8 Social Enterprise in Italy

A Plurality of Business and Organisational Models

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Introduction

In recent years, several scholars have engaged in the study of Italian social cooperatives from different perspectives, such as work quality and job satisfaction (Borzaga and Depedri 2005; Borzaga and Tortia 2006; Becchetti *et al.* 2014), theoretical framework (Bacchiaga and Borzaga 2001; Borzaga and Tortia 2009; Poledrini 2015), various networking strategies (Daniele *et al.* 2009) or the impact of the recent financial crisis (Costa and Carini 2016). The focus on this type of enterprise has led over the years to the belief that social cooperatives are the only type of social enterprise (SE) that exists in Italy, or at least that they constitute the great majority of all Italian social enterprises.

Social cooperatives, however, do not exhaustively represent the whole SE “phenomenon” in Italy (Poledrini 2018); indeed, other non-profit organisations can also be considered as social enterprises in all respects, even though not all of them declare or consider themselves as such. The activities managed by social enterprises are also wider than those managed by social cooperatives. In fact, social enterprises have expanded their sectors of activity in recent years: whereas the first social enterprises only provided social, health-care, educational and work-integration services, SE activities now include the provision of other, innovative services such as environmental, cultural, sport and recreational activities, the promotion of economic development, etc. Moreover, the “Italian” concept of social enterprise is increasingly being flanked by those of “community enterprise”, “community cooperative” and “citizens’ cooperative”, and these types of social enterprise seem to have a considerable potential for growth.

In light of the above considerations, this chapter aims to present the widely varied landscape of social enterprise in Italy. In particular, the chapter will consider all the non-profit organisations characterised by a non-profit distribution constraint and by a clear social purpose but which behave as enterprises, despite not being legally classified as social enterprises. In other words, within the scope of the present analysis, the

term social enterprise will refer not only to the organisations considered as social enterprises by Italian law, such as social cooperatives and social enterprises ruled by Legislative Decree No. 155 of 2006, but also to *de facto* social enterprises, established as associations, foundations and religious institutions. In particular, we will consider as social enterprises all the non-profit organisations that derive at least 50% of their total revenue from contracts or agreements with public institutions or from the sale of goods and services, and that have at least one employee.

The research questions we intend to answer are the following: “How many different types of social enterprise are there in Italy?”; “How many social enterprises of each type are there?” and “How do these various types differ?” To answer these research questions, we will present the various types of social enterprise and we will describe them in both qualitative and quantitative terms. The major future prospects of each SE type will be briefly taken into consideration, while the quantitative aspects will be presented in a more detailed analysis, based mainly on information from the 2011 census on non-profit institutions; the aspects that will be considered are (1) the number of employees; (2) the geographical distribution; (3) the sector of activity; and (4) the main sources of revenues.

The chapter is structured as follows: The first section describes the evolution of Italian social enterprises. The second section illustrates the research methodology and the general context of the analysis. The following four sections present the various types of Italian social enterprises, along with their key features, and analyse the quantitative information available for each type. The final section presents the conclusions.

8.1 Evolution of Italian Social Enterprises

To understand the origins and evolution of social enterprise in Italy, both as a concept and as a reality, it is important to bear in mind the economic, social and cultural changes that have taken place in the country since the 1970s. In fact, the 1970s and the following decades brought about the conditions that led to the formation of the first Italian social enterprises (Borzaga *et al.* 2017). In the following paragraphs, we briefly summarise this period in four main steps.

8.1.1 *The 1970s: Emergence of a Growing Gap between the Demand for and Supply of Social Services*

In the 1970s, Italy experienced for the first time a growing rift between new, emerging needs and the public welfare system’s ability to cope. The emergence of these new needs created a new “demand” for social services, which the public welfare system was not prepared to deal with. Moreover, in contrast to other countries, the non-profit sector was also poorly

developed (Barbetta 1997; Perlmutter 1991); existing non-profit organisations dealt almost exclusively with advocacy. Furthermore, according to the wording of the Civil Code, associations and foundations could not perform productive and commercial activities. All these elements resulted in a situation in which neither the Italian public welfare system nor the private—both for-profit and non-profit—sector was able to cope adequately with the new social needs of Italian society.

8.1.2 The 1980s: Emergence of an Organised Civic Response to the New Needs

In the 1980s, the marginalisation of various segments of the population (a phenomenon linked *inter alia* to the “new poverties”) gradually began to gain ground, due not only to the emerging new needs but also to the progressive closure of the traditional facilities for people with health and social problems, such as all-encompassing institutions that segregated people by limiting their relations with their family and community. As a reaction to these situations and in an attempt to answer those needs, groups of people, bound by idealistic values and serving mainly as volunteers, began to establish new services. After a few years, these voluntary organisations realised that public institutions would not step in to meet these new needs, and they gradually concluded that the range of services they were offering should be consolidated and extended, among other means by adopting the cooperative form. In those new, so-called social-solidarity cooperatives, in comparison to traditional cooperatives, elements of internal mutuality were attenuated, while those concerning solidarity were boosted. These organisations carried out work-integration and service-provision activities, running drug rehabilitation communities, group homes for children, reception facilities for the homeless, home-care services for the elderly, etc.

8.1.3 The 1990s: Recognition of Voluntary Organisations and Social Cooperatives

The major turning point in the development of Italian social enterprises, and particularly of those operating under the form of associations and cooperatives, took place in the late 1980s and early 1990s, when the fast multiplication of these organisations made necessary for public institutions to adopt specific regulations. This led to the implementation of a series of legislative measures, which resulted in turn in a further increase in the number of both voluntary organisations and social cooperatives throughout Italy during the following years. Particularly worth mentioning, among these legal actions, are the adoption of Law No. 381, in 1991, and of Law No. 266, in the

same year, which recognised and regulated respectively social co-operatives and voluntary organisations.

8.1.4 The 2000s: Recognition of Social Enterprises' Pluralism

During the following years, numerous additional legal provisions were adopted. Some of them aimed to reorganise social policies, and more particularly the provision of social and general-interest services, while others were intended for acknowledging and regulating new types of non-profit organisations. In particular, in 2005, the Parliament approved Law No. 118 on social enterprises, which was complemented, in 2006, by Legislative Decree No. 155. This law recognises and regulates the possibility to establish a social enterprise under any legal form other than that of social cooperative and provided for by the Italian Civil Code. This legislation clearly constitutes, at least in theory, a significant change in the field of Italian social enterprise; indeed, this law makes it possible to create a social enterprise without necessarily making use of the social-cooperative form.

8.2 Research Methodology and General Context

When reviewing the various definitions of social enterprise used in the literature in recent years, the approach put forward in the late 1990s by the EMES International Research Network (Borzaga and Defourny 2001; Defourny and Nyssens 2008) remains the most comprehensive and influential. To date, it is supported by many scholars, and it is even used by the legislators of various European countries, as well as by the European Commission itself. According to this approach, a social enterprise is a private legal entity, independent from the government, that carries out production activities, regardless of the legal form adopted; moreover, unlike conventional businesses, social enterprises have an explicit social aim and engage in activities that generate direct benefits for a community or for disadvantaged persons; they are constrained—at least partially—in their profit distribution; and they tend to be characterised by an inclusive and participative governance. Following such approach, we can identify in Italy four groups of social enterprises: (1) social cooperatives which are regulated by Law No. 381/1991; (2) social enterprises operating under the form of association; (3) social enterprises operating under the form of foundation or religious institution; and (4) social enterprises registered as limited companies.

It is possible to assess the number of Italian social enterprises by drawing on two different sources of data. The first one is the 2011 Census on Non-profit Institutions (ISTAT – National Institute for Statistics 2011), which provides information on social cooperatives, associations, foundations and religious institutions; the second one is the Business Register of the Italian Chamber of Commerce, which provides information on social

enterprises operating under the limited-company legal form. Data from the Business Register used in the present analysis refer to information regarding the year 2013.

Since all the 301,191 organisations included in the Census are, by law, submitted to a (total or partial) non-distribution constraint, have a social aim and perform activities of general interest, in order to identify social enterprises among them, we simply had to single out those that could be regarded as enterprises. Against this background, we considered as social enterprises all the non-profit organisations surveyed by the Census that met the following two criteria: (1) they derived at least 50% of their income from the sale of goods and services to private consumers and other enterprises or from contracts/agreements with public institutions; and (2) they had at least one employee.

Based on these criteria, out of a total of 301,191 non-profit organisations surveyed, we identified 20,431 social enterprises (6.8% of the total number of non-profit institutions). These figures probably underestimate the real size of the sector, not only because the joint use of these two parameters is very selective, but also because traditional cooperatives performing activities similar to those of social enterprises were not included in the Census.

Adding to these 20,431 social enterprises the 235 organisations established as limited companies and registered by the Italian Chamber of Commerce (which are not included in the Census) gives a total of 20,666 social enterprises. These are distributed by legal form as follows:

- 41.1% of all social enterprises (8,491 organisations) are social cooperatives;
- 38.1% (7,883 organisations) are associations;
- 16.1% (3,324 organisations) are foundations and religious institutions;
- 1.1% (235 organisations) are limited-company social enterprises;
- 3.6% (733 organisations) are initiatives classified as “others”, because they could not be assigned to one of the four groups of social enterprise, since the available information was incomplete.¹

As regards the distribution of the labour force,²

- social cooperatives employed 303,715 people, which represented 55.7% of the 545,270 workers employed by all social enterprises except limited companies and 44.6% of all the employees working for non-profit organisations (680,811 workers);
- foundations and religious institutions had 148,977 employees, representing 27.3% of all the workers employed by social enterprises except limited companies, and 21.9% of employees of the entire non-profit sector;

- associations represented 12.7% (69,421 workers) of all the employees working for social enterprises except limited companies, and just over 10% of all the staff working for non-profit organisations.

Finally, it is worth noting that the first two types of social enterprise listed above (social cooperatives and foundations and religious institutions) represented 8% of the whole non-profit sector in terms of number of organisations but employed 66.5% of the whole labour force of the sector.

Information provided by the Census on Non-profit Institutions (ISTAT – National Institute for Statistics 2011) and the Italian Chamber of Commerce also allows for more in-depth analyses of the four types of social enterprise; these are presented in the following sections.³

8.3 Social Cooperatives

Article 1 of Law No. 381/91 defines “social cooperatives” as those cooperatives that aim to pursue the general interest of the community and the human promotion and social integration of citizens through (1) the provision of social, health-care and educational services, or (2) the performance of any other activity with the aim of providing employment for disadvantaged people. The first type is referred to as A-type social cooperatives, while organisations of the second type are called B-type social cooperatives.

Despite being part of the cooperative sector, social cooperatives have several characteristics that distinguish them from traditional cooperatives, three of which are particularly salient: First of all, as just mentioned, social cooperatives pursue the general interest of the community, and not only the interests of their members. The second difference lies in the possibility for social cooperatives to include volunteers as members, up to 50% of the total membership. Finally, in B-type social cooperatives, disadvantaged workers must also be members.

Out of the 8,491 social cooperatives that comply with the definition of social enterprise, 5,621 are A-type or mixed cooperatives (i.e., organisations that are both providing social services and employing disadvantaged people), and 2,870 are B-type social cooperatives. As far as these organisations’ geographical distribution is concerned, 43.5% of all social cooperatives are located in the Northern regions, while Southern Italy and the Islands are home to respectively 23% and 14.9% of social cooperatives. The remaining 18.6% are located in Central Italy (see table 8.1).

As expected, 75.3% of social cooperatives are concentrated in two sectors: social services (40.6% of social cooperatives) and economic development and social cohesion (34.7%)—a sector of activity that includes almost only work-integration social cooperatives (see table 8.2). The large majority (77.1%) of A-type and mixed social cooperatives

Table 8.1 Regional distribution of Italian social cooperatives (2011)

	<i>A-type and mixed social cooperatives</i>		<i>B-type social cooperatives</i>		<i>All social cooperatives</i>		<i>All social enterprises (including social cooperatives)</i>	
	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>
North	2,413	42.9	1,277	44.5	3,690	43.5	10,516	51.5
Centre	900	16	683	23.8	1,583	18.6	4,139	20.3
South	1,337	23.8	616	21.5	1,953	23	3,357	16.4
Islands	971	17.3	294	10.2	1,265	14.9	2,419	11.8
<i>Total</i>	<i>5,621</i>	<i>100</i>	<i>2,870</i>	<i>100</i>	<i>8,491</i>	<i>100</i>	<i>20,431</i>	<i>100</i>

Table 8.2 Italian social cooperatives by sectors of activity (2011)

	<i>A-type and mixed social cooperatives</i>		<i>B-type social cooperatives</i>		<i>All social cooperatives</i>		<i>All social enterprises (including social cooperatives)</i>	
	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>
Social services	3,398	60.5	49	1.7	3,447	40.6	5,457	26.7
Economic development and social cohesion	157	2.8	2,789	97.2	2,946	34.7	3,187	15.6
Health care	932	16.6	7	0.2	939	11.1	2,431	11.9
Education and research	559	9.9	0	0	559	6.6	3,966	19.4
Culture, sports and recreation	398	7.1	8	0.3	406	4.8	3,817	18.7
Environment	74	1.3	4	0.1	78	0.9	337	1.6
Other activities	103	1.8	13	0.5	116	1.4	1,236	6
<i>Total</i>	<i>5,621</i>	<i>100</i>	<i>2,870</i>	<i>100</i>	<i>8,491</i>	<i>100</i>	<i>20,431</i>	<i>100</i>

provide social and health services, and 97.2% of B-type social cooperatives have work-integration activities.

A-type and mixed social cooperatives derive approximately 70% of their income from “contracts and/or agreements with public institutions” and 26.2% from the “sale of goods and services to private clients” (see table 8.3). Other sources of income, like donations, play a very limited role. B-type social cooperatives rely, more than their A-type counterparts, on resources derived from private clients: 37.8% of their total resources come from the “sale of goods and services to private clients”, and only 57.1% of their resources originate in “contracts and/or agreements with public institutions”—and these are often obtained as a result of participation in competitive tenders.

8.4 Social Enterprises Operating under the Associative Form

Associations are organisations established by groups of people to pursue a common goal, consisting in an advocacy activity for members and non-members or in the provision of services. In most countries, associations cover a vast and varied area within the non-profit sector, including both rudimentary and small-scale organisations (like recreational or amateur sports clubs) and larger and better-known entities, with complex organisational structures. Traditionally, in Italy, the legal form of association was not used to run a business activity (or only a very marginal one), nor was such possibility provided for by the Civil Code. However, in the last decades, the context has changed, and many associations have started managing the production of services.

Like the other kinds of Italian social enterprises, associative social enterprises are more concentrated in Northern Italy. This part of the country is indeed home to slightly over half of all associative social enterprises. In fact, the distribution of associative social enterprises in the various regions is quite similar to that of social enterprises in general: Associative social enterprises located in the Central regions represent 23.2% of the total number of associative social enterprises (the corresponding figure for all social enterprises is 20.3%), and associative social enterprises located in Southern Italy and in the Islands represent approximately one quarter of all associative social enterprises (the corresponding figure for all social enterprises is slightly higher; see table 8.4).

Concerning the activities performed, 37% of all associative social enterprises operate in the field of “culture, sports and recreation” (see table 8.5); also worth noting is the fact that associative social enterprises represent 77% of all social enterprises working in this field. Even though only about 12% and 3% of all the activities performed by associative social enterprises fall respectively within the categories of “other activities” and “environment”, associative social enterprises in these two

Table 8.3 Resource mix of Italian social cooperatives (2011)

	A-type and mixed social cooperatives		B-type social cooperatives		All social cooperatives		All SEs (including social cooperatives)	
	Amount (in thousand €)	%	Amount in €	%	Amount (in thousand €)	%	Amount (in thousand €)	%
Contracts and/or agreements with public institutions	5,233,492	69.4	1,104,188	57.1	6,337,680	66.9	17,058,185	59.6
Sale of goods and services to private clients	1,975,443	26.2	730,950	37.8	2,706,393	28.6	9,104,010	31.8
Other	330,589	4.4	97,140	5	427,729	4.5	2,479,112	8.7
<i>Total revenue</i>	<i>7,539,524</i>	<i>100</i>	<i>1,932,278</i>	<i>100</i>	<i>9,471,802</i>	<i>100</i>	<i>28,641,307</i>	<i>100</i>

Table 8.4 Regional distribution of Italian associative social enterprises (2011)

	<i>Associative social enterprises</i>		<i>All social enterprises (including associative social enterprises)</i>	
	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>
North	4,101	52	10,516	51.5
Centre	1,828	23.2	4,139	20.3
South	1,008	12.8	3,357	16.4
Islands	946	12	2,419	11.8
<i>Total</i>	<i>7,883</i>	<i>100</i>	<i>20,431</i>	<i>100</i>

Table 8.5 Sectors of activities of associative social enterprises (2011)

	<i>Associative social enterprises</i>		<i>All social enterprises (including associative social enterprises)</i>	
	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>
Culture, sports and recreation	2,925	37.1	3,817	18.7
Education and research	1,469	18.6	3,966	19.4
Social services	1,155	14.7	5,457	26.7
Health care	1,012	12.8	2,431	11.9
Environment	226	2.9	337	1.6
Economic development and social cohesion	165	2.1	3,187	15.6
Other activities	931	11.8	1,236	6.0
<i>Total</i>	<i>7,883</i>	<i>100</i>	<i>20,431</i>	<i>100</i>

sectors represent respectively 75.3% and over 67% of all Italian social enterprises active in these fields. Finally, the activity in which these social enterprises are less present is that of “economic development and social cohesion”, that is, the work integration of disadvantaged people. In fact, there are only 165 associative entities operating in this area, which corresponds to 2.1% of the total, while about 16% of all Italian social enterprises are active in the same area.

Social enterprises established as associations derive slightly over half of their revenues (about €3 billion in total) from “contracts and/or agreements with public institutions” (see table 8.6). Associative social enterprises thus depend less on public resources than social enterprises overall. Among all Italian social enterprises, they are the model with the highest percentage of “other” sources of funding (13.9%); these are primarily constituted by membership fees.

Table 8.6 Resource mix of associative social enterprises (2011)

Types of revenues	<i>Associative social enterprises</i>		<i>All social enterprises (including associative social enterprises)</i>	
	<i>Revenues (in thousand €)</i>	<i>%</i>	<i>Revenues (in thousand €)</i>	<i>%</i>
Contracts and/or agreements with public institutions	2,942,209	52.0	17,058,185	59.6
Sale of goods and services to private clients	1,935,277	34.2	9,104,010	31.8
Other	784,243	13.9	2,479,112	8.7
<i>Total revenues</i>	<i>5,661,729</i>	<i>100</i>	<i>28,641,307</i>	<i>100</i>

8.5 Social Enterprises Operating under the Forms of Foundations and Religious Institutions

The Italian Civil Code defines foundations as assets dedicated to the pursuit of a public-interest objective. According to the law, a foundation must always be recognised by a public authority and must, therefore, have legal status. As it was also the case for associations, legislation on foundations has changed significantly since the early 1990s. As a consequence, the sector has been strengthened.

Religious, charitable institutions—which almost all belong to the Catholic Church—are not formally foundations, but since they have a similar form of governance, they can be included in the category of foundations, and more specifically in the subcategory of operational foundations. These organisations conduct different charitable activities, such as providing educational, health and social services, and they are quite well known and spread across the country.

Among the various types of social enterprise, the group of organisations operating under the legal form of foundation or religious institution is that with the greatest concentration in the North of Italy. Indeed, over 70% of these institutions are located in the Northern regions (see table 8.7). Throughout the rest of Italy, this form of social enterprise is distributed in the following manner: 17% of these social enterprises are located in Central Italy, and 12.3% in Southern Italy and on the Islands.

Like those included in the previous two groups, social enterprises operating under the form of foundations and religious institutions concentrate their efforts on specific areas of activity. In fact, slightly over half of these social enterprises operate in the field of education and research (table 8.8), and they account for 44% of all social enterprises operating in the field of education and research. Other important

Table 8.7 Regional distribution of social enterprises operating under the form of foundations or religious institutions (2011)

	<i>Social enterprises operating under the form of foundations or religious institutions</i>		<i>All social enterprises (including foundations and religious institutions)</i>	
	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>
North	2,351	70.7	10,516	51.5
Centre	564	17.0	4,139	20.3
South	286	8.6	3,357	16.4
Islands	123	3.7	2,419	11.8
<i>Total</i>	<i>3,324</i>	<i>100</i>	<i>20,431</i>	<i>100</i>

Table 8.8 Sectors of activity of social enterprises operating under the form of foundations or religious institutions (2011)

	<i>Social enterprises operating under the form of foundations or religious institutions</i>		<i>All social enterprises (including foundations and religious institutions)</i>	
	<i>No. of entities</i>	<i>%</i>	<i>No. of entities</i>	<i>%</i>
Education and research	1,726	51.9	3,966	19.4
Social services	672	20.2	5,457	26.7
Health care	408	12.3	2,431	11.9
Culture, sports and recreation	371	11.2	3,817	18.7
Economic development and social cohesion	18	0.5	3,187	15.6
Environment	11	0.3	337	1.6
Other activities	118	3.5	1,236	6.0
<i>Total</i>	<i>3,324</i>	<i>100</i>	<i>20,431</i>	<i>100</i>

activities performed by social enterprises in this group are social services, health care, and culture, sports and recreation.

Social enterprises taking the form of foundations or religious institutions are the type of social enterprise with the highest average income per organisation. The total revenues of these organisations amount to over €10 billion, and account for 35.3% of all the revenues generated by social enterprises and approximately 16% of all the revenues produced by the non-profit sector—even though these organisations only represent 1.1% of all non-profit organisations (table 8.9). Furthermore, social enterprises belonging to this group can be distinguished from the other types of social enterprise by the fact that the revenue they derive from the sale of goods and services to private clients amounts to over €3.4

Table 8.9 Resource mix of social enterprises operating under the form of foundations or religious institutions (2011)

Source of revenues	<i>Social enterprises operating under the form of foundations or religious institutions</i>		<i>All social enterprises (including foundations and religious institutions)</i>	
	<i>Amount (in thousand €)</i>	<i>%</i>	<i>Amount (in thousand €)</i>	<i>%</i>
Contracts and/or agreements with public institutions	5,758,260	56.9	17,058,185	59.6
Sale of goods and services to private clients	3,443,088	34.0	9,104,010	31.8
Other	922,854	9.1	2,479,112	8.7
Total revenues	10,124,202	100	28,641,307	100

billion—a figure that is significantly higher than the corresponding figure for the other types of social enterprise, and which corresponds to approximately 38% of the total income derived from this source by all social enterprises.

8.6 Limited-Company Social Enterprises

Since 2006, following the introduction of Law No. 118 and of Legislative Decree No. 155, a social enterprise has had the possibility to register under the legal form of a joint-stock company or a limited-liability company. In order to qualify as a social enterprise, a limited company must meet three main criteria: (1) it must be privately owned; (2) it must mainly perform business activities, involving the production of goods or the provision of services; and (3) it must act in the interest of the community on a non-profit basis. Social enterprises established as limited companies cannot be controlled by public agencies nor by for-profit companies. Furthermore, the law requires that they respect certain general principles regarding transparency and proper and efficient management, as well as guarantee the participation and protect the interests of both their workers and users (Fici 2006). Finally, thanks to legislative Decree No. 117/2017, social enterprises constituted under the legal form of the limited-liability or joint-stock company are allowed to distribute to their shareowners up to 50% of their current profits, although they are still not allowed to distribute their assets.

The primary source of data about enterprises of this type is the Business Register managed by the Chamber of Commerce. According to this source, a total of 774 private organisations had registered as social enterprises by the end of 2013. Of these 774 organisations, only 235 (around 30%) had

the legal form of limited company. More precisely, 231 were limited-liability companies and four were joint-stock companies. The remaining 70% were cooperatives (mainly social cooperatives and a few associations), and as such, they were already included in the Census data.

Some more detailed information can be obtained by crossing the data from the Business Register with a sample survey recently conducted by the Iris Network (Venturi and Zandonai 2014). It appears that 55% of limited-company social enterprises are primarily engaged in education and training activities, with a particular focus on education and education-related services. The remaining ones are mainly involved in the provision of social and health-care activities (22% of organisations), including medical and dental services, and in environmental, cultural and heritage-maintenance activities and social tourism (13%). These figures reveal that, although the new law allows social enterprises to operate in a wider range of fields than those permitted to social cooperatives, when social enterprises are active in the fields where social cooperatives are allowed to operate, they continue to prefer the cooperative form. Analysis also reveals that a large share (47.5%) of limited-company social enterprises are located in the southern regions.

Social enterprises operating under the legal form of limited company can also be distinguished from traditional social cooperatives by their focus on the demands of households. In fact, they mainly offer their services directly to individuals and families, rather than through local authorities.

Not all social enterprises in this category employ workers, and the average number of paid workers is much lower in limited-company social enterprises than in the other types of social enterprise. In fact, in 2013, the average number of employees in these social enterprises was 16, while for the other types of social enterprise, it was around 27.

Unlike traditional limited companies, limited-company social enterprises were not all created by a small number of capital contributors; rather, as for the other types of social enterprise, several of them were established by groups of people with common ideals and shared values. Some of these social enterprises were constituted by other non-profit institutions, such as associations, foundations and social cooperatives. The main reasons for choosing this legal form included the possibility of “intercepting” a new public demand, combined with the desire to maintain or reinforce the social nature of the activity performed. It should also be noted that a number of these enterprises were constituted before the approval of the law, and only took on the form of social enterprises at a later stage (basically, they already behaved as limited-company social enterprises, although they were not yet recognised as such by law).

Finally, data show that social enterprises constituted as limited companies do not seem particularly dynamic: they have a low propensity for investment and innovation and, when the survey was carried out, the

vast majority of them closed their balance sheets with neither gains nor losses, and expected to maintain this trend for the following years.

Thus, despite the approval of the law, the limited-company form does not seem to be appealing to those who intend to constitute a social enterprise, at least under the current conditions. People willing to establish a new social enterprise continue to prefer collective—associative or cooperative—entrepreneurial forms.

Conclusion

This chapter summarises the main developments that have affected and are still affecting Italian social enterprises, and it provides data about these enterprises' importance and key features.

The chapter analyses the dynamics through which social enterprises have developed in the country. The emergence of social enterprise in Italy was clearly a bottom-up phenomenon. Indeed, Italian social enterprises are, to a great extent, and regardless of the legal forms used and the activities carried out, a grassroots phenomenon. This makes the Italian experience unique compared to what happened in other European countries, where social enterprises have often been developed through a top-down process (Hulgård and Spear 2006). In other words, Italian social enterprises arose from spontaneous initiatives of groups of citizens supported by widespread social participation and civic engagement. Only after a decade of development did they start to progressively attract the attention of policy makers, who recognised their role and supported them by allocating significant public resources to finance the services they provided. This was particularly true until the beginning of the 21st century; public support then started growing more slowly, following the economic and financial crisis that erupted in 2007.

In just over two decades, social enterprises have grown in numbers and in economic and social importance, especially in terms of employment and number of users. These users include persons in critical conditions of hardship. Moreover, social enterprises have expanded their activities, from traditional social services and work integration to new areas (cultural services, health, sports, education and research), and these positive trends have persisted despite the economic and financial crisis.

Social enterprise is a complex phenomenon, based on various models (cooperative, association, foundation), each of which is becoming increasingly specialised in terms of types of activity and types of owners. The only organisational type that seems not to be developing to the same extent as the others is that of the limited-liability company. Social enterprises seem to remain primarily collective enterprises, that is, enterprises launched and operated by people and for people.

Notes

- 1 They will not be considered in the following.
- 2 Unfortunately, the number of employees is not available for limited-company social enterprises.
- 3 The analyses on social cooperatives and social enterprises operating under the form of associations, foundations and religious institutions are based on data from the Census on Non-profit Institutions (ISTAT – National Institute for Statistics 2011), which concern in total 19,698 organisations, while analyses about limited-company social enterprises are based on the dataset of the Italian Chamber of Commerce, which includes data about 235 social enterprises. We should underline here that, unless otherwise specified, when referring to “all social enterprises” in sections 8.3, 8.4 and 8.5, we mean “all social enterprises except those registered as limited companies”.

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