

# The Emergence of new Social Enterprise Models in Italy: First Insights from the International ICSEM Project\*

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## Abstract

In recent years, social enterprises have been studied from different points of view, i.e. the financial aspects, the governance, the theoretical perspective, and the existing different types at national level. This last aspect in particular needs greater clarity and deeper understanding as it has not yet been explored thoroughly enough.

With this in mind, this article aims to present the results of the ICSEM research project and to compare them with the different social enterprise models existing in Italy. The ICSEM project is a research project which started in 2013 and is still in progress involving 230 researchers from 55 different countries on 5 continents. The objective of the ICSEM project is to highlight the different models of social enterprises existing in different countries.

The main results of the article show the similarities and divergences of the different Italian social enterprises models compared to those highlighted by the ICSEM research.

**Key words:** Social enterprises, Nonprofit, International comparisons

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## 1. Introduction

Over the last twenty years, scholars on an international level have paid increasing attention to social enterprises (SEs), particularly those in the management field (Battilana & Lee 2014; Santos, Pache, & Birkholz 2015; Smith, Gonin, & Besharov, 2013; Wry & York, 2017). To date, SEs have been studied from various points of view and different perspectives, such as the financial aspects (Sunley & Pinch 2012, Young & Kim 2015), governance (Low, 2006; Mason, Kirkbride, & Bryde 2007), differences between Europe and North America (Defourny & Nyssens, 2010a; Kerlin, 2006), and some theoretical aspects (Haugh, 2012; Poledrini, 2015). However, little has thus far been written about the different SE models in general and those within a country in particular, *“In other words, the obvious limits of all the above-mentioned pioneering works called for more in-depth efforts to analyse and understand the diversity of social enterprise models emerging across the world”* (Defourny & Nyssens, 2017: 2). Indeed, scholars have largely focused on the differences between SEs across nations.

In Italy, the European Commission (2016) and some authors (Borzaga, Calzaroni, & Lori 2016; Borzaga, Poledrini, & Galera, 2017) have made a step forward in this direction, for the first time identifying new types of SEs compared to the two most common, i.e. social cooperatives (SCs) and *ex lege* SEs<sup>‡</sup>. In particular, the above cited works identify new types of SEs based on their different legal forms. However, the current taxonomies have not gone beyond analysing SE typologies or formulating real models.

The objective of this article is therefore to bridge this gap in literature and respond to the following interrelated research questions: 1) How many different SE models are there in Italy? 2) How do they differ? To answer these questions, we present the results of the ICSEM Project. This is currently the most important research project on the theme of SEs worldwide. Specifically, the project, which began in 2013, saw the participation of around 230 researchers from 55 different nations from five continents. From analysing the results of the research conducted in each participating country, 4 different SE models worldwide have been identified: (i) the Social Cooperative (SC) model; (ii) the Social Business (SB) model, (iii) the Entrepreneurial Non-Profit Organisation (ENPO) model, and (iv) the Public-Sector Social Enterprise (PSE) model.

According to the ICSEM Project’s conceptual and theoretical approach, and contrary to what is commonly believed, the results show that there are not only two SE models in Italy, i.e. the Social Cooperative (SC) model and the Social Business (SB) model, but also a third, namely, the Entrepreneurial Non-Profit Organisation (ENPO) model. In fact in recent years, many traditional non-profit organisations, such as associations, foundations, and religious institutes, have begun to operate as real SEs. For the purposes of this article, following well-established studies (Defourny & Nyssens, 2014; Pestoff, 2013) and the ICSEM project framework

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<sup>‡</sup> *Ex lege*: pursuant to law.

(Defourny & Nyssens, 2017), SEs are intended as all non-profit organisations that pursue their social objectives through business activities that prevalently entail the work of volunteers and the donations that SEs receive. Finally, from the analysis carried out, it would seem that the Public-Sector Social Enterprise (PSE) model is not present in Italy, unlike in other countries.

The article is structured as follows. The next section presents the main contributions in literature on the subject of SEs. Section 3 describes the ICSEM Project and the research methodology, while Section 4 presents SEs models identified by the ICSEM Project. Section 5 analyses the results of the research conducted in Italy. The last section offers some conclusions and limitations of this research as well as potential development prospects.

## 2. The Context

The SE topic in the last two decades has developed through “generating” theoretical and empirical contributions on different themes. In particular, many of these highlight the multifacetedness of social enterprises and therefore their possible different definitions. SEs, in fact, are strongly influenced by their geographic area of reference (Kerlin, 2009, 2010). In other words, SEs differ in relation to the cultural, institutional, economic and social context, and different definitions ensue as a result. For example, according to Defourny and Nyssens (2010b), in Europe, the term SE usually refers to non-profit organisations characterised by a business with democratic control and/or the participatory involvement of stakeholders. In addition, SEs have a profit distribution constraint to protect and strengthen the primacy of the social mission, which is at the very heart of the organisation. Instead, in North America, a different definition of SEs has spread. According to Kerlin (2006), the concept of SEs in the US is generally broader than in other Western countries. In particular, the category includes non-profit organisations (NPOs) engaged in a mission supporting commercial activities, hybrid organisations that combine profit goals with social objectives, and lastly, profit-oriented businesses engaged in socially beneficial activities, such as corporate philanthropy or corporate social responsibility. Hence, the two approaches differ mainly in terms of the inclusion or not of for-profit organisations that carry out social activities within the SE category. However, according to Doherty, Haugh, and Lyon (2014: 420), the generalised definition of SEs states that these organisations have in common: *“the adoption of some form of commercial activity to generate revenue; and the pursuit of social goals”*. For the purpose of this research, we follow the European approach, which we will specify in more detail in the research methodology section.

The social enterprise phenomenon is a relatively recent development. However, its first theoretical formulation can be attributed to Hansmann’s (1980) notable work defining non-profit enterprises as non-profit organisations characterised by a commercial activity and business-type management. Italy, thanks to Law 381 of 1991, was the first nation in the world to establish specific legislation regulating the

role of SEs. In literature, this fact is now firmly recognised by most authors including Defourny and Nyssens (2008: 205) who state that, "*Italy gave the first impetus to the social enterprise concept*". Therefore, the various scientific contributions on the theme of Italian social enterprises have always assumed an important role within the international academic community. In particular, it first appeared in Italy in 1990 when the *Impresa sociale* journal was launched. Among the first studies to recall is that of Savio and Righetti (1993) analysing the history and development of an Italian SE providing job opportunities to those with mental health issues, as well as that of Borzaga and Santuari (2000, 2001) and Borzaga and Ianes (2006) presenting Italian social cooperatives as SEs. However, the EMES research project carried out in the years 1996 to 2000 thanks to European Commission funding (Defourny and Nyssens, 2010b) is commonly recognised as the starting point of the dissemination of studies on social enterprises at the international level. The project involved European researchers from 15 different countries with the aim of analysing social enterprises emerging in their respective national contexts. These research results were published in Borzaga and Defourny (2001) and gave life to the homonymous network called EMES. According to the EMES approach, SEs are characterised by the following three dimensions: (i) economic, (ii) social, and (iii) governance (Defourny & Nyssens, 2014):

(i) The economic dimension foresees that SEs carry out the continuous production of goods and/or services, a significant level of economic risk, and a minimum amount of paid work (in the sense of "at least a small amount", otherwise it is not a business).

(ii) The social dimension has the explicit goal of bringing benefits to a community, it must be the initiative of a group of citizens or a civil society organisation, and finally, it must have a limited distribution of profits, which are intended primarily for the social mission.

(iii) Governance, which has to be participatory, characterised by a high degree of autonomy, decision-making power not based on the ownership of capital, and a participatory dimension involving the various parties concerned by the activity.

The organisations that respond to these criteria are the subjects of the ICSEM research project.

Recently, Italian SEs have been studied from various points of view. For example, Galera and Borzaga (2009) present an overview of the evolution of the concept of SEs with a particular focus on the legal implementation. Thomas (2004), Mancino and Thomas (2005), and Borzaga and Galera (2012) analyse Italian SEs in their general aspects. Poledrini (2015) considers the theory of reciprocity under unconditional reciprocity as a theoretical explanation of the existence of social enterprises as a different organisational model compared to for-profit organization, traditional NPOs, based mainly on donations and voluntary work, and cooperatives. Finally, Degli Antoni and Portale (2011) address the issue of CSR on the creation of social capital.

All these contributions, as well as most articles dealing with the theme of Italian SEs, mainly focus exclusively on SCs, or in some cases mention *ex lege* SEs, without

reference to other types of SEs. Thus, the perception as far as Italy is concerned is that social cooperatives are the only type of SE in this country. Conversely, as previously mentioned, the European Commission (2016) and some authors (Borzaga, Calzaroni, & Lori, 2016; Borzaga, Poledrini, & Galera, 2017) have recently shown that SEs operating in Italy include SCs and *ex lege* SEs, foundations and religious entities, associations, and traditional cooperatives “pursuing general interest aims”, as well as less well-specified organisations with other juridical forms. However, these authors, although presenting new types of SEs, have limited themselves to classifying them according to the legal form adopted. Differently, the aim of this work is to identify the different SE models operating in Italy, regardless of their legal form, and analyse them in light of the international context following the results of the ICSEM project.

### 3. The ICSEM Project and the research methodology

The ICSEM Project (International Comparative Social Enterprise Models) is a study that started in 2013 in conjunction with the Fourth EMES International Conference, held at the University of Liège in Belgium. The research is still in progress, although some initial results were published in 2017. The objective of the project is to research the different SEs models in the world. In particular, the research has three main goals: *“(i) to overcome problems related to the quest for a unifying and encompassing conceptualisation of social enterprise; (ii) to show that it is feasible to theoretically and empirically build an international typology of social enterprise models; and, consequently, (iii) to pave the way for a better understanding of social enterprise dynamics and eco-systems”* (Defourny & Nyssens, 2017a: 2-3). The scientific coordinators and research creators are Professor Jacques Defourny of the CES research centre at the University of Liege and Professor Marthe Nyssens of the CIRTES research centre at the Catholic University of Louvain. The project is part of a larger Belgian research program called IAP-SOCENT and is sponsored by the EMES network.

A key aspect of the ICSEM project is its geographic reach. In fact, over the years, 248 researchers from 48 nations have joined. Most participants worked in a research team composed of five researchers on average. The Italian team was composed of three researchers, although a greater number could have participated. Table 1 shows the geographic distribution and the number of research teams of the countries that have joined the project.

Each research team shared with the project members the theoretical approach, the research methodology, and the questionnaire used. In addition, the various national teams enjoyed financial support, mainly intended to cover living expenses for the periodic workshops organised over the years. In particular, three different types of workshops have taken place: the first, called “ICSEM General Meetings”, was aimed at all project members and had the objective of sharing the theoretical and methodological approach of the research. For example, the final questionnaire was

discussed and implemented here. Four such workshops were organised: one in Liège (Belgium) in 2013, in Helsinki (Finland) in 2015, in Stockholm (Sweden) in 2016, and in Louvain-la-Neuve (Belgium) in 2017. In practice, an ICSEM General Meetings took place about once a year. A second workshop, called "ICSEM Regional Symposiums", involved smaller geographic areas that usually coincided with the various continents. In total, six such workshops took place: one in Asia in 2014, three in Europe in 2014, 2015, and 2016, and two in Latin America in 2015 and 2016. The aim of these meetings was to present the status of the work in progress to ensure that the research progresses homogeneously from a temporal and methodological point of view. Lastly, in some countries, where the number of researchers was high but not located in the same institution or geographic area, "ICSEM Local Talks" were organised to address and coordinate research on a national basis. To date, seven of these workshops have taken place in Asia and Europe. Since its inception, the Italian team has actively participated in all the "ICSEM General Meetings" and in the three "ICSEM Regional Symposiums" organised in Europe.

**Table n. 1 - Number of researchers who took part in the project and their country of origin**

<b>Europe (127 researchers)</b>				
Austria 2	Finland 3	Ireland 2	UK 9	Sweden 1
Belgium 14	France 13	Italy 3	Spain 15	Switzerland 16
Denmark 8	Germany 9	Luxembourg 2	Ukraine 1	Hungary 4
Albania 2	Macedonia 9	Czech Republic 3	Croatia 2	Poland 4
Russia 3				
<b>Africa (6 researchers)</b>				
Rwanda 1	South Africa 5			
<b>America (41 researchers)</b>				
Canada 11	US 12	Mexico 2	Argentina 1	Brazil 4
Bolivia 2	Chile 4	Ecuador 2	Peru 3	
<b>Asia (63 researchers)</b>				
Israel 7	UAE 1	Taiwan 2	Thailand 3	Vietnam 3
Cambodia 5	Philippines 3	India 4	China 8	Hong Kong 1
South Korea 10	Japan 12	Singapore 1	Indonesia 3	
<b>Oceania (13 researchers)</b>				
Australia 7	Fiji, Kiribati, and Tuvalu 3	New Zealand 3		

Source: our elaboration

To define the SE concept, the ICSEM Project took as inspiration the conceptual approach formulated by the EMES network described in the previous section.

The project was composed of three main phases. In the first, which was conducted from 2013 to the first half of 2015, three main objectives were pursued: (i) understanding the concepts and context of reference of SEs; (ii) mapping the different SE models in each country; and (iii) analysing the institutional trajectories

of the main SE models identified. Much of this work was coordinated at the ICSEM General Meetings, thereby significantly reducing the subjectivity of individual researchers or national groups.

The second phase took place from the second half of 2015 to the end of 2017 and involved data collection through administering questionnaires and constructing the theoretical framework of reference. The questionnaire was discussed by all project members during the workshop held in Helsinki in 2015 and tested in some pilot countries. Based on the feedback received, it was subsequently restructured into four main parts. In the first part, the questions concerned the general identity of the social enterprise, such as the legal form, the composition of the workforce, the number of volunteers, etc. The second part dealt with the issue of the activities carried out by the different SEs and the definition of their mission. The third part analysed the ownership and governance structure. Finally, the fourth part requested information on the financial structure according to their financial statements. Once defined, all project members administered the questionnaire to the entrepreneurs or directors of the various SEs interviewed. In total, 721 social enterprises from 43 countries were interviewed. Hence, an average of 16 SEs per nation. The Italian team interviewed 13 SEs between November and December 2015. The sample was composed as follows: 7 social cooperatives, 2 associations, 2 *ex lege* SEs, 1 operating foundation, and 1 sports club. The lack of homogeneity in terms of legal form reflected the different weights of each type of SE compared to the national distribution. Thus, also from a geographic point of view, we attempted to respect correspondence in terms of national distribution and thus selected 7 SEs in the North of Italy, 5 in Central Italy, and 1 in Southern Italy. Finally, having identified the number of different types of SEs to be interviewed and their geographic location, some experts in the field were asked to suggest some examples of SEs as defined by the ICSEM Project. These experts provided the following list:

- 1 social cooperative suggested by a manager from the third sector and social economy section of one Italian Region;
- 4 social cooperatives, 1 association and 1 *ex lege* SE by some EURICSE (international research centre on social cooperation) researchers;
- 1 operational foundation by the director of Assifero (the national membership association of Italian grant-making foundations and private institutional philanthropy);
- 1 association, 1 social cooperative, and 1 sports club by the president of CDO-Social Works (an organization with the aim of encouraging the development of its NPOs associated);
- 1 *ex lege* SE and 1 social cooperative by some researchers of the Iris Network (a research network whose goal is to gradually build up an international corpus of theoretical and empirical knowledge around "SE").

This information, which was gathered in the ICSEM database, is not yet available to be analysed and published for the purposes of scientific research, but will be from the second half of this year with a publication presenting the main results.

Finally, phase three, which is currently underway and which will end in 2019, has the objective of developing a comparative analysis based on the data collected in the previous phase. In particular, the statistical analysis will concern key aspects of social enterprises, such as the differences in mission, governance, financial and economic structure from model to model and from country to country. The comparative analysis will be conducted in light of the four different SEs models that the ICSEM Project identified.

To date, the ICSEM Project has achieved two important results. The first consists in formulating an international typology of SEs models (Defourny & Nyssens, 2017) comprising the four main and most common SE models worldwide. The second consists in the publication of 45 working papers that show in detail the various SE models in 36 countries. For some countries, more than one working paper has been written. The list of published working papers includes that on Italy.

The next section will present in detail the first results achieved, while Section 5 will show the result with reference to the Italian case.

#### **4. The different SE models according to the ICSEM Project**

From the analysis of the data collected through the ICSEM questionnaire and the information published in the various ICSEM working papers, four generalised types of SE models emerged. However, this taxonomy does not intend to cover all existing types of SEs, but rather to generalise the macro categories that enable understanding the distinguishing features in each country. As such, the four different SEs models are: (i) the Social Cooperative (SC) Model, (ii) the Social Business (SB) Model, (iii) the Entrepreneurial Non-Profit Organisation (ENPO) Model, (iv) the Public-sector Social Enterprise (PSE) Model.

**(i) The Social Cooperative (SC) Model** is that of social cooperatives that are usually formed when traditional cooperatives or associations of mutual interest decide to no longer dedicate their activities to members only, but to enlarge the range of beneficiaries. This is intended to respond to a generalised need. For this reason, organisations, such as cooperatives, add the “social” designation. This enlargement is sometimes indirect, as in the case of a single-stakeholder social cooperative where the pursuit of member-only interests also has considerable consequences on the entire community. An example is citizen cooperatives for renewable energy (Díaz-Foncea, 2016; Huybrechts et al., 2016). In this case, the SE’s purpose is to obtain clean energy for members at a better price than what would the case from other traditional sources. Although the members are the only direct beneficiaries, the SE’s work also has positive repercussions on the entire community in terms of lower environmental pollution. In other cases, enlargement is pursued



more evidently, such as in multi-stakeholder social cooperatives. Examples of this second type of SEs are Italian social cooperatives that provide social services to the entire community (Borzaga and Fazzi, 2014; Borzaga and Galera 2016; Costa et al. 2012). In this case, the SCs' activities are aimed at the whole community, generating a general interest effect, that is, also for non-members. Another example is that of solidarity buying groups, which bring together farmers and food buyers from organic or sustainable agriculture (Gaiger, Ferrarini, and Veronese 2015). In this case, the general interest is a declared aim, even if not the only purpose, as the mutual benefit for producers and consumers remains. However, to be noted is that it is often not easy to identify the boundary between the two types of SCs, that is, between benefits for members only and those also for non-members.

**(ii) The Social Business (SB) Model** sees the for-profit enterprise, of any size, transitioning from the sole aim of maximizing profits to a more or less broader general interest. Within this framework, we can identify three types of SEs that have spread to different countries and social and economic spheres. The first is given by those SEs that have a social purpose inherent in their very existence. This is the case of enterprises that deal with care and assistance for the elderly. More generally, a for-profit enterprise may set itself general interest objectives and act to create blended value, i.e. based on the double or triple bottom line: not only profit but also the environment and society. A second type is given by those SEs, especially the small and medium, that have a very close relationship with those who are part of it and with the territory in which they are located. These SEs are characterised by a balanced combination of economic and social objectives. A typical case is that of family businesses, even if these are not the only ones. The last type is attributable to those organisations that Yunus (2010) calls "*a social business is a non-loss, non-dividend, market-based company, designed to address a social objective*". In particular, these SEs operate in developing countries, offering goods and services to the poorest sections of the population. The condition that the company operates without loss means that the costs must be covered by market resources and the profit constraint means that the profits are re-invested to pursue the social mission.

**(iii) The Entrepreneurial Non-Profit Organisation (ENPO) Model** encompasses all non-profit organisations dedicated to market activities to increase the revenue to be allocated to their mission. Generally, these are called commercial non-profit organisations (McKay et al. 2015; Kerlin and Pollak 2011). The types of entrepreneurial non-profit organisations vary from country to country. ENPs usually arise due to the need to expand the mix of resources of traditional non-profit organisations (NPOs), i.e. based on the work of volunteers and donations (Poledrini, 2015). Recently, as a result of the lack of public resources (a problem manifesting above all in more developed nations) and private donations, this type of SEs has increased considerably.

**(iv) Public-Sector Social Enterprise (PSE) Model.** Public-sector social enterprises arise from the need of national or local administrations to offer public services more efficiently or at a lower cost to the administrative apparatus, or both. The forms vary depending on the location and the context, but all have in common the fact of finding resources on the market without relying solely on public resources. These can be established as private companies operating in the market, but remain under public control, or as companies legally established to operate as commercial enterprises, but with the State as sole shareholder. In some underdevelopment countries, local administrations give life to this type of business with the aim of generating local development, especially with regard to vocational training and job opportunities. In these cases, the public-sector social enterprises are referred to as public-sector spin-offs. The transition towards the market of this type of SE can be direct, that is, when users themselves pay for the services, albeit costing less than those offered by for-profit enterprises, or indirect, when users pay for services with vouchers or contributions. In this second case, however, referring to them as SEs is more apparent than substantial, since the vouchers are still funded with public funds.

## 5. The Italian SE models

Applying the different SE models that the ICSEM project results propose on the international level to the data collected by the Italian ICSEM research team and published in Borzaga, Poledrini and Galera (2017) shows that in Italy there are 3 different SE models: (i) the Social Cooperative (SC) model, (ii) the Entrepreneurial Non-Profit Organisation (ENPO) model, and (iii) the Social Business (SB) model. Therefore, the Public-Sector Social Enterprise (PSE) model does not emerge in Italy. In fact, according to Italian legislation, SEs require a private nature and therefore cannot be part of the public sector.

### 5.1 The Social Cooperative (SC) Model

The ICSEM social cooperative model, as presented in the previous section, is characterised by the fact that the cooperatives benefit not only their own members, but also external subjects, implying a transition from an exclusively mutual to a more general interest. In Italy, examples of this model are social cooperatives and social business-social cooperatives, that is, *ex lege* SEs (Law No. 155/2006). However, since the latter are very rare, the subsequent section is dedicated to organisations that have the social cooperative legal form.

In Italy, social cooperatives were established by Law n. 381 of 1991. According to this law, social cooperatives aim to pursue the general interest of the community in relation to human promotion and the social integration of citizens through: (a) the management of socio-health and educational services, or (b) carrying out different

agricultural, industrial, commercial or service activities, provided they are aimed at employing disadvantaged people. The main categories considered as disadvantaged by this law are: (i) those with physical, psychological, and sensory issues, former inpatients of psychiatric hospital and those under psychiatric treatment, (ii) drug addicts and alcoholics; (iii) minors of working age in difficult family situations, (iv) those detained or interned in penal institutions, or alternatively convicted persons and interns able to work outside. In case (a), these concern the so-called A-type social cooperatives, while in case (b), they concern B-type social cooperatives, provided that the latter have at least 30% of disadvantaged people among their workers.

One last key aspect of Italian social cooperatives is their multi-stakeholder governance and membership. Regarding governance, the law does not dictate that SCs take a particular form of governance, while membership may be in a mixed form, composed of workers and members of civil society, or only workers. Furthermore, members may be volunteers, provided they do not exceed 50% of the total. According to Borzaga and Galera (2012), 33.8% of Italian SCs have multi-stakeholder governance, including different types of stakeholders on their board of directors. As for multi-stakeholder membership, this usually consists of firms and people other than clients and volunteers as members.

According to Borzaga, Calzaroni, and Lori (2016) and Borzaga, Poledrini and Galera (2017) in 2011, Italy had 8,491 social cooperatives in line with the EMES SE definition. Among these, 5,621 were A-type cooperatives (equal to 66.2%) and 2,870 were B-type cooperatives (33.8%). As for their geographical distribution, almost half were in northern Italy, that is, 3,690 organisations, accounting for 43.5%, while 3,218 were in southern Italy and the islands, with 23% in the islands, 19% in the south, and the remaining 1,583, corresponding to 18.6%, in central regions. Data are summarised in Table 2.

**Table n. 2 - Number of SCs in Italy by type and geographic location**

	<i>A-type SCs</i>		<i>B-type SCs</i>		<i>Total SCs</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
North	2,413	42.9	1,277	44.5	3,690	43.5
Centre	900	16.0	683	23.8	1,583	18.6
South	1,337	23.8	616	21.5	1,953	23
Islands	971	17.3	294	10.2	1,265	14.9
<i>Total</i>	<i>5,621</i>	<i>100</i>	<i>2,870</i>	<i>100</i>	<i>8,491</i>	<i>100</i>

*Source: our elaboration*

As for the activities (Table 3), 75.3% concentrate on two areas: (i) social and civil protection for 40.6% of all SCs, totalling 3,447 organisations (almost all A-type), and (ii) economic development and social cohesion for 34.7%, equal to 2,946 organisations (almost all B-type).

The breakdown of the main sources of revenue is presented in the Table 4. Accordingly, A-type cooperatives have as their main source of revenue the sale of goods and services to public entities, equal to 70%, for just over 5 billion euro in 2011.

**Table n. 3. – SCs in Italy by type and activity**

<i>Activities</i>	<i>A-type SCs</i>		<i>B-type SCs</i>		<i>Total SCs</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Social assistance and civil protection	3,398	60.5	49	1.7	3,447	40.6
Economic development and social cohesion	157	2.8	2,789	97.2	2,946	34.7
Health	932	16.6	7	0.2	939	11.1
Education and research	559	9.9	0	0	559	6.6
Culture, sport, and recreation	398	7.1	8	0.3	406	4.8
Environment	74	1.3	4	0.1	78	0.9
Other activities	103	1.8	13	0.5	116	1.4
<i>Total</i>	<i>5,621</i>	<i>100</i>	<i>2,870</i>	<i>100</i>	<i>8,491</i>	<i>100</i>

*Source: our elaboration*

The revenues from sales to private users amount to 26.2% of the total, while other sources (donations and similar) have a low incidence, in line with the average of all social cooperative types (which is 4.5%) and about half the overall non-profit social enterprises (8.7%). B-type SCs have a greater share of private revenue (37.8%), but even in this case, the main source of revenues is sales to public entities (equal to 57.1%), and 5% donations.

**Table n. 4 – SCs in Italy by type and revenue source**

<i>Revenue (thousands of EUR)</i>	<i>A-type SCs</i>		<i>B-type SCs</i>		<i>Total SCs</i>	
	<i>EUR</i>	<i>%</i>	<i>EUR</i>	<i>%</i>	<i>EUR</i>	<i>%</i>
Contracts and/or agreements with public entities	5,233,492	69.4	1,104,188	57.1	6,337,680	66.9
Sales of goods and/or services to private users	1,975,443	26.2	730,950	37.8	2,706,393	28.6
Other	3,305,89	4.4	97,140	5.0	427,729	4.5
<i>Total</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>

*Source: our elaboration*

## **5.2 The Entrepreneurial Non-Profit Organisation (ENPO) Model**

This type of SE model comprises many different types of legal forms, such as associations, foundations, religious entities, committees, mutual aid societies, health or educational institutions, and many others. However, the most common are: (i) associations, (ii) foundations, and (iii) religious entities (Borzaga, Poledrini and Galera, 2017).

(i) Associations are traditionally of two types: recognised and non-recognised. The former have a legal personality, while the latter do not. Furthermore, since 2000, there is also a third type of association that takes the name Social Promotion Association (APS in Italian). These are recognised or non-recognised associations, movements, groups and their coordination, or federations established to carry out social utility activities in favour of associates or third parties, non-profit organisations, and in full respect of the freedom and dignity of members. The three types of organisations, as a whole, carry out many different types of activities, including educational, cultural, recreational, sports, amongst others.

(ii) The second type are foundations. A foundation to be such must have an ideal purpose, such as educational, philanthropic, religious, or otherwise. In addition, foundations can be of two types: grant-making, which offer grants or subsidies to those working to achieve the foundation’s purpose itself, or operational, carrying out activities to pursue the foundation’s purpose. Most Italian foundations are operational, such as those that manage museums and hospitals.

(iii) Lastly, there are religious entities, which are bodies constituted by a religious institution with which the Italian State has entered into pacts or agreements. These entities are recognised a legal personality by the appointed administration on request, provided they are based in Italy and the religious or doctrinal aims are clear and prevailing. Usually, these organisations perform charitable activities and provide assistance, education, training and cultural services, as well as commercial activities, as long as they are compatible with, and instrumental to, the purposes of the institution.

Traditionally, the activities carried out by these three types of NPOs were mainly provided by members and on a voluntarily basis. However, in recent years, the associations, foundations, and religious entities have organised themselves as businesses to carry out their mission through real economic activities operating in the market. Often, these activities are provided in competition with for-profit organisations. This is why such “traditional” NPOs are included in this ENPO typology.

**Table n. 5. - ENPOs in Italy by location**

	<i>ENPOs</i>	
	<i>No.</i>	<i>%</i>
Northern Italy	6,452	57.6
Central Italy	2,392	21.3
Southern Italy	1,294	11.5
Islands	1,069	9.5
<i>Total</i>	11,207	100

*Source: our elaboration*

According to the research cited above, in 2011, Italy had 11,207 Entrepreneurial Non-Profit Organisations, with a concentration in the north of around 60%, well above that of social cooperatives at around 44%. In central Italy, ENPOs numbered 2,392, accounting for about 21% of the total, that is, more or less equal to the same concentration of social cooperatives. Southern Italy and the islands accounted for the remaining 21%, equal to 2,363 organisations, and a much lower concentration than social cooperatives with around 38% (see Table 5).

Also with regard to the sectors of activity, ENPOs present differences with respect to the SC models. In particular, these organisations focus, for approximately 29.4% (3,296 organisations), on the areas of culture, sport, and recreation, and 3,195 ENPOs on education and research. The remaining organisations are dedicated to social assistance and civil protection for 16% with 1,827 ENPOs, health for about 13% with 1,420 ENPOs, while the remaining 1469 ENPOs, equal to about 13%, are dedicated to the remaining sectors (see Table 6).

**Table 6. ENPOs in Italy by activities**

<i>Activities</i>	<i>ENPOs</i>	
	No.	%
Other activities	1,049	9.4
Environment	237	2.1
Social assistance and civil protection	1,827	16.3
Culture, sport, and recreation	3,296	29.4
Education and research	3,195	28.5
Health	1,420	12.7
Economic development and social cohesion	183	1.6
<i>Total</i>	<i>11,207</i>	<i>100</i>

*Source: our elaboration*

ENPOs have the highest overall revenues of SCs: about 16 billion euros in 2011 against just over 9 billion euros for SCs (see Table 7). However, ENPOs had a lower percentage of revenues from contracts and/or agreements with public entities, equal to 55% of total revenues, while SCs had a percentage of about 67% (a 12% difference). This data is very important because it indicates a lower propensity to obtain revenues from commercial activities. However, the most interesting figure is the percentage of other sources that for ENPOs is about 11% of total revenue, while for SCs it is less than 5%. In fact, "hidden" behind such data are those contributions that are often in the form of donations or provisions to non-profit organisations.

**Table n. 7 – ENPOs in Italy by revenue source**

<i>Revenue (thousands of euros)</i>	<i>ENPOs</i>	
	<i>EUR</i>	<i>%</i>
Contracts and/or agreements with public entities	8,700,469	55.1
Sale of goods and/or services to private users	5,378,365	34.1
Other	1,707,097	10.8
<i>Total revenue</i>	<i>15,785,931</i>	<i>100</i>

*Source: our elaboration*

Therefore, in conclusion, ENPOs undertake real economic and commercial activities that distinguish them from more traditional NPOs, but at the same time, differentiate them from SCs in terms of lower commercialisation of activities in favour of higher fundraising activities.

### **5.3 The Social Business (SB) Model**

This Italian model differs most from the homologous international model presented by the ICSEM project. In fact, and in synthesis, while according to the Defourny and Nyssens (2017) classification, this category may include for-profit organisations that pursue social activities, this is not possible in Italy according to the current legislation that limits the SE category to non-profit organisations only. Therefore, as far as Italy is concerned, this model comprises organisations that have a legal form similar to other for-profit organisations, but which in essence are non-profit organisations in all respects.

In particular, these types of organisations have an explicitly social purpose and their statute limits the redistribution of profits to shareholders, as established by Law 118/2005 and Law no. 155/2006 on social enterprises. However, these types of organisations are not widespread in Italy. Recently, the third sector reform repealed Law no. 155/2006 and replaced it with Law no. 112/2017. This reform has led to important changes for Italian social enterprises. First of all, the possible activities with respect to the previous decree have been expanded, including microcredit (which can only be provided by social enterprises), social housing, fair trade, and social farming. In general, SBs can also perform all the activities of non-profit organisations. Also considered of general interest is any activity (also differing from those listed) in which the SB employs at least 30% of “very disadvantaged workers” and “disadvantaged or disabled people”. Finally, acquiring social enterprise status requires primarily and continuously exercising one or more of the above cited general interest activities, with both a non-profit and civic purpose, solidarity or social utility, adopting responsible and transparent management methods, and

fostering the widest possible involvement of workers, users, and any other stakeholders. The data relating to this SE model are very difficult to find due to their small number and the different sources available, such as the Chambers of Commerce Business Register; specifically, their economic and business data are not available.

## 6. Conclusions

This article shows the main results of the ICSEM project and particularly those related to the Italian case. The goal of the international ICSEM project is to identify the different SE models around the world and then provide a taxonomy. This is particularly relevant in the case of Italian SEs, since these mainly coincide with SCs and marginally with *ex-lege* SEs.

Furthermore, the research conducted by the Italian research team has shown that there is a third SE model present in Italy that, according to the Defourny and Nyssens (2017) categorisation, falls under the Entrepreneurial Non-Profit Organisation model.

These organisations are characterised by a legal form that is typical of traditional non-profit organisations, but which unlike these, undertake real economic activities and are organised as businesses to achieve their social and non-profit objectives. Moreover, as this article shows, although ENPOs are considered SCs, since both are types of SEs as defined by EMES, they have specific characteristics in terms of their activities, geographic location, types of revenue and governance. From this point of view, the present work is a novelty in the literature on the theme of SEs in Italy, since it is the first scientific publication that shows the different models of SEs present. In fact, to date, existing studies published on this theme (Borzaga, Calzaroni, & Lori 2016; Borzaga, Poledrini, & Galera, 2017) have highlighted different types of SEs in relation to their legal form rather than the presence of real SE models.

In this regard, rather than ending the current debate, the scientific contribution of this work is intended to start a new debate on the theme of different SE models in Italy. Indeed, the article has some limitations that provide opportunities for future research. First, data related to the Social Business (SB) model is lacking; second, the analysis of the ENPO model should be deepened and more appropriately refined from the general context (Defourny and Nyssens, 2017) to the particular Italian context.

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