

A Comparison between Italy and United Kingdom over adoption of private sector tools by social economy organizations

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Abstract

Evidence suggests that the third sector has gained more in importance over the last few decades. It plays a key role in the new social economy and has become generally important for society as well.

Much of this growth has been driven by the increase in state funding, grants and by the support of profit oriented companies and other private or public institutions for good causes and projects of social interest raising from the social economy organizations themselves.

The growth of the third sector raises issues of managing increased complexity. For many years, the nonprofit oriented nature of organizations has made their founders and boards focus on transparency and basic administration system without taking into consideration the need of more complex management tools.

This behaviour has been reinforced by the different perceptions customers, communities and governments have previously had on profits and nonprofits as separate entities. Such differences have been often accepted, not only in terms of the financial aspects but also attitudes to leadership and conduct of activities derived from the different mission and long term objectives of the sectors.

But, when considering common factors in the ongoing changes and challenges in the environment in which they operate, the previous statement becomes true only to a certain extent. Recession and the current global uncertainties are common to all. The economic and financial crisis starting in 2008 has generated new pressures on the market and has consequently substantially engendered a redefinition of business objectives, the customers' needs, the communities' expectations and the way of conducting any activities concerning both the business perspective and the social purposes.

In such a context of challenge and uncertainty, society concerns shift towards more responsible and sustainable solutions; concepts like environmental care, innovation, ethics and transparency emerge as a result of public demand. These common objectives are reflected in and influence the main traditional shape and features of both profits and nonprofits to create a sort of convergence between the two.

On one hand private companies strive to redefine their strategic objectives and related operational activities so to comply better with the required principles of Corporate Social Responsibility by adopting more sustainable levers from nonprofits. Popular movements are emerging which demand this of private business and the corporate world.

On the other hand the economic crisis forces nonprofit organizations to consider and implement some of the private sector management and organizational tools, intended to make them manage their "business" in a more structured manner and strengthen their role as social actors.

We will focus the attention on the third sector, since new paradigms coming from private one need to be adapted to the nonprofit: the positioning on the market, the brand reputation and awareness, the implementation of a shared strategic plan, the adaptation of classical marketing mix levers for services provision, the staff recruiting and empowerment and the need of professionalized nonprofit management, concluding with the redefinition of organizational issues.

Accordingly, the aim of the present paper is to analyze the spread of adoption of these private sector tools by social economy organizations and make a comparison between a sample of Italian and United Kingdom nonprofit organizations.

The study will demonstrate how tools traditionally used by private sector if adopted may affect the nonprofits' everyday work and improve their flexibility (as better adaptation to new challenges), their efficiency (by keeping costs under control), their influence on the community and their attitude towards innovation as both new means of communication to stakeholders and capacity to exploit new revenues sources.

The paper seeks to go beyond the theoretical aspects to report on the extent to which social economy organizations have adopted private sector methods including analysis of the organizations' websites as well as of annual reports from Italian and UK social economy organizations and associations of such organizations from the third sector. Eventually, we hope a further development of the present study will involve a sample of social economy organizations from across Europe.

Keywords: private sector management tools, third sector organizations, finance, marketing, human resources, operation.

Introduction

The convergence between private and third sector: literature review and general considerations

For many years, private companies and organizations from third sector have always been seen as separate entities. For various reasons academics, authors, business people and end users treat the two realities separately, in terms of both pursued strategic vision and mission and way of conducting their operations and actions.

The main difference seems to emerge in the achieving of two opposite and apparently mutually incompatible objectives: the profit as maximization of revenues intended to pay back the shareholders' investment and the society well-being as qualitative purpose aiming at meeting the community's expectations. The role of the non-profit has traditionally been thought to create social value, while for-profit organizations have been held responsible for economic value creation (Ramirez and Janiga, 2009). Accordingly, in order to fulfill the ambition of increasing their performances in each of the objectives, private and third sectors have always used their own practices and tools which best suited to fit the final goal.

On one hand, more complex management tools have been implemented by profit-oriented companies since the object of reaching certain levels of profit has always been considered harder and of more interest to the owners. Academic researchers have studied and analyzed ways to improve management, governance and leadership of for profit world with the aim of improving conditions of economy at the same time. Many tools and models have evolved and have emerged as necessary to compete successfully and reach the desired level of revenues and customers' satisfaction.

On the other hand, third sector organizations have adopted a less structured system of tools and practices whose characteristics and less definable nature and most of all their "voluntary" characterization have meant that they have been less thoroughly explored in the academic research literature. The voluntary and 'non profit' constructs were seen as implying there was less need of efficiency, flexibility, innovation and discipline (Landsberg, 2004) in the sense that they are traditionally represented in the competitive for profit sector.

In the current climate, the situation described above is no longer the case. New pressures from a whole host of sources have emerged with a growing extension of business environment into the third sector during the last decades, In particular nonprofit and third sector organizations in general have strengthened their positioning in the market as social services providers. (Nfp Synergy, 2010). However such organizations also seen as playing a crucial role in promoting civic engagement and community empowerment as well as campaigning and challenging established power and interests as part of the "mixed economy of service provision" (Alcock,2010).

Since the 1980s third sector has been analyzed by various research centers; academic programs have have been developed in the subject area (Hodgkinson, 1988). More recently from the 1990s nonprofit has started gaining in popularity and a proliferation of organizations involved in several services all over the world have imposed the need for management knowledge, skills, and training in the nonprofit sector (Anheier, 2005).

In the current economic situation we note the increased competition in certain services delivery, the economic and financial downturn, social trends changing at a rapid pace, the pressure of public opinion (Nfp Synergy, 2010; Perrini and Tencati, 2008) and the need to get funds from new and different sources in order to survive. These are all forces pushing third sector to review its activities. In particular it has implications for management tools and practices, strategy, long term objectives and last but not least to re-think priorities in facing possible new needs emerging in the market and new competitors.

Globalization, economic and financial crisis and over competition (Perrini and Tencati, 2008) are affecting the way business is conducted by both private companies and third sector organizations.

As Dahlsrud (2008) comments “due to globalization, the context in which business operates is changing at an increasingly rapid pace. New stakeholders and different national legislations are putting new expectations on business and altering how the social, environmental and economic impacts should be optimally balanced in decision making” (13). This can explain why for profit companies need to expand their core business into a wider range of subjects of social interest and third sector organizations need to strengthen their voice as social actors among the community.

The recession following the the economic and financial crisis which started in 2008 has generated new uncertainties in global markets and has highlighted the need for more responsible and sustainable business – oriented strategies and activities. Corporate Social Responsibility (CSR) perfectly fits into this requirement. As a set of strategies addressed to improve profit companies’ social behavior, it is not a new concept for them , Now it has surely been strengthened to become a more concrete set of tools and practical actions with the aim of combining economic and commercial dimensions of value creation to the ethical, social and environmental one. In this sense, CSR can be a means to overcome some of the fallout from the financial crisis by creating value for both shareholders and society since it looks at how companies treat their stakeholders (Neal and Cochran, 2008). Despite the dramatic impacts on finances for both companies and third sector organizations, corporates are expected to invest in CSR policies and practices and third sector organizations need to find alternative sources of revenues in order to keep a focus on their mission and make tangible progress towards it (McKinsey & Company, 2001).

Competition which is intensifying in and across all the sectors. Increasingly third sector organizations must be considered in competition with each other in getting funds (Nfp Synergy, 2010) as well as with corporates to place and sell their goods or services on the market. Moreover, the same competitive arena may be now more complex due to both the actors from private and third sectors playing in it: Weisbrod notes that nonprofits are moving into activities that have previously been the domain of for-profit firms and private firms are expanding into traditionally nonprofit areas (Weisbrod, 1998). In the Italian context, welfare is becoming more and more private than in the past especially in fields such as elderly and childcare; for profit companies are now aware of this tendency and are striving to enter the competitive arena of social services as real players against the traditional nonprofit and public sectors (Ryan, 1999). Clearly, the implications for third sector are linked to the need of facing these new competitors which are – by definition – more structured and competitive.

Accordingly, third sector organizations are under pressure to embrace the best practices of the private sector – alias business world – in order to survive (Landsberg, 2008).

From another point of view, CSR and the nature of these welfare markets mean for profit companies are pushed towards the implementation of practices and tools in the fields that have been typical of the third sector for the past years.

Given these premises, we contend a convergence between private and third sectors is taking shape: in topics and strategies connected to management practices & tools. In each of the areas profit and nonprofit realities are becoming closer and closer and the boundaries between the sectors less and less defined. However, convergence is not only a matter of increased competition between the two sectors but also a chance for partnering and cooperating (Hudson, 2009) on different issues of social interest or internal one – such as organizational, culture and management.

We also argue that , in each of the areas of convergence some of the intrinsic peculiarities and specificities of the two sectors will emerge. They contribute to illustrate the debate on the extent to which

it is effectively useful to compare and mix the features of the private and third sectors (Landsberg, 2004; Anheier, 2000; Bryce, 1992).

Third sector organizations have a long history and based their activities on services provision or campaigning in different fields of interests for the community in which they operate: health, welfare, human well-being, education, humanitarian services, environmental care, cultural services, childcare, elderly, animal protection, disability, housing, homeless, rights at work. These represent for them the reasons why they exist. In this sense, they are driven by a cause (Hudson, 2009) which is also their primary goal. Thus the third sector organizations' mission plays a crucial role in giving the motivation to survive and improve performances.

In recent years, based on the belief that neither economic or social development can happen in isolation (Hudson, 2009), even if the topics mentioned above are not the primary goals of for profits, they have started being taken into great consideration by private sector in different ways. From the implementation of Corporate Social Responsibility programs to the partnerships activation with nonprofit organizations and the concrete competition in certain fields of social services provision.

Since the accomplishment of the mission is the primary goal of third sector organizations, as long as a mission exists and it has to be a priority in order to guarantee their survival, it needs to be pursued by considering and implementing effective and successful management tools and practices to put the strategies in practice.

The concept of management in nonprofit organizations and in general in those from the third sector was described in the 1970s (Hudson, 2009). Until then, all the aspects connected to the way in which an organization was run used to be grouped together under the name of administration (Landsberg, 2004). Then, the purpose of merely serving communities' needs was enhanced by the concern of how these needs could be met better. From this the concept of management replaced that of administration.

Concepts and practices related to leadership mechanisms, good governance principles, effective management practices started to be part of the common language of third sector organizations. The key point is how and to what extent these concepts – mainly and commonly typical of for profit world – have been undertaken and implemented by organizations in the social economy.

Management activities have traditionally acknowledged differences between the two sectors mainly due to the different purposes and objectives which drive their way of operating. That is why leadership, management and governance “cannot be imported unchanged and imposed on third sector organizations. They require subtle and critical adjustments” (Hudson, 2009).

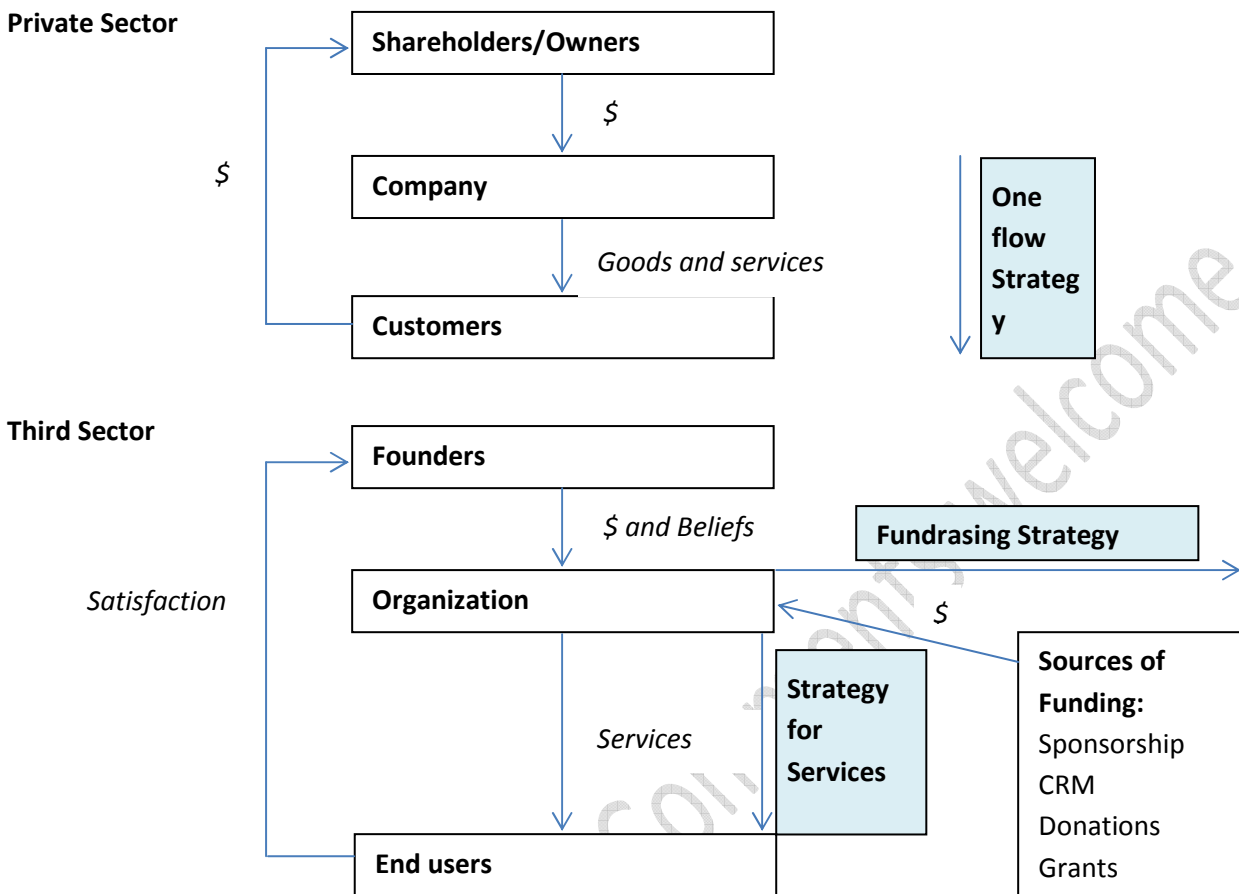
This is particular so if taking into account that the third sector notion itself is full of contradictions and ambiguities and that they are entities made up of multiple components dealing with multiple stakeholders (Hudson, 2009; Anheier, 2005).

Moreover, if considering strategy as the direction and scope of an organization over the long term.. to meet the needs of markets and to fulfill stakeholder expectation (Johnson, Scholes and Whittington 2008), it can be argued that that third sector organizations are managerially different due to the need for different approaches for fundraising and service provision.

On one hand, for profit companies build their own strategy in order to increase the value creation for shareholders – in terms of increasing in dividends – which implicitly involves at the same time the value creation for customers, who represent the main sources of revenues.

On the other hand, third sector organizations have to set up two different and interlinked strategies for surviving and accomplishing their mission: one addressed to fundraising activity and the other to service provision towards end users who, in this case, are not the main sources of funding. The “Scheme 1” below shows the differences between the sectors and how the strategy takes shape.

Scheme 1: “Strategy flow in private companies and third sector organizations”



Source: Chiara Civera (drawing on various sources)

The more complex the strategy is the more it needs to reflect sophisticated choices of management tools and practices coming from private sector. Accordingly – for instance – marketing tools will be necessary to improve strategy for fundraising as well as human resources management best practices will be improving both the marketing and communication areas and the service provision one. Private benchmark tools for operations management will be required so to obtain a more effective and efficient activities flow. Financial management has to be applied to both fundraising strategy and services provision in order to measure the extent to which satisfaction has been created.

The freedom in strategic choices third sector organizations have is limited if compared to corporates, especially in service provision; “they are often restrained by their statutes which set them up to provide particular services” (Npf Synergy, 2010). However, this does not mean that they cannot start thinking more strategically by importing private sector methods and techniques to foster their positioning on the market, their brand reputation or image or to increase the quality of staff recruitment and empowerment. They are all addressed to improve the organizations’ strategies for funding and delivery of services; in other words to accomplish the mission they have been built on.

Concepts like marketing, finance, operation, human resources and planned strategies have been regarded as less standard and formal in third sector organizations. But the need of more complex tools is required as the complexity of the sector is increasing.

Within the growth of sector's size, purposes and competition, within the changes in legislations and the effects of the economic downturn, nowadays the concept of management they have to deal with needs to embrace a variety of tools and practices linked not only to planning and controlling but "management becomes the creative, enabling arm" (Anheier, 2005).

This is true – for instance – if considering the issue of looking for alternative sources of funds as direct response to the current governments' funds cutting. Third sector organizations have to strive for new fundraising sources and techniques, which means that they need to be probably more innovative both in funds searching and funds attracting.

In order to achieve this goal they are asked to plan better the range of activities they are involved with concerning getting more secure funds and – when and if necessary – to re think about their mission, challenges, customers and stakeholders' needs (Anheier, 2005). A strong managerial structure is required as well as a more sophisticated set of management tools (Alcock, 2010).

Clearly, this is the case in which tools and practices from private sector need to be strongly tailored to fit the critical culture, organizational features and strategies typical of the organizations at issue.

Another case of tools adaptation and tailoring is concerned with management practices for measuring the economic and financial performance. For profit companies use several different methods for evaluating their financial status and explicit and formal standards to measure the value creation for shareholders – expressed in terms of market share and dividends – and to report them typically on both a regular and clear basis. Accountability and transparency are necessary and in some cases, such as dividends in public companies, is compulsory.

As far as the third sector is concerned, the financial management involves some measurement of the "impact" they have on their reference environment and community (Poffley, 2010). From a stakeholders perspective, maximizing the impact for each of the expectations from the market represents the core proposition. However, since it is difficult to specify objects precisely (Hudson, 2009) – because they are generally linked to an ambitious and wider mission – it is also difficult to measure to what extent they have been effectively achieved and, most of all what is the concrete impact on the community, in terms of changes and benefits. Even if it is hard, the need to measure is absolutely worth and methods have to be adapted from private to third sector based on the specificity of impacts to be evaluated. Accordingly, also transparency and accountability are gaining in importance to them, since people involved in third sector organizations' funding "want to see the impact of their beneficence" (Hudson, 2009) and want to be sure that the money is effectively used for the purpose and that they report on the achieved results.

As a result, the convergence between private and third sector seems to have become closer and closer as far as topics and management tools and practices are concerned. Peculiarities and specificities of the sectors contribute to make the analysis of the convergence particularly interesting and multi-faceted.

By focusing the attention on management techniques, the extent to which private tools are effectively used – also when they are tailored and adjusted for different purposes – by third sector organizations in UK and Italy is going to be analyzed.

Before commencing an empirical analysis of organizations in both countries, some account of the main differences in third sector's legislation and shape in Italy and UK will be given in order to have an overview of the sectors and countries.

Third sector shape: the differences between Italy and UK contexts

The concept of Third Sector is assumed to have more impact across Europe (United Nations, 2007). Despite its growth and increasing in competitiveness it is still hard to define clearly its boundaries and precise sector composition as far as European framework is concerned (Forum Terzo Settore, 2010).

The multi-faceted nature of organizations operating into the sector greatly varies in in respect of structures and legislative form but most of all it varies from country to country. They are involved in different typical activities such as grant making, campaigning, services delivery, membership and representativeness which contribute to make the sector less homogeneous.

In order to try to give a better definition of the sector and include all the social activities carried out by different organizations, the European Union enlarged the definition under the name of “Social Economy” (Ciriec, 2007).

Despite a wider term to group together social organizations, the differences emerging from their diverse nature still exist. This is the reason why UK and Italian context have to be introduced separately in a way, in order to base the incoming comparison on structural and cultural differences in the sectors tradition and history, key roles, numbers and figures and legislations.

When comparing Italy and UK there are some quite similar features of both countries as far as their general settings are concerned. First of all the population, which is estimated to be 60.1 million in Italy and 61.9 million in UK (United Nation, 2010) and secondly the gross domestic product of the two countries is quite comparable. The International Monetary Fund estimates UK GPD for the year 2010 to be equal to billion €1.700 and Italy GDP for 2010 at billion €1.707.

What looks different is the cultural environment in which third sector organizations have been developed. The case of United Kingdom is representative of a country which has a long and strong tradition of voluntary action and charitable behavior. These have always been seen as necessary ways to build and maintain the social and economic wealth of UK society (CGAP, 2011). The growth and the weight of third sector in UK is part of “social welfare provision organized in a liberal society in response to social, economic and political needs” (CGAP, 2011).

The historical evidence – which is supposed to affect the third sector development and shape – shows a long history of unification. Since unification of England and Wales in 1603 and then the join of Scotland in 1707, UK has been characterized by a long period of democratic stability and its parliament is sometimes referred to as the “mother of parliaments” (Jones et al, 2006). Governments have always tended to be reasonably stable with religion playing little role in the political process.

The UK Third Sector has been associated with successive changes in the welfare state. Initially much provision for the poor and needy arose from the activities of charities, religious entities and non-state organizations such as United Provident Societies and Co-operatives (Deakin an Kershaw, 1996). Their activities preceded state involvement and indeed older hospital and other buildings sometimes still bear the names of the charities or religious founders. The state became increasingly involved and especially after 1945 took a leading role in service provision especially where health, education and housing were concerned (Kendall, 2003; Hudson, 2009).

However after the 1960's the Voluntary (Third) sector in the UK underwent a revival both in terms of meeting new needs which had been identified and also through new ways of raising money and resources. This was associated with a subsequent change in attitude to the welfare state with the Thatcher years. Contracting out of public services became a favored policy and this was associated with a perception that the voluntary sector was an increasingly important ‘partner’ for the state. The return to power of a Labour Government did not change this view and indeed developed it with the creation of a particular government department – The Office of the Third Sector. The importance of contracting out of services to

third sector organizations was also recognized by the development of the 'Voluntary Sector Compact' – a concordat between the state and the voluntary sector (but not a legally enforceable document). This was combined with a succession of government reports which focused upon partnership with the third sector in service delivery (Lewis, 2005).

This period of Labour government has also seen an increasing focus upon social enterprise which has been echoed by support from the Conservative opposition party. This has led to the creation of the Community Interest Company –a new legal form for such organizations. The focus on social enterprise can be seen as associated with a move from grant to contract funding for third sector organizations which engage in public service delivery (NVCO, 2008).

The NCVO reports the voluntary sector and civil society in UK as consisting of about 171,000 organisations with a total income of £35,5 billion for the years 2007/2008 (NCVO, 2008). The composition of organizations operating into the sector includes community interest companies, cooperatives, general charities, faith groups – whose number has increased from 2006 to 2008 – and trade unions, credit unions, universities, housing associations, building societies and political parties – which have slightly decreased in number from 2006 to 2008 (NCVO, 2008).

Generally, despite the effects of the economic downturn and government funds reduction and cutting, the sector was growing up to 2010. Some changes are happening as far as regulations and legislations are concerned. The United Kingdom has seen a considerable amount of change in the legal context with a new Charity Act which has created a new set of criteria for public benefit. Whilst these seem to have incorporated much of what had been the practice before they have raised some questions about the charitable status of some organizations such as private schools and some religious organizations.

What has been of more significance has been the creation in 2004 of a new category of third sector organization – the Community Interest Company. This is aimed particularly at social enterprises and enables the creation of a company which would have social purposes and an 'asset lock' which would prevent the sale of assets for other than community benefit. Though there has been a considerable number of such companies registered there is strong view that many of them are not active and that 'successful' social enterprises tend to be registered as charities or have dual registration

The UK Government has also created various schemes to build capacity in the sector with the now defunct Futurebuilders as possibly the most well-known of these.

The growing involvement of third sector organizations in public sector delivery via contracts has been associated with the Voluntary Sector Compact. The Compact was an attempt to enable the government and third sector to agree a set of rules for behavior. In particular it could be regarded as an endeavor to ensure that as contracts become more embedded the third sector is recognized as having 'rights' and also a degree of independence of movement. Nowadays, contracts are the most consistent part of third sector funds. In particular, the policy is driven by outcome based contracts, through which organizations receive money on the basis of certain results achievement.

The case of Italy has its own peculiarities concerning the creation of certain types of third sector organizations – the so called co-operatives – in which the country has been a leader. Its historical background can explain the reasons why nonprofit sector has been developed and in which forms.

The history of Italy has seen a more recent unification (1861) with religion always playing a significant rule in the political process and governments tending to be less stable than those in UK and characterized by more frequent changes (Spots and Weiser, 1995). After its political unification, the presence of the State in provision of social policies like health assistance and care was quite limited. Informal and formal nonprofit organizations emerged, such as "Opere pie" (since the 1800 in the form of foundations provided social services); "Società di mutuo soccorso" (since 1840, they operated such as insurance institutions according mutual principles, to guarantee workers and their families); "Casse di

risparmio" (since 1750, they favored credit access and a new model of management of savings) (Cameron, 1993), forms of co-operatives (Zamagni, 2000); other formal, private nonprofit organizations, characterized by religious and political ideologies.

The end of the second world war and the successive birth of the Italian Constitution (1947) provided for the passage of the concepts of assistance and advocacy from a philanthropic point of view towards a "recognized right". People began to take part to the social changes in an active way, supporting a process of civic and democratic growth (Marcon, 2004).

The informal organizations started a process of management innovation and in becoming more and more formalized, sustainable and based on their territories. The most usual legal forms were foundations of assistance and charities.

Thirty years later the so called welfare state became a "system" of welfare in which public sector and private sector cooperated in order to guarantee innovative processes of providing social services (Ferrara, 1984).

Until the 1980's the solidarity cooperative movement (what nowadays it is defined "social cooperation") in Italy suffered from the following limitations (Borzaga and Ianes, 2006):

- mutual regime; according to which all the activities had to be dedicated in an exclusive way to the associates;
- all the sector (today nonprofit sector) was characterized by a strong part of voluntary organizations according to which (especially the catholic ones) all these services could not be provided by following entrepreneurial processes¹;
- the distribution of these organizations was concentrated in few Italian regions, especially in the north and in the center in part;
- public sector displayed reluctance to formally recognize the different "soul" of this new entity.

The Italian nonprofit sector at this stage was characterized by strong dynamism and identification in values and objectives but, at the same time, a lack of public awareness.

Since the 1970's volunteering started being used more frequently and with more precise connotations (e. g. in the 1971 "Caritas italiana" born). Hence new forms of organizations, different from foundations of assistance and charity, took place in the legal form of "association" (Borzaga and Ianes, 2006).

At the end of 1980's all these different entities were identified as organizations belonging to the so called "nonprofit sector" or "Third sector". Moreover an entrepreneurial approach towards the providing services to (and for) disadvantaged people achieved success and allowed this new entities (which we can today recognize as "social enterprise") to be more sustainable and operate according a long term approach: hence the first form of social enterprise was born. It was able to connect social needs and entrepreneurial approaches. It was the so called "co-operatives of assistance and solidarity".

Nowadays, according to Istat Censimento 2010, the third sector groups together about 235,000 organizations with a total income of €38 billion for the years 2007/2008 (Annuario Statistico Italiano, 2010). The sector is fragmented and in particular it is composed by: recognized associations (artt. 14 ss. del c.c.), non- recognized associations (artt. 36 ss. del c.c.), recognized foundations (artt. 14 ss. del c.c.), committees (artt. 39 ss. del c.c.), banking foundations (L. 30.7.1990 n. 218 - D.Lgs. 20.11.1990, n. 356, D.Lgs. 17.5.1999 n. 153 e D.M.18.5.2004, n. 150), sportive associations (L. 16.12.1991, n. 398), nongovernmental associations (art. 28, L. 26.02.1987, n. 49), voluntary organizations (L. 11.08.1991, n. 266), social

¹ Even today, the meaning of volunteering has different implications in Italy if compared to Europe. The concept is here more turned to the logic of gratuity rather than voluntary adhesion. Consequently, the main implication on the sector is to be seen as less formal and standardized than it is in other countries.

cooperatives (L. 08.11.1991, n. 381), cooperatives (artt. 2511-2545 del c.c. e leggi speciali – special laws), ONLUS (D.Lgs. 4.12.1997 n. 460), associations of social promotion (art. 3, comma 6, L. 25.08.1991, n. 287 e L. 07.12.2000, n. 383), reform of national social and health care, and social enterprises ((Agenzia per le ONLUS, 2008).

Each of the third sector organization listed above is regulated by the Italian Civil Code or specific emanated acts which aim at making the practices run by the organizations more structured and legally legitimated.

The business mindset: private sector tools applied to third sector organizations

The aim of the present paragraph is to give a framework of the main common tools used by private sector in different organizational areas of business in order to figure out to which extent these tools can be applied and adapted to third sector organizations according to their own specific objectives.

The organizational areas chosen for the analysis are typical of the business mindset on which for-profit companies build their strategy. They basically concern the financial area – which include accountability as well – the marketing area, human resources and operations.

At the same time, as long as the third sector has turned its structure into a more formal and standardized way of conducting activities, the same organizational areas represent the basis of developing more effective and efficient strategies also for them.

In each of the area, companies from private sector are used to adopting particular management tools addressed to improve their performances in the area itself, to measure the achieved results and to strengthen their positioning on the market. All of the tools which will be taken into consideration are to make private sector companies to achieve their monetary goal: typically defined as profit.

On the contrary, the same tools are for third sector organizations to primarily satisfy their end users' needs and accomplish the mission more effectively. As already mentioned, goals in each area for third sector are quite different from those of the private as well as general strategic management objectives. "In the business sector, strategic management is used primarily to improve a firm's medium- to long-term profitability; by contrast, in the nonprofit sector, strategic management is used for (re)formulating a mission and objectives, and for achieving them more effectively and efficiently" (Anheier, 2005, 260).

As a result, in some cases tools from private sector need to be simply undertaken as they are and in some others they have to be adapted and tailored to fit specific organizations' management needs.

Typical business tools used by private sector in the area of finance, marketing, human resources and operations will be reported as well as the tailored ones that third sector organizations currently implement both formally and informally. Moreover, the different "business" objectives between the sectors for each area will be described so to underline where business levers are more likely to concretely improve third sector strategies and performances.

The framework which is going to be described hereinafter will be also used to support the empirical analysis on third sector organizations from Italy and United Kingdom concerning similarities and differences over the adoption of private sector management tools.

Finance:

The organizational area of finance includes all the tools used to evaluate the activities and impact and performance measurements. Accountability is strictly related to the area itself as tool addressed to communicate financial and economic results to shareholders and stakeholders as well as social and ethical values pursued by the company.

In the field of finance, the goals for for-profit and social economy organizations greatly differ. This justifies the fact that most of the typical financial tools implemented by private sector need to be adapted to the realities of third sector. In particular, private sector financial tools aim at measuring the value creation for shareholders first, as well as growth in market shares. The customer satisfaction is here instrumental to the generation of money, returns and income.

On the contrary, third sector organizations are firstly to serve their end users' needs effectively. The efficiency in conducting activities mainly means reducing the loss and keeping the costs down without adopting a standardized logic of generating money from their activities. Accordingly, the measurement of the impact is here connected to a more qualitative set of results which should take into account the tangible benefits end users receive back from the organization's activities. This is the reason why tools to evaluate activities impact differ from private to third sector.

Return on Investments (ROI), Return on Assets (ROA), Return on Equity (ROE), RONA (Return on Net Assets) make sense in a profit oriented logic which does not suit the impact and the return third sector organizations need to measure. Accordingly, one of the most common equivalent tools they can use is represented by Social Return on Investment (SROI). It is about value, rather than money (A Guide to SROI, 2009) and takes into account outcomes and benefits of a project by evaluating the present value and the value of inputs. It calculates the payback period by dividing the investment and the annual impact of the project itself. Despite its apparent usefulness the current adoption of SROI is limited both in UK and in Italy.

As far as accountability is concerned it plays a crucial role for for-profit companies to communicate their results and performances to shareholders and stakeholders: balance sheet is addressed to give proof of the economic and financial results while social report and ethical code are becoming almost compulsory part of the system of reporting aiming at involving a wider range of stakeholders.

Third sector system of reporting is built primarily to communicate the value creation for end users and community. Financial and economic facts need to be reported to meet legal and reporting duties for their accounts and give a proof of where money coming from donations and partnerships have been spent. Moreover, accountability may represent for them a chance to get more funds: the more transparent they are in communicating their achieved results, the easier it will be to gain credibility from actors supposed to invest in their activities.

Even if there are no exact and standardized procedures to analyze not for profit financial and economic results, some guidelines are to support social economy organizations in reporting their achievements. They obviously vary from country to country. For instance, in the case of UK and Italy it can be referred to the Statement of Recommended Practices (SORP) System for UK charities (Charity Commission, 2005) and Linee Guida e Schemi per la redazione dei Bilanci di Esercizio degli Enti Non-profit [Guidelines and Schemes for reporting on Financial Results in Non-profit organizations] for Italy (Agenzia per le ONLUS, 2008).

According to UK SORP, when preparing their accrual accounts charities are asked to report on their "primary" financial statement, in particular they need to prepare: a Statement of Financial Activities (SOFA) which describes all of their sources of income and expenditure and a balance sheet which tells readers what cash they have in the bank and what other assets and liabilities they have.

In addition to the financial information they are required to produce a written explanation of activities and plans carried out for the year in question in order to help donors, funders, beneficiaries or suppliers to understand charities' work.

Italian nonprofit organizations are asked to prepare their Financial Statement in accordance to the "Documento di presentazione di un sistema rappresentativo dei risultati di sintesi delle aziende nonprofit" emanated by the National Council of Chartered Accountants in 2001. In particular they need to communicate their results through 4 different documents:

- the Balance Sheet which includes assets and liabilities;
- the Statement of Activities (Rendiconto Gestionale);
- the Additional Note (Nota Integrativa);
- the Mission Report (Bilancio di Missione).

Organizations with less than €100,000 of annual turnover can prepare a financial report containing only information about income and expenditures instead of assets and liabilities document and Statement of Activities.

Some other tools are typical of private sector such as Return on Capital Employed, the Capital Asset Pricing Model and the Balanced Scorecard (Kaplan and Norton, 1996). In particular, concerning the last one, it is often used by third sector organizations in order to structure their activities even if in many cases they do not use the proper name or apply some changes to it. Focusing on customers, financial results, internal processes flow and ability to achieve their mission by learning and growth is something that comes out automatically from organizations which have a strategic vision.

Marketing:

Marketing represents the core activity for for-profit companies to target the market, analyze it and reach it in the most appropriate way. Meeting the needs of customers is the key for satisfying the primary objective for corporates, which is basically raising the level of sales in order to increase profit. All of the tools commonly used by private companies are to establish a marketing strategy coming out of the actions taken in the framework of the 4Ps of marketing mix (when it is about companies selling goods) and the 7Ps (for services providers).

Decisions concerning products and services are to create products and services that fit customers' needs. Placement means placing the product/service in the market so that it can lead the company to increase sales; promotion is to pursue the same objective of raising sales by using different means of communication according to different target (for instance above and beyond the line communication). Decisions on the price are crucial for profit-oriented companies and they take into account the cost of producing, placing and selling certain goods and services and the price positioning of competitors. People, process and physical evidence are part of services providers' marketing mix strategy only. Taking decisions on people means choosing the right staff (with appropriate skills, know-how and attitudes) for specific activities, while process involves the set of activities to be carried out in order to achieve the company commercial goal. Eventually, physical evidence means to create a conducive environment for a service to be provided.

Marketing in third sector organizations is addressed to achieve different purposes related both to the end users' satisfaction – strategy for services provision – and to the fundraising strategy which allows the organizations to survive and accomplish their mission.

The marketing mix strategy is developed by taking decision on 9Ps (Sargeant, 2009). Products and services have to be more useful for end users with particular needs; placement involves a delivery strategy whose aim is to make the product or service of a more easily use. Promotion aims at increasing the brand reputation and image for organizations to obtain commitment and funds. Price includes decisions about monetary and non-material value (volunteering time, efforts to deliver the service for instance) and it has to include the evaluation of revenues from partnerships and donations. People involves decisions about balancing the paid and non-paid work in an effective way and also concerning skills required. Process includes the set of activities carried out in order to accomplish the mission and physical evidence has the same implications as in for-profit companies. In addition, attention to public opinion (such as social pressure and stakeholders' influence on the organization's activity) and politics (concerning both the influence political pressure may have on organizations and the influence they might have on political sphere) represent crucial aspects for social economy organizations.

In order to put a marketing strategy in practice, some tools used to assess the market and the positioning of the organization can be adopted from private sector: the SWOT analysis (strengths, weaknesses, opportunities and threats), the PESTLE (political, economic, social, technological, legal and environment analysis), the competitor and stakeholder analyses.

Human Resources:

The purposes and strategies of human resources management greatly vary from for-profit companies to third sector organizations. One of the biggest issue is represented by strategies they adopt for recruiting people. On one hand the objective for private companies is to employee staff able to manage their tasks in an effective way so to make the company achieve its general goal efficiently without wasting money and time. Accordingly, training activities – as way to obtain skilled staff – and rewarding system – as mean to increase employees' loyalty and commitment – are both addressed to foster the effectiveness of human resources.

On the other hand, the issue for third sector organizations is more faceted and complicated. The tendency is to have people in boards and trustees with private sector skills, able to lead the organization towards a more standardized and formal mindset. As far as employees are concerned, most of the recruitments belong to the system of relationships boards and trustees have built during the years. Another peculiarity can be seen in the relevance of the non-paid work (volunteering) for which other mechanisms to attract and retain them – rather than rewarding – need to be found. Moreover, the expectations from employees' work are different from those in private companies; some of the people working for social economy organizations which operate in certain specific areas are recruited from groups of disadvantaged people. Clearly, effectiveness and efficiency cannot here be achieved without considering the impact these employees might have on the activities they are supposed to do.

Operations:

Operations management involves the use of tools aiming at checking the activities flow and the processes costs-benefits balance (a typical private sector tool is the Activity Based Costing model for instance). The use of databases is fundamental to keep the activities under control in different organizational areas. Operations require a great standardization in management structure which needs to be able to follow the logic of plan, do, check and act in order to adjust any waste of money and time while carrying out any activity.

According to the different main objectives pursued by private companies and third sector organizations, operations have different aims. For-profit companies build and check their processes and activities in order to obtain efficiency and keep the focus on waste reduction. On the contrary, third sector organizations mainly aim at pursuing the effectiveness of their activities and keep them under control through a more qualitative analysis.

The "Scheme 2" below summarizes the main private tools for each of the organizational area and the objectives of private companies and third sector organizations concerning the above described business mindset.

Scheme 2: "Summary of the business mindset in the context of private and third sector"

	TOOLS	OBJECTIVES - PROFIT	OBJECTIVES – NON PROFIT
FINANCE	<p>ROI, ROA, ROE, RONA SROI → Social Return on Investment Balance sheet, Social Report and Ethical Code Return on capital employee, Capital Asset Pricing Model Balanced Scorecard</p> <p>Third Sector Accountability →</p> <ul style="list-style-type: none"> - SORP 2005 Standard (UK) - Guidelines and Schemes for reporting on Financial Results in Non-profit organizations 2008 (Italy) 	<p>-Generating money, returns and income -Profit as first goal and clients orientation instrumental to increase the sales -Measuring the value creation for shareholders and the growth in market shares</p>	<p>-Serving end users' needs effectively -Reducing the loss and keeping the costs down -Measuring the social impact of activities connected to a more qualitative set of results</p>
MARKETING	<p>Market and positioning analysis: -SWOT -PESTLE -COMPETITOR -STAKEHOLDER -CONSUMERS' NEEDS</p>	<p>-Set up a marketing strategy aiming to increase the sales -Create products and services that fit customers' needs -Place them so to lead the company to increase sales -Promote them in order to raise sales -Set up price according to costs, competition and expected returns -People: choose the most effective and skilled staff -Process: set up activities in order to achieve the company commercial goal -Physical evidence: create a conducive environment for the</p>	<p>-Set up a marketing strategy aiming to strengthen services provision and fundraising activity -Make the product or service more useful for the society -Placement: make the product or service of a more easily use -Promotion: increase the brand reputation and image -Set up price according to monetary and non-material value -People: balance skilled staff and volunteers -Process: set up activities in order to accomplish the mission - Physical evidence: create a conducive</p>

		service	environment for the service -Pay attention to public opinion and politics
HUMAN RESOURCES	TRAINING REWARDING SYSTEM	-Employee skilled and effective staff -Foster human resources efficiency and effectiveness	-Having board members and trustees with private sector skills -Attracting and maintaining volunteers -Seeking for the right balance between skilled and non-skilled people
OPERATIONS	PROCESSES and ACTIVITIES CHECKING MODELS DATABASE ACTIVITY BASED COSTING	-Efficiency -Focus on waste reduction	-Effectiveness -Keep the activities under control through qualitative analysis

Source: personal processing

Empirical analysis on UK and Italian third sector organizations

The aim of the empirical analysis is to figure out to what extent some of the private sector tools – which have been reported and described into the previous paragraph – are implemented by third sector organizations operating in Italy and UK into the field of service provision.

In order to make a comparison between the two countries, 10 Italian third sector organizations and 10 organizations operating in UK have been selected. The organizations have been chosen by following similar criteria, such as the dimension (comparison between organizations with around the same number of employees for instance) and the sector in which they operate.

In particular, the investigated organizations have been chosen from the following sectors: childcare, disability, elderly, mental problems, work, education, housing and homeless.

Each of the 20 organizations considered for the empirical research has been investigated through the analysis of their annual report of the last year and past years (when present on the website) and the analysis of the website pages including other sources and material published in it.

The business mindset made up of tools and objectives concerning finance, marketing, human resources and operations has represented the starting point to identify key tools and behaviours/attitudes typical of private sector to be investigated into the reports and websites of the 20 organizations.

As a result, a set of criteria to analyze the spread of adoption of private sector tools in third sector organizations has been drawn up: the presence of quantitative and qualitative system of reporting, the use of the key private sector language in their reports or websites (such as customers, leadership, long term strategies, segmentation, knowledge and competence), the implementation of business plan, stakeholders analysis, competitor analysis, customers' needs analysis and market analysis (such as SWOT and PESTLE), the use of Balanced Scorecard or similar adapted models, the use of Social Return on Investments as impact measurement tool, the use of business terminology to describe profit or deficit, the implementation of any commercial activity, the implementation of any branding and communication strategy, the activities

accrued out to increase the commitment and the involvement of employees, the use of models to evaluate and check the activities effectiveness.

The use and the implementation of tools and practices will be indicated by ticking (X) or not the criteria for each organization at issue.

The “Scheme 3” below shows the results of the empirical analysis conducted on UK and Italian third sector organizations.

Sector:	Childcare	Disability		Elderly	Mental Diseases	Work		Education	Housing & Homeless	
Organizations:	UK “C”	UK “D1”	UK “D2”	UK “E”	UK “MD”	UK “W1”	UK “W2”	UK “E”	UK “H1”	UK “H2”
TOOLS/PRACTICES:										
Quantitative Accountability	x	x	x	x	x	x	x	x	x	x
Qualitative Accountability	x	x	x	x	x	x		x	x	x
Use of private sector language	x	x	x	x	x	x	x	x	x	x
Implementation of business plan	x	x	x	x	x	x		x	x	
Stakeholder analysis		x	x			x		x		x
Competitor analysis										
Customers’ needs analysis	x	x	x	x	x	x	x	x	x	
Standardized Market analysis: SWOT and PESTLE										
Balanced Scorecard or similar models	x	x	x	x	x	x	x	x	x	x
SROI				x	x					
Use of business terminology to indicate profit or deficit	x	x		x				x		
Spread of commercial activity	x		x	x		x	x	x		
Branding and communication strategy	x	x		x	x		x	x	x	x
Employees’ and volunteers’ involvement and commitment	x	x	x		x	x			x	x
Use of business models to evaluate operations	x	x	x	x	x	x	x	x		

Sector:	Childcare	Disability	Elderly	Mental	Work	Education	Housing &
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					Diseases				Homeless	
Organizations:	IT "C"	IT "D1"	IT "D2"	IT "E"	IT "MD"	IT "W1"	IT "W2"	IT "E"	IT "H1"	IT "H2"
TOOLS/PRACTICES:										
Quantitative Accountability	x	x	x	x	x	x	x	x	x	x
Qualitative Accountability	x	x	x	x	x	x	x		x	x
Use of private sector language		x		x	x	x	x			
Implementation of business plan	x					x	x			
Stakeholder analysis		x	x	x	x	x		x	x	x
Competitor analysis							x			
Customers' needs analysis	x		x			x	x	x	x	x
Standardized Market analysis: SWOT and PESTLE				x		x	x		x	x
Balanced Scorecard or similar models	x		x		x	x				
SROI						x				
Use of business terminology to indicate profit or deficit							x			
Spread of commercial activity							x		x	
Branding and communication strategy	x	x		x	x	x	x	x		x
Employees' and volunteers' involvement and commitment		x	x		x			x	x	x
Use of business models to evaluate operations	x	x		x	x	x	x		x	

Comments from the interviews and conclusions

Two organizations from Italy and United Kingdom have been investigated further by carrying out interviews on their behaviors and activities related to the five key topics mentioned before: finance and accountability, marketing, human resources, operations and strategy.

The interviews have been conducted through face to face conversation and open questions with the aim of collecting more qualitative information and personal comments about organizations' attitude in implementing private sector tools and practices.

As far as Italy is concerned, Risorsa ONLUS is the name of the association that has been taken into account for the analysis. This third sector organization operates in the area of civil rights at work and social

solidarity with the aim of supporting every employee who falls victim to mobbing and injustices or employees who are in disadvantaged position because of employers disregarding precise legal acts.

The association was founded on a voluntary basis in 2000 by people who suffered of work injustices themselves and who had been working in the for profit world for the past years as professionals in different private sectors.

This is one of the main peculiarities of the organization. On one hand, for profit skills and know-how have represented its strengths since the creation and have created a more formal environment to set up and implement policies if compared to other voluntary associations; on the other hand the strong voluntary characterization of both management and employees have contributed to reduce the level of standardization in organizational structure and way of conducting activities.

Consequently, a trade off in managing Risorsa ONLUS exists and it is going to be explained hereinafter as a result of the interview. In order to figure out more easily to which extent private sector tools are used by the organization, information and comments have been divided in the four organizational areas mentioned before.

Finance and accountability: every year the organization sets up an economic and financial budget and final statement, to be able to maintain the ONLUS status and obtain the related tax breaks. The financial statement takes into account only income and expenditures; it does not include credits, refunds and deferred payments. The amount of money related to income includes fees, donations, National public funds (including the annual 5x1000 voluntary donations from private citizens), European funds and donations from Banking Foundations. The expenditures include money assigned to projects development, current management activities and fundraising actions. The breakeven point is obtained by using the previous year surplus. If there is a surplus for the current year, 20% of that must be used for covering any co-financed projects.

The issue of measuring impact is not so well planned and developed in the organization. There are two ways of evaluating the benefits that end users can obtain from the activity of Risorsa. Since the organization is involved in supporting people who are victims of mobbing with the aim of providing for them suitable solutions, the first parameter to measure if the impact has been positive or not is to count the amount of win cases by people against their employers. Sometimes it is difficult to measure by using this parameter, both because many people do not communicate the case result to Risorsa and because the organization does not have an updated database of all the clients they helped formally and informally. The second way of evaluating the impact is not formally implemented yet by the organization but it is being taken into consideration. It concerns the measurement of how many people have found another job after being supported by Risorsa. In order to start this measurement process efficiently, a database must be updated and used.

As far as accountability is concerned, in addition to the financial statement Risorsa draws up a Mission (also called Social) Report every two years. This is a qualitative accountability tool through which the organization explains its mission, values and vision, its history and composition and responsibilities of the board, the main projects carried out and completed during the years and key performances indicators. Information about marketing tools they use and strategic plan they set up are given. Moreover, the document reports data on types and amount of donations, evaluation of amount of volunteering time and types of partnerships on specific events and general activities.

Marketing: the organization makes a great use of marketing tools which are typical of private sector. The stakeholder analysis is one of the key tools used by Risorsa and adapted on its specific needs: the organization analyses its stakeholder on the basis of their involvement and relevance and draws up its own stakeholder matrix in order to position them in it and understand who it needs to pay more attention to. A SWOT analysis is carried out in order to identify the main opportunities and threats emerging from the

market and the strengths and weaknesses of the organization itself. From the SWOT emerges that the lack of a formal and updated database is one of the biggest limits to develop a more standardized impact evaluation process which would be very useful to improve the organization's performances. The communication tools are crucial for Risorsa in order to both sensitize the community of its activities and mission and promote its services to the current and potential end users. The first type of communication is running by leaflets publication, Website, blogs and social network, conferences and seminars. The second one takes advantages of beyond the line communication tools. The fundraising activity is supported by the classical marketing tools as far as promotion is concerned. Cause Related Marketing is one of the tools the organization makes use of when participating to more consistent projects for which Risorsa needs to partner with private companies or other associations in order to get more funds.

Human Resources: most of the people working for Risorsa are volunteers. This represent the main limitation to the development of standardized tasks and responsibilities. The organization suffers of few young people willing to volunteer and consequently it does not have continuous access to modern tools of communication – such as social networks – and different skills to be exploited. Moreover, because of the specificity of the treated subject, most of the volunteers do not have the required skills to face the issues. All of the members of the board and managers come from the private sector. That is why the training on every activities they carry out is greatly recognized as essential to reach an efficient human resources management.

Operations: the aim of the processes of both delivering services and getting funds is to reach effectiveness and efficiency. Quality is the goal for services and money is the goal for fundraising activities. Every activity is carried out through a one flow process that follows an inputs-outcomes logic. The amount of resources spent on the activity – both human and financial – is then evaluated in order to reach a surplus to re-invest in mission achievement.

Risorsa sets up a strategic plan containing activities and projects to be implemented for the next 3-5 years. This is a typical tool from private sector which can make businesses more sustainable within a long term vision. In particular, the plan is built on the logic of PDCA (Plan, Do, Check, Act) through which every action or activity is planned and adjusted on the basis of the past checked critical key points. The organization basically adopts a niche strategy addressed to particular categories of workers with the aim of gaining a defence against other niche players and serving needs and new demands better than other larger associations such as Trade Unions.

As far as UK are concerned, Achievement for All 3As is the organization taken into account for discussing the spread of adoption of private sector tools. Achievement for All 3As is a national charity with the aim to improve educational access, aspiration and achievement for learners and young people. In particular it aims to help those from disadvantaged backgrounds and learners with special educational needs and disabilities by developing their and their families' skills and capabilities. Its framework improves' pupils progress, parental engagement, pupil attendance and behaviour, peer relationships, participation in extra curricula activities and access to future opportunities for pupils.

The organization is greatly representative of a third sector reality which has shown a business perspective in its way of conducting activities since its foundation. This attitude to business mindset will be reported below as set of actions and tools implemented in the same four organizational areas.

Finance: the organizational funds structure is dependent on government funds (used to develop infrastructures mainly) and partnership and on the sales of programs into the schools. The organization reports on its financial results regularly through two different documents; the company account which covers most of the SORP requirements and the financial statement drawn up according to the SORP model which is to evaluate the impact on the basis of the organization's objectives. A preliminary regular budget is set up for any developing project as part of the organization's financial business plan which is carried out

with a medium-long term perspective of 3 years. The same long term perspective is used to set up a cost model which should lead the organization to be monetary self-sufficient in 3 years, by selling programs into the schools, reinvesting the surplus and trying to develop new projects and services.

The issue of measuring the impact of the activities is very well planned and formally implemented into the organization. Achievement for All sets up a sort of Balance Scorecard in its long term business plan which contains also a detailed Risk assessment for each of the planned actions. In particular, the model starts from some key financial assumptions or indicators to be achieved connected to some target levels. It then analyzes acceptable levels and worst case scenario in order to fulfill the indicated assumption. The risk for each assumption or indicator is evaluated as high, medium or low and mitigation actions are identified as responses. Key performance indicators are used to evaluate to what extent the objectives have been achieved and which are the areas of improvements.

Marketing: Achievement for All 3As makes a great use of marketing tools in order to both strengthen its sales (commercial activity) and analyse the market in which it operates and its own positioning. The marketing strategy for the commercial activity is addressed to local authorities and schools in order to promote new projects and services; below the line communication tools are used to increase its reputation and foster the sales (leaflets and booklets for instance) in this area.

The market analysis is carried out through the formal implementation of a stakeholder analysis, consumers' needs and competitors' analysis. In particular, schools' needs are taken into great consideration in order to set up a strategy which allows the organization to be perceived as unique and differentiated into the competitive arena. From the competitors' analysis emerges that Achievement for All does not have direct competitors; technically other players offer some specific intervention programmes to the schools which cannot be compared to the wide range of activities offered by the organization at issue. Even if the organization does not formally set up a SWOT and/or PESTLE analysis, it regularly carries out analyses on its main weaknesses as elements to strengthen into projects development and uniqueness of its activities as elements to maintain in the long-term, on potential threats and opportunities emerging from the external environment, on economic trends and environmental changes and challenges, on external and internal areas of improvement.

Marketing is also formally addressed to increase the brand reputation through a planned communication activity. Accordingly, there is a person responsible for branding, communication and media.

Human Resources: most of the 40 employees working for the organization come from the state sector and none of them is working as volunteer. Human Resources management is formally implemented and an HR director has the task to ensure HR efficiency and effectiveness. The volunteering work into the organization is highly qualified, the supports from a law firm (as 15 years of free legal support) and a financial company constitute good examples of that.

Operations: Achievement for All has taken a step forward as far as operations management is concerned. On the basis of the *project planning model* which considers activities evaluation as a logic flow of inputs, outputs, long term outcomes and impact, the organization has started to use an innovative model for checking processes and activities. The *chain changes model* aims at looking at the logical connections (chains) to be explored in order to achieve the set objective. Instead of starting from the inputs needed, it looks at what needs to be changed into the environment in order to reach the established results and impacts.

The evidence from the empirical analysis shows some similarities and many differences between UK and Italian third sector organizations' attitude towards the adoption of private sector business tools.

In general, the actual results in the tables would be useful to underline that both in Italy and UK there is a high spread in the use of private sector language which shows that they are striving to become

more “business” oriented. In particular, data collected from the reports and websites include the use of words such as stakeholders, customers, competitors, knowledge, growth, competences and market as reference environment to be taken into account.

What emerges as different from the results is the formal implementation of such analyses considering stakeholder and market. Italian organizations seem more willing to report and communicate about their formal analyses on stakeholders and market (including either SWOT or PESTLE or both of them). On the other hand, UK organizations are more focused on the implementation and communication of models aiming at evaluating the risk of their activities and at analyzing performances and progress on customers, financial results, internal processes and learning and growth.

Accordingly, the spread in the use of these models is clearly higher in UK social economy organizations even if none of them indicates the used model with the name of Balanced Scorecard. They mainly analyze the areas at issue in an informal way as well as they do as far as market analysis is concerned.

The biggest convergence between private and third sector organizations in the implementation of certain practices – no matter the country – can be found in the branding and communication strategy they adopt. Most of the organizations from UK and Italy implement a branding and communication strategy carried out formally by specific management departments. In many cases, a strategy of re-branding has been set up in order to foster the end users’ perception. In both of the countries they have made use of advisors from private sector for particular communication campaigns.

Another common point concerns the issue of impact measurement. Only 2 organizations out of 10 in UK and 1 out of 10 in Italy formally measure their activities impact on end users by using Social Return on Investments (SROI). The majority of them use their own methods to evaluate the impact, which is built on different organizations’ objectives and greatly varies from sector to sector.

Moreover, Italian organizations appear to be closer and closer to the private sector tools implementation but they are still less formal in such adoption and attitude than UK organizations. The Business Plan implementation constitutes a clear example of that. All the analyzed organizations from UK set up a regular business plan based on a long-term strategy of 3-5 years. On the contrary, only 3 organizations out of 10 in Italy draw up their own formal plan. Most of them simply report the objectives they aim to achieve concerning different issues and the activities supposed to be carried out in an informal way and without precisely referring to any timetable.

Eventually, what makes UK organizations closer to the private world and the consistent adoption of private tools is the commercial attitude they have in order to strengthen their revenues sources. Italian organizations still see the commercial activity as something belonging to a business mindset. As a result, only 2 out of 10 Italian organizations have implemented a commercial activity.

Despite the differences emerging in the organizations’ attitudes which basically differ from country to country, the tendency is to make a great use of typical private tools by adapting them to the specific realities they need to serve. This is the reason why it can be underlined a great use in the typical private sector language when analyzing the market of stakeholders for instance, but then the evidence shows that they are not so formally analyzed by using specific business models.

The analysis of reports and websites for both of the countries greatly shows a strong will to be more business oriented in order to face new issues and challenges.

The research we have carried out is going to be extended further and involve other European countries.

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