

Promoting social entrepreneurship in Italy now and future plans



Prague 22.05.2014

Social enterprises in Italy:history

- ▶ There have been legal frameworks since as early as 1991 continuously expanding until 2006 to define Social Cooperatives in the social, educational and health sector and Social Cooperatives as work insertion enterprises;
- ▶ Social enterprise was defined by law only in 2006 and includes a wide range of profit and non profit organizations;
- ▶ Social Cooperatives are the most important part in the social enterprises. There are about 90% of social enterprises.

Social enterprises in Italy: history

- ▶ The first social cooperatives were founded in the first half of the 1970's . They were governed by law only in 1991 (L.381.91)
- ▶ Social enterprise was governed by law in 2006 but this law didn't promote the development of social entrepreneurship, as it had hoped .
- ▶ There is an ongoing procedure aiming at amending the above law of social enterprise

Social enterprises in Italy(31.12.2013)

- ▶ There are roughly 15.000 social enterprises with at least one employee (mainly social cooperatives)
- ▶ These employ around 435.000 workers

Social enterprises in Italy : sectors , territorial distribution and statistics

	Transaction in 2013*			Tax rate nel 2013***		
	in **	Out	Final balance	in **	out	Saldo
TOTAL	27.700	33.100	-5.400	6,4	7,6	-1,2
INDUSTRY	770	1.360	-590	4,6	8,2	-3,6
SERVICES	26.930	31.740	-4.810	6,4	7,6	-1,2
Commerce , tourism accomodation , catering and tourism	850	1.110	-270	7,9	10,3	-2,5
Transports and logistics	370	460	-90	6,0	7,4	-1,5
IT services ; advanced business services	360	470	-110	4,9	6,3	-1,4
Support services for enterprise and to the person	1.950	2.810	-860	5,5	8,0	-2,4
Education and private trainig services	2.880	3.920	-1.050	6,0	8,1	-2,2
Health , social work and private health services	18.710	20.880	-2.180	6,3	7,0	-0,7
other service to the person	1.810	2.070	-260	13,1	15,0	-1,9
Territorial distribution						
North - West	10.850	12.170	-1.320	6,4	7,2	-0,8
North East	8.690	9.630	-940	8,7	9,6	-0,9
Center	4.010	5.400	-1.390	5,1	6,9	-1,8
South and islands	4.140	5.900	-1.760	4,8	6,8	-2,0
N° employees						
1-9 workers	1.410	2.140	-730	5,5	8,3	-2,8
10-49 workers	4.320	6.310	-2.000	4,2	6,2	-2,0
50 Workers and over e	21.970	24.650	-2.680	7,1	8,0	-0,9

Social enterprises in Italy: social cooperatives

- ▶ There are two national confederations , one for charities, NGO's and Social Cooperatives as part of a national network, called "Third Sector Forum". Their main task is to represent their members at all levels, lobbying with the government and dealing with public authorities;
- ▶ There are three national confederations that includes 90% of social cooperatives: these organized and represent social cooperatives, to promote policies and values and to support social and entrepreneurial projects

Social enterprises in Italy: social cooperatives and statistics (31.12.2013)

- ▶ 9.678 social cooperatives and consortia associated to the three principle national confederations, that represent over 90% of Italian social cooperatives;
- ▶ 6 million users;
- ▶ 350.000 employees (increase of more than 26% since 2008);
- ▶ 360.000 members (increase of more than 18,9% since 2008)
- ▶ 40.000 volunteer members;
- ▶ 35.000 disadvantaged members;
- ▶ Social innovation: over 60% of social cooperatives have developed many innovative activities :
- ▶ 37% developed new services;
- ▶ 28% new responses to pressing social demands;
- ▶ 59,7% have provided assistance to people not covered by welfare.

Social cooperatives in Italy

Italian social cooperatives have some special characteristics as stated by the law:

- they have subdivided into two principal categories:
 - ✓ A part are specialised in the provision of social, health, educational or environmental services and are called social cooperatives type A
 - ✓ Another part are specialised in the reintegration of disadvantaged and marginalised workers and they are called type B

Social cooperatives in Italy

- ▶ Social cooperatives specialised in the reintegration of disadvantaged workers have other special characteristics:
 - These social firms are one type of social enterprise;
 - Their specific social purpose is to create sustainable paid employment for people who are either disabled or severely disadvantaged on the labour market;
 - These are businesses that use their market-orientated production of goods or services to achieve their social mission;
 - Work opportunities should be equal between disadvantaged and non disadvantaged employees. All should have the same employment rights and obligations.

Social cooperatives in Italy

Social cooperative specialised in the reintegration of disadvantaged workers have other particular characteristics too:

- ▶ These social cooperatives have to employ as stated by law 30% of disadvantaged people;
- ▶ These disadvantaged categories includes disabled people , former detainees, addicts, people with problem of mental health.

Social cooperatives: main characteristics

- ▶ **Explicit general interest mission:**
 - ✓ The most distinctive characteristics of social cooperatives is that they explicitly define a general interest mission as their primary purpose and carry out this mission directly through the production of goods and services of general interest.
- ▶ **Non state entities:**
 - ✓ social cooperatives are non state entities. As such, they should be substantially independent from the public sector and from other entities, independently from the way and amount of aid which they might receive.

Social cooperatives: characteristics

- ▶ **Multi stakeholder membership structure:**
 - They have a governance structure potentially or effectively based on multistakeholder membership;
 - The general interest mission of social cooperatives entails that they may involve different stakeholders, such as workers, users, local authorities, different types of legal persons, etc.
 - This multi-stakeholder governance structure is an innovative contribution of social cooperatives in developing democratic and participatory management in response to their general interest mission and its effective implementation.

Social cooperatives: characteristics

▶ Substantial representation of worker members:

- ✓ a key concept in the cooperative model of corporate governance is that of joint ownership and democratic control: in all cooperatives, the internal democratic control is based on the principle of "**one member, one vote**" whatever the share of capital held by the respective workers may be.
- ✓ In the specific case of work integration type social cooperatives, the integration of disadvantaged workers into the governance structure can guarantee an effective integration process.

▶ Non or limited distribution of surplus

- ✓ The non-distribution or limited distribution of surplus in social cooperatives confirms that the general interest mission is their primary goal.

Social enterprises and recession containment

- ▶ In 2013 social enterprises expect a decline in employment of around -5.400 employees (-1,2%).
- ▶ An inferior number compared to other Italian enterprises equal to -2,2%”.

Social enterprise in Italy and development factors

Many studies highlight the elements of success of this business model and in particular the following factors:

- ▶ Increase of outsourcing of public services

Social enterprise in Italy and development factors : centrality of human resources

- ▶ Centrality of human resources : we believe in investing in the enterprise to invest in people.
- ▶ Observing in particular:
 - ✓ investment in training and qualifying its workforce;

Social enterprise in Italy and development factors : centrality of human resources

- ▶ Increase in 2013 of highly skilled workers :
 - ✓ Scientific and technical professions reach 34% of employment (against 23% of the total of enterprise);
 - ✓ university graduates represent 28% of planned employment , which is almost double the average of italian enterprises.

Social enterprise in Italy and development factors : centrality of human resources

- ▶ offer lifelong education to employees :
 - ✓ 54% offered in 2012 training for their employees;

Social enterprise in Italy and development factors

➤ High degree of specialization

- ✓ More than 49% of them manages health, education and assistance services

➤ High resilience

- ✓ a decline of - 2,9%. An inferior number compared to other Italian enterprises equal -3,5%

Social enterprise in Italy and development factors

- ▶ **Capability to develop new solutions (products, services, models, markets, processes etc.) and flexibility :**
 - ✓ from agriculture (-13%) to trasformation (+31%)
 - ✓ Increased participation in local utilities (+13%)
 - ✓ More residential social care (+30%), less home assistance (-2%)

Social enterprise in Italy: development factors

Some basic characteristics of social enterprises and social cooperatives in particular:

- central concept is the one of stakeholder; cooperative members tend to opt for enterprise strategies which respond to the local community needs which the cooperative aims to satisfy (maintain and create jobs, develop production, find a house, obtain credit etc.)

Social enterprise in Italy: development factors

- Two other complementary key concepts are cooperation among social enterprises and the concern for the surrounding community. This dimension finds its implementation inter alia in the establishment of alliances, networks, promoting organisations, federations, groups, consortia etc.

The critical factor

- ▶ Social enterprises have a difficult access to credit in a context characterized by decrease of public funding;

Conclusions

- ▶ Social enterprises in Italy need different models to finance's access : it's necessary to offer a full range of suitable financial instruments to support social enterprises throughout their life-cycle
- ▶ The promotion of social enterprise's business model needs of different kinds of support: for example through legal frameworks, access to finance, business start-up and development support.
- ▶ The growth of social enterprises must supported through the creation of new policies to help them build capacity and to create an appropriate eco-system, suited in the local context.

▶ **Thank you for your attention**