

June 2020

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## **From the COVID-19 emergency to future-proof Social Prosperity: Reflections from the Italian context**

At the time of writing, the forecasts of the International Monetary Fund have reassessed growth prospects for 2020 and 2021, declaring a recession as serious as worse than in 2009. The interruptions of the manufacturing industry chain and the drop in the prices of raw materials, especially oil, have shocked financial markets, tightened liquidity conditions in many countries, created [unprecedented capital outflows](#). According to ILO [forecasts](#), the ongoing job crisis will cause 25 million jobs to be lost globally with job income losses of between \$ 860 and \$ 3.4 trillion. Small and medium-sized enterprises, self-employed workers and workers in the informal economy are the most affected, with particular impact on equal opportunities for women in the workforce.

In many contexts such as the one in which we operate, the Italian one, we are awaiting the data that will probably certify the largest economic recession since the post-war period (an estimated drop of more than 13% of GDP in the first half of 2020). Looking closely [the sector where we operate](#), the future of over 360 thousand non-profit organizations is still unclear, where at stake are over 70 billions of revenues produced by these sectors, realized through over 900 thousand employed and almost 6 million volunteers who provide services (often essential) to millions of Italians (over 21 million beneficiaries). We are involved in a scenario of uncertainty that sees in the

same position both categories and contexts of political economy and of Third Sector organizations (which in some ways is experiencing the first effects of a social recession) and consequently of the local ecosystems of [social innovation](#).

At the same time as we write, the Italian government and the [European Commission](#) are about to consider extraordinary measures of intervention aimed at stabilizing, recovering, relaunching and redistributing resources to the industrial, labour and firms economy. As for the world of the social economy, at the forefront of facing the challenges of the health emergency, the debate opens on how non-profit organizations and networks that support them will be able to reorganize their activities to adapt and transform them to the new production regimes that post-COVID-19 economy dictates.

The strength of this request for a change of perspective is evident by observing the breadth of reflection not only of classic protagonists such as trade associations, think tanks and philanthropy. Usually very reactive in proposing paths of social change.

An example of this breadth comes from [the article published for the NEJM](#) (New England Journal of Medicine) in the worst days of the health emergency by the doctors involved in the Bergamo outbreak, where the emblematic and lucid need to

rethink the systems of emergent community-centred care, i.e. localized management models, where the decentralization of decisions and responsibility become the task of communities through flexible mechanisms of collective intelligence and collaboration between organizations with different professionalism, skills and mandates.

Looking at the Italian national context, the shock that the health emergency has triggered in the country's social and productive systems is already showing on the one hand as a generative factor capable of accelerating "the demand for change" and at the same time critical for the audience of those who struggle to recover "business as usual". The COVID-19 health emergency has certainly dealt a severe blow against *misoneism* (aversion to innovation), but this might not be enough. Is now necessary a profound understanding on the actual meaning (and the direction) of a phase 2, in order to design solutions capable of lasting over time. After this phase of reflection, a long "transition phase" will most likely arise: this will be the privileged moment to experiment with new innovative solutions capable of "resisting" time, solutions that the emergency has given birth and which will hopefully be able to present themselves as new welfare and economic growth prototypes capable of producing social prosperity through inclusion.

The positions that are emerging are essentially three:

*A first position which claims for restoration.* A risk-averse vision that resigns itself to the imponderability of [black swans](#) and that scarcely believes in the transformation, where organizations must return to strengthening relations with a centralized system of decisions as the only way capable of reactive and authoritarian response to emergency conditions. A vision that brings us back to [Amartya Sen's](#)

criticism of traditional responses to systemic crises (such as famines or epidemics), influenced not only by economic and health factors, but also by political systems. This is the case of health emergencies that seem to occur in societies that give authoritarian answers to complex problems where participatory decision-making interventions are seen as too complex and time consuming.

*A second position which claims for adaptation.* Where the need to adapt flexibly and quickly becomes a response to "paternalistic" visions of support to organizations as social infrastructures necessary for the socio-economic networks of local communities. In this vision is evident the emergency rapidly adapts organizations to contingent conditions. A competitive adaptation resigned to a world governed by shocks and fast changes in contextual conditions, a vision which is certainly supported by the [success and confidence in the acceleration of emerging technologies](#), digital market places and platforms but which seems to dump the entire effort to the capacity of organizations to respond instantly to the radical contextual changes (e.g. social distancing). A vision that in the short term certainly seems effective in exploiting the "acceleration possibility" described by the emergency conditions, but which in the long run risks turning into an unsustainable struggle capable of rewarding the "best gifted" organizations excluding those that by nature find it hard to transform .

*A third position, which claims for transformation.* Where the emerging need is the capability development by the entire ecosystem of social economy organizations. A change towards resilient systems based on the empowerment of organizations ready to face up changes and shocks that are yet to come, leaving the logic of adapting on contingent emergency towards the attitude to constantly reduce

vulnerabilities. In this sense, the predictive attitude to change becomes a necessary condition of adaptability, where innovation and creativity are concentrated in the ability of organizations to be resilient and respond to changing categories of needs. In this vision, a position of constant tension among institutions, organizational models, forms of representation and citizenship is clearly observed. Where the emergency is not seen as occasional but as an “gym of innovation” to feed the attitude of constant change of institutions (see [North](#)), production of value (which takes seriously into consideration the models proposed by [neo-mutualism](#) and community capitalism) and to re-discuss the dynamics of political decisions and to reflect them in the design of policies (look at [Mazzucato](#))

In a phase where we need to deal with constant scarcity of resources, there is a tendency to reduce risk seeking profiles, positioning itself on the first conservative option. While more than ever we need the last two, with a greater emphasis especially on the latter.

We believe that there is an urgent need to make a shared reasoning on these elements, also supported by the observation of the practices that help to relaunch a new vision on social innovation emerging from a systemic perspective, as a proposal for the future and not as a parenthesis (on which all innovation ecosystem should reflect), experienced as a time to reconsider new social prosperity.

One of the ways to take the transformation position seriously regards possible organizational and production innovation processes able to construct a new ecology (intended as common environment) among hybrid organizations and places able to generate value through digital innovation. This way is based on the "double assumption" that digital innovation "must" be social. The many experiences on the recent most dramatic days we just left

behind arise from the collaboration and the relationship in some ways "obligatory" between digital entrepreneurs and social cooperators, between [Fablabs](#) and hospitals, between app developers and volunteering, between crowdfunding platforms and communities.

We could call it "Digical factor" (Digital + Local), as emerging element capable of relaunching an alchemy between production and consumption, between places and flows, between local needs and solutions born to scale: "Digital First" and "Local First" are the two imperatives of a new scenario already under construction.

One sector that is certainly experiencing this transformation more than others is the agri-food sector: The re-nationalization of the agri-food and manufacturing supply chains (i.e textile industry) will be a [trend in progress today and more in the future](#), both on the production of raw materials that compared to the access of processed products will open up great opportunities for organizational experimentation, with a strong role of digital as a pivot to combine and aggregate production and access. In this scenario, [Jeremy Rifkin](#) argues that bioregional networks will play a great role in the future, where the environmental quality and productive functions in marginal areas will be able to take on new production functions in dialogue with industrial production and commercial functions concentrated in urban areas.

In fact, the emergency is not only the time of resistance, but also the one in which transformation is practiced. The birth of new forms of "mutualism" (neo-mutualism) is clearly visible in the ability to engage collective intelligence to redesign work conditions, care and education. In this sense, the Public Administration initiative is needed to feed not only collaborative and participatory paths, but also the radicality of governance models in order to redistribute and decentralized

power relations: these are fundamental elements for fueling long-term co-investment among communities and potential stakeholders. In the Italian context, we are witnessing how the rich biodiversity of organizations and related creativity can be essential to activate collective action, a convergence capable of generating a new offer of goods and services (with high social and community value and technological innovation) for a demand that will become ever stronger and more intense. It is not enough to "launch calls" for social impact projects, it is necessary to enable processes that incentivize and promote co-production among public sector and business networks to encourage the birth of new hybrid startups with a "digital mindset" and a public-led orientation. The logic of *social impact* is also affected from this view, as no longer elaborated on categories of individuals or on traditional areas attributable to the production of well-being. But as a new interpretation focused on the ability to innovate production systems in order to be resilient from contextual changes: relying on digital proximity, sovereignty and efficient use of resources, building value chains and widespread command on local scale. On this the adaptive action the policy promoted by the Municipality of Milan to sustain proximity-based urban economies certainly provides a [great adaptation effort](#) that finds a pre and post emergency continuity.