-area | Shapiro-Wilk | | |
		Statistic	df	Sig.
EFF2	C	,677	30	,000
	NE	,590	29	,000
	NW	,726	16	,000
	S	,742	10	,003

Fig. 63: Shapiro-Wilk normality test

The Shapiro-Wilk test rejects the null hypothesis of normal distribution for all groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of EFF2	Based on Median	,140	3	81	,936

Fig. 64: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	85
Test Statistic	6,914[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,075

a. The test statistic is adjusted for ties.

Fig. 65: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	17	16
Mean	28,2259%	69,0093%	84,2010%	151,2677%	275,6674%
Std. Deviation	15,63130%	60,16397%	85,48858%	117,93303%	250,57690%
Minimum	10,07%	20,24%	19,69%	18,36%	41,37%
Maximum	62,47%	272,22%	394,47%	499,40%	859,35%

Fig. 66: Descriptive statistics

The indicator *EFF2* assumes an average value of 28.23% for *Large* foundations (sd = 15.63%), 69.01% for *Medium-Large* (sd = 60.16%), 84.20% for *Medium* (sd = 85.49%), 151.27% for *Medium-Small* (sd = 117.93%) and 275.67% for *Small* (sd = 250.58%).
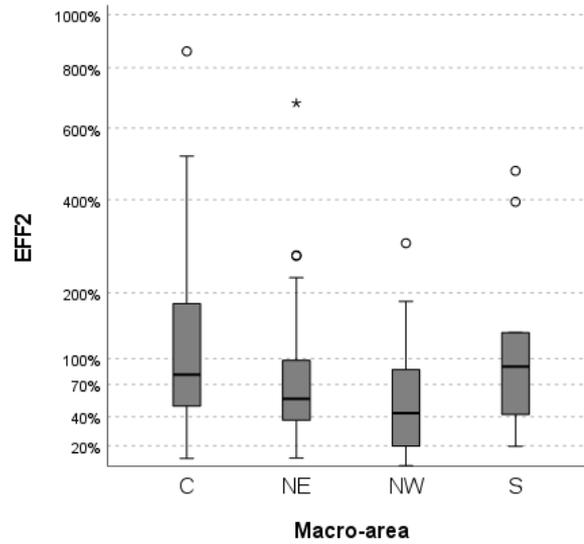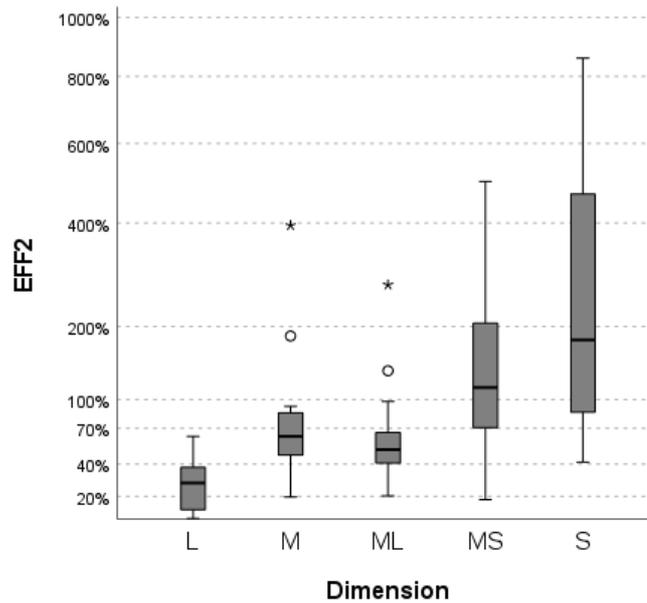
Fig. 67: Distribution of the indicator EFF2 by dimension (box-plot)

The box-plot suggests a positive skewness in the distribution of the indicator for *Small* and *Medium-Small* foundations, and a strong positive skewness for *Medium* and *Medium-Large* foundations, the first with an abnormal maximum value of 394.47% and the latter of 272.22% (*outliers*).

Test of Normality

	Dimension	Shapiro-Wilk		
		Statistic	df	Sig.
EFF2	L	,910	17	,101
	M	,590	18	,000
	ML	,681	17	,000
	MS	,837	17	,007
	S	,846	16	,012

Fig. 68: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *Large* foundations but rejects it for the other four groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

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Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of EFF2	Based on Median	,751	4	80	,561

Fig. 69: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	85
Test Statistic	42,110[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,000

a. The test statistic is adjusted for ties.

Fig. 70: Kruskal-Wallis test

The Kruskal-Wallis test shows significant differences across samples (p-value < 0.05). Therefore, Dunn's post-hoc tests with Bonferroni correction are carried out on each pair of groups.

Pairwise Comparisons of Dimension

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig.[a]
L-ML	-21,647	8,466	-2,557	,011	,158
L-M	-26,275	8,347	-3,148	,002	,025
L-MS	-43,529	8,466	-5,142	,000	,000
L-S	-49,629	8,597	-5,773	,000	,000
ML-M	4,627	8,347	,554	,579	1,000
ML-MS	-21,882	8,466	-2,585	,010	,146
ML-S	-27,982	8,597	-3,255	,001	,017
M-MS	-17,255	8,347	-2,067	,039	,581
M-S	-23,354	8,480	-2,754	,006	,088
MS-S	-6,099	8,597	-,709	,478	1,000

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same.
Asymptotic significances (2-sided tests) are displayed. The significance level is ,050.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Fig. 71: Dunn-Bonferroni post-hoc test

The pairwise comparisons shows the results of the Dunn-Bonferroni test on each pair of samples. There is a strong evidence of a difference between the following groups (p-value < 0.05):

- *Large* foundations – *Medium* foundations;

- *Large* foundations – *Medium-Small* foundations;

- *Large* foundations – *Small* foundations;

- *Medium-Large* foundations – *Small* foundations.

There is also a less significant difference, since it is obtained without using Bonferroni's correction, between the following groups (p-value < 0.05):

- *Large* foundations – *Medium-Large* foundations;

- *Medium-Large* foundations – Medium-*Small* foundations;

- *Medium* foundations – Medium-*Small* foundations;

- *Medium* foundations – *Small* foundations.

Indicator n°6 $$EFF3 = \frac{\text{Operating charges}}{\text{Average Equity}}$$

The indicator shows the incidence of operating expenses in relation to average equity expressed at current values, thus correlating them to the size of the Foundation.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	30	30	10
Mean	1,0132%	3,4201%	1,3312%	1,3321%
Std. Deviation	0,96297%	10,77593%	0,86628%	0,64963%
Minimum	0,21%	0,28%	0,28%	0,40%
Maximum	4,20%	59,81%	4,23%	2,59%

Fig. 72: Descriptive statistics

The indicator *EFF3* assumes an average value of 1.01% for *North West* foundations (sd = 0.96%), 3.42% for *North East* (sd = 10.78%), 1.33% for *Center* (sd = 0.87%) and 1.33% for *South and Islands* (sd = 0.65%).
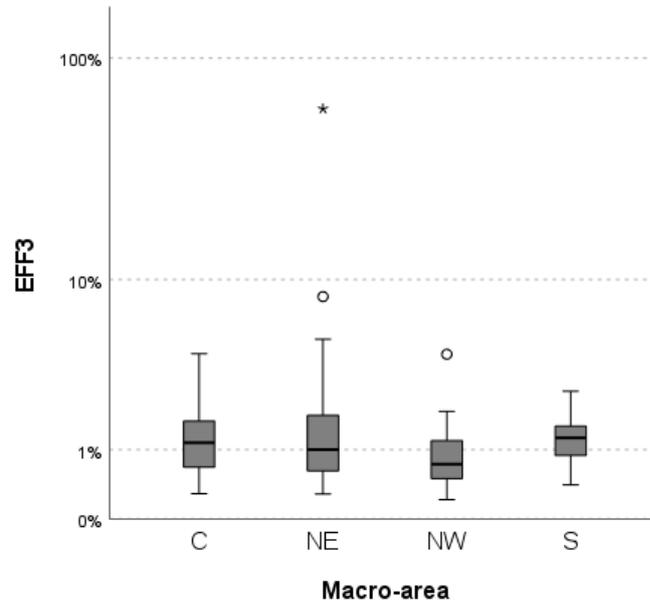
Fig. 73: Distribution of the indicator EFF3 by macro-area (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *North West* and *South and Islands* foundations, and a strong positive skewness for *North East* foundations, with an abnormal maximum value of 59.81% (*outlier*).

Test of Normality

	Macro-area	Shapiro-Wilk		
		Statistic	df	Sig.
EFF3	C	,865	30	,001
	NE	,271	30	,000
	NW	,695	16	,000
	S	,946	10	,623

Fig. 74: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *South and Islands* foundations but rejects it for the other three groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of EFF3	Based on Median	,659	3	82	,579

Fig. 75: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	86
Test Statistic	4,395[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,222

a. The test statistic is adjusted for ties.

Fig. 76: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	17	17
Mean	0,5894%	1,0324%	1,0915%	1,6003%	5,7441%
Std. Deviation	0,34264%	0,75055%	0,60226%	0,88681%	14,06605%
Minimum	0,21%	0,51%	0,40%	0,53%	0,59%
Maximum	1,41%	3,69%	2,59%	4,20%	59,81%

Fig. 77: Descriptive statistics

The indicator *EFF3* assumes an average value of 0.59% for *Large* foundations (sd = 0.34%), 1.03% for *Medium-Large* (sd = 0.75%), 1.09% for *Medium* (sd = 0.60%), 1.60% for *Medium-Small* (sd = 0.87%) and 5.74% for *Small* (sd = 14.07%).
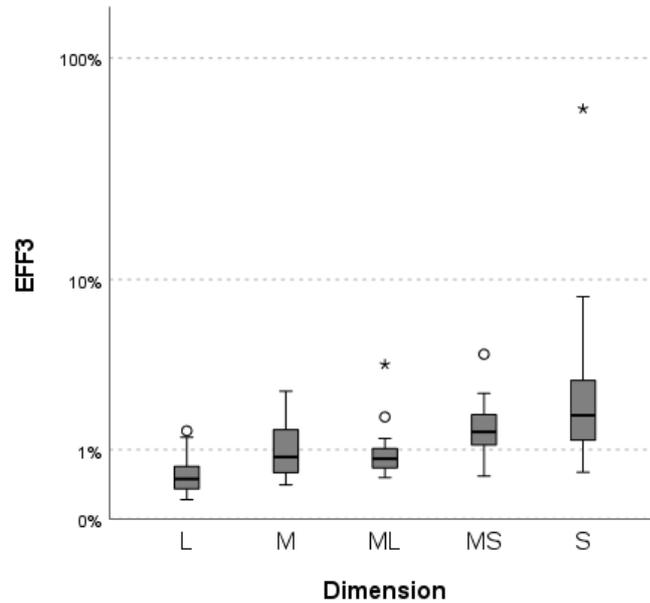
Fig. 78: Distribution of the indicator EFF3 by dimension (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *Medium* and *Medium-Large* foundations, the latter with an abnormal maximum value of 3.69% (*outlier*), and a strong positive skewness for *Small* foundations, with an abnormal maximum value of 59.81% (*outlier*).

Test of Normality

| | | Shapiro-Wilk | | |
	Dimension	Statistic	df	Sig.
EFF3	L	,866	17	,019
	M	,888	18	,035
	ML	,605	17	,000
	MS	,869	17	,021
	S	,364	17	,000

Fig. 79: Shapiro-Wilk normality test

The Shapiro-Wilk test rejects the null hypothesis of normal distribution for all groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of EFF3	Based on Median	,594	4	81	,668

Fig. 80: Levene's homogeneity of variance test

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Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	86
Test Statistic	33,485[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,000

a. The test statistic is adjusted for ties.

Fig. 81: Kruskal-Wallis test

The Kruskal-Wallis test shows significant differences across samples (p-value < 0.05). Therefore, Dunn's post-hoc tests with Bonferroni correction are carried out on each pair of groups.

Pairwise Comparisons of Dimension

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig.[a]
L-ML	-18,471	8,565	-2,157	,031	,466
L-M	-22,170	8,445	-2,625	,009	,130
L-MS	-37,176	8,565	-4,341	,000	,000
L-S	-45,118	8,565	-5,268	,000	,000
ML-M	3,699	8,445	,438	,661	1,000
ML-MS	-18,706	8,565	-2,184	,029	,434
ML-S	-26,647	8,565	-3,111	,002	,028
M-MS	-15,007	8,445	-1,777	,076	1,000
M-S	-22,948	8,445	-2,717	,007	,099
MS-S	-7,941	8,565	-,927	,354	1,000

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same.
Asymptotic significances (2-sided tests) are displayed. The significance level is ,050.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Fig. 82: Dunn-Bonferroni post-hoc test

The pairwise comparisons shows the results of the Dunn-Bonferroni test on each pair of samples. There is a strong evidence of a difference between the following groups (p-value < 0.05):

- *Large* foundations – *Medium-Small* foundations;
- *Large* foundations – *Small* foundations;
- *Medium-Large* foundations – *Small* foundations.

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There is also a less significant difference, since it is obtained without using Bonferroni's correction, between the following groups (p-value < 0.05):

- *Large* foundations – *Medium-Large* foundations;
- *Large* foundations – Medium foundations;
- *Medium-Large* foundations – Medium-*Small* foundations;
- *Medium* foundations – *Small* foundations.

4.3.3. Institutional activity

The resources available for the institutional activity are made up of the net margin originating from the current year, the result of extraordinary operations and the allocations set aside for disbursements in previous years.

The following are the management indicators related to institutional activity that have been taken into consideration, each of which will be treated first from the territorial point of view, then from the dimensional one.

Indicator n°7
$$INS1 = \frac{\text{Deliberate disbursements}}{\text{Ordinary income}}$$

The indicator measures the economic intensity of the institutional activity compared to the income generated by the ordinary management of the Foundation.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	30	29	10
Mean	42,3203%	64,3001%	45,5960%	52,5265%
Std. Deviation	28,13562%	101,75111%	66,28866%	42,23036%
Minimum	17,75%	0,00%	7,48%	11,67%
Maximum	122,89%	570,17%	373,83%	156,24%

Fig. 83: Descriptive statistics

The indicator *INS1* assumes an average value of 42.32% for *North West* foundations (sd = 28.14%), 64.30% for *North East* (sd = 101.75%), 45.60% for *Center* (sd = 66.29%) and 52.53% for *South and Islands* (sd = 42.23%).
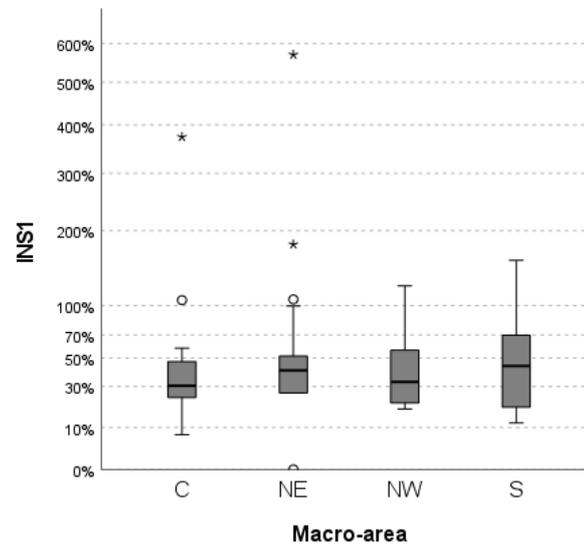

Fig. 84: Distribution of the indicator INS1 by macro-area (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *North West* and *South* foundations, and a strong positive skewness for *Center* and *North West* foundations, the first with an abnormal maximum value of 373.83% and the latter of 570.17% (*outliers*).

Test of Normality

		Shapiro-Wilk		
	Macro-area	Statistic	df	Sig.
INS1	C	,432	29	,000
	NE	,439	30	,000
	NW	,809	16	,004
	S	,823	10	,028

Fig. 85: Shapiro-Wilk normality test

The Shapiro-Wilk test rejects the null hypothesis of normal distribution for all groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of INS1	Based on Median	,192	3	81	,901

Fig. 86: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	85
Test Statistic	2,298[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,513

a. The test statistic is adjusted for ties.

Fig. 87: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	16	17
Mean	46,2262%	74,6301%	40,2332%	49,4859%	51,9498%
Std. Deviation	22,63249%	130,21879%	23,04978%	49,20191%	87,22106%
Minimum	16,92%	16,24%	14,43%	9,84%	0,00%
Maximum	106,88%	570,17%	99,45%	179,18%	373,83%

Fig. 88: Descriptive statistics

The indicator *INS1* assumes an average value of 46.23% for *Large* foundations (sd = 22.63%), 74.63% for *Medium-Large* (sd = 130.22%), 40.23% for *Medium* (sd = 23.05%), 49.49% for *Medium-Small* (sd = 49.20%) and 51.95% for *Small* (sd = 87.22%).
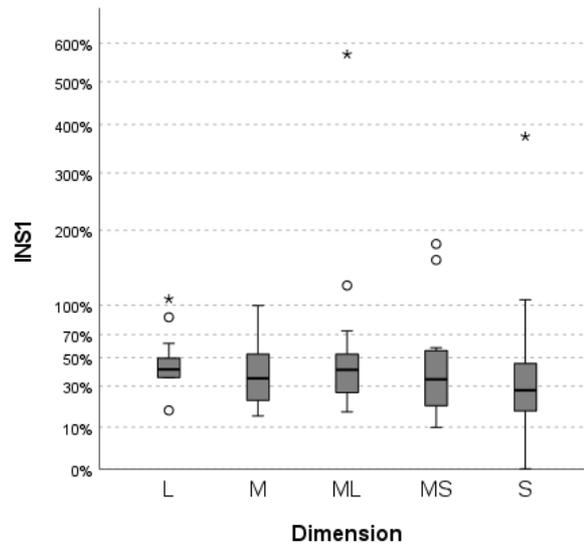
Fig. 89: Distribution of the indicator INS1 by dimension (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *Large* and *Medium-Small* foundations, the first with an abnormal maximum value of 106.88% (*outlier*), and a strong positive skewness for *Medium-Large* and *Small* foundations, the first with an abnormal maximum value of 570.17% and the latter of 373.83% (*outliers*).

Test of Normality

| | Dimension | Shapiro-Wilk | | |
		Statistic	df	Sig.
INS1	L	,870	17	,022
	M	,903	18	,066
	ML	,417	17	,000
	MS	,716	16	,000
	S	,513	17	,000

Fig. 90: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *Medium* foundations but rejects it for the other four groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of INS1	Based on Median	1,326	4	80	,267

Fig. 91: Levene's homogeneity of variance test

98

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	85
Test Statistic	4,807[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,308

a. The test statistic is adjusted for ties.

Fig. 92: Kruskal-Wallis test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Indicator n°8
$$INS2 = \frac{\text{Deliberate disbursements}}{\text{Average Equity}}$$

The indicator measures the economic intensity of the institutional activity compared to the Foundation's own resources represented by the average equity at book value.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	30	30	10
Mean	1,8514%	1,6825%	1,3990%	1,4817%
Std. Deviation	0,62346%	0,66572%	0,73154%	0,72621%
Minimum	0,92%	0,00%	0,23%	0,45%
Maximum	2,97%	3,64%	3,56%	2,57%

Fig. 93: Descriptive statistics

The indicator *INS2* assumes an average value of 1.85% for *North West* foundations (sd = 0.62%), 1.68% for *North East* (sd = 0.67%), 1.40% for *Center* (sd = 0.73%) and 1.48% for *South and Islands* (sd = 0.72%).
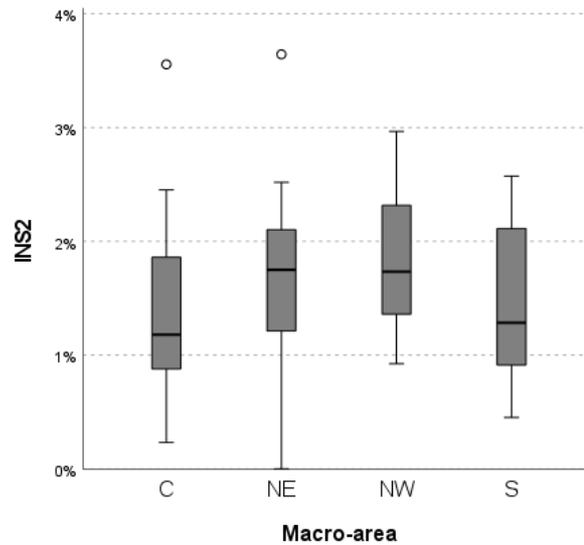
Fig. 94: Distribution of the indicator INS2 by macro-area (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *Center*, *North West* and *South and Islands* foundations, and a slightly negative skewness for *North East* foundations.

Test of Normality

	Macro-area	Shapiro-Wilk		
		Statistic	df	Sig.
INS2	C	,951	30	,175
	NE	,947	30	,143
	NW	,962	16	,689
	S	,937	10	,517

Fig. 95: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution for all groups (p-value > 0.05). Therefore, we will proceed with parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
INS2	Based on Mean	,370	3	82	,775

Fig. 96: Levene's homogeneity of variance test

Levene's parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the ANOVA test can be performed.

ANOVA

INS2

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2,561	3	,854	1,797	,154
Within Groups	38,948	82	,475		
Total	41,509	85			

Fig. 97: One-way ANOVA test

Multiple comparisons are not performed because the overall test does not show significant differences across samples (p-value > 0.05).

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	17	17
Mean	2,1750%	1,7486%	1,5879%	1,3269%	1,1201%
Std. Deviation	0,56449%	0,68028%	0,57500%	0,61803%	0,61741%
Minimum	1,06%	0,91%	0,64%	0,50%	0,00%
Maximum	3,64%	3,56%	2,46%	2,89%	2,26%

Fig. 98: Descriptive statistics

The indicator *INS2* assumes an average value of 2.18% for *Large* foundations (sd = 0.57%), 1.75% for *Medium-Large* (sd = 0.68%), 1.59% for *Medium* (sd = 0.58%), 1.33% for *Medium-Small* (sd = 0.62%) and 1.12% for *Small* (sd = 0.62%).
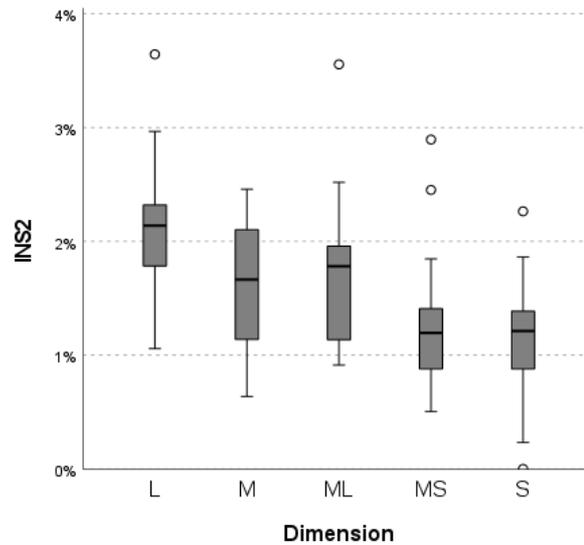
Fig. 99: Distribution of the indicator INS2 by dimension (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *Medium-Small* foundations and a slightly negative skewness for *Medium-Large* and *Small* foundations.

Test of Normality

	Dimension	Shapiro-Wilk		
		Statistic	df	Sig.
INS2	L	,926	17	,190
	M	,938	18	,269
	ML	,912	17	,107
	MS	,890	17	,046
	S	,960	17	,635

Fig. 100: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution for four out of five groups but rejects it for *Medium-Small* foundations (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of INS2	Based on Median	1,038	4	81	,393

Fig. 101: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	86
Test Statistic	20,964[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,000

a. The test statistic is adjusted for ties.

Fig. 102: Kruskal-Wallis test

The Kruskal-Wallis test shows significant differences across samples (p-value < 0.05). Therefore, Dunn's post-hoc tests with Bonferroni correction are carried out on each pair of groups.

Pairwise Comparisons of Dimension

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig.[a]
S-MS	3,706	8,565	,433	,665	1,000
S-M	15,056	8,445	1,783	,075	1,000
S-ML	18,588	8,565	2,170	,030	,450
S-L	35,118	8,565	4,100	,000	,001
MS-M	11,350	8,445	1,344	,179	1,000
MS-ML	14,882	8,565	1,738	,082	1,000
MS-L	31,412	8,565	3,668	,000	,004
M-ML	-3,533	8,445	-,418	,676	1,000
M-L	20,062	8,445	2,376	,018	,263
ML-L	16,529	8,565	1,930	,054	,804

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same.
Asymptotic significances (2-sided tests) are displayed. The significance level is ,050.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Fig. 103: Dunn-Bonferroni post-hoc test

The pairwise comparisons shows the results of the Dunn-Bonferroni test on each pair of samples. There is a strong evidence of a difference between the following groups (p-value < 0.05):

- *Small* foundations – *Large* foundations;
- *Medium-Small* foundations – *Large* foundations.

There is also a less significant difference, since it is obtained without using Bonferroni's correction, between the following groups (p-value < 0.05):

- *Small* foundations – *Medium-Large* foundations;
- *Medium* foundations – *Large* foundations.

4.3.4. Composition of investments

The evolution of the holdings of Banking Foundations has developed within a dynamic and sometimes contradictory regulatory framework. The initial obligation to hold control of the transferee banks was abolished in favor of diversification of asset investments. Subsequently the foundations were obliged to dispose of the shares that gave them control, with the exception of those with equity not exceeding 200 million euros and those based in special statute regions. This situation is destined to evolve further as a result of the progressive application of the ACRI-MEF Memorandum of Understanding where the share of investment in the transferee is more than 33% of the assets, expressing both figures at fair value.

The following are the management indicators related to investments' composition that have been taken into consideration, each of which will be treated first from the territorial point of view, then from the dimensional one.

Indicator n°9 $$INV1 = \frac{\text{Equity investments in the transferee}}{\text{Average Equity}}$$

The indicator shows the weight of the investment in the reference banking company with respect to average equity, both expressed at book value.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	30	30	10
Mean	34,2178%	23,9105%	14,7422%	7,1353%
Std. Deviation	28,27812%	25,74807%	42,15038%	15,92367%
Minimum	0,00%	0,00%	0,00%	0,00%
Maximum	81,78%	87,77%	217,84%	51,43%

Fig. 104: Descriptive statistics

The indicator *INV1* assumes an average value of 34.22% for *North West* foundations (sd = 28.28%), 23.91% for *North East* (sd = 25.75%), 14.74% for *Center* (sd = 42.15%) and 7.14% for *South and Islands* (sd = 15.92%).
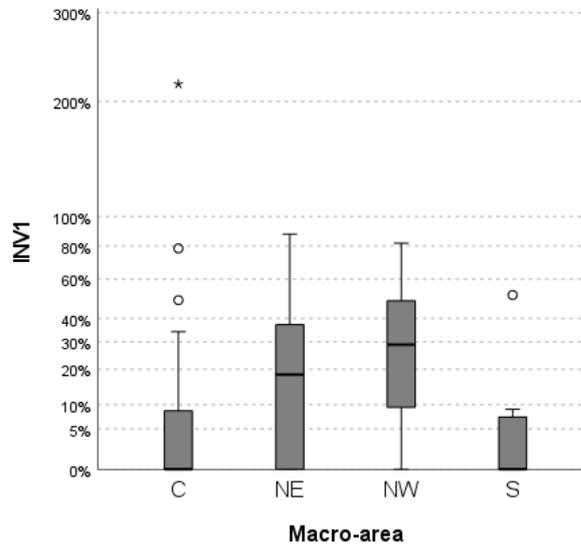

Fig. 105: Distribution of the indicator INV1 by macro-area (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *North East* and *North West* foundations, and a strong positive skewness for *Center* and *South and Islands* foundations, the first with an abnormal maximum value of 217.84% (*outlier*).

Test of Normality

		Shapiro-Wilk		
	Macro-area	Statistic	df	Sig.
INV1	C	,401	30	,000
	NE	,847	30	,001
	NW	,900	16	,081
	S	,520	10	,000

Fig. 106: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *North West* foundations but rejects it for the other three groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of INV1	Based on Median	,340	3	82	,797

Fig. 107: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	86
Test Statistic	14,981[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,002

a. The test statistic is adjusted for ties.

Fig. 108: Kruskal-Wallis test

The Kruskal-Wallis test shows significant differences across samples (p-value < 0.05). Therefore, Dunn's post-hoc tests with Bonferroni correction are carried out on each pair of groups.

Pairwise Comparisons of Macro-area

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig.[a]
S-C	2,200	8,805	,250	,803	1,000
S-NE	17,733	8,805	2,014	,044	,440
S-NW	26,588	9,721	2,735	,006	,062
C-NE	-15,533	6,226	-2,495	,013	,126
C-NW	-24,387	7,465	-3,267	,001	,011
NE-NW	-8,854	7,465	-1,186	,236	1,000

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same.
Asymptotic significances (2-sided tests) are displayed. The significance level is ,050.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Fig. 109: Dunn-Bonferroni post-hoc test

The pairwise comparisons shows the results of the Dunn-Bonferroni test on each pair of samples. There is a strong evidence of a difference between the following groups (p-value < 0.05):

- *Center* foundations – *North West* foundations.

There is also a less significant difference, since it is obtained without using Bonferroni's correction, between the following groups (p-value < 0.05):

- *South* foundations – *North East* foundations;
- *South* foundations – *North West* foundations;
- *Center* foundations – *North East* foundations.

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	17	17
Mean	30,9000%	21,0117%	12,4571%	27,6112%	11,9002%
Std. Deviation	17,83404%	24,14885%	19,00122%	57,72655%	27,57584%
Minimum	0,00%	0,00%	0,00%	0,00%	0,00%
Maximum	65,59%	81,78%	58,68%	217,84%	87,77%

Fig. 110: Descriptive statistics

The indicator *INV1* assumes an average value of 30.90% for *Large* foundations (sd = 17.83%), 20.01% for *Medium-Large* (sd = 24.15%), 12.46% for *Medium* (sd = 19.00%), 27.61% for *Medium-Small* (sd = 57.73%) and 11.90% for *Small* (sd = 27.58%).
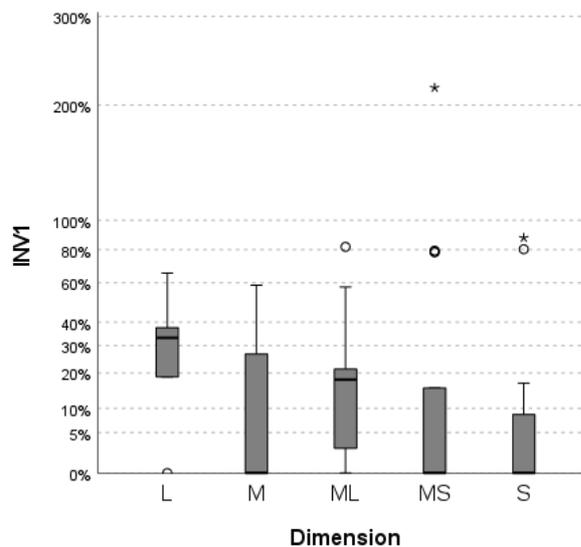

Fig. 111: Distribution of the indicator INV1 by dimension (box-plot)

The box-plot suggests a slightly negative skewness in the distribution of the indicator for *Large* foundations, a slightly positive skewness for *Medium* and *Medium-Large* foundations, and a

strong positive skewness for *Medium-Small* and *Small* foundations, the first with an abnormal maximum value of 217.84% and the latter of 87.77% (*outliers*).

Test of Normality

	Dimension	Shapiro-Wilk		
		Statistic	df	Sig.
INV1	L	,984	17	,984
	M	,714	18	,000
	ML	,821	17	,004
	MS	,555	17	,000
	S	,490	17	,000

Fig. 112: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *Large* foundations but rejects it for the other four groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of INV1	Based on Median	,708	4	81	,588

Fig. 113: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	86
Test Statistic	16,907[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,002

a. The test statistic is adjusted for ties.

Fig. 114: Kruskal-Wallis test

The Kruskal-Wallis test shows significant differences across samples (p-value < 0.05). Therefore, Dunn's post-hoc tests with Bonferroni correction are carried out on each pair of groups.

Pairwise Comparisons of Dimension

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig.[a]
S-MS	4,118	8,271	,498	,619	1,000
S-M	5,827	8,155	,714	,475	1,000
S-ML	18,059	8,271	2,183	,029	,435
S-L	29,235	8,271	3,535	,000	,006
MS-M	1,709	8,155	,210	,834	1,000
MS-ML	13,941	8,271	1,686	,092	1,000
MS-L	25,118	8,271	3,037	,002	,036
M-ML	-12,232	8,155	-1,500	,134	1,000
M-L	23,408	8,155	2,870	,004	,062
ML-L	11,176	8,271	1,351	,177	1,000

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same.

Asymptotic significances (2-sided tests) are displayed. The significance level is ,050.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Fig. 115: Dunn-Bonferroni post-hoc test

The pairwise comparisons shows the results of the Dunn-Bonferroni test on each pair of samples. There is a strong evidence of a difference between the following groups (p-value < 0.05):

- *Small* foundations – *Large* foundations;
- *Medium-Small* foundations – *Large* foundations.

There is also a less significant difference, since it is obtained without using Bonferroni's correction, between the following groups (p-value < 0.05):

- *Small* foundations – *Medium-Large* foundations;
- *Medium* foundations – *Large* foundations.

Indicator n°10

$$INV2 = \frac{\text{Equity investments in the transferee}}{\text{Total assets}}$$

The indicator shows the weight of the investment in the reference banking company with respect to total assets, both expressed at book value.

Macro-area:

	NORTH WEST	NORTH EAST	CENTER	SOUTH AND ISLANDS
N	16	30	30	10
Mean	30,5035%	20,5898%	7,0809%	6,3148%
Std. Deviation	26,13759%	22,94895%	15,97067%	13,86215%
Minimum	0,00%	0,00%	0,00%	0,00%
Maximum	77,30%	80,55%	71,93%	44,74%

Fig. 116: Descriptive statistics

The indicator *INV2* assumes an average value of 30.50% for *North West* foundations (sd = 26.14%), 20.59% for *North East* (sd = 22.95%), 7.08% for *Center* (sd = 15.97%) and 6.32% for *South and Islands* (sd = 13.86%).
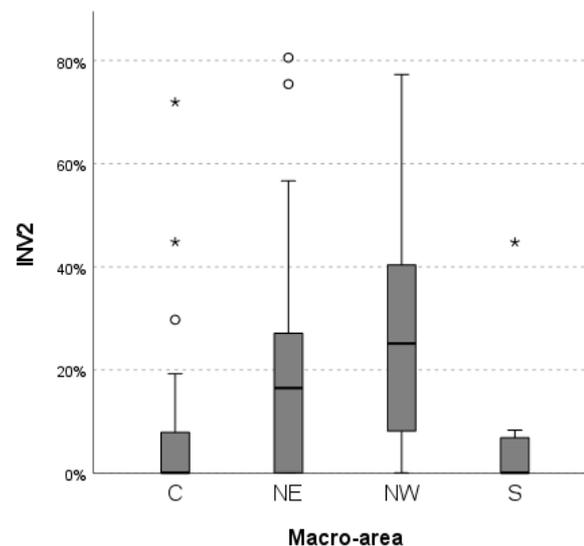

Fig. 117: Distribution of the indicator INV2 by macro-area (box-plot)

The box-plot suggests a slightly positive skewness in the distribution of the indicator for *North East* and *North West* foundations, and a strong positive skewness for *Center* and *South and Islands* foundations, the first with an abnormal maximum value of 71.93% and the latter of 44.74% (*outliers*).

Test of Normality

	Macro-area	Shapiro-Wilk		
		Statistic	df	Sig.
INV2	C	,522	30	,000
	NE	,835	30	,000
	NW	,888	16	,051
	S	,530	10	,000

Fig. 118: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *North West* foundations but rejects it for the other threee groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of INV2	Based on Median	,484	3	82	,694

Fig. 119: Levene's homogeneity of variance test

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	86
Test Statistic	16,581[a]
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	,001

a. The test statistic is adjusted for ties.

Fig. 120: Kruskal-Wallis test

The Kruskal-Wallis test shows significant differences across samples (p-value < 0.05). Therefore, Dunn's post-hoc tests with Bonferroni correction are carried out on each pair of groups.

Pairwise Comparisons of Macro-area

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig.[a]
S-C	1,100	8,805	,125	,901	1,000
S-NE	18,133	8,805	2,059	,039	,395
S-NW	26,825	9,721	2,760	,006	,058
C-NE	-17,033	6,226	-2,736	,006	,062
C-NW	-25,725	7,465	-3,446	,001	,006
NE-NW	-8,692	7,465	-1,164	,244	1,000

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same.
Asymptotic significances (2-sided tests) are displayed. The significance level is ,050.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Fig. 121: Dunn-Bonferroni post-hoc test

The pairwise comparisons shows the results of the Dunn-Bonferroni test on each pair of samples. There is a strong evidence of a difference between the following groups (p-value < 0.05):

- *Center* foundations – *North West* foundations.

There is also a less significant difference, since it is obtained without using Bonferroni's correction, between the following groups (p-value < 0.05):

- *South* foundations – *North East* foundations;
- *South* foundations – North West foundations;
- *Center* foundations – *North East* foundations.

Dimension:

	LARGE	MEDIUM-LARGE	MEDIUM	MEDIUM-SMALL	SMALL
N	17	17	18	17	17
Mean	26,1811%	18,3596%	11,0209%	14,3336%	10,7110%
Std. Deviation	15,12104%	21,52189%	16,78565%	28,41413%	25,45359%
Minimum	0,00%	0,00%	0,00%	0,00%	0,00%
Maximum	56,65%	77,30%	51,22%	75,43%	80,55%

Fig. 122: Descriptive statistics

The indicator *INV2* assumes an average value of 26.18% for *Large* foundations (sd = 15.12%), 18.36% for *Medium-Large* (sd = 21.52%), 11.02% for *Medium* (sd = 16.79%), 14.33% for *Medium-Small* (sd = 28.41%) and 10.71% for *Small* (sd = 25.45%).
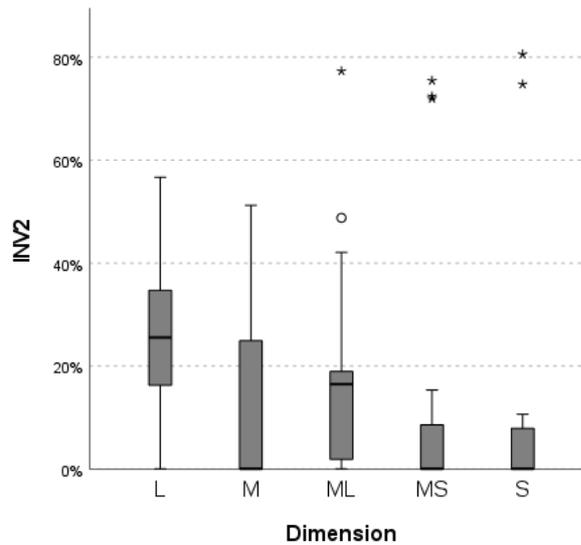
Fig. 123: Distribution of the indicator INV2 by dimension (box-plot)

The box-plot suggests a positive skewness in the distribution of the indicator for *Medium* foundations, and a strong positive skewness for *Medium-Small* and *Small* foundations, the first with an abnormal maximum value of 75.43% and the latter of 80.55% (*outliers*).

Test of Normality

	Dimension	Shapiro-Wilk		
		Statistic	df	Sig.
INV2	L	,989	17	,998
	M	,709	18	,000
	ML	,813	17	,003
	MS	,543	17	,000
	S	,473	17	,000

Fig. 124: Shapiro-Wilk normality test

The Shapiro-Wilk test accepts the null hypothesis of normal distribution only for *Large* foundations but rejects it for the other four groups (p-value < 0.05). Therefore, we will proceed with non-parametric tests.

Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Rank of INV2	Based on Median	,690	4	81	,601

Fig. 125: Levene's homogeneity of variance test

113

Levene's non-parametric test accepts the null hypothesis of homoscedasticity (p-value > 0.05). Consequently, the Kruskal-Wallis test can be performed.

Independent-Samples Kruskal-Wallis Test Summary

Total N	86
Test Statistic	18,373[a]
Degree Of Freedom	4
Asymptotic Sig.(2-sided test)	,001

a. The test statistic is adjusted for ties.

Fig. 126: Kruskal-Wallis test

The Kruskal-Wallis test shows significant differences across samples (p-value < 0.05). Therefore, Dunn's post-hoc tests with Bonferroni correction are carried out on each pair of groups.

Pairwise Comparisons of Dimension

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig.[a]
S-MS	2,265	8,271	,274	,784	1,000
S-M	6,493	8,155	,796	,426	1,000
S-ML	18,706	8,271	2,262	,024	,356
S-L	29,735	8,271	3,595	,000	,005
MS-M	4,229	8,155	,519	,604	1,000
MS-ML	16,441	8,271	1,988	,047	,703
MS-L	27,471	8,271	3,321	,001	,013
M-ML	-12,212	8,155	-1,497	,134	1,000
M-L	23,242	8,155	2,850	,004	,066
ML-L	11,029	8,271	1,333	,182	1,000

Each row tests the null hypothesis that the Sample 1 and Sample 2 distributions are the same.
Asymptotic significances (2-sided tests) are displayed. The significance level is ,050.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Fig. 127: Dunn-Bonferroni post-hoc test

The pairwise comparisons shows the results of the Dunn-Bonferroni test on each pair of samples. There is a strong evidence of a difference between the following groups (p-value < 0.05):

- *Small* foundations - *Large* foundations;
- *Medium-Small* foundations - *Large* foundations.

There is also a less significant difference, since it is obtained without using Bonferroni's correction, between the following groups (p-value < 0.05):

- *Small* foundations – *Medium-Large* foundations;
- *Medium-Small* foundations – Medium-*Large* foundations;
- *Medium* foundations – *Large* foundations.

CONCLUSIONS

In this paper we have tried to photograph the current situation of the wide non-profit world, trying to answer to some of the countless questions specifically concerning the Foundations of Banking Origin.

The intent is to highlight how our territory is increasingly opening up to humanitarian issues of major relevance, starting from the large foundations that operate mainly on a large scale, up to the small ones, with a purely territorial scope of action.

Banking Foundations, thanks to their substantial financial resources, have the task of successfully fulfilling the unique role of *social merchant banks* by financing worthy social projects (Monteduro et al., 2010; Porter and Kramer, 1999). In addition, an accurate screening of their partners and effective project monitoring should foster the positive impact of non-profit organizations on society, the territory and all those involved in their social activities (CEP, 2004).

The analysis of the literature has shown that the governance of Banking Foundations is on average richer and more articulated than that emerging from the main theoretical models proposed to *for-profit* companies. In fact, administrators are not only responsible for planning and monitoring results, but are also directly involved in funded projects, with the assignment of additional roles and tasks beyond the classical control and management activities.

Foundations' governance is a specific and constantly evolving subject, inspired and contaminated by classic studies on governance, but clearly distinct from them and in search of its own guidelines, theoretical models, best practices and dedicated professionalism.

The continuation of the literature's analysis then focused on the strategic choices that are assigned to the governing bodies of foundations, which can choose between two dominant approaches: that of *strategic philanthropy*, of Anglo-Saxon matrix, and that of *solidarity philanthropy*, inspired more by the tradition of Central Europe.

The two strategic profiles meet and compare in the different social and cultural areas covered by Banking Foundations, within which the opinion of implementing a "hybrid" model that seeks to combine the best of the two approaches seems to be widely shared.

The choices of the governance model and strategic profile are strongly linked to the type of impact and results that the foundation hopes to achieve. For this reason, foundations' governance and strategy are considered two areas of research worthy of further study.

The objective of this work of research was to study the performance of Banking Foundations and to determine whether the size or geographical area could actually lead to significant differences in terms of management indicators.

With regard to the empirical analysis carried out in the previous chapter, *Table 1* shows the results of the Kruskal-Wallis tests in order to identify between which groups of foundations there are significant differences.

	Indicator	Macro-area	Dimension
Profitability	PRO1	✗	✗
	PRO2	✗	✗
	PRO3	✗	✗
Efficiency	EFF1	✗	✓
	EFF2	✗	✓
	EFF3	✗	✓
Institutional activity	INS1	✗	✗
	INS2	✗	✓
Composition of investments	INV1	✓	✓
	INV2	✓	✓

Table 1: Significant differences across samples

As could be imagined, the differences emerged mainly between groups of various sizes, with the exception of the "Composition of investments" category, within which even foundations belonging to specific macro-areas do not have the same distribution.

The most significant differences across samples that have emerged through this empirical survey will be shown hereafter.

As far as *profitability* is concerned, *South and Islands* foundations seem to be slightly less profitable than the other groups, but the difference is not significant.
The same result is obtained by comparing foundations according to their size, since there is no significant difference between the groups.

With regard to *efficiency*, however, some differences between the groups were found, as summarized in *Table 2*.

	L	ML	M	MS
ML	*EFF2* *EFF3*			
M	*EFF1* *EFF2 (*)* *EFF3*			
MS	*EFF1 (*)* *EFF2 (*)* *EFF3 (*)*	*EFF2* *EFF3*	*EFF2*	
S	*EFF1 (*)* *EFF2 (*)* *EFF3 (*)*	*EFF1* *EFF2 (*)* *EFF3 (*)*	*EFF1* *EFF2* *EFF3*	

* Adjusted by Bonferroni correction

Table 2: Significant differences in efficiency between groups by dimension

From the dimensional point of view, it has emerged that, as the size of the foundation increases, also its efficiency grows, i.e. operational charges decrease.
In particular, *Large* foundations are significantly more efficient than Medium-*Small* and *Small* foundations, the latter of which are also significantly less efficient than *Medium-Large* ones.
There are differences, although less significant, between *Large* and *Medium* foundations, and between *Medium* and *Small* ones.
From the territorial point of view, however, *North West* foundations seem to be more efficient than the others, but the difference is not significant.

With regard to *institutional activity*, some differences have emerged between the groups, as outlined in *Table 3*.

	L		ML		M		MS	
ML								
M	*INS2*							
MS	*INS2 (*)*							
S	*INS2 (*)*		*INS2*					

* Adjusted by Bonferroni correction

Table 3: Significant differences in institutional activity between groups by dimension

From the dimensional point of view, it has emerged that, as the size of the foundation increases, also its institutional activity is greater, i.e. the amount of the deliberate disbursements in relation to the average equity is more consistent.

In particular, *Large* foundations deliberate significantly bigger amounts in relation to their equity than *Small* and *Medium-Small* foundations.

There are differences, although less significant, between *Large* and *Medium* foundations, and between *Medium-Large* and *Small* ones.

From the territorial point of view, however, there is no evidence of significant differences among groups.

Finally, with regard to the *composition of investments*, there were significant differences both from a dimensional and territorial point of view, as can be observed in *Table 4* and *Table 5*.

	NW	NE	C
NE			
C	*INV1 (*)* *INV2 (*)*	*INV1* *INV2*	
S	*INV1* *INV2*	*INV1* *INV2*	

* Adjusted by Bonferroni correction

Table 4: Significant differences in the composition of investments between groups by macro-area

From the territorial point of view, *North West* foundations have a greater share in the transferee company in relation to both average equity and total assets than *Center* foundations.

Other differences have emerged, although less significant, between *North* East and *Center* foundations, and between both *North* foundations' groups and the *South* one.

	L	ML	M	MS
ML				
M	INV1 INV2			
MS	INV1 (*) INV2 (*)	INV2		
S	INV1 (*) INV2 (*)	INV1 INV2		

* Adjusted by Bonferroni correction

Table 5: Significant differences in the composition of investments between groups by dimension

From the dimensional point of view, however, it has emerged that, as the size of the foundation increases, the percentage of investments towards the transferee company is higher.

In particular, the ratio of equity investments in the transferee to average equity is significantly higher for *Large* foundations as compared to *Small* and *Medium-Small* ones. The same result is obtained by comparing the investments in the transferee with the total assets.

The other differences that have emerged, less significant though, are between *Large* and *Medium* foundations, and between *Medium-Large* and *Small* foundations.

The results obtained lead the analysis to some important conclusions.

First of all, it can be said that the size of foundations is a key aspect for this peculiar type of non-profit organizations, since it significantly affects their *efficiency*, but the same cannot be said for *profitability*. It has emerged, in fact, that no foundation is more profitable than the others, despite the fact that smaller foundations have to bear, as a percentage, higher costs.

From the point of view of *institutional activity*, it has emerged that larger foundations deliberate in percentage terms a larger amount than smaller ones. This is probably due to the fact that, especially in recent years, they have made greater use of the "Disbursement stabilization fund", which is financed during periods of higher income.

Finally, as far as the *composition of investments* is concerned, it can be seen that the North West foundations and the larger ones have more substantial investments in the transferee than the others. This may be due to the fact that investing in the shares of the transferee bank has always

been a more profitable and less volatile form of investment than other investments of the foundation. Large foundations, of which the group of North West foundations is predominantly composed, therefore pursue their mission mainly through two operational methods: the granting approach and the operating approach. While the former provides for the pursuit of institutional purposes through the disbursement of grants to third parties, who are responsible for the material implementation of the funded projects, the latter determines a direct commitment by the foundation, which is personally involved in the implementation of projects and initiatives considered important for the territory.

Considering the extreme variety of Italian Banking Foundations, different in origin, size, areas of intervention and philanthropic model adopted, the analysis proposed in this paper must be qualified as a purely exploratory and empirical study.

Although there is still plenty to analyze to find a possible correlation between governance model, strategic profile and better performance, it is believed that the insights offered by this essay could be a starting point for the continuous development and progress of the Foundations of Banking Origin and, in general, of the entire non-profit world.

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