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CRC - CENTRO RICERCHE SULLA COOPERAZIONE E SUL NONPROFIT

Entry and Exit of Nonprofit Organizations
An investigation with Italian census data

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Gian Paolo Barbetta, Università Cattolica del Sacro Cuore;
Paolo Canino e Stefano Cima, Fondazione Cariplo;
Flavio Verrecchia, Istat

✉   cooperazione.ricerche@unicatt.it

www.vitaepensiero.it

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Abstract

The latest census of Italian nonprofit organizations – compared with the previous one - showed a significant development of the nonprofit sector between 2001 and 2011. The number of organizations increased more than 28% while the growth of employees (about 61%) was even more impressive.

These results notwithstanding, the mere comparison of aggregate census data does not give a true understanding of the dynamic of the sector. In particular, the entry and exit of organizations, as well as their migration between different sectors of activity, or geographical areas, cannot be detected with aggregate data. In this paper, we try to fill this gap using – for the first time – census micro-data. Our analysis tempers the optimism arising from the reading of aggregate data. We show that organizations that were already active a decade ago gave the most important contribution to the growth of employment, while newly created organizations were not as relevant.

1.   Introduction

The latest census of Italian nonprofit organizations (Istat, 2014) – when compared with the previous one (Istat, 2004) – shows a significant development of the sector between 2001 and 2011. The number of nonprofit organizations (Npos) increased more than 28 percent. The growth of full-time equivalent employees (Fte) (about 61 percent) and volunteers (about 43 percent) were even more impressive. This result is particularly relevant because, among western countries, Italy used to have one of the smallest nonprofit sector (Anheier & Salamon, 2006; Barbetta, 1997, 2000; Salamon & Anheier, 1996). Other countries experienced the same trend of growth. For example, in the USA, "the number of tax-exempt, nonprofit organizations registered with the IRS grew by nearly 60 percent from 1995 to 2005" (List, 2011), while the number of people who volunteered "rose from 59.8 million in 2002 to 65.4 million in 2005" (Pho, 2008).

This trend induced Italian observers to depict the growth of the sector as a "success story" while policy makers imagined that – supporting the growth of the sector – they could have a chance to reduce the very high rate of unemployment that afflicts the country[1.] In fact, in 2014, the Italian government announced the creation of a new investment fund, endowed with €500 million, designed for

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[1] For a seminal analysis of the interdependence between the nonprofit and the business sector of the economy, see Rudney & Young (1989).

boosting the creation of new social enterprises and Npos; moreover, in 2016 Parliament passed a new regulatory frame, aimed at better supporting the sector (but reduced the fund to no more than €50 million).

This enthusiasm notwithstanding, the comparison of aggregate data from the two Italian censuses does not give a clear understanding of the real dynamic that characterized the sector over that period. In particular, the entry and exit of organizations, as well as their migration between different sectors of activity, or geographical areas, cannot be detected. These trends can only be grasped using micro-data on individual entities, but so far "the entry and exit patterns of charitable organizations have not been studied, and represent a potentially fertile area of research" (List, 2011).

In fact, only a few studies focused on the entry and exit patterns of nonprofit organizations. Some of these studies assumed a theoretical approach, focusing on the cost and demand conditions that could lead to the entry (or exit) of nonprofit organizations into specific markets (Schiff, 1986; Schiff & Weisbrod,1993), and payed particular attention to how public or private attitudes (such as public spending on social services, or private donations) could affect the number of existing organizations. This approach is deeply rooted into the different theories explaining the origins of the nonprofit sector (Weisbrod, 1977; Hansmann, 1987), but lacks a strong empirical base.

On a similar pattern, but with a stronger empirical base, Corbin (1999) correlated the number of nonprofit organizations acting in 285 metropolitan areas in the USA with measures derived from social cohesion, demand heterogeneity, market failure, resource dependence, and philanthropic culture theories. Similarly, Twombly (2002 and 2003) adopted an approach based on the theory of population ecology to describe the environmental and organizational factors correlated to the entry and exit of human service nonprofits. While based on a sounder empirical base, these contributions still focus on very limited areas of the whole nonprofit sector[2].

In this paper, we try to fill this gap in the literature using census micro-data to describe the entry and exit trends of the Italian Npos between 2001 and 2011. To our knowledge, this is the first description of the demographic trends of Italian Npos, and probably the only one available for nonprofit entities worldwide. We focus our attention on the creation of new organizations. Our analysis tempers the optimism arising from the mere reading of aggregate data. In particular, we underline that – besides favoring the creation of new Npos – policy makers should pay particular attention to entities that

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[2] In a nearby field, some scholars analyzed the entry and exit of employees; a few focused on the movement from the nonprofit to the for-profit sector (Kang *et al.*, 2015), while quite many scholars focused on the opposite movement (see e.g. Benz, 2005; Freund, 2005; Becchetti, Castriota & Depredri, 2013). We will not focus on this area of analysis.

are already active: in fact, these organizations gave the most relevant contribution to the sectorial growth in employment.

The paper continues as follows. Section 2 describes the main features of the Italian nonprofit sector; section 3 concentrates on our database; section 4 describes our method of analyses and refers the most relevant result while section 5 draws some preliminary conclusions.

2.   *The Italian nonprofit sector*

At the very end of the last century, the Italian nonprofit sector emerged as one of the less developed among Western countries, as it was shown by the Johns Hopkins Comparative Nonprofit Sector Project (Barbetta, 1997; Salamon and Anheier, 1996, 2006; Anheier and Seibel, 2001; Archambault, 1997; Kendall and Knapp, 1997; Kuti, 1996; Wijstrom and Lundstrom, 1997; Yamamoto, 1998). Several reasons could explain the "Italian difference": the legacy of the fight between the State and the Catholic church when the country was unified in 19th century; a tradition of civic engagement and advocacy that lobbied for public provision of services and did not develop into commercial nonprofit organizations; the role of public sector provision in the fields of education, health and residential social services; the role of families as providers of light educational and social services to their members; the very small number of grant-

making foundations that could sustain the growth of Npos, just to mention the most relevant ones.

Over the following years, when Istat (the Italian statistical office) started official data collection in the field, the sector showed a clear tendency to growth (Istat, 2001; Istat, 2004), and the trend increased in the first decade of the new century (Istat, 2014). In less than two decades, Italian Npos developed their activities in several areas, and contributed to the creation of quite a large sector of the economy. In 2014, when the latest census data was released, the Italian nonprofit sector showed a new face: the number of Npos went up from 235 thousand in 2001 to more than 300 thousand in 2011, while the number of Fte grew from less than 600 thousand to about 1 million, over the same period.

The spectacular growth in the work force of the sector goes hand in hand with the increase in the number of social enterprises. In particular, social cooperatives were the most dynamic component of the sector over the last decade. The total number of social cooperatives almost doubled, going from about 5,600 in 2001 to more than 11,000 in 2011, and the same happened with their labor force that increased from 149 thousand to about 301 thousand people (Thomas, 2004; Galera and Borzaga, 2009).

This growth notwithstanding, the Italian nonprofit sector keeps its long-term dualistic structure (Barbetta et al, 2016). Npos are well developed in the Northern and Central parts of the country while

they are less active in the South (figure 1). A relatively small number of very large organizations concentrates most of the work force of the sector, with less than 300 organizations – 0,03% of the total number – employing about 25 percent of Fte. A few areas of activity (health, education and social service) represent more than 70 percent of the total work force, while other areas are populated by organizations mainly based on volunteers.

Figure 1:
Number of employees (a) and volunteers (b), [per 10,000 people]
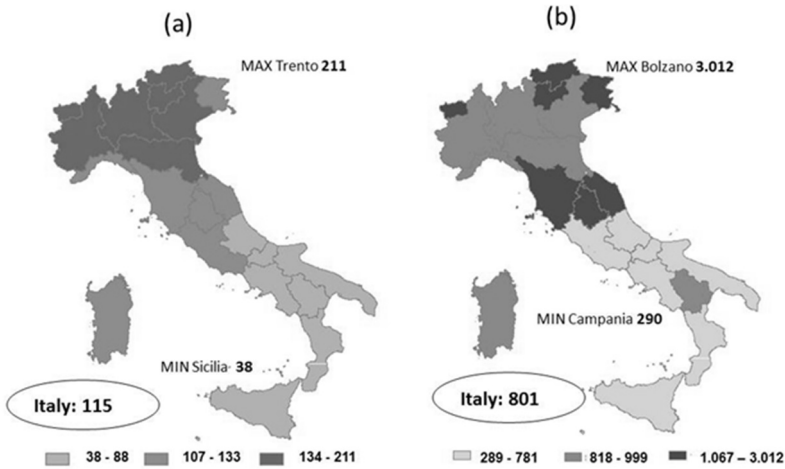
In order to better appreciate the changes that intervened in the decade, we analyzed the micro-data coming from the Italian census.

3. *Data*

Our dataset was created by pooling together the two independent datasets of the 2001 and 2011 census of Italian Npos (Istat, 2004 and 2014). This result was possible thanks to the collaboration of Istat, given that the census micro-data are not normally available. Thanks to this dataset, we were able to identify three kinds of organizations: 1) the organizations active in 2001, but no longer active in the nonprofit sector ten years later ("Ceased or Exit"); 2) the organizations active in 2011, which were not recorded in 2001, and declared to have started their activities after 2001 ("Born or Entry"), and 3) the organizations active in 2011, which were not recorded in 2001, but claimed to have started their activities – with a nonprofit legal status – before 2001 ("Emerged"). The third set of organizations is the result of improved detection techniques adopted by Istat for the latest census, while its size hints at the possible bias of the 2001 measure of the Italian nonprofit sector.

For each organization included in our dataset, we were able to analyze the information recorded by the census questionnaire, such as location, main sector of activity, number of employees, etc.

4.   *The change of the sector*

1)   *Change in organizations*

In Italy, in year 2001, the census recorded 235 thousand Npos, while in 2011 there were more than 301 thousand, with a 28 percent growth. In general, one could can say that:

(1) $R_{11} = R_{01} + B_{01\text{-}11} - C_{01\text{-}11} + E_{11}$,

where:

R_{11} = Npos recorded in 2011,

R_{01} = Npos recorded in 2001,

$B_{01\text{-}11}$ = Npos created between 2001 and 2011 ("Born"),

$C_{01\text{-}11}$ = Npos ceased between 2001 and 2011 ("Ceased"),

E_{11} = Npos recorded only in 2011, but already active in 2001 ("Emerged").

With this identity in mind, and thanks to our dataset, we can describe (Table 1) what happened to the Italian nonprofit sector in the last decade. First of all, a significant part of the growth in the number of Npos depends on the capacity of the statistical office to identify – in 2011 – organizations that, although active in the field, had not been detected ten years earlier: this happened to about 45 thousand

"emerged" entities[3]. Secondly, a large part of the growth of the sector can be attributed to the capacity of the Italian civil society to create new organizations: in fact, more than 141 thousand entities were started during this decade. Nonetheless, in the same period, about 121 thousand stopped their activities, or moved to a different sector of the economy. The balance between "entry" and "exit" (the net birth – or the "natural" growth – rate) is therefore positive, with more than 20 thousand units. Nonetheless, its contribution to the overall growth of the sector is lower than the one given by the "emerged organizations". Table 2 shows the same dynamic using growth rates.

Table 1 - Entry and exit of nonprofit organizations between 2001 and 2011

$R_{11} =$	$R_{01} +$	$B_{01-11} -$	$C_{01-11} +$	E_{11}
Npos in 2011	Npos in 2001	Npos created between 2001 and 2011	Npos ceased between 2001 and 2011	Npos active in 2001 and 2011, but recorded only in 2011
		"Natural" growth		"Emerged"
301.191 =	235.232 +	141.451 - 121.159 +		45.666

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[3] This is not a precise estimate of the bias in 2001 census. In fact, some organization active in 2001 and not recorded at the time could have exit the sector before 2011.

Table 2 - Sources of growth of nonprofit organizations between 2001 and 2011

$(R_{11} - R_{01}) / R_{01} =$	$B_{01\text{-}11} / R_{01} -$	$C_{01\text{-}11} / R_{01} +$	E_{11} / R_{01}
Total growth	"Natural" growth		"Emerged"
28% =	**8,6% +**		**19,4%**

The shape of the Italian nonprofit sector in 2011 is deeply influenced by the extremely high entry and exit rates registered in the previous ten years, so much so that over 47% of the organizations active in 2011 were created during the last decade. The "turn-over" rate of the industry[4] is well above 100%.

2)   Change in employment

The entry and exit of organizations greatly impacted on the employment level of the sector. Considering aggregate data, the number of Fte went up from 593 thousand in 2001 to more than 957 thousand in 2011: a 61 percent growth.

Using micro-data, we can say that:

(2) $Fte_{11}|R_{11} = Fte_{01}|R_{01} + \Delta Fte_{01\text{-}11}|S_{01\text{-}11} + (Fte_{11}|B_{01\text{-}11} - Fte_{01}|C_{01\text{-}11})$
$+ Fte_{11}|E_{11},$

where:

$Fte_{11}|R_{11}$ = Fte (in 2011) of the Npos recorded in 2011,

$Fte_{01}|R_{01}$ = Fte (in 2001) of the Npos recorded in 2001,

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[4] Calculated as follows: $(B_{01\text{-}11} + C_{01\text{-}11})/R_{01}$.

$\Delta Fte_{01-11}|S_{01-11}$ = growth in Fte (between 2001 and 2011) of the Npos recorded in both years ("internal growth"),

$Fte_{11}|B_{01-11}$ = Fte (in 2011) of the Npos created between 2001 and 2011,

$Fte_{01}|C_{01-11}$ = Fte (in 2001) of the Npos ceased between 2001 and 2011,

$Fte_{11}|E_{11}$ = Fte (in 2011) of the Npos recorded only in 2011, but already existing in 2001 ("emerged").

This identity shows that the growth of the employment level of Npos between 2001 and 2011 is the result of four different dynamics that affected the sector: a) the "internal growth" of those organizations that survived the entire decade, b) the new job positions generated by organizations that started their activities during this decade, c) the loss of jobs generated by organizations that left the sector, and finally d) the jobs of the "emerged" organizations.

Table 3 shows that the growth in the employment level of organizations already active in 2001 ("internal growth") is very significant, as these entities hired more than 185 thousand new Fte in ten years. By comparison, the net balance between the organizations that entered and those that left the sector (about 68 thousand Fte) is much lower. Besides the former components, the "emerged" organizations added more than 110 thousand jobs to the count of total employment in 2011. We do not exactly know how many of

these employees were already active in 2001, but one could assume that the average rate of growth for the "emerged" organizations should not differ from the "internal growth" of the organizations that survived the whole period, described above.

Table 3 - Employees of nonprofit organizations between 2001 and 2011

$Fte_{11}\|R_{11} =$	$Fte_{01}\|R_{01} +$	$\Delta Fte_{01\text{-}11}\|S_{01\text{-}11} -$	$Fte_{11}\|B_{01\text{-}11} +$	$Fte_{01}\|C_{01\text{-}11} +$	$Fte_{11}\|E_{11}$
Fte in 2011	Fte in 2001	"Internal growth"	"Natural" growth		"Emerged"
957.124 =	592.791 +	185.279 +	234.508 - 165.846 +		110.392

Considering the rates of growth, rather than the absolute values (Table 4), we note that about half of the increase in jobs is generated by the organizations already active at the beginning of that period. Contrarily, only about one-fifth of that increase can be attributed to the net balance of entry and exit. The role of the Npos the entered the sector is not at all modest when new employment is considered, as they generated about a quarter of total industry employment in 2011. However, this positive contribution to the growth of total employment is partially offset by the loss of jobs caused by the organizations that left the market.

Table 4 - Sources of growth of employment in nonprofit organizations between 2001 and 2011

Total growth of Fte 2001-2011	"Internal growth"	"Natural" growth	"Emerged"
61,5% =	**31,3% +**	**11,6% +**	**18,6%**

3)   Sectorial change

When economic activities are examined, we have to consider that – between 2001 and 2011 – some Npos moved to a different sector of the economy. In our dataset, the quite relevant sectorial changes of organizations could depend on real changes of activity, or – for organizations undertaking the very same activity – by changes in self-classification. To minimize the problem of time-inconsistent self-classification, we decided to aggregate the various sectors of the ICNPO classification (Salamon and Anheier, 1996) into four broad areas: 1) culture, sports and recreation, 2) health and social care, 3) education and research, and 4) advocacy and not elsewhere classified activities (n.e.c.). Therefore, the organizations moving between those four wide areas will be considered as "changing sector of activity" while those moving within those areas will not. We can state that, for each of the four areas:

(3) $R_{11} = R_{01} + (En_{01\text{-}11} - Le_{01\text{-}11}) + (B_{01\text{-}11} - C_{01\text{-}11}) + E_{11}$,

where the variables have the meaning specified earlier, and:

En_{01-11} = Npos entering the area of activity between 2001 and 2011, and always recorded (in two different areas) in the two censuses;

Le_{01-11} = Npos leaving the area of activity between 2001 and 2011, and always recorded (in two different areas) in the two censuses.

This identity shows that, in each sector of the economy, the number of organizations recorded in 2011 is the sum of organizations recorded in 2001, plus the "net migration" into the sector, the net growth of organizations, and the number of organizations that emerged thanks to technical improvements in the census. Table 5 and 6 describe the role played by the sectorial migration of organizations across different industries.

Table 5 - Entry and exit of nonprofit organizations between 2001 and 2011, by area of activity

	$R_{11} =$ Npos in 2011	$R_{01} +$ Npos in 2001	$En_{01\text{-}11} -$ Npos entering the area between 2001 and 2011	$Le_{01\text{-}11} +$ Npos leaving the area between 2001 and 2011	$B_{01\text{-}11} -$ Npos created between 2001 and 2011	$C_{01\text{-}11} +$ Npos ceased between 2001 and 2011	E_{11} "Emerged"
			"Net migration"		"Natural" growth		
Culture, sport and recreation	195.841=	175.059+	3.388 −	15.361 +	99.285 −	93.524 +	26.994
Education and research	15.519=	11.149+	3.135 −	2.302 +	6.293 −	5.386 +	2.630
Health and social services	36.013=	26.938+	5.429 −	5.939 +	14.323 −	10.036 +	5.298
Advocacy and n.e.c.	53.818=	22.086+	13.292 −	1.642 +	21.550 −	12.212 +	10.744
Total Npos	**301.191=**	**235.232+**	**25.244 −**	**25.244 +**	**141.451 −**	**121.159 +**	**45.666**

Table 6 - Sources of growth of nonprofit organizations between 2001 and 2011, by area of activity

	Total growth	Sectorial migration	"Natural" growth	"Emerged"
Culture, sport and recreation	11,9% =	– 6,8% +	3,3% +	15,4%
Education and research	39,2% =	7,5% +	8,1% +	23,6%
Health and social services	33,7% =	– 1,9% +	15,9% +	19,7%
Advocacy and n.e.c.	143,7% =	52,7% +	42,3% +	48,6%
Total Npos	**28,0% =**	**0,0% +**	**8,6% +**	**19,4%**

Table 5 shows that most Italian Npos remained in the same sector of activity over the period 2001-2011, with less than 9% of the organizations moving to a different area. On the other hand, entry and exit of organizations, as well as the "emergence" of already existing ones, tend to be very significant in all areas of activities. These trends produced a significant increase in the total number of organizations in all areas of activities (table 6): advocacy and n.e.c. boast the highest rate of development (more than 140 percent) while other areas show growth rates ranging from 12 percent (culture, sports and re-creation) to 39 percent (education and research). The contribution of "natural growth" and "emerged" organizations is positive in all areas of activities. On the contrary, the contribution of net sectorial migration is positive only in the areas of education and research, and advocacy and n.e.c. organizations. In particular, our

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data show a fairly relevant move of organizations from the area of culture, recreation and sport to those of advocacy and n.e.c..

The dynamics of organizations operating in different areas of activity impact on the sectorial employment. The sectorial changes in employment, in each area of activity, are described by identity 4):

(4) $Fte_{11}|R_{11}=Fte_{01}|R_{01}+\Delta Fte_{01\text{-}11}|S_{01\text{-}11}+(Fte_{11}|En_{01\text{-}11}-Fte_{11}|Le_{01\text{-}11})$ + $(Fte_{11}|B_{01\text{-}11}-Fte_{01}|C_{01\text{-}11})+Fte_{11}|E_{11}$,

where the variables have the meaning specified earlier, and:

$Fte_{11}|En_{01\text{-}11}$ = Fte (in 2011) of the Npos entering the sector between 2001 and 2011,

$Fte_{11}|Le_{01\text{-}11}$ = Fte (in 2011) of the Npos leaving the sector between 2001and 2011.

Table 7, based on identity 4), shows that the growth in employment is heterogeneous in the different areas, with advocacy and n.e.c. growing twice as fast as the total nonprofit sector.

In the areas of culture, sport and recreation, as well as in those of health and social services, the growth in the number of employees far exceeds that of the number of organizations. This is the result of various factors: 1) the "internal growth" of organizations that survived through the decade; 2) the positive net balance of entry and exit of organizations, and 3) the contribution of the personnel of emerging organizations. On the contrary, both areas loose employees

as a result of the migration of some organizations to other sectors of activity.

Table 7 - Sources of growth of employment in nonprofit organizations between 2001 and 2011, by area of activity

	Total growth of Fte 2001-2011	"Internal growth"	Sectorial migration	"Natural" growth	"Emerged"
Culture, sport and recreation	65%=	30,9% +	-15,6%+	27,8% +	21,8%
Education and research	28,1%=	23,9% +	-4,8% +	-5,5% +	14,5%
Health and social services	55,4%=	35,4% +	-7,0% +	9,5% +	17,5%
Advocacy and n.e.c.	147,7%=	28,8% +	64,6% +	27,8% +	26,6%
Total Npos	**61,5%=**	**31,3%+**	**0,0% +**	**11,6% +**	**18,6%**

Table 8 - Employees of nonprofit organizations between 2001 and 2011, by area of activity

	Fte in 2011	Fte in 2001	"Internal growth"	Sectorial migration	"Natural" growth	"Emerged"
Culture, sport and recreation	180.575 =	109.446 +	33.810 +	8.891 − 25.922 +	78.374 − 47.918 +	23.894
Education and research	169.243 =	132.153 +	31.562 +	20.810 − 27.106 +	31.757 − 39.056 +	19.123
Health and social services	441.880 =	284.403 +	100.687 +	62.703 − 82.501 +	87.550 − 60.594 +	49.632
Advocacy and n.e.c.	165.426 =	66.789 +	19.220 +	48.294 − 5.169 +	36.827 − 18.278 +	17.743
Total Npos	**957.124 =**	**592.791 +**	**185.279 +**	**140.698 − 140.698 +**	**234.508 − 165.846 +**	**110.392**

In the area of advocacy and n.e.c, the high growth in the number of organizations translates into an equally high growth in employees. This result mainly depends on the positive net sectorial migration rate, but is also supported by the previously described factors. The growth in employment is far smaller (and lower than the growth in the number of organizations) in the area of education and research, where the positive contribution of internal growth is balanced by the negative contributions of sectorial migration and entry and exit of organizations. This is the only area in which – despite a positive balance between entry and exit of organizations – the net contribution of the newly born organizations is not enough to balance the negative one of the organizations that stopped their activities. This is, in all likelihood, the result of the entry of small organizations (which is quite normal) and the exit of above-average size organizations, a phenomenon less common.

4)   Territorial change

Thanks to micro-data, we can also study the entry, exit and emergence of Npos at a local level, analyzing the territorial migration of Italian Npos. In order to reduce the complexity of our analysis, we considered the four main geographical regions (Northwest, Northeast, Central, South and Islands) of our country, and – for each of them – we could say that:

(5) $R_{11} = R_{01} + (EnGA_{01\text{-}11} - LeGA_{01\text{-}11}) + (B_{01\text{-}11} - C_{01\text{-}11}) + E_{11}$,

where the variables have the meaning specified earlier, and:

EnGA$_{01-11}$ = Npos entering the region between 2001 and 2011, and always recorded (in two different areas) in the two censuses;

LeGA$_{01-11}$ = Npos leaving the region area between 2001 and 2011, and always recorded (in two different areas) in the two censuses.

Table 9 shows that – over the decade – the growth rates of Npos greatly differed between the main regions of the country. In fact, while organizations located in the North-West and in the Center grew more than the average, those located in the South experienced a much slower pace.

Table 9 - Sources of growth of nonprofit organizations between 2001 and 2011, by geographical area

	Total growth	Territorial migration	"Natural" growth	"Emerged"
North-West	32.4%	- 0.1%	12.5%	19.9%
North-East	27.5%	0.1%	8.5%	18.9%
Center	32.5%	0.1%	8.4%	20%
South and Islands	21%	0	2.2%	18.9%
Total Npos	**28%**	**0%**	**8.6%**	**19.4%**

Table 10 - Nonprofit organizations between 2001 and 2011,

by geographical area

	Npos in 2011	Npos in 2001	Territorial migration	"Natural" growth	"Emerged"
North-West	82.883 =	62.590 +	148 - 197 +	36.162 - 28.316 +	12.496
North-East	74.314 =	58.292 +	170 - 125 +	30.424 - 25.479 +	11.032
Center	64.677 =	48.810 +	245 - 212 +	32.076 - 26.017 +	9.775
South and Islands	79.317 =	65.540 +	77 - 106 +	42.789 - 41.346 +	12.363
Total Npos	301.191 =	235.232 +	640 - 640 +	141.451 - 121.159 +	45.666

Concerning the determinants of this growth, we observe – first of all – that organizations did not move much between the different regions of the country, so that the contribution of territorial migration to the growth of the sector in each region is insignificant. Moreover, the impact of the improvement in detection techniques – which led to the emergence of already existing organizations – is positive and quite high, but very similar among the different areas. Consequently, it cannot explain any differences in the growth rate among Italian regions. Finally, we find that entry and exit of Npos are remarkably different in the different areas of the country. The net balance between entry and exit is well above average in the North-West of the country (+12 percent), it is about average in the Central and North-East (+8 percent) regions while it is very low in Southern Italy (+2 percent).

It should be noted (table 10) that the modest balance between entry and exit of Npos in Southern Italy does not on depend on a low entry

rate. On the contrary, the entry rate of Npos in that region is the second highest in the country, after Central Italy. Nonetheless, the exit rate is also extra-ordinarily high, and it explains the overall modest growth.

The different dynamics of the Npos carry consequences on the employment level of the sector in the various geographical regions. We can analyze different regional trends using the following identity:

(6) $Fte_{11}|R_{11} = Fte_{01}|R_{01} + \Delta Fte_{01-11}|S_{01-11} + (Fte_{11}|EnGA_{01-11} - Fte_{11}|LeGa_{01-11}) + (Fte_{11}|B_{01-11} - Fte_{01}|C_{01-11}) + Fte_{11}|E_{11}$,

where:

$Fte_{11}|EnGA_{01-11}$ = Fte (in 2011) of the Npos entering the region between 2001 and 2011,

$Fte_{11}|LeGA_{01-11}$ = Fte (in 2011) of the Npos leaving the region between 2001and 2011.

Tables 11 and 12 highlight that the employment growth rate is significantly higher than average in the North of the country (especially in the region of the North-East), while the Central, and particularly the Southern part of Italy experienced positive, but modest growth rates. The contribution to the total growth of employment given by those Npos that were detected thanks to improved techniques is very homogeneous between the different

geographical areas. Therefore, differences in overall growth rates in employment are explained by the internal growth rate (particularly high in the North-East, and particularly low in the South), by the balance between entry and exit of organizations (high in Northern Italy, but below average in the central and southern part of the country) and, finally, by the "migration" of organizations, which contributes significantly to the growth of organizations located in the central regions of Italy.

Table 11 - Sources of growth of employment in nonprofit organizations between 2001 and 2011, by geographical area

	Total growth of Fte 2001-2011	"Internal growth"	Geographical migration	"Natural" growth	"Emerged"
North-West	64,6% =	31,1% +	- 2,5% +	16,2% +	19,8%
North-East	77,6% =	45,6% +	0,3% +	14,7% +	17,1%
Center	57,3% =	29,8% +	3,8% +	5,7% +	18,1%
South and Islands	45,3% =	19,1% +	- 0,5% +	7,7% +	18,9%
Total Npos	**61,5% =**	**31,3% +**	**0,0% +**	**11,6% +**	**18,6%**

Table 12 - Employees of nonprofit organizations between 2001 and 2011, by geographical area

	Fte in 2011	Fte in 2001	"Internal growth"	Geographical migration	"Natural" growth	"Emerged"
North-West	328.633 =	199.711 +	62.052 +	756 - 5.682 +	78.028 - 45.676 +	39.444
North-East	224.461 =	126.353 +	57.564 +	827 - 428 +	45.898 - 27.333 +	21.640
Center	216.497 =	137.652 +	40.967 +	7.060 - 1.947 +	48.636 - 40.849 +	24.918
South and Islands	187.533 =	129.075 +	24.696 +	1.372 - 1.958 +	61.946 - 51.988 +	24.390
Total Npos	957.124 =	592.791 +	185.279 +	10.015- 10.015 +	234.508 - 165.846 +	110.392

5.   *Concluding remarks*

During the decade 2001-2011, the Italian nonprofit sector has certainly experienced a season characterized by high growth in both the number of organizations and in their employment levels. However, the new availability of census micro-data allows us to observe that a relevant part of this growth (about 70% of the increase in the number of organizations, and 30% of the increase in employment) should be attributed to the improvement of detection techniques adopted by the Italian statistical office. In 2011, Istat was able to detect the existence of organizations that – although already existing in 2001 – had, for various reasons, not been recorded among the active ones on the occasion of that year's census. When considering this fact, the growth in the number of organizations – over the decade – goes from 28 percent to just over 7 percent, and the growth in employment from 61 percent to 36 percent.

Beyond that, micro-data lead to observe that the creation of an extremely high number of new Npos over the decade has gone together with an almost equally high number of organizations leaving the sector or stopping their activities altogether. The balance between the two trends – although positive – appears quite modest. With this in mind, we can observe that the net contribution of entry and exit of Npos to the creation of new employment in the sector is rather modest. In fact, the jump in employment in the sector mainly

depends on the internal growth of organizations that were already active at the beginning of the decade.

The policy maker should consider both factors: the sector grew, but growth was not as explosive as it appears at first sight, so that its activities should be further supported. Most likely, the best way to facilitate the growth of this sector is to take care of those organizations that already exist, sustaining their activities, rather than facilitating the creation of new institutions.

Beyond that, the elementary data show that the sector is characterized by deep internal cracks that run through sectors of activity and geographical regions. In particular, it should be underlined that, in Southern Italy, the remarkable ability to create new nonprofit organizations does not match with a corresponding ability to make them survive over the years.

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