

SOCIAL ENTERPRISES IN ITALY: CO-PRODUCERS OR STATE AID CLAIMANTS?

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Abstract

Many countries are developing new strategies for assuring, despite expenses cutting, a good level in public services delivering. In most cases the solution is found through the implementation of policies encompassed in the framework of co-production. The aim of this paper is to show that policies inspired by co-production theories represent a possible solution, but their implementation is not so easy if there is no tradition and no “receptive” environment.

Italy represents in this sense an interesting case. The necessity to meet EU standards forced last governments to heavy cutbacks in public spending with many reforms in a country in which there is not such a great tradition in line with co-production theories. In this paper it has been analysed the role of social enterprises as created after the enactment of Decree 155/2006 (fourth and last reform in the Italian social policy system in the last decade). Dimensions, legal forms, number of employees, sectors of activity have been analysed. The analysis of data shows a kind of correlation between regional governments policy decisions and private initiatives regarding social enterprises, with a particular case in Campania Region that influenced the whole system. In conclusion it is affirmed that if there is a lack of tradition in having community services, an ‘imposed’ system inspired to co-production can lead, at least in a first phase, to results that are even worse than the pre-existing situation for what regards public spending and lack of high quality services.

Keywords: Co-production, Big society, Social enterprises, Social services

Introduction

The necessity to avoid relevant deficits in government budgets is forcing many countries in developing new strategies for assuring, despite expenses cutting, a good level in public services delivering. In most cases the solution is searched through the implementation of policies aiming at extending and reinforcing citizens’ direct contribution, especially through the

co-production of services on one hand and the idea of Big Society on the other.

This aspect has some peculiarities in Italy where, on one hand, the necessity to meet EU standards forced last governments to heavy cutbacks in public spending, and, on the other hand, there is not such a great tradition in line with the idea of Big Society. Indeed the first national law on voluntary sector was issued in 1991 (266/91) and the first law having a principle of co-production was the new law on social services planning and delivering, issued in 2000 (328/00). Despite not such a long tradition, the necessity to reduce the massive public debt without an excessive impact on public services delivering, is forcing Italy in trying to orient co-production through the leverage of social entrepreneurs. In this sense in 2006 was issued a law on Social Enterprises (155/06) whose application rules were voted in 2008, and since then first social enterprises have been opened.

The aim of this paper is to look at the effects, in Italian public service model, given by law 155/06, as an interesting case to answer the following question: may a system “created by law” be able to introduce a good co-production system or the lack of tradition in co-production policies does not allow an easy change?

In order to answer the question it has been analysed the impact of social enterprises in Italy in resizing and re-designing Italian public services delivering after five years since the enactment of the Decree.

The analysis has been conducted on two aspects. The first one considers the role of social enterprises both according to the aims of Italian law and with respect to literature regarding the role of social enterprises within the framework of Third Sector organisations. The second aspect, run thanks to a quantitative approach, presents an analysis – empirically conducted making elaboration using data from Bureau van Dijk databases (AIDA in particular) – regarding all registered Italian social enterprises, investigating them on the following aspects: dimension and growth of the phenomenon; spatial distribution along Italian regions; different sectors in which social enterprises have been developed; economic impact; different dimensions of social enterprises as well as different chosen legal forms; number of workers. At the end of the analysis different collected data, considered at regional level, have been compared with different local social policy planning in different Italian regions, in order to look at how regional governments and social enterprises are, in some sense, “influencing” each other in social policy design and implementation.

Results show that 685 social enterprises have been created in the last eight years in Italy, the majority of them being small enterprises, locally based, and in the legal form of social cooperatives. Geographical distribution has a great impact both on economic and structural dimension but also on

sectors of intervention, underlying a kind of correlation between regional governments policy decisions and private initiatives regarding social enterprises. Large and populated regions, despite being from the North or the South of the country have a greater concentration of social enterprises.

Analysing the data and the correlation of the outliers with local regional plans in order to look for correlations, it is concluded that if social enterprises can be good co-producers of social services, the role of regional governments remains fundamental in addressing strategies, control and support in social service delivering.

In synthesis it is affirmed that if co-production is a good way for giving answer to the trade-off between budget cuts in public spending and good quality of services (especially for disadvantaged categories of citizens) it is also true that if there is no 'tradition' the effects of schemes regarding the intervention of 'new' third sector organizations as cruxes of a co-productions system can have even worse results in terms of public spending and social policy services orientation.

Background: Service delivering despite budget cuts in public spending: the role of co-production theories

A 'basic' idea of the role of public in the society is to deliver public goods, i.e. those goods that, according to economic theory have, in their own nature, two characteristics: 1) non-excludability: the benefits of public goods cannot be confined to only those who have paid for it; 2) non-rivalry in consumption: consumption of a public good by one person does not reduce the availability of a good to other people. In this sense the role of the public is to deliver collective goods (see for example Samuelson, 1954; 1955) or, in other words (Musgrave, 1959), goods the inherent quality of which requires public production, in this sense public production is justified where there is a failure in the market (Bator, 1958). In we finished up to this rigorous economic definition of the '50s, the whole welfare state system would be a 'nonsense' and the delivering of public 'services' (not only goods) would not even exist.

On the contrary, starting from the end of World War II the role of the state expanded rapidly in many countries giving rise also to public interventions in different sectors of non-collective goods (better services) such as education and health services, giving rise to a much greater role of the public within the welfare state system, whose essence is seen in the protection, by the State, of minimum standards of income, nutrition, health and physical security, education and housing, guaranteed to every citizen as political rights (Wilenski, 1975). The problem is that an 'extreme' view sees the welfare state as a State in which transfers of money to families and care and education services are the items of expenditure and the predominant

activity in the daily routine of the state and its employees (Therborn, 1984), and this ‘noble’ aim is strictly linked with an increase of public expenditure. Indeed together with the growth of welfare state systems there has been, along the decades, a corresponding growth of public expenditure (Stiglitz, 2000) arriving to the necessity of ‘re-thinking’ not the role but the way in which this role was accomplished by countries’ public authorities moving towards a more ‘entrepreneurial spirit’ in a kind of revolutionary restructuration of the public sector (Osborne and Gaebler, 1997) in the idea that was not a government’s obligation to provide services, rather than to assure their provision. The end of the 20th century and the beginning of the 21st one saw a kind of turning point with the great increase of the concept and theory of New Public Management (Hood, 1991) that ‘changed’ both management and accountability of public action and spending, also if having several differences among different countries (Hood, 1995). After a couple of decades, also the idea of a kind of ‘transmigration’ of market forces in the public sector started to show some limitations (Pollitt, Bouckaert, 2000).

At the end of the first decade of the 21st century a ‘new’ idea came out: the starting point, a kind of ‘postulate’, was that both government and market approaches failed because they have eroded traditional social and community networks and their service delivery orientation and capability, so the answer had to be found in the ‘renovation’ service arenas able to empower citizens and their societal associations as well as leveraging social entrepreneurs to be the cornerstone of a reformed public service delivery model: one in which they are co-owners of the services.

Two concepts were found to be possible leverages of this ‘new’ framework of public service delivering: 1) co-governance and coproduction; 2) the idea of Big Society

The idea of co-production appeared since the ‘70s as a response to growing financial crisis of public institutions in delivering social services (Manfredi, Maffei, 2008). In few words the idea is that customer participation in services, seen as a dynamic interaction, between service providers and customers allows a continuous improvement of public services delivering, being able to ensure, thanks to a ‘customer-oriented’ planning and development and implementation, better quality together with a reduced amount of costs by the public.

In this sense in a ‘strict’ economic approach it can be seen as an overlapping of consumption and production, being co-production a mix of productive efforts of regular and consumer producers leading them to increase the amount and/or quality of services they consume thanks to their direct involvement in the production (Kiser, Percy, 1980). Moreover co-production can be seen as a direct involvement of citizens in both design and delivery of services thanks to professional and service agents always in line

with the idea of producing more services at less cost (Brudney, England, 1983). On another hand co-production can be seen, always as the participation of citizens, as consumers, but underlying their role in the execution phase having the possibility, thanks to interaction between the beneficiaries and the delivering authority, to increase the efficiency (Whitaker, 1980). In this sense a service is seen as a joint production of activities between state and citizens with the latter that have the possibility to influence the formulation and the implementations of those services of which they are beneficiaries (Sharp, 1980). More recently the idea and the analysis shifted towards its inter-organizational logics underlying the heterogeneity of the phenomenon leading to a proliferation of collaborative forms in the production of services thanks to the involvement not only of citizens but also of different parties (Manfredi, Maffei, 2008) considering co-production as an instrument of deliberative democracy that puts emphasis on eliciting broad public participation in a process encouraging collaborative plans within a specific institutional context (Cooper, Kathi, 2005), and this institutional context must lead to a long-term relationship between state agencies and organised groups of citizens seeing both the parties involved in making substantial resource contribution (Joshi, Moore, 2004).

The idea of Big Society is having, in the last years, a great visibility thanks to the new input given by Cameron's coalition government in the UK and his Hugo Young Lecture (Cameron, 2009). It starts by the assumption that 'the state has grown, its growing ought to be diminished'. In basic terms, "it is a plea against the concentration of state power and resulting waste and inefficiency in human as well as monetary terms" (Bamfield, 2012, p.158) in this sense there should be a 'disempowerment' of what is called 'Big Government' leading to new frontiers of welfare state able to 'liberating' and empower citizens' own action without being encompassed by a paternalistic welfare state that eroded, in the last decades individual initiative. The postulate of Big Society is that if citizens approach their rights and obligations intending to maximise personal benefits, then citizenship becomes commercialised and can no longer protect against the market. This makes citizenship 'writhe in self-contradiction' (Janoski, 1998). In this sense the role of the public should be re-thought according to three basic elements (Bamfield, 2012): 1) payment by results, in order to give clearer rewards and incentives to providers to improve outcomes for the most disadvantaged families and children; 2) increase local control of funding, simplifying complex funding streams and devolving greater control to local areas; 3) enhance the role of the voluntary sector by way of 'collaboration' and 'co-production' in the design and delivery of services.

Both Co-production and Big Society approaches have an 'inner' aspect regarding a collaboration, both in planning and delivering of public

services, between public bodies, especially at local level and community services in a broad sense, i.e. collaborations with ‘self’-organised bodies of citizens (in a very broad sense what is called civil society).

According to the above mentioned aspect, the effectiveness of this kind of collaboration (implemented through a compact or thought other forms) – giving that solutions proposed in this way assure efficiency – depends on the capability of both public bodies and civil society organizations at large to be active parts in planning developing and actually implementing this mixed form of service delivering.

Low co-production traditions in Italy and the ‘new’ path of the last decades

In looking at the different models and different implementations in the general framework of collaborations between public and community organizations, Italy represents an interesting case because of the particular path that both governments and community organizations had in the last decades.

In Italy last governments (with three changes in three years) having to face the EU commitments – agreed in the EU by the so called “Two pack” (COM(2011)821) – are ‘forced’ to a massive reduction in public spending. According to what has been called “fiscal compact” Italy must initiate a ‘virtuous path’ in order to have a ‘sustainable’ ratio between Public debt and GDP (the aim is 60% within the 2035, now it is around 130%) and according to the obligations stated in the fiscal compact Italy started a change in all procedures and commitments of public spending at all levels (Italian Parliament, 2013). With a Constitutional Law in 2012 (L. Costituzionale 1/2012) Italy ‘imposed’ by law that, starting from the year 2015, annual public deficit cannot be more than 0.5% of the GDP (at the moment 2013 one is around 3%; 2014 estimate is a little bit lower, and the plans for 2015 seems to not meet the target of 0.5%).

Now the point is that a general ‘rule of thumb’ is that if you have to reduce public spending, you have to reduce services, or, and that is the searched solution, you have to find ‘new ways’ for assuring a comparable level of services but spending less, and a solution can be given by a ‘re-thinking’ of the interaction between state and service delivering private organizations, but a change in service delivering system cannot be extemporized, it must be designed and organised.

Indeed if the fiscal compact, agreed with EU Institutions, has forced Italy to a Constitutional Law, the problems regarding Italian public deficits and consequent debt, are not new and since the internal institutional crisis of 1992 (that saw the beginning of what has been commonly called “Second

Republic”) Italy is trying to find out ‘new’ solutions for reducing public spending.

Within the different changes and innovations made in order to reform public administration with the aim of reducing public spending reaching more efficiency and effectiveness, some important change took place, in the last twenty years, also in the field of social policy planning and implementation trying to ‘build up’ a system of interaction and participation between public bodies and community organizations.

Indeed the peculiarity of Italy is not only in the necessity, not solved yet, to reduce public spending, that, as said above, started in the ‘90s, but also the fact that in Italy there was no great tradition in community and voluntary services and then if public had to change, the possibility of having initiatives inspired by co-production and/or Big Society frameworks was not an easy one because it was not simply a matter of different interactions, rather than a matter regarding, first of all, the necessity of structuring community services and more than that, relationship with the State.

Italy is a quite ‘young’ state⁹ that since its birth never had an interaction between state and private voluntary and/or charity sectors. Indeed at the beginning it was not possible to have any interaction because the State (especially after the inclusion of Rome against the Vatican State in 1871) had really bad relations with the Vatican and nearly all of the community and charity initiatives, were ‘managed’ thanks to catholic religious brotherhoods (Cartocci, Maconi, 2006) this aspect is confirmed, for example, by the fact that the only law about social policy, in that period, was voted in 1890 (so-called “Legge Crispi”) and regarded the relations with catholic organizations, especially for what regarded property rights on the wealth of these organizations.

Relations between State and Church remained bad until the Fascist Period, in which being a dictatorship, private spontaneous initiatives were ‘reduced’. After the end of World War II Italy started a period of massive growth with a parallel great development of welfare state system. Between ‘60s and ‘70s social policy schemes were developed together with a great enlargement and implementation of a universal public state education system (from primary school to university) a universal national health system, etc. The rapid and fast growth of these schemes within a general framework of a development of a welfare state did not help the development of autonomous community services due to the fact that, in some sense, most of the difficulties were ‘assigned’ to the State. The only problem was that during, ‘70s and ‘80s, deficits were a constant presence in Italy public budgeting

⁹ Italy as a state was instituted in 1861, Rome ‘entered’ only in 1871 and the actual borders (with Trieste) were established only in 1950

system with such a great growth of public debt (not only for the growth of welfare state schemes, but also because of a ‘general inefficient’ public system) that at the beginning of the ‘90s Italy had to rebuild completely its system.

A first period saw a general try of implementing reforms inspired by New Public Management theories, but developed in a kind of ‘Italian way’ that saw what has been defined a ‘reform by law’ (Borgonovi, 1993) intending that there was not really a reform rather than the enactment of a series of law thinking that this was sufficient to change the system.

This was the period in which Italy started to enact also laws regarding the promotion of self-organised community services that finally led to the creation of a stratified system similar to the ones of other EU countries and ‘free’ from ideologies (i.e. not relying only on ancient traditional catholic religious systems). Year 1991 can be considered as the turning point one for what regards the ‘creation’ of community organizations through the enactment of Law 266/91 and Law 381/91.

Law 266/91 is an outline law that fixes the rules for voluntary organizations of any type, it is stated in the law that Italian Republic recognizes the social value and the function of the voluntary work as expression of participation solidarity and pluralism, voluntary work is defined as the activity given personally, spontaneously, and for free with an aim of solidarity. The law then defines a voluntary organization as a freely established one which uses first and foremost voluntary work of its associated.

Law 381/91 was enacted with the aim of recognising a particular juridical status, and consequent regulation system, to social cooperatives, seen as a specific sub-category within the general mutualistic cooperative system, because of their distinctive social aspects. In this sense the law identifies two possible different characteristics for being a social cooperative: a) its activity regards the production of services into the social and/or health and/or education system; b) despite the activity (that can be of any kind and in any field) a cooperative is social if its mission is the inclusion of disadvantaged people in the labour market, in this sense, at least 30% of the employees must be disadvantaged people¹⁰.

But if in 1991 Italy ‘opened’, by law, the possibility for private self-organized community services to act in a new general framework for civil society organizations, it is in 2000 with the enactment of Law 328/200, that Italy really turned itself (also if always in the field of a ‘reform by law’)

¹⁰ The law presents also a list for what is intended with the expression disadvantaged people (e.g. people with a with percentage of disability according to percentages fixed by laws regarding public health system; former addicted; etc.)

towards a system in which co-production started. Indeed Law 328/2000 is the first law in the field of social policy planning and implementation after more than 100 years¹¹ and really represents a milestone in Italian social policies system stating that community and voluntary organizations, as well as social cooperatives, can have and better ought to have an active role in the planning and managing process of social policies initiatives and interventions, starting from the consideration that the involvement of the users is the best way, for the public system to reach both efficiency and effectiveness. Indeed Law 328/2000 clearly recognises the role of third sector organizations in giving right inputs in the planning (left anyway to the final decision taken by the public system) thanks to the involvement of the users and active role in service delivering having a large use of outsourcing measures by the public system to give it the possibility to reach high quality standards without having massive deficits in public budgeting system.

So it is possible to say that in only ten years Italy, pushed by the internal crisis of the beginning of the '90s (that had also bad consequences on the reliability and trust that citizens gave to public system), completely changed its approach going, for the first time, towards a system inspired by co-production principles.

The only problem is that, as made with the application of New Public Management theories in the Italian public administration system, also in this case it is possible to talk about a reform 'by law' (Borgonovi 1993) rather than a real reform due to the fact that, for instance, a law that recognises the role of the voluntary sector does not mean the 'existence' of a voluntary sector. In other words, if people are 'used' in having a 'massive' intervention by the government system, it does not mean that, also if they understand the importance of their role, they know 'how to act' for developing a new system in which, for the first time, it is requested a new 'active' role.

The last pace in the Italian new path: Social Enterprises as designed by the Decree 155/2006

Social enterprises are really a recent reality in the Italian panorama of the third sector, and they really represent a new possibility in the field of co-production between public and private bodies. They were born with the Legislative Decree No. 155 of the 2nd of March 2006, and developed after the enactment of the regulations decrees of January 2008. Social enterprises are defined as private organizations, despite the legal form (i.e. associations, cooperatives, social cooperatives, LTDs, etc.) exercising, in a longstanding

11 Actually law 328/2000 is the only one in this field, considering that, as said above, the precedent one, i.e. "Crispi Law" of 1890 regarded the relations with catholic organizations especially for property rights on the wealth of these organizations rather than fixing a system of interaction/collaboration between public and private bodies

way and as main organized activity, an activity whose aim is the production or exchange of social goods and/or utility services for disadvantaged categories. If companies (i.e. cooperatives, firms, LTDs, etc.) they must be recorded in an appropriate section of the register of companies.

In accordance with article 2 of the Decree, goods and services having a social value, are those ones produced and/or sold in the following areas: 1) social assistance; 2) health care; 3) social-health care; 4) education, instruction and training; 5) protection of the environment and ecosystem with the exception of activities, usually pursued, regarding the collection and recycling of municipal waste, special and hazardous waste; 6) enhancement of cultural heritage, 7) social tourism; 8) university and post-graduate education; 9) research and cultural services provision; 10) outside-school training, aimed at the prevention of school dropout; 11) instrumental services to social enterprises. Moreover can be defined as social enterprises those companies, whatever is the field in which they operate, that carry out their activities in order to support the employment of disadvantaged categories, if the latter account for at least the 30% of the total workforce.

In this sense in social enterprises, the ‘social’ aspect that characterizes them can be found either directly, through the production and exchange of social goods and services with a public value, or indirectly, given that the activity does not count as itself, but it is rather seen as a ‘tool’ for facilitating, the employment of disadvantaged categories as defined in the EU regulation COM(2002)2204 enacted by the EU Commission.

The Decree states that social enterprises are considered non-profit enterprises, given that in the article it is established for them the absence of any for-profit social enterprise, and also that a social enterprise must use, any surpluses or increase of equity, in the pursuit of statutory aims. By law it is forbidden for social enterprises, to distribute, even indirectly, profits and surpluses, however denominated, as well as funds and reserves, in favour of directors, members, participants, workers or employees.

It is also possible to identify, in the enacting of the act, an indication qualifying social enterprises as non-profit companies, considering the provisions in relation to the protection of the environment, since, as shown above, while acknowledging the possibility of working in this field, as qualifying the sociality of actions in favour of the protection of the environment, it is anyway excluded any ordinary activities for the collection and recycling of municipal waste, recognizing the fact that, in this particular field, social enterprises should stimulate further advocacy and new tools to defend the ecosystem, excluding any ‘ordinary’ activity for the disposal and recycling of waste prescribed by the regulations in force in this field.

Another specificity for social enterprises lies in the fact that, in addition to records provided by other businesses, social enterprises have the

obligation to prepare and file in the Register of Companies, an annual social report, prepared in accordance with what established in the guidelines prepared in the decree of January 2008. The social report ought to represent the observance of the ‘social’ attribute of any social enterprise. In synthesis the Decree states the commitment, for social enterprises, to have also a non-financial accountability as, among the others, a basic obligation in order to effectively show their social mission, aims, and results.

With regard to the treatment of workers, the decree stipulates in article 14 that paid workers of social enterprises cannot be paid with a salary inferior to a similar position covered in a for profit company, and cannot have different general work conditions (e.g. working hours) that do not respect the minimum standards fixed in the general collective work agreements signed at national level for each working category. In some sense it is stated that the social enterprises workforce (which is not voluntary) is absolutely, equivalent to that of other companies. The only exception is given by the fact that, even for social enterprises it is permitted the provision of voluntary workers to the extent of 50% of the total workforce of the company.

The point now is the following: what should be the role of a social enterprise in Italy and how can this role be related with co-production and Big Society? In all sense social enterprises, can be seen as a possibility for giving answer to social needs which represent a market failure and that do not find an answer by the public system (Weisbrod, 1988). The point is if they can be accounted as no-profit organizations also if they deal in a trend of ‘commercialization’ of the no profit sector, being indeed enterprises and having the possibility to freely act in the market, especially in the case of social enterprises that operate in fields different from social services but are recognised as social enterprises because they support employment of disadvantaged categories. But in this sense the commercialization should not be seen as a paradox rather than a way for finding money to better reach the organization’s social aims (Weisbrod, 1998). So in the case of social enterprises that can be opened in all sectors, the commercial activity must be really seen as a tool to solve the market failure of unemployment of disadvantaged people (that find more problems than ‘normal’ ones in looking for a job, because of physical difficulties or, in the majority of the case, because of stigma) and not the aim of the enterprise. In some sense social enterprises in Italy can be seen as the top of the representation of the third sector as a system of interaction among State, community and market (Pestoff 2005; Defourny, Pestoff, 2008).

Research design and methodology

The basic idea of the paper is that the ‘simple’ enactment of a new law, it is necessary but not sufficient to change a policy planning and delivering system especially if this one is ‘used’ to act in a manner inspired by a completely different tradition. The importance of considering the ‘understanding’ together with the tradition, experience, and ‘know how’ of citizens in being the ‘other leg’ of the system is, in our opinion, fundamental in analysing the development and implementations of initiatives inspired by co-production, as well as by Big Society framework because it might be possible to say that if the society has always been little rather than big, a law and/or new schemes not only are ineffective but might even worsen the pre-existing situation.

In this sense social enterprises in Italy, after eight years since the Decree 155/06 and five years from its actual implementation, has been seen as an interesting case to be analysed looking at if and how they are really acting according to the principles that inspired the 155/06 Decree i.e. within an efficient and effective context based on co-production theories.

In order to answer the question we run a research through a quantitative approach, presenting an analysis – empirically conducted making elaboration using data from Bureau van Dijk databases (AIDA in particular) [<http://aida.bvdep.com>] – regarding all registered Italian social enterprises, investigating the dimension of social enterprises in Italy on the following aspects: dimension and growth of the phenomenon; spatial distribution along Italian regions; different sectors in which social enterprises have been developed; economic impact; different dimensions of social enterprises as well as different chosen legal forms; number of workers.

The obtained research findings has been analysed underlining some evident outliers. These outliers (in particular: number of social enterprises in the field of education and number of social enterprises opened in Campania) has been investigated finding an explanation of the phenomenon correlated with the local policy planning, that massively ‘influenced’ the opening of social enterprises by operators still used to a ‘state aid’ model.

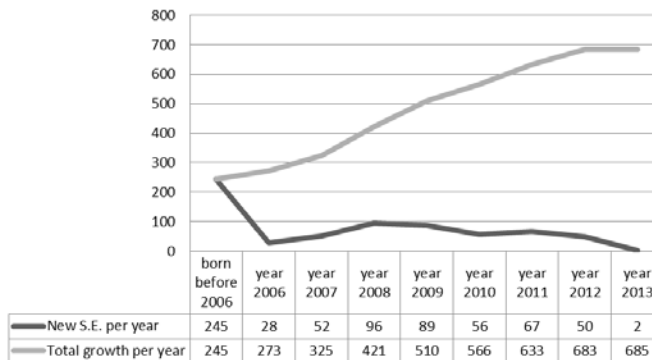
Research findings: the actual situation about social enterprises in Italy after eight years from the instituting law and after five from their actual development.

In Italy, since 2006 there were opened 685 social enterprise. The growth trend, as showed in the following graph, reflects both the juridical implementation path given by the state, and the idea about the ‘expectations of people opening a social enterprise. Indeed in the year 2006 the total number of social enterprises was 273, but 245 were already present before 2006 and simply decided for a ‘change’ in their legislative formulation

agreeing to be accounted really as a non-profit organization according to what stated in the Legislative Decree 155/2006. Indeed nearly all the 245 social enterprises, already existing before 2006 and then ‘transformed’, are social cooperatives that, remaining cooperatives for what concerns the legal form, chose to become social enterprises, probably thinking that this new status could give incentives, and that being one of the first might give an advantage against their competitors.

If we exclude ‘transformation’ of many social cooperatives, the number of social enterprises is, at the beginning, low, and this is due to the uncertain situation given by a limbo determined by a legislative system that took two years from the Legislative Decree, before enacting the regulations for the real application of what stated in the Law. Indeed in 2008 and 2009, soon after the enacting of the regulations, were respectively established 89 and 96 new social enterprises. In the following years there has been a constant trend (around 60 units). On the contrary year 2013 saw really a fall in the number of new social enterprises.

Figure 1 - Creation of Social Enterprises from 2006 to 2013



Source: Author’s elaboration from AIDA database

Regarding the legal form it is equally distributed between LTDs and the social cooperatives (respectively 38% and 35%), there is then the presence of limited partnership companies (about 12%) followed by associations (7%) with the remaining 8% distributed in different particular mixed forms such as LTD cooperatives which are not social cooperatives or union of cooperatives.

For what regards the dimension of social enterprises, it has firstly been considered the turnovers in thousands euros declared in 2013 (data referred to year 2012 fiscal accountability). Analysing the elaborated data we found that 15% of Italian social enterprises in 2013 had a turnover of less than 10 thousands euros, 34% had a turnover between 10 and 100 thousands euros and 30% between 100 and 500. One out of five had a turnover of more

than 500 thousands euros with just one with a turnover greater than one million (2,109 millions).

Furthermore it has been analysed the dimension and the relevance of social enterprises considering the number of employees, per unit, in 2013. About 93% of Italian social enterprises have less than 100 workers (and half of the total have less than 15 workers) and only the 3% of them have more than 100. It is important to note that one out of five accounts for no employees. Despite what it might seem this does not mean that these organizations have no employee because they rely on voluntary workers, rather than they employ on a not regular base, i.e. only with what in Italy are generally defined “atypical contracts” intending those contracts that are made only for a particular period or only for a specific issue or possibility. Indeed the most used is the “project contract” a contract that can be used only for a specified period and under the circumstance of the necessity of reaching a particular finality (run through a project, that is the reason of the name of the contract), so also if people are working within the organization, they are not accounted as employed in it.

Another aspect that has been considered looking at if and how Italian social enterprises are dealing with their finalities has been the division of them according to different sectors of activity. Results are showed in table 1.

Table 1 - number of Italian social enterprises divided by sectors of activity in 2013

Agricultural crops	6	0,94%
Manufacture of food products	2	0,31%
Printing and reproduction of recorded media	1	0,16%
Manufacture of fabricated metal products	1	0,16%
Manufacture electro-medical equipment	2	0,31%
Other manufacturing	2	0,31%
Waste management services	1	0,16%
Construction of buildings	6	0,94%
Engineering	1	0,16%
Specialised construction activities	4	0,63%
Wholesale trade	1	0,16%
Retail trade	9	1,41%
Support activities for transportation	2	0,31%
Accommodation	6	0,94%
Catering services	8	1,25%
Editorial Activities	2	0,31%
Video and television prod., sound recording and music publishing s	2	0,31%
Programming and broadcasting activities	1	0,16%
Production of software , consultancy and related activities	6	0,94%
Information services	7	1,09%
Financial services and insurance activities	1	0,16%
Real Estate Activities	1	0,16%
Legal and accounting activities	2	0,31%
Management consultancy services	19	2,97%
Architecture and engineering ; testing and analysis techniques	1	0,16%

Scientific research and development	9	1,41%
Advertising and market research	4	0,63%
Other activities Professional , scientific and technical	2	0,31%
Activities of hire and operating leasing	1	0,16%
Activities of research, selection, provision of personnel	1	0,16%
Travel agencies, tour operator	4	0,63%
Activities Services to buildings and landscape	27	4,22%
Consultancy and support services	13	2,03%
Education	295	46,09%
Health care	31	4,84%
Residential social care services	30	4,69%
Social assistance activities without accommodation	107	16,72%
Creative activities, arts and entertainment	4	0,63%
Libraries, archives, museums and other cultural activities	1	0,16%
Sports activities, and entertainment	11	1,72%
Social Organizations activities	1	0,16%
Other activities of personal services	5	0,78%

Source: Author's elaboration from AIDA database

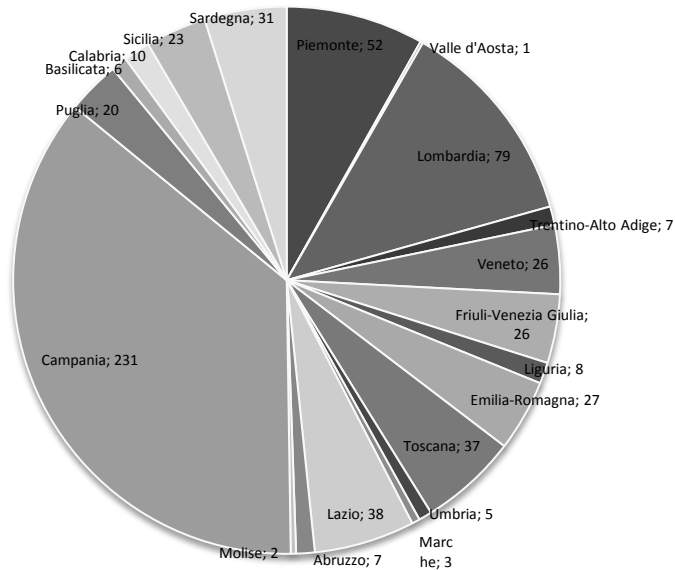
It is interesting to note that nearly half of social enterprises (46.09%) have been opened in the field of education, 16.72% in activities related with daily social assistance and about 5% both in the sector of Health care and in the Residential social care services. All the other sectors (with the exception of Activities Services to buildings and landscape) account for less than 3% and most of them are present in a percentage inferior to 1%.

It seems that most of social enterprises decided to be active in the fields related with social, education and healthcare assistance i.e. as direct provider of services. Other enterprises (about 24% of the total), on the contrary, decided to carry out their activities in order to support the employment of disadvantaged categories, if the latter account for at least the 30% of the total workforce, being 'spread' among all different sectors. In synthesis we might affirm that about 24% of the total of social enterprises opened in Italy are active in the social field of tackling unemployment of disadvantaged categories.

A last aspect that has been considered is the geographical distribution among different Italian Regions, aspect that is important in Italy due to the fact that there are a lot of differences between north and south regions for what regards both wealth and administrative traditions and effectiveness.

As showed in the following graph, social enterprises in Italy in 2013 were present in all the 20 regions. With more or less a variation that represents the region dimension. The only evident exception is represented by the fact that about one out of three of all social enterprises are present in Campania Region.

Fig. 2 - Number of Social Enterprises per Region, 2013



Source: Author’s elaboration from AIDA database

Results discussion: the prevalence of a context inspired by a ‘state aid’ scheme

Results seem to show a great impact given by the enactment of the law regarding social enterprises but some aspects ought to be considered in depth.

A first one regards the strict link between the expectation about “State help”. Also if the Decree was enacted in 2006 only few enterprises were created before the enactment of regulations decrees in 2008. Nearly all the others present before 2006 (i.e. the ones already existing that decided to ‘transform’ themselves) were ‘transformed’ with the idea of having an advantage, against any possible other ‘new’ entry, given by a ‘special recognition’ by the State. Indeed only after the 2008 decrees there has been a real growth of ‘new’ social enterprises. In some sense, before starting an activity as social enterprise it seems that people wanted to know what were the special ‘benefits’ recognised by the State to this particular kind of enterprises. When it has been clear that there were no particular benefit rather than specific obligations in terms of legal aspects, fiscal accountability and non-fiscal one (Commissione “Analisi normativa, enti non lucrativi e impresa sociale”, 2012) the number of ‘new’ social enterprises became lower and lower with really few new ones in 2013.

In some sense it seems that if on one hand Italian governments are trying to find ‘new’ paths in the delivering of public services, being inspired by co-production and Big Society principles, communities are not well organised yet to really be an ‘active’ part and think about these possibilities only as an occasion to have different ‘State aid’

In order to confirm the aspect i.e. the idea that also if through different private legal forms, the expectation is about the possibility to have State aid rather than the ‘freedom’ to actively move towards new solutions is given by the analysis of the links present among the different results showed above, looking for a connection in different actions and reactions.

As showed above, nearly half of the social enterprises were opened in the field of education and one out of three of the total has been opened in the territories of Campania Region. This is due to the fact that Campania Region in its autonomy in deciding how to plan the aims and finalities of the Planning Document for Social Policies, regarding the use of EU funds of the period 2007-2013, put a particular attention in planning, in 2008, the necessity of making specific tenders, financed through EU funds, for the better implementation of education services, giving a particular attention to services delivered by no-profit private realities (Scarlatto, 2009).

Now it seems that, with the idea of having greater possibility to have State aids (also if with money coming from EU funds for cohesion) different organizations or even single people (like demonstrated by the fact that most of the social enterprises that chose the legal form of limited partnership companies – that as stated above, represent about the 12% of the total – are based in Campania and act in the field of education) decided to ‘open’ a social enterprise in order to ‘favour’ of these funds for education. The hypothesis might be confirmed also by the fact that if we look at the total of 685 social enterprises present in 2013, only 586 result to be active, i.e. 101 of the total of 685 is in 2013 not in activity. In some sense these organizations are still registered but they are already accounted as not active due to the fact that the ‘closing’ of a registered activity takes, because of bureaucratic aspects more than one year and then they remained still registered until all aspects regarding debts and credits are solved. Now nearly the 90% of these inactive social enterprises belong to the field of education and are all based in Campania Region. Now it seems that when in the period 2009-2011 the call for tenders about education came out in Campania, all the realities had to face two problems: 1) rules were different if compared to national State aids because funds came from EU; 2) the fact that many realities had been opened before the call for tender make the ‘challenge’ more difficult. The result has been that all realities that did not have good experience and were not linked with the territories without really knowing what was needed in order to really solve education dropout problems, which are very severe in Campania, were

not able to really start any activity. So it was not the presence of a real community organization, rather than an organisation created ad hoc for claiming State aid.

Another aspect that should be considered is the percentage of enterprises that accounts no workers, which represent the 20% of the total. As said before this can be explained with the fact that it is possible to have 'atypical' contracts, but especially in the case of the project contracts it means that you make a contract if you have a project to be developed and the contract lasts for the period of the project development. In some sense it seems that many social enterprises do they activity only if they can have money to run projects, and in Italy money to run projects come, in this field, only if there is a public tender (through EU funds or through innovative projects run locally thanks to the three years locally policy planning that each region has to develop according to what had been fixed by the Law 328/2000) or there is a foundation that launch a specific tender. In other words it seems that many social enterprises think in the following way: I exist with no workers, if I 'win' a tender and I have funds I hire people only for developing the project and for the period of project development, otherwise I am not able to plan any activity and/or initiative.

In order to really look at this phenomenon we should look at the social accountability of each social enterprise considering that, as said before, non-financial social accountability is, according to Decree 155/06 a compulsory aspect, but also if with 2008 application decrees there have been guidelines for social enterprises non-financial social accountability reporting, there is still a lack in the possibility of any comparison, due to the fact that, differently from fiscal accountability data, there is not yet a data system in this field, and also different local Chambers of Commerce (which are in charge of collection and store of social accountability reports, do not have yet a general common system and only in few cases data are available to the public in an easy way. In some sense the commitment for social accountability, inspired by important principles, is, until now, revealing just a bureaucratic obligation for social enterprises without any real possible use.

All these aspects will improve in the next years. It is indeed possible to foresee that the number of social enterprises present in the field of education will not be half of the total any longer as well as the geographical distribution will not have one third of the total in Campania Region, but this will require a period of 'adjustment' in which it will become clear that social enterprises in Italy are not a 'new' tool for having public money rather than they are an important possibility to have better services with a reduction in public spending.

Conclusion

The aim of this paper was to look, through the analysis of the case of social enterprises in Italy, at the possibility of changing, in a more effective and efficient way, the delivering of public services thanks to policy schemes inspired by co-production theories.

The analysis of the results shows that, if on one hand it is true that social organised activities in the form of social enterprises, can really represent an important possibility for reaching both the aims of good quality public service delivering and of public spending reduction, on the other hand it is possible also to affirm that initiatives inspired by co-production theories can be effective only if they are implemented in a ‘receptive’ environment, otherwise any initiative can become only a ‘complication’ of the system.

Most of academic works on this issue, show co-production as a tool to increase efficiency and effectiveness of government (e.g.: Dunston et al., 2009; Osborne, 2010, Thomas, 2012) in public service delivering. In this work it is showed that this might not be true if co-production schemes are implemented in an ‘unreceptive’ context in which there is a lack of tradition in having community services. It is indeed affirmed that an ‘imposed’ system inspired to co-production can lead, at least in a first phase, to results that are even worse than the pre-existing situation for what regards public spending and lack of high quality services.

The limit of the paper is that the conclusions are given by the running of a single case (social enterprises) in a single country (Italy). Future research in this sense, and possible cross-country comparison among different systems inspired by different schemes, might be interesting in order to investigate if, in planning a co-production scheme, the tradition and the context should be taken into account in designing it and especially in following up its implementation.

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