A Research Publication on the Economic Value of the Third Sector in Italy

2012

UniCredit Foundation

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FOREWORD

Maurizio Carrara
CHAIRMAN OF UNICREDIT FOUNDATION

Reinforcing the Third Sector's role means improving our society in the future, because non-profit is a fundamental resource for meeting the emerging needs of communities. With an eye to that future, UniCredit Foundation promotes a research in this sector with the intention of combining the numbers of the market with an appeal to social responsibility. Studying the details of this sector not only makes it possible to identify a network of structured services, but also to determine the expectations and values of citizens, who are guaranteed a better quality of life.
We at UniCredit Foundation - UniCredit's corporate foundation - are asked to provide experience and professionalism regarding non-profit issues for the entire Group, providing a pro-active contribution to the growth of the communities in which we operate in an innovative way, while respecting the mission and objectives of the individual companies. All of this is done with the awareness that post-crisis will not just be a return to the former situation, but will also lead to a qualitative/quantitative redefinition of values for individuals, companies and communities.
The crisis of the welfare state as we have known it in Italy and Europe over the last few decades has forced countries and the societies of those so-called "advanced countries" to review their priorities and the methods by which social services are provided. In this way a process has begun, which reflects on how to support the organization of a renewed sense of civic responsibility, able to satisfy demand and requirements where the Public and the Market, for various reasons, are not able to provide an adequate response.
In the face of serious cultural/social/economic changes, photographs can, above all, help to understand if and when it is helpful to reorient Third Sector or non-profit initiatives, in the face of emerging new needs or the expansion of problems that are already partially monitored.
The entire sector, according to the information gathered during the 8th General Census of Industry and Services carried out by Istat (the National Institute for Statistics) in 2001, adjusted in the 2003 annual report, includes:

235,232 non-profit institutions, equal to 5.4% of all institutional units; approximately 488,000 employees and independent workers, equal to 2.5% of all assigned workers; approximately 4 million individuals involved as volunteers; €38 billion in revenue (over 3.3% of the GDP); 35 billion in costs, with a surplus of 3 billion reinvested in the activities carried out.

These figures will obviously need to be updated following the growth in the world of non-profits over the last decade, but they are even more significant when accompanied by a calculation of the social savings deriving from the labour hours provided free of charge by the four million volunteers and, even more so, the material and immaterial well-being provided to those who benefited from their work, their help and their compassion.

In fact, for a long time, social science research, in particular economics, referred to a concept of well-being which was entirely based on an increase in individual wealth. Today, it is widely recognised that the "well-being" of a person is not only associated with satisfying material and immaterial needs, but also with satisfying relationship needs, and all this helps to make areas that understand its importance more competitive.

Research highlights imbalances both in the regional presence of the various types of functions: advocacy, productive and distributive (the latter mainly provided by a limited number of foundations) and in the overall weight of the functions themselves. Most of the organizations interviewed state that they mainly operate in Northern regions, with a substantial homogeneity between the various functional clusters identified. The presence of productive institutions in the South is notable, with 39% of the total, compared to an average value of 27.8%.

The regional detail also provides information such as the fact that Lombardy holds a fifth of productive institutions, followed by Campania with 14.9%. In terms of advocacy, Tuscany stands out (15.2%), followed by Piedmont (12.3%) and Emilia Romagna (11.9%).

It should be noted, in this brief introduction, that from the responses of the interviewees an important change was detected in the composition of revenues, with a notable decrease in funds coming from the Public Administration, mainly provisions for advocacy functions, which is certainly due to the conditions in which the public as a whole provides funding. However, this decrease has not lead to a total decrease in funds, in part thanks to an overall improved capacity in establishing new fund-raising initiatives.

The Third Sector needs to reorient its missions to follow the growing needs of society. These are seen particularly in the social/healthcare field, especially due to the ageing of the population and the chronic invalidity created by numerous pathologies. In addition, the increase in managerial skills in those who are responsible for managing various structures and the need to optimise the economic and financial resources available to the Third Sector, represent the objective foundation on which the non-profit sector can and must build, but they are also the conditions which the entire banking system can make use of, in order to reinforce and amplify its efforts.

We do not only and mainly support the objective weak areas through philanthropic projects, but we also establish innovative forms of collaboration, which provide a concrete demonstration that profit and solidarity are not natural enemies, but can move forward together.

Maurizio Carrara
Chairman of
UniCredit Foundation

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The Third Sector from the perspective of the civil economy

CHAPTER 1

The Third Sector from the perspective of the civil economy

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1.1 THE IDENTITY AND ROLE OF THE THIRD SECTOR

The term Third Sector means all those private entities located within the socio/economic system and that are found somewhere between the State and the Market and which are aimed at producing goods and services of **social utility**[1].

The expression "Third Sector", used for the first time in the mid-Seventies in Europe, defines the sector in question "by negation", that is qualifying it as "Third" in comparison to the two traditional sectors, the State and the Market[2].

This positioning of the non-profit sector derives from an interpretation, quite reductive, of its existence which, on one hand the Third Sector is created as a response to the impossibility of the State meeting all the demand for *public goods* expressed by its citizens[3], as it is able to meet the needs of the unsatisfied minority and organise offerings aimed at them, and on the other, that it originates as a response of the incapacity of *for profit* companies to totally control their producers through ordinary Market mechanisms, i.e. contracts (problems related to so-called *information asymmetry*), as the Third Sector is able to exercise a control through an alternative mechanism, that is the non-redistribution of profits constraint[4].

The main challenge facing the Third Sector today is reinforcing and affirming its **identity**, that is a complex variety of subjects able to find solutions to problems emerging in this new development stage.

In that sense, the concept of Third Sector can be compared to that of **public service corporations** , which is a not marginal or residual space, but rather complementary to *the public authorities*, necessary to guarantee both the fundamental rights of citizens through provision of direct services, and a capacity to address and regulate a new social Market. The Third Sector has as its ultimate goal the pursuit of the **public utility**[6] and a consequent increase in the level of collective well-being.

The new social market presupposes the application of the so-called principle of **reciprocity**[7], as a social norm. This is one of the three principles that must co-exist to regulate contemporary societies, together with the principles of *exchange of equivalents* (typical of capitalist market actions) and *redistribution of wealth* (characteristic of the State's actions).

The principle of reciprocity is, as well, the foundation of the **Civil Economy**[8] (Figure 1), understood as a cultural way of interpreting the entire economy able to provide an economic theory of the Market - an alternative to the capitalist view, in which the social dimension lies with a normal economic life and not merely outside of it.

[1] Bruni, L. and Zamagni, S. (edited by), (2009), Dizionario di Economia Civile, Città Nuova, Rome.

[2] On the subject, the American management expert Peter Drucker wrote (1989): "Not for profit, not entrepreneurial, not governmental are all negative definitions and it is impossible to define something by saying what it isn't. So, what do all these institutions do? First of all, and this is a recent discovery, they share the objective of 'changing' human beings. [...] The most appropriate name would hence be 'institutions of human change'". (Drucker, P.F. (1989), Economia, politica, management, Etas, Milan).

[3] This is the so-called failure of the State theory, developed by Burtown Weisbrod (1977 and 1988).

[4] This is the so-called failure of the Market theory, developed by Henry Hansmann (1980).

[5] Rasimelli, G. (edited by), (2011), "Pubblico non statale" (entry), in Agenzia per il Terzo Settore (edited by), Il Terzo Settore dalla A alla Z. Parole e volti del non profit, Editrice San Raffaele, Milan.

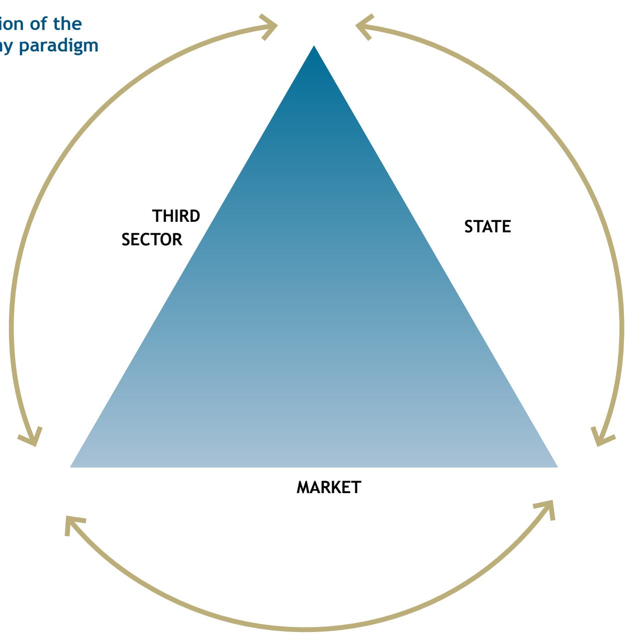
[6] Giusti, M. (edited by), (2011), "Pubblica utilità" (entry), in Agenzia per il Terzo Settore (edited by), op. cit., pg. 240-43.

[7] Zamagni, S. (2011), "Dal liberalismo welfarista al welfare sussidiario", I Quaderni dell'Economia Civile, no. 1, AICCON, Forlì.

[8] See section 4.1 Zamagni S., op.cit.

The adoption of the Civil Economy paradigm also postulates that for a society it is necessary to produce so-called relational goods, in order to function properly,. The special nature of this lies in the fact that the utility of a **relational good** for a consumer relies on - in addition to its intrinsic and objective characteristics - in the *method of usage* with other individuals.
Given that the production of relational goods does not follow the rules for production of private goods, they cannot be left to the actions of the for profit Market. In fact, in the case of relational goods, not only issues of efficiency must be faced, but also those of efficacy.
At the same time, they cannot be produced using the methods employed to provide public goods by the State, despite the existence of traits in common between the two categories of goods.
Therefore, within this socio-economic perspective, the action of subjects providing offerings becomes necessary - the organisations of the Third Sector - who make **relations** their essential element and are able to invent an organisational structure able to free demand from the condition of the supply, acting in such a way that the former leads the latter.

FIGURE 1
Representation of the Civil Economy paradigm



1.2 TYPOLOGIES AND AIM-FUNCTIONS OF THIRD SECTOR ENTITIES

1.2.1 - Typologies of Third Sector entities

In Italy, the organisations of the Third Sector, which have varying legal and organisational structures and economic and financial resources, must always share the following **characteristics**[9]:

a) be not for profit, b) be private legal entities, c) have a formal deed of establishment with a formalised contract or an explicit agreement between the members, d) have governing independence, e) use of the activities of a percentage of volunteer work f) have a democratic governance structure.

It is a common opinion that the Third Sector cannot be classified within pre-established models, as it is a social, economic and cultural situation that is continuously evolving[10]. Nonetheless, it is possible to outline a **taxonomy** of the overall vast and heterogeneous group of collective associations that today make up the Third Sector (Table 1).

[9] Rossi, E. (edited by), (2011), "Terzo Settore" (entry), in Agenzia per il Terzo Settore (edited by), op. cit., pg. 293-97.

[10] Rago, S. and Villani, R. (edited by) (2011), Glossario dell'Economia Sociale, Homeless Book, pg. 40

TABLE 1. THIRD SECTOR ENTITIES

LEGISLATIVE REFERENCE		
Organizational type	Recognized association	art. 12 e artt. 14-35 c.c.
	Not-recognized association	artt. 36-42 c.c.
	Foundation	art. 12 e artt. 14-35 c.c.
	Committee	artt. 36-42 c.c.
Legal type	Social cooperative	L. n. 381/1991
	Social promotion association	L. n. 383/2000
	Volunteer organization	L. n. 266/1991
	Non-governmental organization	L. n. 49/1987
	Mutual aid organization	L. n. 3818/1886
	Ecclesiastical entities	L. n. 222/1985
Civil classification	Social enterprise	L. n. 118/2005 D.lgs. n. 155/2006
Tax status	Non-profit organization of social utility Onlus	D.lgs. n. 460/1997

1.2.2 - Aim-functions of Third Sector entities: advocacy, distribution and production

While all of its various components share the final objective of realizing activities with *public utility*, the Third Sector includes various situations with different **functions/objectives**.

Therefore, it is possible to find both organizations that mainly carry out a ***productive function*** (such as social cooperatives and social enterprises) and those (such as foundations) that mainly have a ***distribution function***, aimed at supporting the implementation of welfare interventions at a local level on the part of other Third Sector organizations, in addition to those with an ***advocacy function*** (such as volunteer organizations, social promotion associations, and non-governmental organizations).

In this final case, the action of Third Sector subjects can be divided into two main objectives[11]:

- on one hand, working with those identified as *decision makers*, working to change their perceptions or understanding regarding the issue to be promoted and to influence their behaviour;
- on the other, working with citizens, organising, training, educating and stimulating consumers, savers and businesses in regards of social responsibility.

The Italian Third Sector, over time, has nonetheless taken on a function that is increasingly focused on the production and distribution of social services, which accompany the more traditional advocacy function. A significant increase in the **productive function** was determined in part by the approval of certain laws, as well as by an ever more widespread willingness of local administrations to involve themselves with Third Sector organizations, financing their activities for the production of social services[12].

Furthermore over the last few years, the Third Sector has developed and invested in the potential of its **entrepreneurial component** in order to face the social and economic changes that have occurred,.

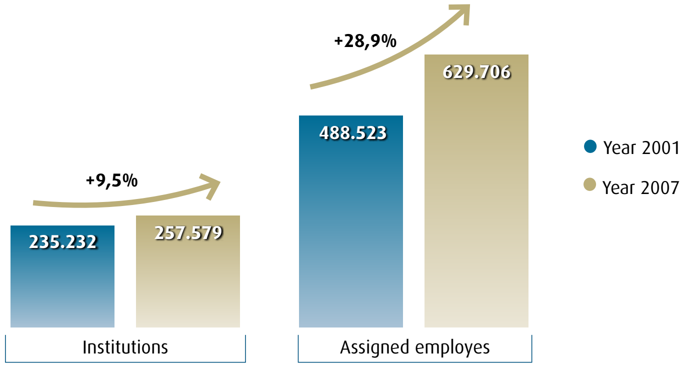
Therefore, the productive function has become increasingly important within the actions of social cooperatives and social enterprises, without altering their original traits. In fact, the mission of these subjects continues to be "social" in nature and the productive function is essentially instrumental to the generation of social utility for users.

On the other hand, the growth of this function requires that attention be paid to entrepreneurial aspects and skills, as they are the foundations for the

[11] Forum Nazionale del Terzo Settore (edited by), (2010), Le sfide dell'Italia che investe sul futuro. Libro Verde del Terzo Settore, in: www.forumterzosettore.it

[12] Borzaga, C. (1997), "Il Terzo Settore: dimensioni, evoluzione, caratteristiche e potenzialità" in L. Bernardi (edited by), La finanza pubblica italiana. Rapporto 1997, Bologna, Il Mulino, pg. 291-308.

FIGURE 2
Number of non-profit institutions and employees



Source: *Istat, Censimento delle imprese e dei servizi (2001); **Iris Network estimate (2009)

implementation of an **effective** organization (in the case of the Third Sector, focused on creating social well-being) and an **efficient** one (focused on minimising the resources used to achieve the objectives established) and, as a consequence, the capacity of these subjects to guarantee reliable **economic sustainability** for their operations.

1.3 THE QUANTITATIVE DIMENSION OF THE ITALIAN THIRD SECTOR

Quantitative data relative to the various types of Third Sector subjects, able to provide a picture of the size of the sector as a whole, are not particularly recent. In fact, Istat has planned a new "Non-Profit Institution Census" for 2012, so that existing data will be able to be updated.
In terms of *macro level* (that is the entire Third Sector), the data dates back to the 8th General Census of Industry and Services carried out by Istat in 2001 (Figure 2), a study that was slightly adjusted in the 2003 annual report[13]:

- **235,232 non-profit institutions**, equal to 5.4% of all institutional units;
- about **488,000** employees and independent workers, equal to 2.5% of all workers;
- about **4 million** people involved as volunteers;
- **€38 billion in revenues** (over 3.3% of the GDP); **35 billion in costs**, with a surplus of €3 billion reinvested in the activities carried out.

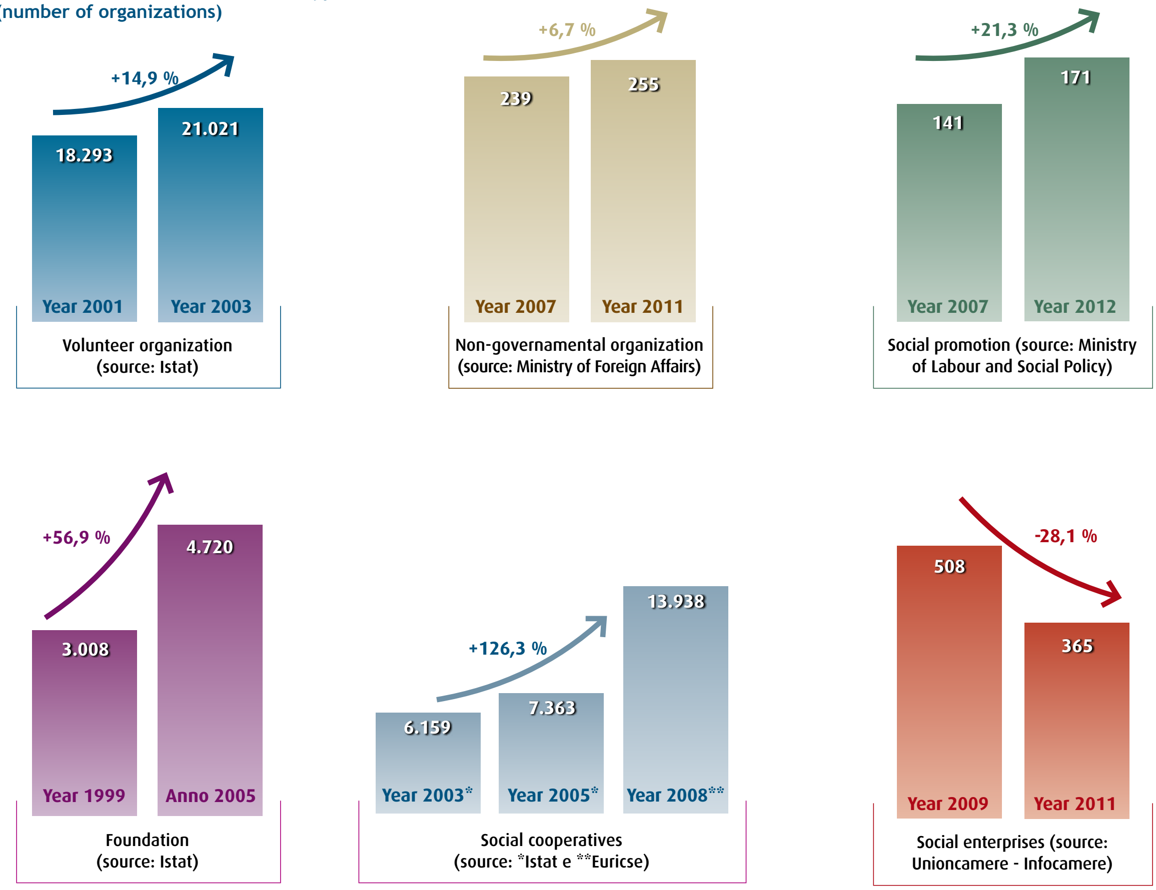
Of the 235,232 non-profit institutions canvassed in 2001[14], 66.4% were of the institutional form "not recognized associations" (totalling 156,133 units), 26.5% were "recognized associations" (that is 62,231 units), while 2.4% (5,674 units) had the institutional form of "social cooperatives" and just 1.3% (3,077 units) were in the form of a "foundation."[15]
Almost all were small, since the large non-profit institutions (bank foundations, hospital entities, universities and private scholastic institutions, etc.) did not exceed 300 units.
63.1% of the non-profit organizations operated in the "Culture, sport, recreation" sector, followed far behind by social assistance (8.7%).
Just over a third had an exclusively mutual aid form, while conversely almost two-thirds carried out public utility functions, aimed externally or destined for non-members or individuals out of the organization.
In regards to geographical distribution, North and Central Italy were essentially equivalent in terms of relative percentages, while the South was notable under-represented (29 non-profit organizations for every 10,000 residents

13 Cnel (Consiglio Nazionale dell'Economia e del Lavoro) (edited by) (2004), L'Economia Sociale. Relazione, in: www.cnel.it

14 Istat, "VIII Censimento Generale dell'Industria e dei Servizi", 2001.

15 The remaining 3.4% (8,117 units) is classified as "other non-profit institutions".

FIGURE 3
Quantitative trends in institutional types
(number of organizations)



compared to 44 and 42 for North and Central, respectively).

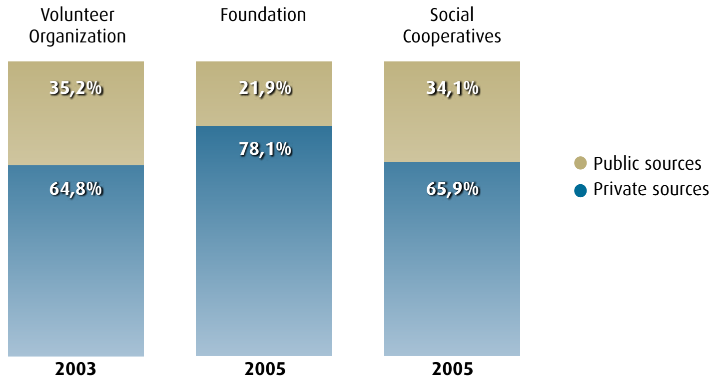
Below, the quantitative data available for each category of the subjects that make up the Third Sector is provided[16](Figure 3).

In the year 2003, a 13% increase was seen with respect to the previous study (2001) in the number of *volunteer organizations*, which were mainly located in the North-east (31.5%), mainly operating (37.3%) in the sector of social assistance.
Total revenues for volunteer organizations increased by 36% with an average amount per unit of €78,000, while costs increased by 32%, with an average amount per unit of €72,000.
In the same year, volunteer organizations had a high degree of financing mainly coming from private sources and showed an increase in the number of users (Figures 4 and 5).

[16] This data was obtained from additional research carried out by Istat in more recent years regarding volunteer organizations, foundations and social cooperatives. For the latter, figures published by Euricse are also provided (edited by) (2011), La cooperazione in Italia. 1° rapporto EURICSE, www.euricse.eu. In addition, in June 2008 the first Report on the Social Economy was published by CNEL/Istat. This report provided data relative to social promotion associations (SPAs), in addition to data on volunteers, foundations and social cooperation based on Istat information. The source of the data relative to NGOs is the Ministry of Foreign Affairs website (2011).

FIGURA 5
Economic resources by institutional type

Source: Istat (2003 and 2005)



The research carried out in 2005 with respect to Italian foundations illustrated an increase in numbers and indicated that they were geographically concentrated in northern Italy.
From an economic point of view, foundations saw their revenues increase overall to €15.6 billion, while costs were more stable at a lower figure, €11.5 billion.
Financing types mainly came from private sources. In particular, these included income from assets and shareholder units and/or those assigned or contributed by the founder (Figure 5).

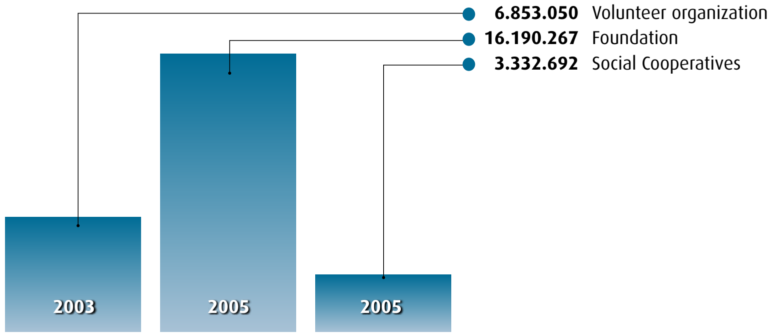
The last two Istat studies on social cooperatives (in 2003 and 2005) highlighted a 16.3% increase in numbers of which 59% in type “A” (provision of social/health services) and 32.8% in type “B” (employment placement).
In 2005, Italian social cooperatives saw a 32.2% growth in revenues (64.7% obtained on the part of type “A” cooperatives) while costs grew by 33.6%.
About 72% of the value of revenues for social cooperatives derived from public sources, in both 2003 and 2005, in particular for type “A” cooperatives (73%) and less so for type “B” (53%).
During the course of 2005, the user base of social cooperatives grew with respect to the 2003 figures. Type “A” increased by 37.4% and type “B” by 27.8% (Figure 4).

Euricse’s *Observatory on Cooperative and Social Enterprises in Italy* recently carried out a research on **social cooperation** [17] in Italy, which resulted in the data provided in Table 2 (reference date 31.12.2008).

[17] Euricse (edited by) (2011), op. cit.

FIGURA 4
Users by institutional type

Source: Istat
(2003 and 2005)



Source: Osservatorio sulle Imprese Cooperative e Sociali in Italia, Euricse (2011)

TABLE 2. SIZE AND GEOGRAPHIC DISTRIBUTION OF SOCIAL COOPERATIVES IN ITALY

Social cooperatives			Employees of social cooperatives		
Geographic area Region	value added	%	value added	%	average cooper.
North-west	**3.092**	**22,2**	**107.402**	**33,8**	**35**
Liguria	373	2,7	10.294	3,2	28
Lombardy	1.955	14	59.047	18,6	30
Piedmont	721	5,2	37.113	11,7	51
Valle d'Aosta	43	0,3	948	0,3	22
North-east	**1.901**	**13,6**	**80.698**	**25,4**	**42**
Emilia-Romagna	747	5,4	40.998	12,9	55
Friuli V.G.	211	1,5	9.448	3	45
Veneto	749	5,4	24.975	7,9	33
Trentino A.A.	194	1,4	5.277	1,7	27
Central	**2.920**	**20,9**	**63.556**	**20**	**22**
Lazio	1.766	12,7	25.992	8,2	15
Marche	291	2,1	9.722	3,1	33
Tuscany	649	4,7	21.387	6,7	33
Umbria	214	1,5	6.455	2	30
South	**3.856**	**27,7**	**37.644**	**11,9**	**10**
Abruzzo	359	2,6	5.102	1,6	14
Basilicata	196	1,4	3.152	1	16
Calabria	584	4,2	4.884	1,5	8
Campania	1.441	10,3	11.157	3,5	8
Molise	112	0,8	1.149	0,4	10
Puglia	1.164	8,4	12.200	3,8	10
Islands	**2.169**	**15,6**	**28.039**	**8,8**	**13**
Sardinia	677	4,9	10.435	3,3	15
Sicily	1.492	10,7	17.604	5,5	12
Italy	**13.938**	**100**	**317.339**	**100**	**23**

The report indicates that the overall **productive value** of social cooperatives in 2008 totalled €8.97 billion compared to an overall value in the cooperative sector of €97.57 billion, mainly invested in the North (65%), broken down to 27% in the North-east and 38% in the North-west, and the services sector (88%).

All the **capital invested** in Italian social cooperatives in 2008 totalled €7.2 billion, most of which in the North (64%), broken down to 27% in the North-east and 36% in the North-west, and in the services sector (84%).

In addition, the Italian social cooperatives sector generated total **added value** of €5.31 billion in 2008, compared to total added value for the cooperative sector of €67.33 billion. In terms of the information obtained from the analysis of productive value, it can be noted that added value is distributed uniformly on a geographic level, even if the North still plays a more important role (North-east 14%; North-west 22%). Lombardy single-handedly contributed 14% of total added value. The South and the Islands contributed 43% of total added value (28% in the South of which 10% just in Campania; 16% in the Islands, of which 11% in Sicily).

Finally, data regarding subjects classified as **social enterprises**[18] is provided (Table 3), dividing them into two categories:

a. formally recognised social enterprises;

b. potential for social entrepreneurship.

The first group includes so-called ex lege social enterprises, which have adjusted to recent regulations on the subject (Law no. 118/05 and subsequent decrees).

The other type is represented by *social cooperatives*, or the most widespread and consolidated legal/organizational model for social enterprises in Italy and Europe, introduced through Law no. 381/91 twenty years ago.

The second group of subjects, which fall under potential for social entrepreneurship, is made by non-profit organizations that are not social cooperatives or social enterprises with legal qualifications. Therefore, the measure of potential social entrepreneurship does not only involve the non-profit sector. In fact, the law provides the possibility of taking the qualification of a social enterprise even for enterprises with a legal form of commercial origin (for profit) as long as they have very specific characteristics in terms of their mission, sector of activity, governance structure and accountability systems.

With respect to this category, it is possible to calculate the percentage of

[18] Borzaga, C. (2012), "I contenuti del Rapporto: una geografia dell'impresa sociale", in P. Venturi and F. Zandonai, Il Rapporto Iris Network sull'impresa sociale in Italia, Edizioni Diabasis, Reggio Emilia, undergoing publication.

those classified as social enterprises (12,577 units) with respect to the total number of enterprises active in Italy (836,349 units) at 1.5%. This percentage reaches 14.4% when potential social entrepreneurship (120,490 units) is also included in the calculation.

TABLE 3. SOCIAL ENTERPRISES IN ITALY

	Type	Number	Year	Source
Social enterprises	Established pursuant to Law no. 118/05 and registered in section "L"	365	2011	Unioncamere - Infocamere
	Other enterprises with the phrase "social enterprise" in the corporate purpose	404	2011	Registry of businesses – Infocamere
	Social cooperatives established pursuant to Law no. 381/91	11.808	2011	Unioncamere – Infocamere
Potential of social entrepreneurship	Non-profit organizations other than social cooperatives	22.468	2011	Economic and Administrative Index (REA) – Infocamere
	For profit enterprises operating in the sectors of activities envisaged in Law no. 118/05	85.445	2009	Active Company Statistics Archive (ASIA) - Istat

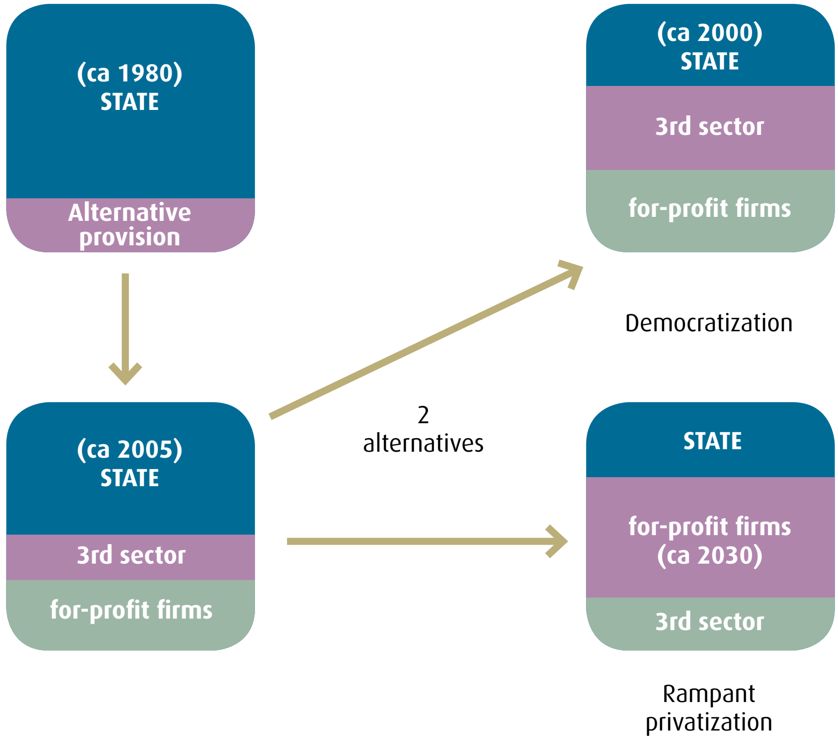
Source: Iris Network processing from sources indicated (2012)

1.4 THE EVOLUTION AND PROSPECTS OF THE THIRD SECTOR

The crisis of the last few years has made the Italian socio-economic situation difficult, bringing to light first the lack of sustainability of the traditional welfare model and second the inappropriateness of the capitalist economic paradigm in facing new social and economic challenges, such as the *employment problem*.

In Italy, the *welfare state*, as structured and understood from the post-WWII era to today, has begun to show its weaknesses for some years now. This is due to the fact that it was born in response to a capitalist economic system, mainly focused on the production of wealth, and only secondarily on the redistribution of it.

FIGURE 6
Possible methods for developing the welfare state



In addition, the *capitalist sector of the economy* is notoriously no longer able to offer employment to more than 70-75% of the Country's workforce, as in order to compete on the global market it must mainly submit to the rules of efficiency. Therefore, the task of a *welfare state system* has mainly been - at least as long as the public resources were sufficient - to include those individuals requiring an additional redistribution intervention because they were outside of the productive process (the remaining 25% of the workforce).
In this situation, which is exacerbated by the growing and ever more subdivided demand for services of public utility, which have to compete with the decreasing capacity of local administrations to respond to these needs, as well as the lack of interest on the part of *for profit* enterprises to produce social goods and services, the need for a willingness to accept alternative forms of responding to the emerging needs of the Country is strong, both in social and economic terms.
The various options for possible choices can be seen in the scenarios represented in Figure 6, which illustrate the evolutionary process of the Swedish welfare system (Pestoff, 2005)[19]:

a. a *societal pluralism*, characterised by a high level of economic democracy, in which Third Sector subjects acquire an important role as an alternative to the public and *for profit* private;
b. *extreme privatisation*, in which the for profit sector replaces the function assumed by the State up to now, without changing the complementary role taken on by the Third Sector.

[19] Pestoff, V. (2005), Beyond the Market and State. Civil Democracy and Social Enterprises in a Welfare Society, Aldershot, UK and Brookfield, NJ.

1.4.1 - Il ruolo economico del Terzo Settore

Following the problems which have arisen over the last decade and which have been accentuated by improper application of globalization at several levels, including economic, cultural and social, today it is more important than ever to apply an alternative and sustainable economic model, aware of interdependencies and able to operate for the well-being and self-actualisation of individuals - characteristics which can be found in the Civil Market Economy paradigm[20].

The components of the Third Sector, as they are subjects that operate within this socio-economic vision, are being progressively characterised, including in terms of their organizational choices and formal constraints, as mainly committed to the production of social services able to establish special **relationships of trust** with their consumers and workers[21].

Through the (total or partial) constraint on distribution of profits, often taken on voluntarily, and by allowing agents (volunteers and consumers) into their structure and management bodies that have the **quality** of the **service offered** as their primary interest, these organizations are able to limit the opportunistic behaviours[22] that are more easily found in *for profit* subjects.

In addition, through the direct involvement of workers in the governance of the organization, structures belonging to the Third Sector are able to limit the costs of controlling and opportunistic behaviour of employees, with a consequent **increased** level of **efficiency** in the **productive/distributive process**.

Hence, the main objective of a Third Sector organisation is the *intentional* production of the highest possible level of social *externalities*. These represent one of the main factors of accumulating **social capital**, understood as the "network of interpersonal relationships, social norms and trust that allow individuals to act collectively to achieve shared objectives in the most effective way" (Putnam, 1995)[23]. It has been demonstrated that the performance of administrative institutions and regional economies are strongly influenced by the civic participation of their citizens and the presence of Third Sector subjects locally[24].

Empirical evidence demonstrates that in Italy the quality of development is significantly and positively correlated with the presence of informal relationship networks, volunteer organizations and social enterprises (*bridging/linking social capital*), while the correlation with networks of strong links between family members is significantly negative (*bonding social capital*)[25].

Hence, in the economic literature[26], social capital is treated as an *input* for production processes and modelled in the same way as any other factor able to reduce transaction costs and lead to a decrease in uncertainty.

[20] A paradigm, which among other things, was already in existence and dominant in the historical period known as Civil Humanism, which corresponds to the 14th Century in Italy. For further details, see Bruni, L. e Zamagni, S. (2004), Economia Civile. Efficienza, equità, felicità pubblica, Il Mulino, Bologna, pg. 49-69.

[21] Borzaga, C., op. cit.

[22] See the moral hazard problem.

[23] Putnam, R.D., (1995), "Bowling Alone: America's Declining Social Capital", Journal of Democracy, 6 (1).

[24] Putnam, R., Leonardi R., and Nanetti, R. Y. (1993), La tradizione civica nelle regioni italiane, Mondadori, Milan.

[25] Sabatini, F. (2007), Capitale sociale, imprese sociali, spesa pubblica e benessere sociale in Italia, MPRA Paper no.2365.

[26] Paldam and Svendsen, 2000, Annen, 2001, Routledge and von Amsberg, 2003, Torsvik, 2000, Whiteley, 2000, Guiso, Sapienza and Zingales, 2004.

Like other forms of capital, social capital is also *productive* - in fact it allows the achievement of objectives that would otherwise be impossible. Nonetheless, in contrast to other forms of capital, this one resides in the structure of relationships between participants and, as a consequence, cannot be traced back to either the participants themselves or the physical means of production[27].

Today it has been demonstrated how the spread of trust, deriving from the repetition of cooperative-type social interactions, as they act positively on the reputation of the individuals involved, is able to improve the conditions in which transactions occur, stimulating economic activities, with positive effects on development processes[28].

In addition, the existence of a dense network of social interactions that allow individuals to meet often and create bridges for the spread of trust and information is a pre-condition for the **creation of social enterprises**, structures that are able to reinforce social cohesion, both through the creation in their turn of new networks and by providing an example of the efficacy of collective action in achieving shared interests.

In other words, social capital and social enterprises can work together in a virtuous cycle with benefits for social cohesion, economic growth and the development and well-being of individuals.

The analysis of **employment requirements** expressed by social enterprises (both ex lege and social cooperatives), carried out by Cnel in 2011[29] on the basis of the data obtained through the Unioncamere Excelsior Information System, indicated that a large majority of social enterprises are small and mid-size entrepreneurial structures (up to 49 employees), but they also include 1,250 enterprises with between 50 and 249 employees and 160 large entities that exceed the said threshold. These last two classes, totalling 11.7% of enterprises employ 67.9% of employees (reference year 2009) (Table 4).

[27] Coleman, J. (1988), op. cit., pg. 98.

[28] Sabatini, F. (2007), op. cit.

[29] Patriarca, E. (2011), "Approfondimento 3.1 – Impresa sociale e occupazione", in Cnel (edited by), Rapporto sul Mercato del lavoro 2010-2011, in: http://www.cnel.it/Cnel/view_groups/download?file_path=/shadow_documento_attachment/file_allegatos/000/000/160/Rapporto_20Mercato_20del_20lavoro_202010-11.pdf

TABLE 4. THE STRUCTURE OF EMPLOYMENT IN SOCIAL ENTERPRISES (2009)	
1-9 employees	6,7%
10-49 employees	25,4%
oltre 50 employees	67,9%

Source: Unioncamere-Excelsior Information System (2010)

Focusing on employment, at the end of 2009 it was estimated that approximately 357,000 employees work in social enterprises, the vast majority of which (96%) in enterprises operating in the services sector.
The rate of *women employees* at social enterprises in 2011 came to 29.5% of the total, compared to a national average of 18%. Nonetheless, a large geographical contrast should be highlighted: 59% of all women employees were in the North, while only 18% were in the South and the remaining 29% in Central Italy.
With respect to *immigrant employees*, they represented 23.3% of the workforce of social enterprises in 2011, in comparison to the national average of 13.9%.
In addition, hiring of young people (up to 29 years old) totalled 19.2% in the year in question. This figure is lower than the national average (35%). However, if the healthcare sector is excluded - one in which experience is required - the percentage rises to around 25% of the total.

In conclusion, it can be stated that in Italy the Third Sector accounts for **3.5% of total employment** when taken as a whole, with a trend towards growth and 36% consists of structures and enterprises that are primarily market oriented.

1.4.2 - The social role of the Third Sector

Fully understanding the actions of Third Sector subjects requires integrating their economic role with their social one, activities that are found within national welfare activities.
The traditional *welfare state* legitimised the dual action model in which richness is produced on one side by the Market and is redistributed on the other using criteria of equality through State action. The legitimisation hence recognised and shared the separation between the economic and social spheres.
In more recent years, an intermediate pathway has been introduced in Italy, the so-called *welfare mix*, in which the public entity maintains ownership of welfare services, while making use of cooperation with other subjects (throu-

gh instruments such as agreements, tenders, etc.), in particular those of the Third Sector.
This latter group hence represents a complementary, supplementary or back-up resource with respect to the function covered by the public entity in this model, and is not able to or does not find it necessary to act.
The concept of *community or civil welfare* is different, which makes explicit the principle of *horizontal subsidising* - also contained in the constitutional dictates[30]. In this model, the ability that Third Sector organizations have to schedule interventions and strategic choices aimed at pursing the general interest is recognised, together with the public entity which holds a guarantee function. Taking this perspective to interpret the concept of *welfare*, it becomes possible to concretely apply not only the concept of subsidies, but also that of reciprocity, as described above (see section 1).

As introduced through article 118, paragraph 4 of the Italian Constitution, the principle of subsidising especially legitimises the role of **volunteer organizations**. In fact, their action intends to change the already existing relations between the other sectors of society, as it is able to restore the principle of the *gift* as **gratuitousness**[31] in the public sphere.
The most recent data available about volunteer activity in Italy[32] indicate that in 2011 participation, in terms of citizen commitment to social activities and volunteerism, was essentially unchanged with respect to 2010 (Table 5).

TABLE 5. LTHE DIMENSIONS OF GRATUITOUSNESS IN ITALY	
Persons age 14 and older who:	
have carried out services free of charge in non-volunteer organizations	3,7%
have carried out services free of charge in volunteer organizations	10%
have donated money to an association	16,8%

The phenomena of associations and volunteering, in addition, mainly affect the residents of the North with respect to the those of the other zones (13.5% compared to 8% in Central Italy and 6.4% in the South).
Recent research carried out by Istat and Cnel (2011)[33] also indicated that the **economic value** of the **volunteer activities** carried out within the

[30] In 2001, constitutional law no. 3 reforming Title V of the Italian Constitution, introduced the principle of horizontal subsidizing in article 118, paragraph 4: “The State, Regions, metropolitan Cities, Provinces and Cities recognize and favor the independent initiative of citizens, individual or associated, for the performance of activities of general interest, on the basis of the principle of subsidizing. These also recognize and favor the independent initiative of functional autonomous entities for the same activities and on the basis of the same principle.”

[31] Gratuitousness is essentially virtue that postulates a precise interior position. The gratuitous gesture cannot be quantified in absolute terms, rather it has a value in as much as it can construct a relationship between individuals, that lead to a great interest in constructing fraternity. Essentially, gratuitousness is the dimension of acting that leads to coming close to others, in a manner that is not only instrumental and that postulates the freedom of the individual.

[32] Istat (2011), “Chapter 11 – Famiglie e aspetti sociali vari”, Annuario statistico italiano, in: http://www3.istat.it/dati/catalogo/20111216_00/

[33] Cnel and Istat (2011), La valorizzazione economica del lavoro volontario nel settore non profit, in: http://www.portalecnel.it/Portale/documentiAltriOrganismi.nsf/0/A85D6B373BA9E2BFC12578DC0023B3E6/$FILE/Ricer%20Valoriz%20Lav%20Volont.pdf

Third Sector total almost €8 billion. Transforming the number of donated hours into equivalent work hours and, subsequently, into a number of individuals employed full-time, it was quantified that volunteer labour in Italy totals 700 million hours, corresponding to 385,000 units employed full-time.

The number of **direct assignments** for the provision of social services given to volunteer organizations on the part of Italian cities is quite significant. In 2010, the data[34] indicate that 78% of all assignment procedures were direct assignments, of which 72% aimed at volunteer organizations[35] that manage social services for individuals known as "integrative," providing support for "complex" interventions, in particular: social activity workshops, psychological assistance and support interventions, social transport, accompaniment and services for immigrants.

Hence, the relevance of the contributions of Third Sector organisations is growing in general and, in terms of volunteers, in particular in the construction of a so-called **well-being** society and economy.

For a long time, social science research, in particular economics, referred to a concept of well-being which was entirely based on an increase in individual wealth. Today, it is widely recognized that the "well-being" of a person is not only associated with satisfying material and immaterial needs, but also with satisfying relationship needs[36], which necessarily require the production of relational goods (section 1).

In Italy a project is currently in course to measure "Fair and Sustainable Well-Being" - the product of a joint Cnel and Istat initiative - which can be viewed in the context of the international debate around the so-called "surmounting of the GDP," stimulated by the widespread conviction that the parameters used to evaluate the progress of a society cannot only be economic, but must also include social and environmental measures, accompanied by measures of inequality and sustainability. Currently twelve areas have been identified to measure well-being in Italy which include a plurality of the various sectors in individual's lives (Table 6).

Enlarging the perspective of economic analyses makes it necessary to develop a system of **measuring economic and social value** that is able to include intangible aspects - both objective and subjective - linked to the well-being and happiness of individuals.

[34] Montemurro, F. (edited by) (2011), IV Rapporto su Enti Locali e Terzo Settore, Auser Nazionale.

[35] Volunteer organizations are entrusted with social services mainly in the South (28%) and on the Islands (26%).

[36] Zamagni, S. (2011), "Introduzione: slegare il Terzo Settore", in S. Zamagni (edited by), op. cit.

The organizations of the Third Sector can contribute more than any other existing organizational form to the debate about enriching non-economic indicators to measure well-being in its multiple dimensions[37], as they are asked to respond to the need to evaluate their performance using indicators outside of profit and that are not necessarily economic.
In this context, the role played in particular by volunteer organizations is that of generating trust and reinforcing interpersonal relationships, in order to contribute to growth in individual well-being and the social capital of a community. In fact, the strength of volunteer action lies precisely in its ability to construct social relations between people, activating reciprocal relationships that emphasise the importance of the relationship over the donation.

[37] Montinari, N. and Rago, S. (2011), "Introduzione", in P. Venturi and S. Rago, Verso l'Economia del Ben-Essere, Atti de "Le Giornate di Bertinoro per l'Economia Civile 2010 - X ed.", AICCON, Forlì.

TABLE 6. MEASUREMENT AREAS OF "FAIR AND SUSTAINABLE WELL-BEING"
a) environment
b) health
c) economic well-being
d) education and training
e) work time and living conciliation
f) social relationships
g) safety
h) subjective well-being
i) landscape and cultural heritage
l) research and innovation
m) quality of services
n) politics and institutions

1.4.3 - The relationship between the Third Sector and Finance

The prospects for the Third Sector's evolution and development, whose subjects do not act just in the social sector but also in the economic sector, require ever greater attention from the world of finance in order to provide continuous and strategic support to their actions.
In fact, the demand for credit of Third Sector organizations is facing a situation that is problematic in and of itself[38], even if it is changing.
The difficulties are seen, first of all, in the heterogeneous nature of the

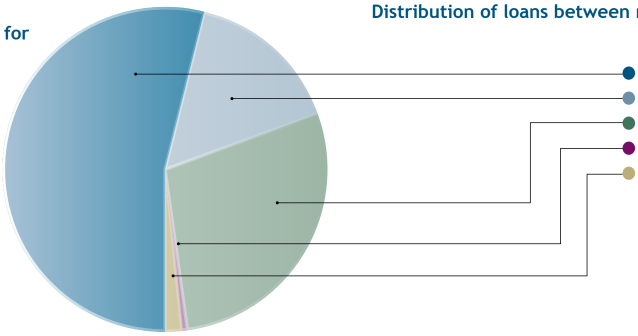
[38] According to the World Bank Report of 2008, among advanced economies, Italian Third Sector organizations had the highest level of financial exclusion (equal to about 25%), while in 2009 they continued to have the highest rate, tied with Spain.

organizational forms of these institutions, which obviously have different needs from a financial point of view and make it difficult to create a homogeneous typical operation for the demand for financial instruments.
An addition problem is seen, from a credit-worthiness perspective, in regards to the valuation of Third Sector organizations. In fact, most financial intermediaries still use creditworthiness criteria that were defined for use with *for profit* companies, in which profit is simultaneously an indicator of the efficiency and efficacy of action in said context. Nonetheless, it is appropriate to note the emergence of various attempts on the part of the financial world to resolve these problems, particularly in the last two years. For example a non-specialised financial intermediary as UniCredit has implemented a product line dedicated to Third Sector subjects in its array of "Non-Profit Universe" offerings.
A 2010 Bank of Italy study[39] indicated that loans to Third Sector organizations represent less than 1% of the credit disbursed by intermediaries in the non-financial sector of the economy, which also includes enterprises, families and public administration (Figure 7).
Credit distribution among Third Sector subjects illustrates how two-thirds of financing flows to non-profit non-religious institutions. The remaining portion is divided into two fairly equal parts: religious non-profit institutions and social cooperatives (Figure 8).
Between 2001 and 2009, **bank credit** in Italy rapidly expanded, which created benefits for Third Sector subjects as well. Loans disbursed to them more than doubled during the period in question (Figure 9). In addition, considering the various technical credit forms, the similarity between the **composition of loans** to Third Sector operators and those to other enterprises is surprising. The only substantial difference is the greater rate for non-profits of loans on current accounts, likely due to the composition of the clients (Third Sector subjects have mainly provided paid services to public administration up to now).
In terms of the **interest rates**, those paid by Third Sector organizations are lower on average than those paid by other enterprises. In addition, loans to non-profit entities show an insolvency rate that is just slightly higher than for loans granted to families and much lower than that of loans to enterprises, including cooperative enterprises.

[39] The research was carried out, specifically, by Giorgio Gobbi (Head of the Structure and Financial Intermediaries Division, Bank of Italy), Roberto Felici and Raffaella Pico.

FIGURE 7
Size of the Credit Market for the Third Sector

Distribution of loans between non-financial sector (June 2010)



Source: Central Credit Register and Regulatory Reporting

1.5 THE ADDED VALUE OF THE THIRD SECTOR

So far in this report, by highlighting the special features of Third Sector Subjects, the goal has been to provide a brief but still complete framework of the characteristics that make the action of the Third Sector different from that carried out by subjects that belong to other social and economic sectors (the State and for profit Market).

This is to say that the distinctive nature of the Third Sector is not so much in what it does (production/distribution of goods and services - that is in the "*what*"), so much as in the methods through which non-profit subjects act (the "*how*").

As a demonstration of the Third Sector's special nature, this Report is focused on analysing a plurality of the dimensions necessary to measure the **added value** of the Social Economy.

In that sense, the *holistic vision* of the Third Sector's actions with respect to the socio-economic context in question, assumed in this Report, consists of the following parts[40] (Figure 10):

a. **added economic** value, that is the contribution in terms of increase (and not consumption) of material, economic and financial wealth (investments, savings) which an organization produced through its specific activities;
b. **added social value**, that is the specific contribution in terms of production of relational goods (internal relational dimension) and creation of social capital (external relational dimension);
c. **added cultural value**, meaning the specific contribution in terms of spreading values (equality, tolerance, solidarity, mutual aid) in line with their missions, in the surrounding community.

In particular, for the year 2012 the Report intends to make further study of the economic aspects, while in the following years the focus will be on the added social value and added cultural value.

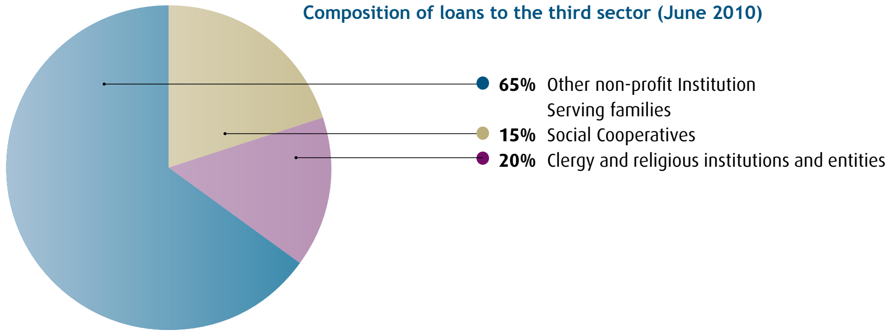
1.5.1 - Economic value

The 2012 Report will deal with the issue of economic added value for Third Sector organizations.

In fact, the importance of Third Sector economic value and its contribution to economic activity in determining Gross Domestic Product makes it increasin-

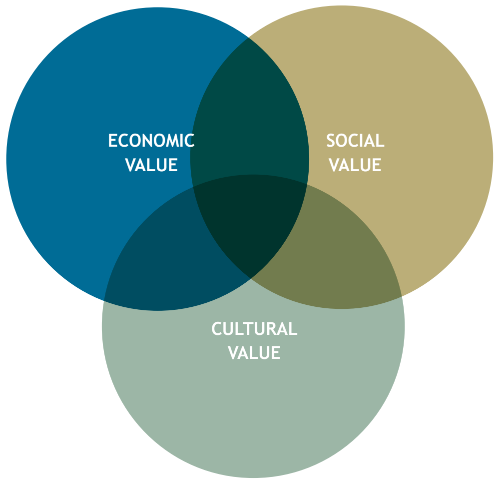
[40] Venturi, P. and Villani, R. (2011), Nuovo welfare e valore aggiunto dell'economia sociale, AICCON Research, Forlì in: http://www.aiccon.it//File/2011/nuovo_welfare.pdf

FIGURE 8
Distribution of debtors by type of non-profit organization



Fonte: Centrale di Rischi e Segnalazioni di Vigilanza

FIGURE 9
Credit growth in the Third Sector



gly necessary to have a clear and unequivocal accounting of it in national statistical figures. In order to measure the economic component of added value, it is possible to make reference to the concept of **efficiency**[41]. In the case of Third Sector organizations, the concept cannot refer to maximisation of profits, as they are not the main goal, but rather to the correct and appropriate usage of the *means* utilised (financial, human and organizational resources).

[41] The structure of the analysis of the concept of added economic value, similar to social and cultural, seen below, is based on the work of Colozzi, I. (2011), in Zamagni, S. (edited by), op. cit., pg. 245-81.

1.5.2 - Social value

The second added value component is social. In particular, with respect to this component, analysis is carried out by measuring the **relational** capacity (production of *relational goods* – "internal relational dimension" – and *social capital* – "external relational dimension") of Third Sector subjects.
It is possible to measure internal relational capacity by carrying out an analysis of the company climate able to provide an analytical framework of the existence of relationships between leadership and operators (employees and volunteers) based on trust, cooperation and loyalty and the robustness of the said relationships. In addition, it is appropriate to measure the cooperation and trust between the operators, through elements such as their sense of belonging to the organization, team spirit and the availability of reciprocal

assistance. While measurement of internal relational capacity is defined fairly easy, estimating external relational capacity raises more complex problems. The main difficulty derives from the desire to measure not so much the quantitative aspects of relations with stakeholders[42], but rather the qualitative aspects able to indicate the capacity of the organisation to produce relational goods and feed its reputation[43].

[42] For example, the frequency of meetings promoted by the organization with users and/or their family members or citizens or membership in networks or cooperation with other organizations - public entities, non-profit organizations, enterprises, etc.).

[43] These aspects are measured by doing research in terms of the situations in which the organization establishes stable long-term relationships in regards to their opinion on: products and services, vision and leadership, working environments, social and environmental responsibility, financial aspects and communication activities.

1.5.3 - Cultural value

Finally, the last added value component of the Third Sector is cultural - meaning the capacity of the organization to effectively be led by the **principles** behind it (such as solidarity, inclusion, social cohesion) and its ability to communicate them externally.

A distinctive characteristic of Third Sector subjects is doubtless that of being organizations based on values, which are contained in their by-laws, which offer guidelines for their actions. Nonetheless, the mere fact that Third Sector organizational declare these principles in their founding documents is not enough. They must translate into concrete action, in which users can clearly recognise these distinctive elements.

Measuring this dimension requires that firstly Third Sector organizations present a list of their basic values, in order to then investigate differences between declared values (for example, fundamental/basic ethical values, outcome values, instrumental values) and those perceived by the users/beneficiaries and/or their families.

Chapter 2

A survey on non-profit organisations: methodological aspects

CHAPTER 2

A survey of the non-profit sector: methodological aspects

As pointed out in the first chapter, the Third Sector has considerably increased in importance in Italian society and economy in recent years. In addition to an expansion in the number of individuals involved, this sector is responsible for many enterprises with an economic value for the country which cannot be overlooked. For this reason, we have given particular attention to the measuring of human and economic resources in this first survey on the non-profit sector.

2.1 METHODOLOGY AND SAMPLE

From July to November 2011, interviews were carried out in 2104 organisations operating in the non-profit sector. The percentages of participation among the diverse typologies are the following. (Table 1): more than three quarters of the agencies interviewed are part of the voluntary sector - 39% are volunteer organisations (VO) and 16% are associations promoting social welfare (APSW). Co-operatives and social enterprises represent 19% and foundations, committees, religious organisations and non-governmental organisations (NGOs) count for roughly 1% each.

TABLE 1. THE COMPOSITION OF THE SAMPLE

	%	Absolute value
Volunteer Organisations (VO)	39,1	823
Associations promoting social welfare (APSW)	16,4	346
Other associations	20,6	434
Co-operatives / Social enterprises	19,0	400
Foundations	1,3	28
Committees	1,3	28
Religious bodies	1,0	21
Non-governmental organisations	1,0	20
Mutual Aid Societies	0,0	1
Other forms	0,1	3
Total	100	2.104

Source: Indagine sul non-profit, UniCredit Foundation
Note: unweighted data

In order to reflect the national distribution of the non-profits through typology of organisation, the sample was weighted on the basis of ISTAT data from the VII Census of Industry and Services of 2001, which was successively updated on the basis of ad hoc surveys carried out on VO (2003), foundations (2005) and social co-operatives (2005). The percentages provided, unless explicitly indicated, refer to weighted results. The total number of respondents indicated in the footnotes of the Tables and graphs refer instead to actual numbers.

Those interviewed were predominately at a managerial level (77%) or in any case, the heads of their organisations (presidents, chief executive officers, directors, secretary generals) or their immediate assistants (deputies or members of the Board of Directors). To a lesser degree, people responsible for the administration, finances or other areas were involved in the survey only if they were knowledgeable regarding the financial and human resources of the institutions for which they elected to be spokespersons. The respondent was a person with a non administrative or managerial role within the organisation in only 5% of cases.

The vast majority of those interviewed had been working in that institution for a long time: 57% of the respondents for more than 10 years and another 22% for 6 to 10 years, whereas 19% of those interviewed said they had been employed in the institution for 1 to 5 years and only 2 interviewees out of 100 had been part of the workforce for less than a year. The profile of the respondents thus vouches for their competence as regards the object of the survey and above all for their thorough knowledge of the institutions they represent.

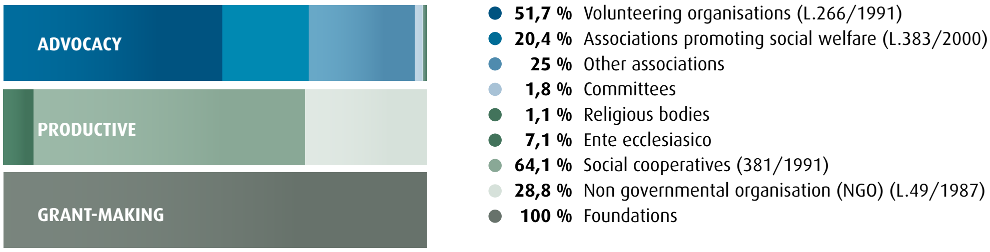
2.2 CLUSTER ANALYSIS

As already emphasised in the first chapter, the different legal forms of Third Sector organisations can be ascribed to three clusters on the basis of the function of their aim, that is, of the different means through which they achieve their function of serving the public good:

- **ADVOCACY FUNCTION:** All associations, APSW, VO and committees fall into this category; most religious bodies are also considered advocacy organisations, for a total of 1,647 organisations.
- **PRODUCTIVE FUNCTION:** Co-operatives, social enterprises, NGOs and religious bodies that sell services (educational institutions, shelters, etc.) for a total of 425 organisations
- **Grant-Making FUNCTION:** This category is made up of foundations, for a total of 29 organisations.

The results of the survey have therefore been analysed on the basis of this

FIGURE 1
Distribution of non- profit institutions within the identified cluster functions



Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

division. Given that the distribution of the organisations was made according to their legal typology taken from official statistics, it is not surprising that just over 90% of the sample falls under the advocacy function.
By analysing the distribution sample of the various typologies of organisations within each function (Figure 1) it emerges that VO make up 52% of the advocacy function; this Figure can be linked to a greater availability of information. Organisations in the productive cluster, on the other hand, tend to be social co-operatives (64%). By definition, the function of grant-making is represented exclusively by foundations.

Once sample weights have been applied, the sample reflects the Third Sector universe: according to ISTAT data, 91% of the Third Sector is composed of associations (APSW and VO above all) both accredited and non, whereas there are very few foundations. Even taking into consideration the most up-to- date ISTAT data, which attests to the fact that foundations have doubled in number in just a few years (1999-2005), they still count for only 1.8% of the total number of non-profits. The creation of a sample that reflects the national distribution of non-profit organisations has thus meant that the low number of foundations causes there to be an insufficient number of interviews to guarantee the statistical reliability of the analysis for organisations falling into the grant-making function. It has only been possible, therefore, to make qualitative evaluations (or rather indicate a trend). However, in order to properly complete the analysis, the data regarding the grant-making function has been included in this publication.
It is also important to point out that social co-operatives, which represent only 2.9% of the non-profit sector have been oversampled in drawing up this survey, with an unweighted base of 400 organisations (see Table 1); this has been done so as to achieve a number large enough for interpretation of the data to be statistically significant.

Chapter 3

The structure of non-profit organisations

CHAPTER 3

The structure of non-profit organisations

The Third Sector is composed of a multiplicity of agencies that carry out a range of aims and functions (productive, advocacy, and grant-making); it operates across different fields of interest and according to different models of governance.
The aim of this chapter is to provide a clear picture of the Third Sector (starting with information regarding the year in which organisations were founded and their geographic location), in order to demonstrate the specific nature of the subjects that make up the non-profit world.
The chapter will also closely examine social cooperatives in as much as they are non-profits with a mainly productive function, while at the same time actors who operate in fields of activity closely connected to the provision of welfare services.

3.1 AN OVERVIEW OF NON-PROFIT ORGANISATIONS

New legislation passed at the end of the 80s and the beginning of the 90s had a beneficial effect on non-profit organisations, thanks to the NGO law of 1987, and with the law of 1991, on the social cooperatives and volunteer organisations. More new organisations were formed between 1991 and 2000 than in any other period of time (Table 1); in fact, roughly one third of the organisations were created during this time frame. No less important was the boost provided by the fiscal legislation which in 1997 regulated the creation of a new institutional form for non-profits called ONLUS (Social benefit non-profit organisations).

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 2104, of which advocacy 1647, productive 425, grant-making 29. Due to low numbers the values relating to grant-making have been combined.

TABLE 1. INTERVIEWED ORGANISATIONS BY YEAR OF FOUNDATION

<table>
<tr><th></th><th>Total sample</th><th>Advocacy</th><th>Productive activities</th><th>Grant-making</th></tr>
<tr><td>Created prior to 1971</td><td>12,4</td><td>12,7</td><td>3,0</td><td rowspan="2">42,5</td></tr>
<tr><td>Created between 1971 and 1980</td><td>10,3</td><td>10,3</td><td>8,6</td></tr>
<tr><td>Created between 1981 and 1990</td><td>19,3</td><td>18,7</td><td>34,6</td><td rowspan="3">57,5</td></tr>
<tr><td>Created between 1991 and 2000</td><td>31,9</td><td>31,5</td><td>37,3</td></tr>
<tr><td>Created after 2000</td><td>26,1</td><td>26,8</td><td>16,5</td></tr>
</table>

FIGURE 1
Geographical distribution by macro-area

	North West	North East	Centre	South
TOTAL SAMPLE	25,4 %	26,1 %	20,7 %	27,8 %
ADVOCACY	25,0 %	26,6 %	20,8 %	27,6 %
PRODUCTIVE	26,5 %	16,6 %	17,9 %	39,0 %
GRANT-MAKING	42,8 %	21,4 %	19,8 %	16,0 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

On average 33% of the organisations that were interviewed were found to have legal status and values vary considerably according to the functional cluster they are identified under. As expected, the legal status of advocacy organisations is recognised in 29.3% of cases whereas the number of organisations carrying out productive activities that are legally recognised increases significantly (83%) due to the fact that social cooperatives are required to register with the Chamber of Commerce. On the other hand, grant-making organisations (which as mentioned before, here are represented exclusively by foundations), must obtain prefectorial recognition and as such all have legal status.

As shown in Figure 1, the majority of organisations that were interviewed operate mainly in the Northern regions of Italy and there is a substantial homogeneity among the different functional clusters that have been identified. The figures for the productive organisations in the South stand out from the rest, 39% compared to the average of 27.8%.

The information regarding regional distribution of organisations (Table 2) shows that one fifth of organisations carrying out productive activities are in Lombardy and 14.9% in Campania while most advocacy organisations are in Tuscany (15.2%), Piedmont (12.3%) and Emilia Romagna (11.9%).

FIGURE 2
Territorial location

	One office	More than one office in the same province	Several offices in different regions	Several offices in the same municipality	Several offices in the same region
TOTALE SAMPLE	79,8 %	4,3 %	5,9 %	2,8 %	7,2 %
ADVOCACY	80,9 %	3,9 %	5,5 %	2,8 %	6,9 %
PRODUCTIVE	64,0 %	11,0 %	12,7 %	4,5 %	7,9 %
GRANT-MAKING	69,5 %	9,4 %	5 %	-	16 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 2104, of which advocacy 1647, productive 425, grant-making 29. Due to lack of data the presence of grant-making institutions is measured in terms of the intensity of the organisations' presence (+++ >30%; ++ 10-30%; + <10%; - not present).

TABLE 2. GEOGRAPHICAL DISTRIBUTION BY REGION

	Total sample	Advocacy	Productive	*Grant-making
North West	**25,4**	**25**	**26,4**	**42,8**
Piedmont	11,8	12,3	5,2	+
Lombardy	10,4	9,4	20,3	+++
Liguria	3,0	3,1	0,8	-
Aosta Valley	0,2	0,3	0,1	-
North East	**26,1**	**26,6**	**16,6**	**21,4**
Emilia Romagna	11,6	11,9	8,4	++
Veneto	5,7	5,8	3,1	+
Trentino Alto Adige	5,4	5,5	3,5	-
Friuli Venezia Giulia	3,4	3,4	1,6	+
Centre	**20,7**	**20,8**	**17,9**	**19,8**
Tuscany	14,8	15,2	6,9	++
Lazio	3,4	3,2	7,2	+
Marche	2,2	2,3	1,6	+
Umbria	0,3	0,2	2,2	-
South	**27,8**	**27,6**	**39,0**	**16,0**
Campania	9,1	9,0	14,9	-
Sicilia	7,2	7,4	7,5	-
Sardegna	5,3	5,3	6,8	-
Puglia	2,3	2,1	4,7	+
Abruzzo	1,7	1,6	0,9	+
Basilicata	1,1	1,0	1,9	+
Calabria	0,9	0,9	2,4	-
Molise	0,2	0,2	-	-
Based on: total number of organisations	2104	1647	425	29

As shown in Figure 2, 79.8% of the organisations in the sample operate out of a single office; this percentile value decreases considerably in the case of organisations carrying out productive activities (64%). Those organisations that have more than one office tend to do so at a local level - either within the same

FIGURE 3
Range of action

	Municipality	Province	Region	Italy	Foreign
TOTALE SAMPLE	24,1 %	35,9 %	14,4 %	15,6 %	9,9 %
ADVOCACY	25,1 %	36,4 %	14,1 %	15,5 %	9 %
PRODUCTIVE	10,5 %	33,4 %	24,5 %	6,8 %	24,7 %
GRANT-MAKING	5,3 %	15,8 %	12 %	42,8 %	24,1 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

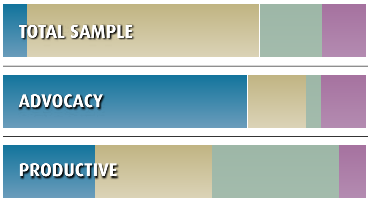
municipality or province (4.3% and 5.9% of the total respectively, with highs of 11% and 12.7% for productive organisations). There is a limited number of organisations that have more than one office across different regions (less than 10%), the only exception being grant-making organisations, 16% of whom claim to have offices spread over several regions. It is, however, important to remember that the statistics relating to grant-making organisations are approximate due to the limited number taken into account by the sample. A negligible number of foreign offices was found to be operated by organisations and indeed such was the case for only 1.8% of advocacy organisations and 1.4% of productive organisations.
The above mentioned results should not be considered surprising: non-profit organisations are, by definition, territorial agencies with an inclination for the local sphere that are created to support the local community. It is at the community level that they are best able to carry out their function, a fact that emerges even more clearly when the external range of action of organisations is taken into consideration (Figure 3). The results show that 74.4% of organisations operate within their regional boundaries, particularly at a municipal (24.1%) and provincial (35.9%) level; 15.6% of organisations are active at a national level whereas only 9.9% say their range of action reaches foreign countries. The data relating to advocacy organisations closely follows the data for the total sample, however there are some differences when it comes to productive organisations operating at the regional level (24.7%), most likely due to the presence of NGOs in the cluster of organisations carrying out productive activities.

Of the organisations that were interviewed, 51.5% is tied either hierarchically or operationally to a larger organisation. The detailed results are as follows: 50.7% of advocacy organisations and 78% of productive organisations. As shown by Figure 4, advocacy organisations are more likely to be part of umbrella associations (67.3%), whereas productive organisations are more evenly distributed across consortiums (34.9%), trade associations (32.2%) and umbrella associations (25.3%).

3.2 SOCIAL BODIES

The presence of social bodies within non-profit organisations is regulated by the statutes of the same. The number of directors sitting on the boards of social organisations is on average 5.5 units (6 in the case of advocacy organisations, 3.5 for productive organisations, see Table 3), whereas the average number of association members is relatively high: 110 members in the case of the sample and 111 in the case of advocacy organisations. The number of asso-

FIGURE 4
Types of bodies that organisations belonging to larger organisations are part of



	Umbrella associations	Trade associations	Consortiums	Other kinds of associational networks
TOTAL SAMPLE	6,6 %	64 %	17,2 %	12,2 %
ADVOCACY	67,3 %	16,1 %	4,1 %	12,5 %
PRODUCTIVE	25,3 %	32,2 %	34,9 %	7,6 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 1215, of which advocacy 858, productive 347.
Grant-making organisations are not included due to the lack of data.

ciation members in productive organisations is significantly lower, on average 41. 52.5% of organisations that were interviewed reported the existence of a board of statutory auditors and/or of an audit commission and supervisory bodies (on average 2.5 board members, 2 in the case of productive organisations). Supervisory activity is also carried out by the arbitrators, as highlighted by approximately 3% of organisations. These last two figures are significant as the presence of third-party supervisory bodies indicates a more structured governance. Other kinds of social bodies (both of an administrative and technical nature) also exist, albeit in far lower numbers, and these tend to vary according to the type of organisation in question.

TABLE 3. AVERAGE NUMBER OF COMPONENTS OF SOCIAL BODIES

	Total Sample	Advocacy	Productive
Assembly	110	111	41
Board of directors	5,5	6	3,5
statutory auditors / audit commission	2,5	2,5	2
Other bodies (arbitrators, others)	3,5	4	-

Source: Indagine sul non-profit, UniCredit Foundation
Note: average calculated on the basis of the number of institutions reporting the presence of a specific social organisation. Grant-making organisations are not included due to the lack of data.

In the specific case of statutory auditors it is important to make the distinction between whether they are internal or external. Figure 5 highlights that productive organisations tend towards having a greater number (5.4%) of internal statutory auditors / audit commissions. Overall, however, there are a greater number of external supervisors (94.3% for advocacy organisations, 93% for productive organisations) which proves the nature and validity of third party supervisory bodies.

3.3 ACTIVITIES

Non-profit organisations operate within fairly varied fields of activity. On average each organisation is actively involved in at least two sectors. Among the most common are the cultural-recreational sector (45.2%), social welfare (41.7%) and health (28.9%). Given the specific nature of productive organisations, their range of activities tends to be focused on social issues such as the provision of social care in the stricter sense (49.9%), economic development and social cohesion (34.4%) and international aid and development (39.7%, this number is tied to the fact that productive organisations are part of the NGO cluster).

FIGURE 5
Presence of internal / external members within statutory auditors / audit commissions

	with both typologies	with only internal members	with only external members
TOTAL SAMPLE	94,1 %	3,1 %	2,8 %
ADVOCACY	94,3 %	2,9 %	2,8 %
PRODUCTIVE	93 %	5,4 %	1,6 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 1068, of which advocacy 858, productive 162. Grant-making organisations are not included due to the lack of data.

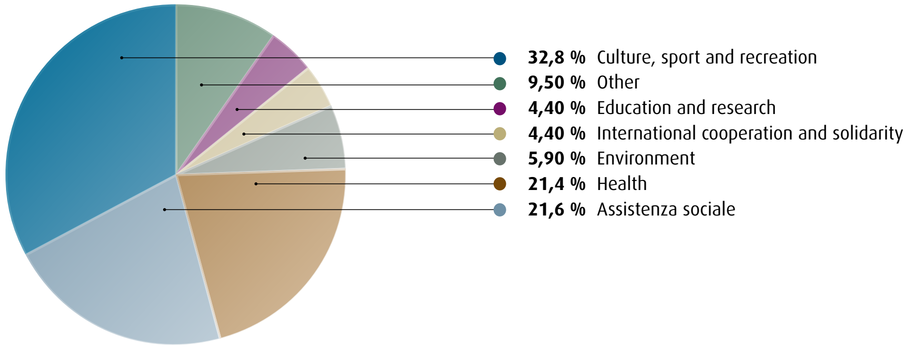
TABLE 4. SECTOR WHERE THE INSTITUTIONS CARRY OUT THEIR MAIN ACTIVITIES

	Total Sample	Advocacy	Productive	Grant-making
Culture, sports and recreation	45,2	46,4	27,9	++
Social assistance for people in need and civil protection services	41,7	41,7	49,9	++
Health, hospital and non hospital services	28,9	29,2	26,1	++
Environment, environmental and animal protection	16,1	16,7	8,7	+
Education and research	15,7	14,5	25,7	+++
International solidarity and cooperation	12,4	11,6	29,7	+
Economic development and social cohesion	10,8	9,4	34,4	++
Philanthropy and promotion of volunteering	9,2	9,5	3,7	+
Rights and political activity	7,6	7,6	5,6	+
Religion	5,1	5,1	5,3	+
Union relationships and representational interests	3,3	3,5	0,3	+
Operational services for enterprises and people	1,6	1,2	9,8	+
Transport and postal services	1,5	1,3	5,2	-
Information technology and telecomunications	1,5	1,3	3,5	+
Commerce, restaurants and hotels	1	0,8	6,2	-
Industry and building	0,6	0,4	4,1	-
Other activities	2,9	2,9	1,6	+
Average number of sectors involved	2,1	2,0	2,5	2,0
Sample: Total number of organisations	2104	1647	425	29

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total number of respondents: 2104, of which advocacy 1647 productive 425, grant-making 29. Due to the lack of data, the presence of grant giving institutions is measured in terms of the intensity of the organisations' presence (+++ >30%; ++ 10-30%; + <10%; - not present).

FIGURE 6
Sectors in which advocacy organisations carry out their main activities

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total number of respondents: 1647.



Let us now consider in more detail the activities which characterise the advocacy and productive clusters (Figure 6 and Figure 7 respectively). As already shown by the figures relating to the overall composition of the sector by activity, advocacy is carried out mainly in the fields of culture, sport and recreation (32.8%), social assistance (21.6%) and health (21.4%). The rest of the organisations are mainly involved in the environment (5.9%), international development and education (both 4.4%). Of those organisations carrying out a productive function, 26.4% deliver their services in the field of social assistance, 23.8% in the field of international cooperation and solidarity, 16.6% in the health sector. A peculiarity of the productive function, which is tied to the fact that NGOs have been included in this cluster, is the involvement of such organisations in activities aimed at economic development and social cohesion (9.1%) and in activities typical to for profit enterprises (9% of organisations are involved in industry, commerce and other services)[44].

[44] The 9% Figure is obtained by adding the different sectors of activity that can be ascribed to for profit enterprises (services for enterprises and people; transport and postal services, information technology and telecommunications, industry and construction, commerce, restaurants and hotels), included under "other".

Dai dati della Tabella 5 emerge come solo una parte modesta delle organizzazioni (20% circa) sia rivolta esclusivamente a persone in condizioni di svantaggio sociale. Mentre il produttivo lavora prevalentemente per l'inclusione sociale (78,6% gli enti che operano a favore di almeno una delle categorie in condizioni di svantaggio sociale, in particolare per le vittime di tratta e abusi, con il 15,4% delle istituzioni interessate a fronte di un 5,2% registrato sul totale campione), *advocacy* ed erogativo si rivolgono alla comunità nella sua interezza (poco oltre il 50% delle istituzioni dedicate a tali persone). In generale, le categorie in svantaggio sociale a cui maggiormente si rivolgono tutte le organizzazioni del non profit sono i disabili (25,3%), i malati (19%) e gli extracomunitari (18,8%). Una buona parte delle attività è destinata anche a tipologie di soggetti con devianze (14,8%) e a disoccupati (11,2%).
Più omogenee le quote di coloro che si dedicano in generale a categorie non in svantaggio (78,5% su *advocacy*, 75,3% per il cluster produttivo, 70,9% per l'erogativo); tuttavia, il dettaglio delle risposte presenta alcune sfumature tra classi funzionali: un quarto delle organizzazioni di *advocacy* si rivolge a tutti indistintamente, mentre le attività di quelle produttive sono più mirate (giovani e/o bambini, donne).

FIGURE 7
Sectors in which productive organisations carry out their main activities

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total number of respondents: 425.

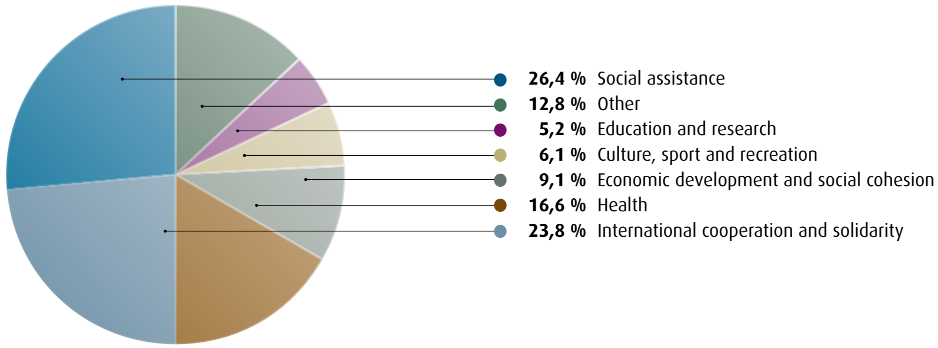


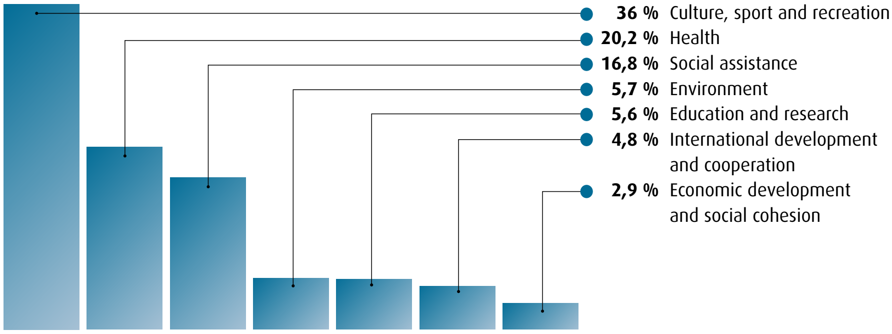
TABLE 5. BENEFICIARIES OF ACTIVITIES

	Total sample	Advocacy	Productive	Grant-making
Non socially disadvantaged categories (Net)**	**78,2**	**78,5**	**75,3**	**70,9**
Adults in general	29,5	29,1	34,6	+++
Young people	27,2	27	33	++
Children	26,2	25,8	38,7	++
Women	16,1	15,7	26,6	++
The elderly	14,4	14,2	16,9	++
Other specific non socially disadvantaged categories	0,8	0,8	0,2	-
Everyone (no specific beneficiary)	24,5	25,4	8,8	++
Socially disadvantaged categories (Net)**	**53,1**	**51,8**	**78,6**	**50,5**
*Socio-economically disadvantaged (sub-net)***	25,7	24,7	46,8	18,7
Immigrants and ethnic minorities	18,8	18,3	32	+
The unemployed	11,2	10,7	23,4	+
Single-parent families	6,5	6,3	8,9	+
Victims of trafficking and abuse	5,2	4,7	15,4	+
Socially disadvantaged youth/minors	1	0,9	2,8	-
Other socially disadvantaged categories	1,4	1,4	1,6	-
*Disability (sub-net)***	25,3	24,3	47,6	19,8
Disabled adults (including the non self-sufficient elderly)	19,6	18,8	37,6	++
Disabled minors	17	16,4	28,2	++
Psycho-physical disability	0,7	0,7	1,3	-
*Illness (sub-net)***	19	18,6	20,4	30,5
Malati in generale	13,3	13,3	14	+
Malati con malattie croniche, terminali	11,5	11	15,1	+++
*Devianze (sub-net)***	14,8	13,9	36,7	5,3
(Ex) prisoners and/or offenders in alternative sentencing	7,2	6,8	16,4	-
Homeless people and the economically vulnerable	7,8	7,5	15,6	+
Social deviants (alcohol, drugs, etc.)	8	7,5	22,7	+
Sample: total number of organisations	2104	1647	425	29

Source: Indagine sul non-profit, UniCredit Foundation Note: in percentages; multiple answers; total number of respondents: 2104, of which advocacy 1647 productive 425, grant-making 29. Due to the lack of data, the presence of grant giving institutions is measured in terms of the intensity of the organisations' presence (+++ >30%; ++ 10-30%; + <10%; - not present). ** "Net" is used to refer to the percentage of organisations that have indicated at least one item from the corresponding group..

FIGURE 8
Organisations that believe that there are sufficient or too many other organisations carrying out similar main activities in the same local area by sector.

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 955 (equal to the number that reported that there were sufficient or more organisations than required to meet local needs); only those sectors with a response rate equal or greater than 2% were selected.



When questioned about the existence of other organisations carrying out similar activities in the same geographical territory (Table 6), about a quarter of interviewees reported that none existed (18.2% in the case of productive organisations), which implies that in the absence of the organisation the service would not be provided. On the other hand, a low degree of competition may be explained in terms of the service being subjectively perceived as exclusive to the organisation. Another 25% of the institutions claims that even when other organisations carrying out an activity similar to their own exist, there are not enough to satisfy the needs of the surrounding territory; 5.8% of organisations sees the amount of services similar to theirs on offer as excessive when compared to the needs of the territory. Once again, productive organisations stand out: their figures are double those of the rest (11.4%).

TABLE 6. EXISTENCE OF ORGANISATIONS CARRYING OUT SIMILAR ACTIVITIES IN THE SAME LOCAL AREA

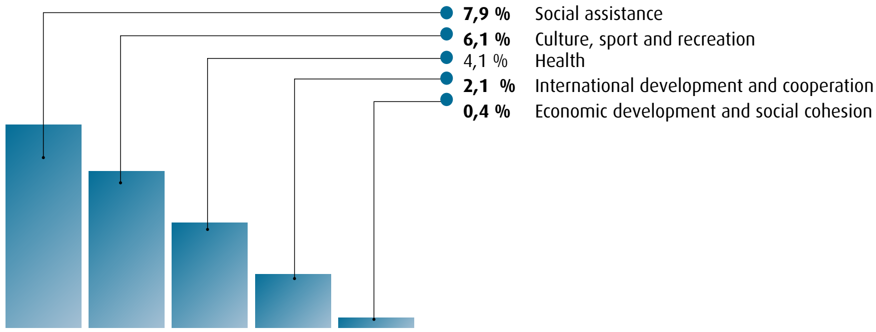
	Sample	Advocacy	Productive	Grant-making
Number of organisations greater than required by the area's needs	5,8	5,3	11,4	12,0
Sufficient number of organisations to meet the area's needs	39,6	39,3	43,3	38,5
Insufficient number of organisations to meet the area's needs	25,0	24,9	27,1	28,1
We are the only organisation operating in this field	25,1	25,5	18,2	20,1
Not stated	5,2	5,4	-	1,3

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total number of respondents: 2104, of which advocacy 1647 productive 425, grant-making 29.

It is interesting to note the dichotomy that exists between organisations that claim there are more or sufficient bodies carrying out similar activities compared to the needs of the local area and those that report that there is a scarcity of services. A detailed analysis of the activities which, according to the

FIGURE 9
Organisations that consider there to be an insufficient number of other organisations carrying out similar main activities in the same local area by sector.

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 528, of which 24 productive (equal to the number that reported an insufficient number of organisations compared to local needs); only those sectors with a response rate equal or greater than 2% were selected.



organisations interviewed, adequately meets the needs of the local territory (greater or sufficient number of organisations than required, see Figure 8), reveals that culture, health and social assistance are the sectors that are best covered (according to the opinion of 36%, 20.2% and 16.8% of interviewees respectively).

In those cases where the services on offer are not reputed to be sufficient to meet the local area's demand (Figure 9), the same sectors emerge albeit in a different order and according to differing size and priorities (social assistance, 7.9%, culture, 6.1%, and health, 4.1%).

One of the variables which best segments the sample in terms of the presence of organisations carrying out similar activities is the year of foundation. As highlighted by Figure 10, organisations that were created recently are less likely to report the presence of other organisations in the local area carrying out similar activities. The watershed is 1980, after this date the percentage of organisations reporting a sufficient or greater degree of similar services on offer than that required to meet the needs of the local area decreases to below 50%. On the one hand the emergence of organisations can be seen as the answer to a specific need. On the other hand there may be a difference between the way recently set up organisation and those with more experience perceive (and therefore fear) the competition between each other: older organisations (that in 64.2% of cases consider the number of organisations carrying out similar activities to be sufficient) experienced the "non-profit boom" and probably have a tendency to compare the current situation to a time when there were certainly fewer organisations carrying out the same activities.

FIGURE 10
Organisations that consider there to be a greater or sufficient number of organisations carrying out similar activities in the same local area by year of founding.

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 955 (the same as the number of organisations that reported a greater or sufficient number of organisations compared to local needs).

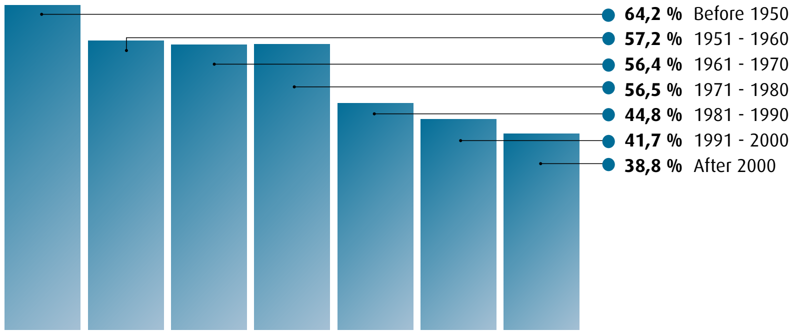
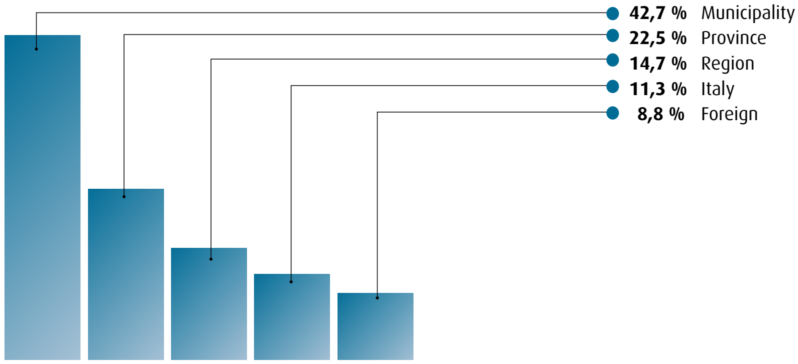


FIGURE 11
Organisations that consider there to be a greater or sufficient number of organisations carrying out similar activities in the same local area by range of action.

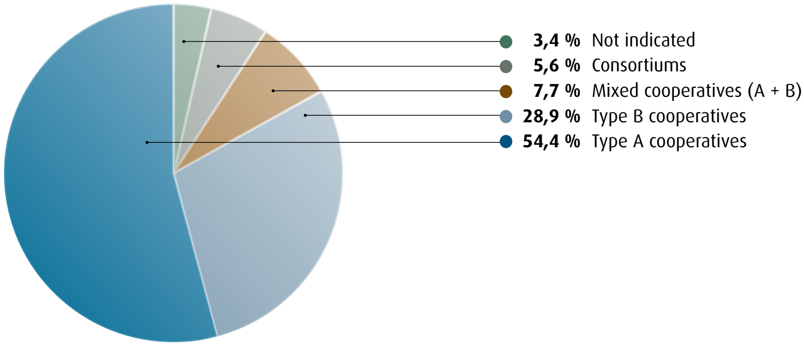
Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 955 (the same as the number of organisations that reported a greater or sufficient number of organisations compared to local needs).



A second variable that segments the sample in terms of the existence of organisations carrying out similar activities is their range of action (Figure 11). In this case the figures clearly demonstrate that the size of the local area has an impact on how competition is perceived: the more restricted the range of action the greater the perception that there is a sufficient or greater number of similar organisations compared to the needs of the territory (42.7% of organisations operating at the municipal level versus 11.3% of organisations operating at a national level). On the other hand, it is also true that the smaller the area within which activities are carried out the greater the knowledge of the area is and thus the ability to evaluate the actual needs of the area.

FIGURE 12
Types of social cooperatives

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 400.



3.4 IN-DEPTH FOCUS: SOCIAL COOPERATIVES

In the non-profit field the collaboration between different bodies, both private and public and profit and non-profit are essentially aimed at maximising social utility. This logic based around networks is especially accentuated among organisations with a productive function and particularly among social cooperatives.

According to the activities they carry out, social cooperatives can be classified as follows (Figure 12):

• Type A:
Management of health and educational services (54%).

• Type B:
Various activities (agricultural, industrial, commercial or services) in order to provide jobs to disadvantaged people (29%).

• Mixed:
Type A and type B activities (8%).

• Consortiums of social cooperatives (6%).

93.3% of cooperatives have economic or organisational partners that help them carry out their distribution of goods and services activities. As shown by Figure 13, these tend to be municipalities (reported by 66% of interviewees) and other non-profit organisations (45%). Local institutions, such as regional and provincial institutions or municipal consortiums are also very important (according to 45% of interviewees); indeed, the relationship with local administrative bodies are essential to organisations offering services that traditionally delivered by the public sector. At the same time most social cooperatives compete within the Third Sector (Figure 14): 70% of interviewees consider their main competitors to be non-profit organisations. Moreover more than one third of social cooperatives carry out their activities in direct competition with for profit enterprises, whereas the other organisations under examination appear to be residual. These results are hardly surprising: public bodies tend to be partners with non-profit organisations whereas competitors - which for these kinds of organisations are especially significant, due to the fact that social cooperatives operate in a “quasi market” - tend to be similar organisations or the private sector.

FIGURE 13
Economic and organisational partners of social cooperatives

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 400 (unweighted sample).

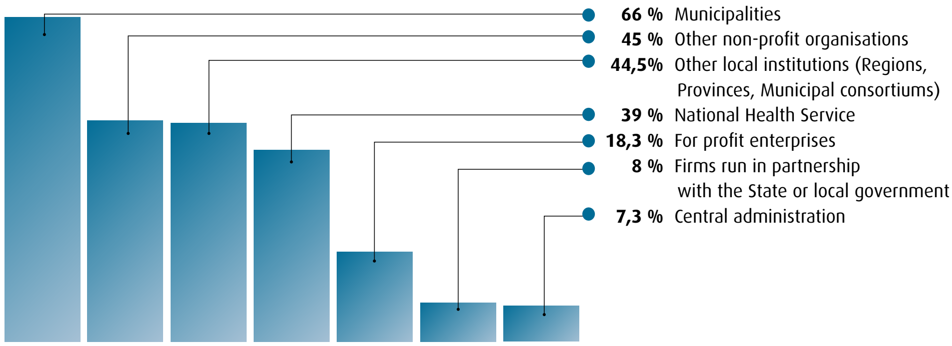
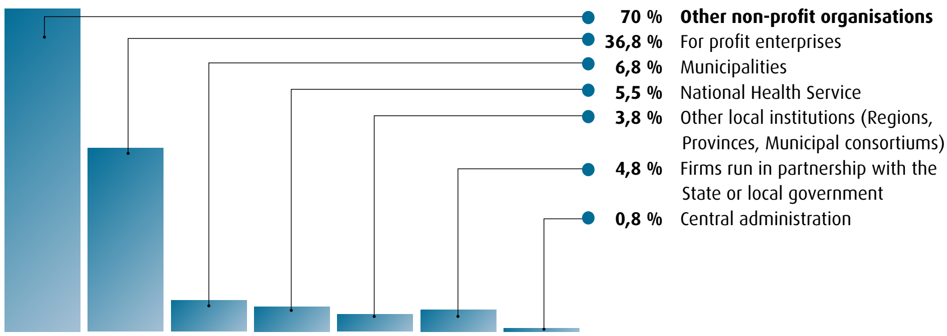


FIGURE 14
Direct competitors of social cooperatives

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 400 (unweighted sample).



It can be interesting to analyse the location of for profit enterprises that social cooperatives collaborate with (Figure 15) or compete with (Figure 16). In both cases the regions in which they are most present are those of the North and to a lesser extent the Centre, in particular in the districts of Lombardy, Emilia Romagna, Tuscany, Piedmont and Veneto.

The results of the survey as commented above confirm a trend that has been manifesting itself for some time and that was also highlighted during the course of the VIth edition of the Isnet Observatory on Social Enterprises: following the economic crisis, more and more social enterprises have sought to form consortiums and partnerships with other organisations or temporary associations. In total 48.9% of the sample reported having established formal aggregative models and a further 37.8% report to have established both formal and informal aggregative forms; only 13.3% of interviewees were found not to belong to to any aggregative form.
Although not in any great number, there are cases in which enterprises considered “excellences” in their fields have experimented a formula known as the network contract, a legal instrument under Law 33/2009 and subsequently disciplined under Law 122/10 which allows small and medium sized enterprises to pursue common goals in terms of development and competition while still maintaining their autonomy. According to the Isnet survey, enterprises seek synergies for similar reasons: the participation in calls for proposals is the determining factor for two thirds of enterprises whereas roughly half of the sample has as their aim carrying out shared activities in the fields

FIGURE 15
Geographic location of for profit enterprises with whom social cooperatives collaborate

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 73 (unweighted sample).

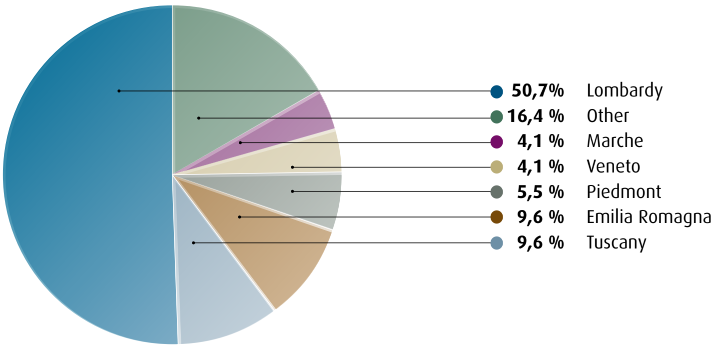
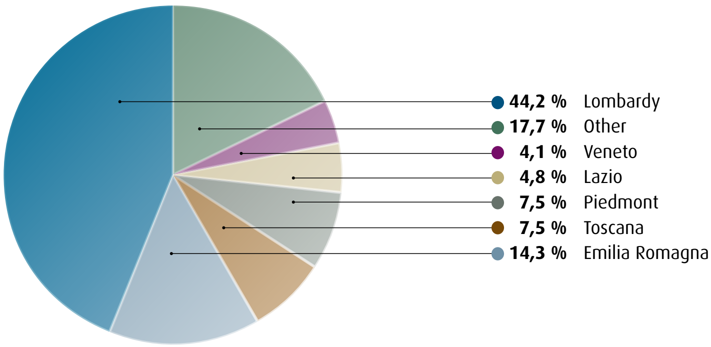
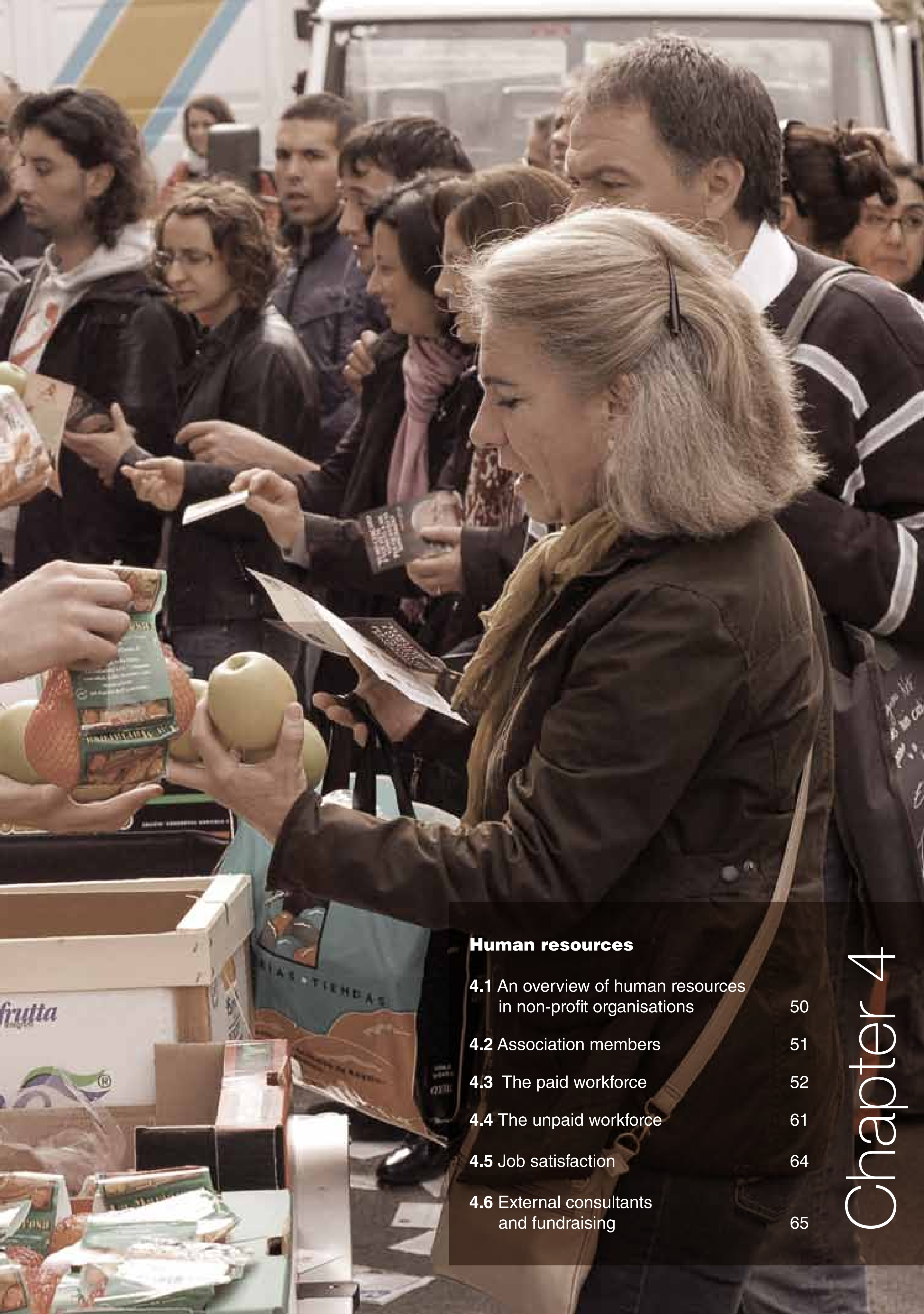


FIGURE 16
Geographic location of for profit enterprises with whom social cooperatives compete

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total number of respondents: 73 (unweighted sample).



of communication and knowledge-sharing. In short what is still missing is a strategic vision, a middle to long term planning strategy. In this sense the network contract could take on a crucially important role for the re-launching of enterprises in this sector, enabling them to set up common services in different fields of activity such as education or assistance without having to set up complex structures that risk to fossilise relationships or even prevent relationships from being established.



Chapter 4

Human resources

CHAPTER 4

Human resources

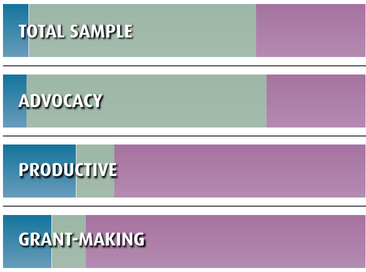
Human capital is one of the exceptional and distinctive traits of non-profits in that the "intrinsic motivation" present in the people who are part of these organisations is of particular importance for the modality and the quality of the services they deliver.
Chapter 4, therefore, will explore the different types of human resources (partners, paid staff and unpaid staff including volunteers) in order to have a better understanding of the ways in which the Third Sector is dealing with the issues of employment and of volunteer work by trying to analyse in detail the various categories to which they belong.

4.1 AN OVERVIEW OF HUMAN RESOURCES IN NON-PROFIT ORGANISATIONS

As will be seen in the course of this chapter, the true strength of the non-profit sector lies in the volunteer workforce; they are the motor that fuels the growth and development of the various activities. It is not surprising then that almost all of the institutions that were interviewed (92.9%) say they use unpaid workers in different forms (volunteers, civil service volunteers, etc.), compared to 37.3% who employ paid workers. The functions of production and grant-making, however, given the type of organisations involved and the very nature of the activities they carry out, are partially an exception. In these two functions, the percentage of interviewees who said they had paid workers rises to roughly 90% (although the percentage of those who said they had unpaid staff was also high, approximately 80% for the productive function and 87% for the grant-making function). The singularity of this situation is even more striking when distinguishing between combined or exclusive use of paid and unpaid workers (Figure 1). For example, a good 20.2% of productive organisations work only with paid staff, compared to 7.1% reported on average in the entire sample. The exclusive use of volunteers or other unpaid workers similarly drops: 10.5% versus 62.7%

Another factor which distinguishes productive institutions from the total sample is that on average they employ fewer people overall, both paid and unpaid workers (52 vs. 90) and of these a greater number are female (on average 17 men against 31 women, compared to what is basically a homogeneity between the sexes in reported figures at the national level). Organisations with the function of advocacy more or less repeat the overall distribution, almost exclusively employing unpaid workers (particularly volunteer members) with no particular difference regarding the gender of their resources, the average

FIGURE 1
The use of paid and unpaid workforce



	Employ both kinds of workers	Only employ unpaid workers	Only employ paid workers
TOTAL SAMPLE	7,1 %	62,7 %	30,2 %
ADVOCACY	6,5 %	66,3 %	27,3 %
PRODUCTIVE	20,2 %	10,5 %	69,3 %
GRANT-MAKING	13,5 %	9,4 %	77,2 %

Source: Indagine sul non-profit, UniCredit Foundation Note: in percentages; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

number of staff being 90. In conclusion, generally speaking the staff consists of individuals between the ages of 30 and 55 although the composition reported is quite homogeneous: the average number of people in the central age bracket is 23, compared to 14 who are under 30 and 19 over 55. Productive organisations distinguish themselves once again in this case in that they have a greater polarisation: on average, these organisations have 26 workers between the ages of 30 and 55 and only 8 in a lower or higher age group[45].

4.2 ASSOCIATION MEMBERS [46]

Almost all the organisations interviewed – specifically 98% - are characterised by the presence of associations that dedicate their time to helping organisations in the pursuit of their aims; their added value rests on the quality of the work they perform. Advocacy organisations in particular count on the contribution of associations, both in terms of the work they carry out as well as in their economic support4. 99% confirm the presence of associations with an average number of 982 active members and a dichotomy between small (less than 60 members) and large associations; percentages that in any case are relevant for the very large dimensions (8.6% reported more than 1,500 members) which shows the insignificance of some organisations compared to the vastness of others. Most of the productive function instead has a maximum of 30 members (38.8), whereas only 7% report more than 150, the average number being 90.

[45] Discrepancies in the average totals are due to the "non answers" regarding gender or age.

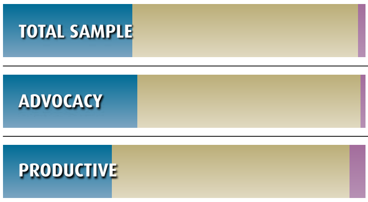
[46] Given the small number of the base sample, the data referring to grant-making institutions will not be commented on in this section.

TABLE 1. NUMBERS REGARDING MEMBERS

	%	Advocacy %	Productive %
Up to 10 members	5	4,4	**15,5**
11-30 members	22,5	21,7	**38,8**
31-60 members	20,4	**20,5**	21,8
61-150 members	22,3	**22,8**	16,9
151-500 members	15,6	**16,1**	3,1
500-1.500 members	5,8	**5,9**	3,8
More than 1.500 members	8,4	**8,6**	0,1
Total	100	100	100
Average number	966	982	90

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2071, of which advocacy function 1637, productive function 420.

FIGURE 2
Composition of paid staff by gender



	Males	Females	Not indicated
TOTAL SAMPLE	35,6 %	62,3 %	2,1 %
ADVOCACY	37 %	61,6 %	1,4 %
PRODUCTIVE	30 %	65,6 %	4,4 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

4.3 THE PAID WORKFORCE [47]

As shown in paragraph 4.1, human resources working regularly on a continuous basis in the Third Sector (external consultants are excluded from this analysis) can be divided into paid staff (present in 37.3% of organisations) and unpaid staff (present in more than 92.9% of them). More specifically, 30% of the institutions that were interviewed indicated the presence of staff with open ended work contracts whereas 20.3% (also) use other forms of paid employment. The institutions that state the presence of paid staff on average employ 14 people, more than half of whom have been hired with open ended contracts.
Paid workers are present above all in organisations of a productive nature (98.5%; the percentage of those who stated that they have employees is 77.4% whereas 51.4% have other types of paid staff); whereas only 33.7% of advocacy organisations have employees (26.6%) or other paid workers (18.1%). Moreover, where present, the number of paid workers in advocacy organisations is clearly lower compared to other institutions: as shown in Table 2, more than a third have only 1 or 2 workers within the organisation proper with an average of 9 paid staff. The numbers reported in productive organisations are clearly higher: amongst these, a third have between 16 and 50 paid workers and 22% employ even more than 50, the average being 36.

[47] Given the small number of the base sample, the data referring to grant-making institutions will not be commented on in this section.

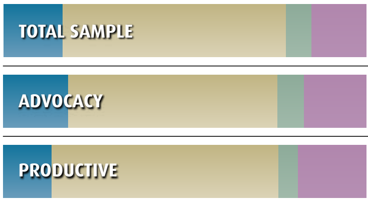
TABLE 2. NUMBERS OF PAID STAFF

	%	Advocacy %	Produttiva %
1-2 paid	32,4	36,5	8,5
3-6 paid	26,5	27,9	16,5
7-15 paid	22,3	22,6	23,2
16-50 paid	13,4	10,7	29,8
More than 50	5,1	2,4	22
Total	100	100	100
Average number of paid staff	*14*	*9*	*36*

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

As far as gender is concerned, Figure 3 shows how the average composition of paid staff is homogeneous among the functions, with a prevalence of a female workforce particularly in the productive institutions, which by their nature

FIGURE 3
Composition of paid staff by age group



	Less than 30	Between 30 and 55	Over 55	Not indicated
TOTAL SAMPLE	16,2 %	61,5 %	7,1 %	15,1 %
ADVOCACY	17,8 %	57,7 %	7,3 %	17,2 %
PRODUCTIVE	13,3 %	62,5 %	5,4 %	18,9 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

are those with characteristics most similar to for profit enterprises (62.3% is the total number, 65.6% the number reported for productive organisations). In a country like Italy where 60% of workers are men [48], this result is particularly interesting and can be considered a proxy of the "politics of development" championed by some Third Sector organisations: apart from their productive function, social cooperatives in fact promote employment for the female workforce.

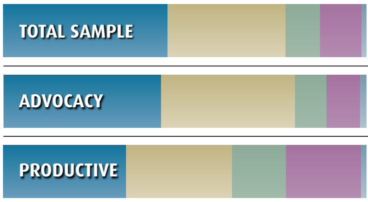
Similarly to what was found to be true at a general level, workers within the 30 to 55 age group predominate among the paid staff (61.5%, see Figure 4). There is a positive component made up of young people (16.2%).

The composition of the educational level shown in Figure 4 shows the presence of a large number of workers who are university graduates: 43.4% in advocacy organisations and just over a third in productive organisations (45.2% being the average sample statistic). Workers with secondary school diplomas make up roughly a third of the workforce with percentages equaling 36.9% for advocacy organisations and 29.1% for those of productive organisations whereas the remaining part is divided more or less equally between workers with technical qualifications and those with lower scholastic levels. It is above all the productive organisations that employ workers with lower levels of education, the percentage being equal to more than 35% of the paid staff. This is not surprising considering the presence of Type B social cooperatives, whose activities are dedicated to the employment of workers who belong to the legally protected category and those who are socially disadvantaged (for more details, see Figure 10 and relevant commentary). Social cooperatives are often set up by former entrepreneurs of for profit companies or former cooperators who act as tutors (in both cases it is likely that they would not have a high scholastic level). These three factors put together thus determine a workforce made up of people the majority of whom have a middle to low educational level.

Generally speaking, however, despite the fact that non-profits are often categorised as being a sector in which specific expertise is not required, where what counts most is motivation rather than competence, the data shows that the human capital working in this field is of a high quality.

[48] ISTAT, 2011

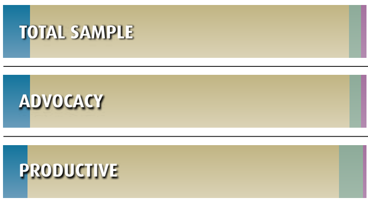
FIGURE 4
Composition of paid staff by age group by educational level



	University degree	Secondary school diploma	Professional qualification	Middle school diploma or less	Not indicated
TOTAL SAMPLE	45,2 %	32,5 %	9,5 %	11,4 %	1,4 %
ADVOCACY	43,4 %	36,9 %	8,7 %	9,2 %	1,8 %
PRODUCTIVE	33,8 %	29,1 %	14,9 %	20,8 %	1,4 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

FIGURE 5
Trend for paid employees compared to 2008



	Increased	Remained stable	Diminished	Not indicated
TOTAL SAMPLE	7,4 %	88,6 %	3,4 %	0,6 %
ADVOCACY	7,4 %	88,7 %	3,2 %	0,7 %
PRODUCTIVE	6,7 %	86,5 %	6,7 %	0,1 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

Before going on to examine in detail the two typologies of salaried staff (employees and other paid workers) let us consider the employment trends in the sector from the point of view of the organisations interviewed. Figure 5 shows how the number of paid workers has increased, although only moderately, compared to 2008: 7.4% of the organisations report an increase in paid human resources, compared to 3.4% who report a reduction. The situation in the productive function in the cluster is slightly worse where the increase and the reduction in percentages compensate one another exactly.

The trend reveals the sector's basic stability in each case and this positive note is further reinforced in forecasts for 2012 (Figure 6).
To sum up, the data shows that despite the economic and financial crisis in the last few years the sector has lived through an anticyclical phase characterised by an increase in the number of paid staff and the expectation is that the trend will continue in the future.
When the total count of paid staff reported by organisations that were interviewed is taken into consideration, it appears that more than half are employees (56.7%), while the remaining part includes all the different forms of collaboration as long as they are full time or "main occupation" positions, regardless of the typology of the contract. Notable differences are found between organisations in the productive and the advocacy functions: whereas here too the latter does not deviate far from the composition found in the total sample, the former only uses other types of collaboration for 20.1% of its workforce.

FIGURE 6
Trend for paid employees: forecast for 2012

	Increased	Remained stable	Diminished	Not indicated
TOTAL SAMPLE	3,3 %	92,9 %	3,2 %	0,6 %
ADVOCACY	3,9 %	91,7 %	3,8 %	0,7 %
PRODUCTIVE	0,2 %	99,5 %	0,2 %	0,1 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

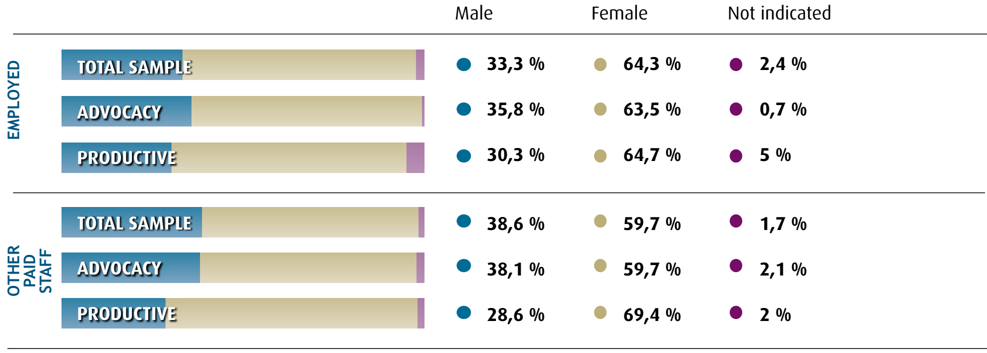
FIGURE 7
Composition of paid employees by typology

	Increased	Remained stable
TOTAL SAMPLE	56,7 %	43,3 %
ADVOCACY	49,4 %	50,6%
PRODUCTIVE	79,9 %	20,1 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

It is necessary, therefore, to distinguish between employees (i.e. employees with contracts of definite or indefinite duration) and other forms of paid staff (contracts of collaboration). Those organisations reporting to have paid staff on average employ 10 employees; the corresponding average number among organisations with other forms of paid staff is 11 (Table 3). Almost half (46.9%) of the productive organisations in which there are employees employ more than 15 people and have an average of 33 employees (the average number of other paid workers being 13). These results are not surprising: work is the driving force behind these organisations and the stability of the workforce (fostered also by the fact that they are much larger compared to other non-profits) is highly valued because it encourages better quality and more professionalism in the carrying out of their work. Job insecurity has a cost in terms of less efficiency – it must be remembered that the area of interest of productive organisations is mainly that of delivering services to people, particularly giving social assistance. Contrary to productive organisations, most advocacy organisations have 1 or 2 employees (6 on average) and 1 or 2 paid workers with contracts of collaboration (9 on average).

FIGURE 8
Composition of employees and other paid staff by gender



Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 883 employees, 1021 other staff; of which advocacy 457 employees, 580 other paid staff; productive 403 employees, 414 other paid staff.

TABLE 3. NUMBERS OF EMPLOYEES AND OTHER PAID STAFF

Employees	Total sample %	Advocacy %	Productive %
1-2 employees	44,2	50,8	10,6
3-6 employees	25,2	26,3	18,3
7-15 employees	17,2	16,2	24,2
16-50 employees	9,7	6,0	27,0
More than 50 employees	3,7	0,8	19,9
Average number	*10*	*6*	*33*
Other paid staff	**%**	**%**	**%**
1-2 paid (not employees)	36,5	38,8	22,4
3-6 paid (not employees)	29,6	28,8	38,1
7-15 paid (not employees)	21,2	21,1	22
16-50 paid (not employees)	10,3	10	13,4
More than 50 paid (not employees)	2,5	1,1	4,1
Average number	*11*	*9*	*13*

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 883 employees, 1021 other paid staff; of which advocacy 457 employees, 580 other paid staff; productive 403 employees, 414 other paid staff.

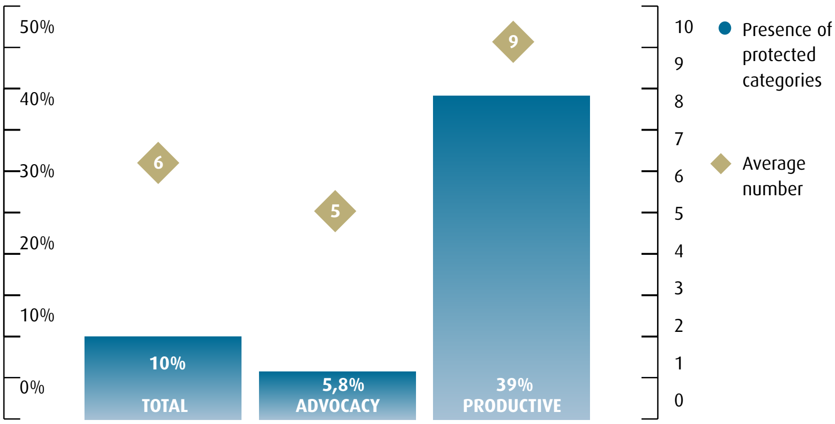
The relevance of the female component emerges in this case as well, to the extent that in the productive cluster, the percentage of women hired with contracts of collaboration increases to almost 70% (Figure 8). With respect to age, there is a greater presence of young people amongst those with a "main occupation" contract of collaboration, especially in the advocacy function (20.7%; Figure 9). Lastly, there is another special category of paid staff within non-profit organisations which must be considered: the legally protected category (those particularly at risk of exploitation). Among the organisations with paid staff, 10% indicate that they have workers who belong to this protected category, the average number being 6 (Figure 10). This category of worker is found especially within productive organisations: as many as 39% report having staff members in the protected category, for an average number of 9. This percentage is explained by the inclusion of social cooperatives among which those of Type B, because

FIGURE 9
Composition of paid permanent employees and paid non permanent employees by age group

		Meno di 30 anni	Da 30 a 55 anni	Oltre 55 anni	Non indica
EMPLOYED	TOTAL SAMPLE	13,5 %	68,4 %	6,1 %	12 %
	ADVOCACY	14,9 %	70,2 %	5,8 %	9,1 %
	PRODUCTIVE	12,3 %	63,4 %	5,7 %	18,7 %
OTHER PAID STAFF	TOTAL SAMPLE	19,7 %	52,5 %	8,5 %	19,2 %
	ADVOCACY	20,7 %	45,5 %	8,8 %	25,1 %
	PRODUCTIVE	17,3 %	58,8 %	4,1 %	19,8 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 883 employees, 1021 other staff; of which advocacy 457 employees, 580 other paid staff; productive 403 employees, 414 other paid staff.

FIGURE 10.
Number of employees belonging to legally protected categories



Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

of their very nature these cooperatives give work to this typology of worker, to the extent that for them the average number increases to 14. In organisations of a large size (more than 15 paid workers), the average number of staff members belonging to the legally protected category is in line with those of the advocacy and productive functions (11), although there is a great difference in the number of those who confirm that they do have this typology of worker.

4.3.1 - Contractual typologies

As shown in Figure 11, most of the salaried workers employed in the Third Sector have been hired with an open ended contract (48%); there are also many with a “main occupation” contract of collaboration (34.9%), whereas the number of employees with fixed term contracts is merely residual (10.8%). The statistics clearly show a distinction between organisations carrying out an advocacy function and those in the productive cluster: in the former, contracts of collaboration are much more frequent (46.4%); whereas in the latter employees with open ended contracts account for 66.7% of the workforce, thus confirming the important role that these organisations play in giving stability to the employment market. The following data emerges from an analysis of the evolution of contracts of collaboration activated in the last three years: on average 64.2% were renewed,

FIGURE 11
Paid employees by contractual typology

	Open ended contracts	Fixed term contracts	Main occupation contract of collaboration	No typology indicated
TOTAL SAMPLE	48 %	10,8 %	34,9 %	6,3 %
ADVOCACY	42,3 %	10,4 %	46,4 %	0,9 %
PRODUCTIVE	66,7 %	14,4 %	15,6 %	3,3 %

Source: Indagine sul non-profit, UniCredit Foundation Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

FIGURE 12
Composition of the changes made to contracts of collaboration in the last three years

	Termination	Conversion to open ended contract	Conversion to fixed term contract	Renewal
TOTAL SAMPLE	67 %	4,6 %	12 %	16,4 %
ADVOCACY	68,2 %	3,9 %	11,9 %	16,0 %
PRODUCTIVE	60,5 %	7,3 %	14,4%	17,8 %

Source: Indagine sul non-profit, UniCredit Foundation Note: in percentages; total respondents: 554, of which advocacy 329 productive 207.

15.8% were terminated while another 15.8% were converted into employment contracts, of which 4.4% are fixed term and 11.5% are open ended contracts (Figure 12). The percentages do not differ greatly among the functional clusters, with the exception of the productive organisations, which are characterised by a higher rate of termination (17.1%) but at the same time by a higher rate of conversion into employment contracts (20.7%). This signals that a more intense selection process is occurring from the beginning: given the necessity of developing professional competence and skills, hiring staff on a permanent basis becomes an objective. Hence, the contract of collaboration acquires greater value and becomes a sort of testing ground for future employment.

In more specific terms, most non-profit organisations renewed more than half of their collaboration contracts (Figure 13): 54.4% of organisations said they had renewed 50% of their contracts. With regards to the conversion of these contracts into open ended contracts, this was done in a few cases in only 19.8% of organisations while the conversion into contracts of a fixed term was made by less than 10 out of 100 organisations. Reports were also made of cases in which contracts were terminated: in the last three years, 31.1% of organisations dismissed at least one worker who had been employed in the last three years; just 7.6% dismissed more than half of their employed workers. The figures confirm, therefore, the relative stability of the labour market guaranteed by non-profit organisations. More specifically, contrary to what usually occurs in the for profit market, contracts of collaboration turn out to be an effective way to enter the job market, given the low rate of contract termination and the high rate of renewal. Similar considerations can be made regarding the contracts with a fixed term over

FIGURE 13
Conversions of collaboration contracts in the last three years

	None	Up to 25%	Between 26% and 50%	Between 51% and 75%	Over 75%
CONVERSION TO OPEN ENDED CONTRACT	80,2 %	6,4 %	5,1 %	2,7 %	5,6 %
CONVERSION TO FIXED TERM CONTRACT	90,8 %	3,1 %	3,8 %	0,7 %	1,4 %
RENEWAL OF COLLABORATION	27,3 %	5,5 %	12,7 %	7 %	47,4 %
TERMINATION OF COLLABORATION	69,1 %	10,5 %	13,0 %	1,3 %	6,3 %

Source: Indagine sul non-profit, UniCredit Foundation Note: in percentages; total respondents: 554.

FIGURE 14
Conversion of contracts with a fixed term in the last three years

	None	Up to 25%	Tra il 26% e il 50%	Between 51% and 75%	Over 75%
RENEWAL OF OPEN ENDED CONTRACT	20,3 %	9,9 %	19,4 %	5,4 %	45,0 %
CONVERSION TO AN OPEN ENDED CONTRACT	54,7 %	11,1 %	13,9 %	4,9 %	15,4 %
TERMINATION OF COLLABORATION	63,6 %	14,8 %	9,4 %	4,3 %	7,8 %

Source: Indagine sul non-profit, UniCredit Foundation Note: in percentages; total respondents: 449.

FIGURE 15
Conversions of contracts of fixed term in the last three years

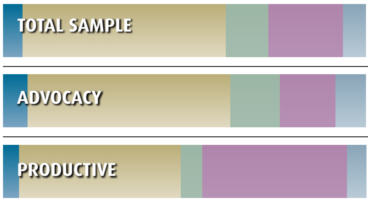
	Termination	Conversion to open ended contract	Renewal
TOTAL SAMPLE	57,3 %	25,8 %	16,9 %
ADVOCACY	62,8 %	20,8 %	16,4 %
PRODUCTIVE	41,5 %	39,4 %	19,1 %

Source: Indagine sul non-profit, UniCredit Foundation Note: in percentages; total respondents: 449, of which advocacy 175, productive 265.

the past three years: 45% of non-profit organisations renewed more than 75% of fixed term contracts, while 15% converted the same proportion of them into open ended contracts. In all cases 45% converted at least one (Figure 14).

As shown in Figure 15, in this case too productive organisations are characterised by a higher rate of termination compared to the total sample (19.1% vs. 16.9%), but above all for a decidedly sharper rise in the rate of the conversion of temporary contracts into those of a more stable form (39.4% vs. 25.8%). With regard to advocacy organisations, the number of renewals is very noticeable (in 62.8% of the cases), compared to a lower rate regarding the conversion into open ended contracts. On the whole, the data shows that no matter how "precarious" the type of contract is at the time of entering the organisation and despite the unfavourable economic situation, the possibilities of being eventually hired are high; this result reinforces what was already pointed out at the beginning of this chapter regarding the positive trend, both in the past and in the future of the non-profit job market.

FIGURE 16
Paid staff according to functions



	Managerial	Technical and operational	Administrative	Other functions	Function not indicated
TOTAL SAMPLE	5,3 %	56,1 %	11,7 %	20,5 %	6,4 %
ADVOCACY	6,7 %	55,9 %	13,6 %	15,4 %	8,4 %
PRODUCTIVE	4,4 %	44,5 %	6,0 %	39,8 %	5,4 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

4.3.2 - Functions performed

The paid staff generally carry out technical and operational functions (56.1%) while 11.7% work in administration and 5.3% have a managerial role. Auxiliary functions are carried out by 20.5% of paid staff: this includes, for example, blue-collar workers, porters, drivers, cleaning staff etc. In productive organisations this typology of worker forms the core of all activities; in fact these workers make up 39.8% of the total number of paid staff compared to a lesser number of those who carry out technical and operational functions (44.5%) and those in administration (6%). Table 4 and Table 5 show in detail how over half of the bodies (58.8%) do not employ workers with managerial roles, and another quarter (24.4%) have only 1. The staff who have administrative functions, although present in almost 70% of the organisations is composed of only one person in 40.6% of the cases. Some differences exist between advocacy organisations and productive organisations: 63.4% of the former do not have paid staff with managerial roles, while among the latter this percentage is halved (31.8%). The administrative staff in the productive organisations is less in absolute terms but when present, it is more numerous: 26.4% said they had 2/3 workers in this sector, 12.9% even more than 3.

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

TABLE 4. NUMBER OF STAFF WITH MANAGERIAL FUNCTIONS

	Total sample %	Advocacy %	Productive %
None	58,8	63,4	31,8
1 worker	24,4	22,0	33,9
2-3 workers	8,5	7,1	19,9
More than 3 workers	4,5	3,3	12,6
Not indicated	3,8	4,2	1,8

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1021, of which advocacy 580, productive 414.

TABLE 5. NUMBER OF STAFF WITH ADMINISTRATIVE FUNCTIONS

	Total sample %	Advocacy %	Productive %
None	34,2	36,8	19,8
1 worker	40,6	41,2	40,2
2-3 workers	17,4	15,7	26,4
More than 3 workers	7,0	5,4	12,9
Not indicated	0,8	0,8	0,8

4.4 THE UNPAID WORKFORCE [49]

The employment of unpaid workers is the fulcrum of activities in the Third Sector and in fact almost all of the organisations examined makes use of their work; in roughly 25% of the cases they have more than 50 operators for an average of 91 (Table 6). Organisations of a productive nature are in part an exception (20.2% do not use any at all) because as previously explained, compared to other organisations they are more oriented towards salaried jobs requiring a high level of specific skills and therefore they rely less on unpaid staff. However, when present, the average number of unpaid staff in these organisation is equal to 25; in 47% of the cases the maximum number of people was found to be 6, while only 9.1% of the respondents reported having among their staff more than 50 unpaid workers. The number of unpaid workers is high in the grant-making organisations: 87% of these said they had unpaid staff, for an average number equal to 141.

[49] Given the importance of the unpaid component, in this section the data referring to the grant-making function will be commented on despite the small number of the base sample.

TABLE 6. NUMBERS OF UNPAID STAFF

	Total sample %	Advocacy %	Productive %	Grant-Making %
1-2 unpaid	3,6	2,9	15	17
3-6 unpaid	10	9	32	18,5
7-15 unpaid	24,1	24,3	23,7	18,5
16-50 non retribuiti	37,6	38,4	20,2	23,2
Over 50 unpaid	24,8	25,5	9,1	22,8
Average number	*91*	*93*	*25*	*141*

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1905, of which advocacy 1546, productive 332, grant-making 24.

Unpaid staff can be subdivided into volunteers, young people taking part in the volunteer civil service and other workers who are not directly paid (interns or others who collaborate and whose reimbursement is not considered a salary).
More specifically, there are volunteers in 90.4% of organisations but, once again, with broad differences according to the functions: if volunteers are to be found in 91.8% of organisations carrying out an advocacy function, in those carrying out a productive function the number does not reach 70%. Young people in the volunteer civil service are hired above all in the productive organisations although only in a small number of organisations (16.7% compared to an average of 9.1% in the sector). 35.2% of productive organisations also use other typologies of unpaid workers (16% is the Figure for the total sample). With regard to grant-making organisations, only

FIGURE 17
Composition of paid staff by typology

	Volunteers (association members and non)	Young volunteer civil service volunteers	Other non paid workers
TOTAL SAMPLE	96,1 %	1,6 %	2,2 %
ADVOCACY	96,2 %	1,6 %	2,2 %
PRODUCTIVE	88,1 %	5,3 %	6,6 %
GRANT-MAKING	97,8 %	0,2 %	2,0 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1905, of which advocacy 1546, productive 332, grant-making 24.

4% reported the presence of young people from the volunteer civil service, while the number of organisations in which other people who are not directly paid is higher (47%). If you consider 100 to be the number of unpaid workers, the dominance of the volunteer component is confirmed: 96.1% in the total sample, 96.2% in the organisations with an advocacy function, 88.1% in the productive organisations, 97.8% in the grant-making.
The productive organisations are characterised by a greater presence of young people from the volunteer civil service (5.3% of non paid workers) and of other workers whose collaboration is not paid directly (6.6%). With regard to gender, there is an overriding presence of women (this is also true in the grant-making function) however in the total sample and in the advocacy function the percentage of women is equal to that of men. Lastly, with regard to age, similar results are found regardless of the typology of the organisation under consideration. The presence of young people under the age of 30 is high (15.2% in general terms); the percentages are higher in the 30-55 age bracket (23.9%).

4.4.1 -The volunteers

When considering the volunteers in more detail, Table 7 shows that on average every organisation has 90 volunteers, with a peak of 161 in the grant-making functions (which in 7.2% of the cases attest to having 1000 volunteers) and a minimum of 26 for the productive functions. As already mentioned, the involvement of volunteers for this typology of organisation is however small; roughly 50% have a maximum of 6 in their staff and only 6.3% say they have more than 50.

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1821, of which advocacy 1517, productive 281, grant-making 20.

TABLE 7. NUMBER OF VOLUNTEERS

	Total sample %	Advocacy %	Productive %	Grant-Making %
1-2 volunteers	3,1	2,5	15,4	12,8
3-6 volunteers	10,4	9,5	32,6	20,2
7-15 volunteers	25,1	25,3	22,1	21,8
16-50 volunteers	37,4	38,1	23,6	18,4
51-100 volunteers	12,9	13,3	3,5	7,2
101-1.000 volunteers	10	10,2	2,8	12,4
Over 1.000 volunteers	1,1	1,1	-	7,2
Average number	*90*	*91*	*26*	*161*

FIGURE 18
Composition of the volunteers by typology

	Member volunteers	Non member volunteers
TOTAL SAMPLE	81,9 %	18,1 %
ADVOCACY	83,6 %	16,4 %
PRODUCTIVE	69,0 %	31,0 %
GRANT-MAKING	28,2 %	71,8 %

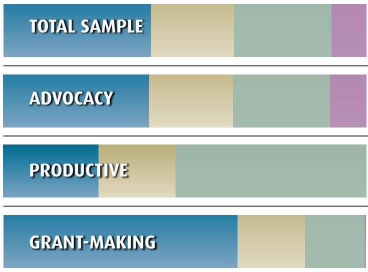
Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1821, of which advocacy 1517, productive 281, grant-making 20.

Volunteers may be members of the organisations for which they work or they may be people from outside the organisation. Those that are members have a numerical supremacy within the volunteer category: more specifically, 87% of advocacy organisations have volunteer members who account for 83.6% of the total number of volunteers reported by the organisations for this category (Figure 18). These figures are essentially similar to those found in the total sample, whereas the percentage of member volunteers in the productive organisations drops to 69%. For the grant-making bodies the ratios are inverted since their very nature does not oblige them to have members: 24% confirm the presence of member volunteers who account for only 28.2%, whereas 58% of the bodies have non-member volunteers for a share of 71.8% of the total number of volunteers.

4.4.2 - The value of volunteer work

Given that volunteer staff comprises over 90% of all of human resources in the non-profit sector, it is crucial to understand and quantify the amount of time dedicated to volunteer work and the economic impact it has on the sector.
There are many volunteers (40.6%) who give at least 5 hours weekly to their organisation, another 23% dedicate up to 4 hours per week for a total of 63.6% who guarantee their services. From this point of view, volunteer work can be seen not simply as something to do in one's free time but as a structured activity which requires an accurate organisation of the work to be carried out. In 26.8% of the cases it was not possible to quantify the weekly commitment of volunteers, either because the people involved were offering less than an hour a week of their time or more probably because their commitment was concentrated in certain periods of the year making it difficult to estimate according to a weekly basis.
The productive organisations, as well as having a low number of volunteers, are also those in which the volunteer activity is less constant: only 47.4% of the volunteers dedicate from 1 to 5 hours of their time per week, and the majority of them do not have a steady commitment and therefore it is not quantifiable on a weekly basis. In order to quantify the economic impact of voluntary work, the interviewees were asked to indicate the number of paid staff who would have to be employed in the organisation (full-time: 40 hours per week) to perform the jobs currently carried out by volunteers, assuming that sufficient funds were available to activate the proposed substitution. Calculating the ratio between the number of volunteers and the full-time staff required to substitute them, it is possible to obtain a rough estimate of the "economic value" of the work that volunteers give to the Third Sector (Table 8). As expected, advocacy organisations

FIGURE 19
Volunteers by guaranteed weekly commitment



	At least 5 hours per week	Between 1 and 4 hours per week	Commitment unquantifiable on a weekly basis	Commitment unknown
TOTAL SAMPLE	40,6 %	23,0 %	26,8 %	9,6 %
ADVOCACY	40,1 %	23,1 %	26,8 %	10,0 %
PRODUCTIVE	26,2 %	21,2 %	52,6 %	0,0 %
GRANT-MAKING	64,4 %	18,6 %	16,9 %	0,1 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1821, of which advocacy 1517, productive 281, grant-making 20.

rely more heavily on volunteer workers: if in this function one full-time employee was required on average to carry out the work of 5 volunteers, in the productive organisations one full-time worker could, on average, substitute 7 volunteers.
The situation is similar for the ratio between the full-time staff which would be necessary to substitute the volunteers and their present paid staff (calculated so as to be the equivalent of full-time staff). Volunteer work is fundamental for the Third Sector: on average, volunteers carry out six times the amount of work of the paid staff. This statistic is extremely relevant: the average "shadow" cost of volunteer work is equal to the cost of 6 full-time paid workers.
The same figures are found in the advocacy cluster, which further confirms that the contribution of volunteers is fundamental for these organisations. The productive organisations on the other hand, would require an average of "only" one sixth of their present staff to substitute their volunteers.

TABLE 8. ESTIMATE OF THE ECONOMIC IMPACT OF VOLUNTARY WORK

	Total sample %	Advocacy %	Productive %	Grant-Making %
Full-time staff required to substitute volunteers *(average number)*	18	18	4	16
Active volunteers *(average number)*	90	91	26	161
Ratio full-time staff required /active volunteers	1/5	1/5	1/7	1/10
Full-time active paid staff** *(average number)*	3	3	22	37
Ratio full-time staff required /active volunteers	6	6	1/6	3/7

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 1821, of which advocacy 1517, productive 281, grant-making 20;
**the active staff should be considered as full-time, as part-time staff was divided by two.

4.5 JOB SATISFACTION

Despite the fact that a large volume of human resources under various designations contribute to achieving the aims for which the various organisations were created, very few of them conduct internal surveys to learn about the level of job satisfaction. Among the organisations that have a paid or volunteer workforce, only 24.8% conduct fact-finding surveys of this kind. This Figure increases to 31% in the organisations with grant-making functions and to 39.2% in the productive functions; here too the advocacy cluster largely replicates the figures of the total sample (which is to say 24%). Analysing job satisfaction among paid or volunteer staff, however, is undoubtedly of great interest, given the "calling" aspect of this job. In fact, slightly less than 90% of the organisations that conduct this type of

FIGURE 20
Job satisfaction among staff resulting from internal surveys

	less than 60%	60/79%	80/89%	90/99%	100%
TOTAL	11,4 %	20,6 %	30,1 %	27,1 %	10,8 %
ADVOCACY	11,8 %	20,8 %	29,4 %	26,9 %	10,9 %
PRODUCTIVE	5,0 %	25,1 %	32,4 %	30,1 %	7,4 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents; 592, of which advocacy 338, productive 196

survey report that more than 60% of their staff claim they are satisfied, thereby painting a decidedly positive picture of non-profit organisations as a workplace. In the productive function the organisations that report a high level of job satisfaction in the staff is as high as 95%. This highlights the fact that in these organisations - characterised by a form of enterprise that offers salaries which are lower compared to the national average of for profit firms (where selling comes first and foremost) - satisfaction lies somewhere between monetary remuneration and other forms of intangible and motivational incentives.

4.6 EXTERNAL CONSULTANTS AND FUNDRAISING

The percentage of interviewed organisations that said they had used external consultants during the course of 2010 is 77%; this number increases to 97% for organisations in the productive function and to 95% for those in the grant-making function. The professional expertise that is most sought is that relating to legal matters and taxes (above all for the productive organisations, as they de facto carry out entrepreneurial activities), followed by experts in training, in project design and in promotion and communication. External consultants for fundraising are called on to a lesser extent, that is to say in only 8.5% of cases; the only exception is for productive organisations, indeed 20.9% of organisations relied on external collaborations - the explanation for this is fundamentally linked to the presence of NGOs in the cluster.

TABLE 9.
ORGANISATIONS THAT USED EXTERNAL CONSULTANTS

	Total sample %	Advocacy %	Productive %	Grant-Making %
In the legal/fiscal sphere	59,3	57,4	87,2	86,6
For training	45,2	44,1	66,5	46,8
Support for planning activities/experts in the field	32,1	30,6	46,6	67,9
Promotion/ communication	26,4	25,7	35,7	33,1
Fundraising activities	8,5	7,7	20,9	22,7
No collaboration with external consultants	*22,2*	*23,4*	*3*	*5,3*

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple replies; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

FIGURE 21
The carrying out of fundraising activities

	Stable activity, throughout the whole year	Occasionally, if there are specific projects or initiatives	Only during specific times in the year (e.g. Christmas, festivities ...)	No
TOTAL	13,6 %	28,8 %	9,6 %	48,0 %
ADVOCACY	12,7 %	28,5 %	9,7 %	49,1 %
PRODUCTIVE	18,1 %	33,5 %	9,1 %	39,3%

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2104, of which advocacy 1647, productive 425.

Let us consider fundraising activities in more detail; 17.4% of the organisations interviewed confirmed that they had an internal structure dedicated to fundraising. Generally speaking, these organisations are of large dimensions: the average number of staff (paid and unpaid) being 261, compared to the average of 89. Advocacy organisations generally dedicate fewer resources to this activity which is relatively marginal; only 50.9% of these organisations carry out fundraising and only 15.9% have an internal structure. On the contrary, the productive function has fundraising activities in 60.7% of organisations and in 26.8% of cases they have structures specifically dedicated to fundraising. In both functional clusters, however, fundraising does not yet appear to be a well structured activity even in those cases where it exists; more often than not it is carried out on an occasional basis, connected to certain periods of the year or to specific events. However, 18.1% of productive organisations claim their fundraising activities are stable throughout the entire year (Figure 21).

Even when set up within the organisation itself, fundraising activities involve a meagre number of human resources, more often than not part-time. The survey reveals in particular that despite a considerably high number of employees (261), only 5.8 are involved in fundraising.

TABLE 10. NUMBER AND COMPOSITION OF STAFF DEDICATED TO FUNDRAISING

	Total resources	of which	
		Full time %	Part time %
Nessuno		59,7	12
1 person	26,2	15,2	28,8
2-3 people	29,3	16,2	29,3
More than 3 people	44,5	8,9	29,9
Average number	*5,8*	*2*	*4*

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages, total respondents: 189

Overall, although these results are not excellent, they are not necessarily a negative signal: fundraising activity is undoubtedly of strategic importance for non-profit organisations; however, the real wealth of this sector is made up by the volunteers.

Chapter 5

REPUTATION, WELL-BEING AND SOCIAL VALUE

CHAPTER 5

Reputation, wellbeing and social value

All of the activities carried out by the Third Sector consist of actions that are part of a long-lasting relationship among those involved which is based on trust. It can, therefore, be said that Third Sector organisations and their stakeholders form relational networks within geographic territories and within the fields they operate in. Within these relationships, “reputation” is a factor which helps to understand the opinions and perceptions that stakeholders have as regards non-profit organisations and thus the amount of social value generated by the activity being carried out.
It is for this very reason that Chapter 5 aims to understand how Third Sector organisations are viewed in terms of their reputation; special attention will be paid to the relationships that exist with other organisations delivering similar services (partnerships) and beneficiaries.
Furthermore the issue of social innovation, understood as a “positive externality” generated by the ability of non-profit organisations to stimulate social transformation through the involvement of the community, will also be dealt with in further detail.

5.1 THE REPUTATION OF THE SECTOR LOCALLY

All of the exponents of non-profit organisations involved in the survey deem the activities being carried out by the organisations they work for as being extremely beneficial to the community, especially for their direct involvement in areas where in recent years the degree to which the public administration has been involved in the delivery of social and health assistance has been decreasing. Over the course of the years the reputation of the sector has undoubtedly increased (Figure 1) and the fields for which most satisfaction was expressed were: the quality of the services carried out (net percentage equal to 93%) [50], their usefulness (92.9%) and the degree to which beneficiaries are aware of the activities being carried out (87.3%) although perhaps interviewees tend to overestimate the extent to which the general population (57%) and in particular the institutions and stakeholders (63.5%) are aware of organisations such as theirs.

The importance of the role of covered subsidiarity becomes apparent: in net percentages, 71.4% of those interviewed highlight the importance of intervening in those areas where public assistance is lacking, whereas 56.2% refers specifically to those areas in which it has reduced its service delivery. It must however be highlighted that no symbiosis can exist between the activities

[50] Percentage obtained by calculating the difference between the value judgements expressed as “very + fairly” and those expressed as “little + not at all”. A negative value indicates that the number of people who consider themselves to be little or not at all satisfied is greater than the number of people who expressed a positive value judgement.

FIGURE1
Profile of the image of the non-profit sector

Source: Indagine sul non-profit, UniCredit Foundation Note: net percentages were obtained by calculating the difference between the value judgements expressed as "very + fairly" and those expressed as "little + not at all", total number of respondents, 2104.

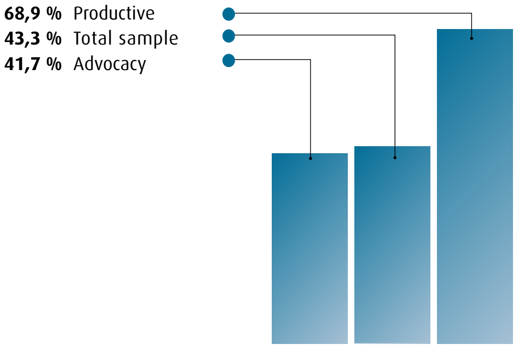


FIGURE 2
Partnerships with local institutions or other local areas for the creation of welfare services

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2104, of which advocacy 1647, productive 425.

carried out by the non-profit sector and those carried out by the public assistance sector. Indeed there is dissatisfaction (-37.8% net) when it comes to aspects which involve cooperation between the two. If on the one hand it is crucial for the non-profit sector to interact and create collaborative networks also with public sector bodies, and there have been some successful cases, on the other hand there is the issue of late payments on the part of the public sector which distorts the perception of interviewees. Indeed, conservative estimates place the total amount owed by the public assistance sector at 70 billion euros overall, a significant portion of which is owed to the non-profit sector. Collaboration is an issue which deserves to be dealt with in more depth. In general terms organisations in the non-profit sector are accustomed to working at a network level and describe themselves as multi-stakeholder bodies with connections evenly distributed throughout the community; they involve other sector organisations, even public administration and for profit enterprises to different degrees and in different capacities. Despite this, the satisfaction rate for collaboration is as low as 17%, perhaps due to the self-referential nature of the answers provided. The same analytical approach should be used for partnerships with local institutions or other local areas aimed at the creation of welfare services, activities carried out by 43.3% of non-profit organisations and 68.9% of organisations carrying out productive functions.

Consideriamo infine gli aspetti di innovazione sociale, sottolineati in positivo dal 65,5% dei rispondenti. Il non profit offre servizi che la P.A. non può,

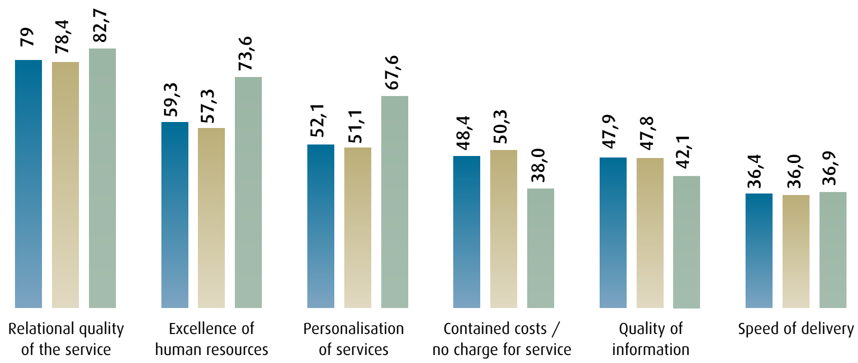


FIGURE 3
Elements providing satisfaction among users

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 865, of which advocacy 568, productive 283.

non vuole o non sa finanziare; in termini generali, l'operatore pubblico offre infatti un servizio standardizzato, mentre il non profit va oltre lo standard, perchè mosso da convinzioni che vanno al di là del valore economico, e grazie a una maggiore vicinanza al territorio e alla domanda di cui è espressione. In tempi di risorse scarse, queste istituzioni hanno dunque un ruolo strategico di sperimentazione che nasce da motivazioni intrinseche a prescindere dalla copertura economica, diviene realtà e può portare in un secondo momento alla definizione di specifiche politiche pubbliche – andando quindi a copertura.

5.2 USERS ARE SERVED

A non-profit organisation will, on average, serve more than 3000 beneficiaries while carrying out its activities (in the productive sector an average of 1900, probably due to the small size of social cooperatives, see Table 1).

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 925, of which advocacy 599, productive 313.

TABLE 1. BENEFICIARIES OF THE ACTIVITIES CARRIED OUT BY NON-PROFIT ORGANISATIONS DELIVERING SERVICES TO INDIVIDUALS OR ASSOCIATION MEMBERS

	Total Sample %	Advocacy %	Productive %
Less than 50	17,5	14,9	39,1
51-150	17,3	17,6	19,2
151- 500	24,7	25,8	18,3
501 -1.500	17,1	17,8	8,7
1.501 - 5000	10,5	11,1	4,7
more than 5000	12,3	12,5	5,3
Not specified	0,7	0,4	4,7
Average number	*3121*	*3213*	*1901*

The approach towards users is one of great responsibility, especially among organisations carrying out a productive function, who in effect are offering services that on the market are competitive. Indeed 62.6% of these organisations track and evaluate the level of satisfaction among users demanding such services as opposed to 36.5% of the total sample and 34.9% of advocacy organisations. While advocacy organisations, in terms of the type of organisation and services offered, will tend to serve a greater number of users, productive organisations have a more “entrepreneurial” nature and compete with the private sector and are therefore more inclined to monitor the satisfaction of their

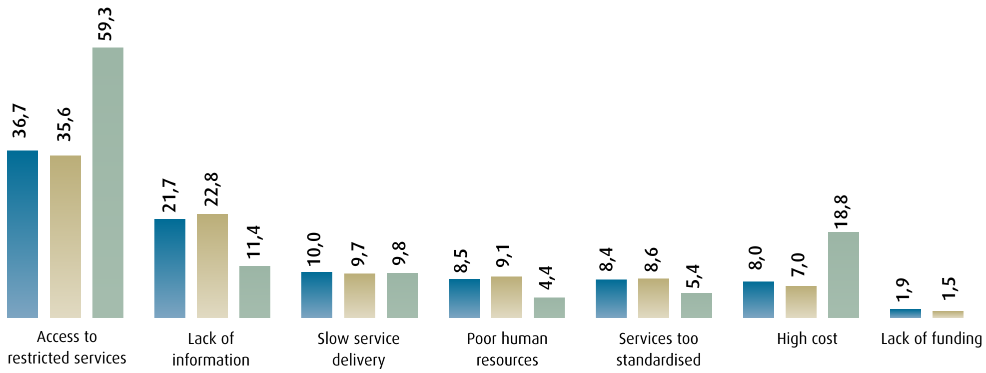


FIGURE 4
Elements of dissatisfaction among users

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 865, of which advocacy 568, productive 283.

users. Satisfaction reviews reveal that generally speaking the non-profit sector is attentive to the needs of its beneficiaries and offer high quality services (Figure 3). They also reveal that non-profit organisations have a greater ability to enter into relationships, have a highly professionalised workforce and offer personalised services, a real added value with respect to the more standardised services offered by the public sector (see previous paragraph).

Those organisations that stand by their productive function seem to demonstrate a more "customised" approach, providing a range of services that meets the needs of users in an almost "commercial" perspective; recognition of the added value of their services is an even more important aspect if you consider the competitive context made up also of for profit enterprises and with whom they need to interact, collaborate or compete with. This typology of organisation nonetheless has wide margins for improvement in terms of the accessibility of their services which many consider to be subject to too many restrictions. On the other hand, if the services on offer are indeed insufficient, this means that the Third Sector has a market (Figure 4). Advocacy organisations have chosen a different approach, one that meets all of the needs that users may have and, as we have seen, they satisfy the greatest number of users and probably the most diversified number of users. The differences between the two functional clusters of users is not surprising: advocacy organisations are guided by services whereas productive organisations are guided by demand.

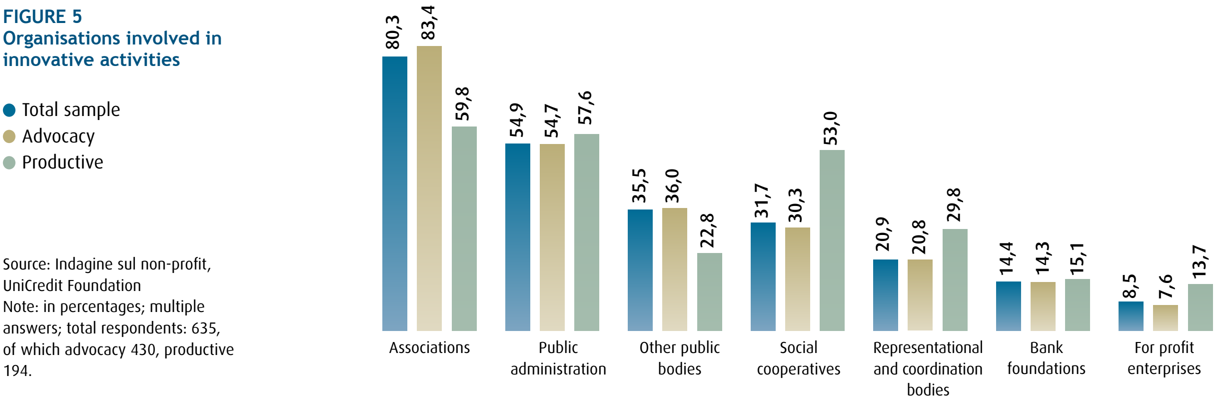
5.3 INNOVATIONS INTRODUCED FOR THE BENEFIT OF USERS

By way of conclusion, the non-profit sector appears to be characterised by two fundamental elements:

- users and their needs are taken into careful consideration
- there exists an awareness of the sectors' inclusion into a broad social context of significant value where it is dutiful to foster relationships with other bodies and organisations in order to achieve the maximum benefit for users.

These two elements are best expressed when social innovations are introduced by the non-profit sector as it carries out its activities. Over the course of the past three years, 66.9% of organisations carrying out productive functions and 39.7% of those carrying out advocacy functions have introduced innovative elements. As shown in Table 2, these have especially been in the form of new products and services on offer (66.1% and 75.4% respectively) and in the improvement of processes and internal organisation (68.9% and 61.1% respectively).

FIGURE 5
Organisations involved in innovative activities



Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total respondents: 635, of which advocacy 430, productive 194.

TABLE 2. SOCIAL INNOVATIONS INTRODUCED

	Totale sample	Advocacy	Productive
Improving processes / internal organisation	68,5	68,9	61,1
New products / services	67,2	66,1	75,4
New categories of clients/ users	33,2	31,6	47,4
New geographical areas	24,1	23,7	30,8

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total respondents: 932, of which advocacy 649, productive 268.

The non-profit sector's relational element emerges in the field of social innovation as well: 70% of bodies involved in innovation have developed their activities in collaboration with other organisations, mainly with associations (80.3%, see Figure 5), public institutions (54.9%) or other public bodies (35.5%) and with social cooperatives, especially with regards to productive organisations (53%).

In summary, it is possible to say that social innovation is carried out mainly with organisations that perform the same function or with the public administration (which confirms the relational model which emerged above). Moreover, there appears to be a dichotomy between similar organisations (other associations, for example) and for profit enterprises with which only 9% of the sample collaborates for this purpose (14% if productive organisations, which are closer to "standard" entrepreneurship, are taken into consideration).

Chapter 6

Economic resources and the relationship with banks

FILIALE UNIVERSO NON PROFIT, UNICREDIT - ROMA

CHAPTER 6

Economic resources and the relationship with banks

The non-profit sector in Italy is assuming an ever growing economic importance for the country; the organisations are evolving towards more complex forms of involvement for the people in this field with a parallel increase in the volume of activities undertaken. In particular, with regards to social enterprises and despite the fact that they have undoubtedly suffered from the crisis, the data from the survey presented in this section confirms that they have been able to maintain financial stability. This must be added to the excellent propensity for social innovation which has already been shown and to the substantial capacity to create and protect jobs, especially for women. It is therefore of fundamental importance to analyse this sector also from the point of view of the economic and financial resources that have been mobilised in order to understand its significance on the total economy and the importance it can have for the banking system in terms of intermediate resources, services supplied and/or to be developed and aspects regarding reputation connected to the territory.

To the above mentioned growing importance of the economic dimension of non-profits, must be added the flanking role of the banks which is becoming more and more significant; they act as entities that assist the progress of social entrepreneurship and improve efficiency in the management of organisations. With this in mind, the conclusion of this chapter is dedicated to a presentation of data that is both quantitative and qualitative and gives a synthetic but exhaustive picture of the relationship that exists between credit giving institutions and non-profit organisations.

6.1 THE ECONOMIC BALANCE SHEET FOR 2010

Almost all Third Sector organisations draft a balance sheet (Table 1): 89.3% of those in the productive function draft theirs according to the EEC Directive (Balance Sheet) lV (it must be remembered that the social cooperatives are in the productive cluster and by law they are obliged to draft their balance sheet according to this model), whereas in equal measure those of the advocacy function adopt other simpler forms to draw up their balance sheet (respectively, 45.3% e 48.4%).

TABLE 1. DRAFTING THE BALANCE SHEET

	Total sample %	Advocacy %	Productive %	Grant-making %
Draft the balance sheet according to the EEC directive IV	48	45,3	89,3	79,9
Use other forms to compile balance sheet	46,1	48,4	8,2	19,1
Do not compile any form of balance sheet	5,9	6,3	2,5	1,0

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29

6.2 REVENUES

From the point of view of revenues, the data indicates that economic activity within the sector has become fragmented (Table 2). In 62.9% of the cases organisations belonging to the advocacy cluster report revenues of no more than 50,000 euros (59.2% with reference to the total sample), and revenues of over one million euros in only 3% of the cases, for an average overall figure of 158,000 euros. Productive organisations are an exception; they declare revenues exceeding 150,000 euros in 81% of the cases with 27% having revenues above a million euros for an average amount of just under 1.3 million euros. The productive function in fact has an entrepreneurial core: the characteristics and aims of their activities require a more structured body with a more complex organisation. Generally speaking, if you consider an average amount of revenues equal to 286,000 euros and a number of non-profit organisations equal to 235,232 it is possible to estimate the economic impact of the sector in terms of revenues equal to 67,276 billion euros, equal to 4.3% of the GDP [51]. In order to have a means of comparison: in the ISTAT census of 2001 on non-profit organisations (1999 data) the revenues indicated were 37,762 billion euros equal to 3.3% the GDP [52].

[51] The GDP (at market prices and current values) in 2010 was equal to 1,553,982 million euros.

[52] The GDP (at market prices and current values)) in 1999 was equal to 1,133,998 million euros.

On the opposite page.
Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages and average amounts; average calculated on the basis of total respondents for single items; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

TABLE 2. REVENUES FOR 2010 BY AMOUNTS

	Total sample %	Advocacy %	Productive %	Grant-Making %
Up to 5,000 Euros	22,4	23,7	3,2	-
From 5000 to 50,000 Euros	36,8	39,2	3,9	2,7
From 50,000 to 150,000 Euros	18,3	18,4	12,1	29,4
From 150,000 to 500,000 Euros	13,9	12,8	33,5	21,4
From 500,000 to 1,000,000 Euros	3,8	2,9	20,3	6,7
More than 1,000,000 Euros	5	3	27	39,8
Average amount of revenues (Đ)	*286.000*	*158.000*	*1.268.000*	*4.170.000*

Detailed financial statements give an exact picture of the nature and the peculiarities of the different bodies that are connected to the non-profit world. In trying to give a general overview, it is necessary to distinguish the sources of funding, how funds are distributed and what impact they have within the budget.
With regard to the pervasiveness of the single items of revenue among the bodies (Table 3), the one that appears in most of the organisations (although with a great discrepancy depending on the function) is that of self financing, mentioned in 76.3% of the cases. This is followed by donations: 72% of the organisations receive them in one form or another, in particular the 5 per 1000 and donations and legacies from private citizens, each one is found in over 45% of the organisations. The link with the public sector is for many actors of the Third Sector (59.6%) a fundamental resource to fulfill their missions above all in the form of stipulated covenants with either central or local administrations (39% receive these compensations).

TABLE 3. ECONOMIC BUDGET 2010: REVENUES (ORGANISATIONS THAT LIST EACH ITEM OF REVENUE AND THE AVERAGE AMOUNT)	Total sample	Advocacy	Productive	Grant-Making
Self financing (fees paid by members and subscribers) (%)	**76,3**	**79,2**	**38,9**	**21,1**
Average amount	*40.447*	*23.741*	*64.000*	*3.081.431*
DONATIONS (%)	**72**	**71,7**	**70,3**	**87,9**
Donations/bequests from individuals (non members) (%)	46,5	46,5	41,6	51,8
Average amount	*107.352*	*31.172*	*220.350*	*3.308.766*
Donations from banking foundations (%)	20,7	20,6	18,2	32,1
Average amount	*30.858*	*27.031*	*53.949*	*121.835*
Donations from for profit enterprises and foundations from enterprises (%)	10,5	10,1	11,3	30,7
Average amount	*69.065*	*29.513*	*98.308*	*697.029*
5 per mille (%)	46,4	45,7	57,8	54,8
Average amount	*20.265*	*12.144*	*18.175*	*363.931*
8 per mille (%)	0,3	0,2	1,8	-
Average amount	*269.952*	*350.448*	*100.000*	
Other activities to collect funds (%)	4,3	4,4	4,5	-
Average amount	*50.571*	*32.678*	*411.850*	
Other funding from the non-profit sector(%)	2,1	2	6,2	-
Average amount	*87.816*	*44.338*	*377.997*	
Other contributions/donations (%)	2,2	2,3	1	4
Average amount	*283.354*	*27.050*	*29.944*	*7.622.730*
REVENUES FROM THE PUBLIC SECTOR (%)	**59,6**	**59,2**	**73,7**	**43,8**
Covenants	39	38,2	54	34,4
Average amount	*199.226*	*129.553*	*868.023*	*1.455.741*
Free grants	31,4	31,7	31,5	20,1
Average amount	*72.300*	*46.633*	*606.133*	*67.408*
DELIVERY OF SERVICES (%)	**38,8**	**37,7**	**57,3**	**46,7**
Revenues from assets, services delivered to private entities (%)	27,7	26	53,7	41,4
Average amount	*134.525*	*88.729*	*547.933*	*277.804*
Sponsorships (%)	1	1,1	-	-
Average amount	*40.510*	*40.510*		
Revenues from assets, services delivered to members (%)	15,8	16,6	6,8	4
Average amount	*68.721*	*53.748*	*831.331*	*300*
Revenues from assets, services delivered (gen.) (%)	3,2	3,1	3	5,3
Average amount	*121.495*	*70.908*	*457.726*	*1.090.700*
OTHER SOURCES OF FINANCING				
Earnings from capital (%)	10,8	9,3	16,4	78,8
Average amount	*80.571*	*31.770*	*101.792*	*355.378*
Budget transactions (%)	0,9	0,9	0,3	8
Average amount	*166.046*	*26.649*	*30.614*	*859.167*
Other sources of financial support (%)	2,7	2,7	2,9	8
Average amount	*39.998*	*30.981*	*110.976*	*130.903*
Not indicated	*2,7*	*2,8*	*2,3*	-

Looking at the composition of the financial statement (Table 4), one sees the importance of public financial support for the bodies of the Third Sector, which accounts for 36% of the total. In the bodies of the advocacy and productive functions, it appears to be even more important with amounts equaling respectively 41.8% and 53.4%. Particularly noticeable are the covenants (27.8% of the total sample, 32.2% in advocacy and 37.9% in the productive functions) and, with regard to the productive functions, free grants which have an impact on total revenues equal to 15.4%, as opposed to 8.2% of the total sample. Only the grant-making functions are predominantly financed by the private sector, with donations counting for 59.3% of the total, most of which comes from private non members (41.4%). In general, the combined donations received enables non-profit organisations to cover another 30.2% of their financial needs; this figure shrinks to 20.9% for organisations in the advocacy function and 13.5% for those in the productive function.

The remaining 39% is derived from proceeds generated by the delivery of goods and services (18.7%) by the fees paid by the members (11.1%) and only marginally by proceeds from assets and other sources (4.1%). Also in this case, there are notable differences according to the typology of the organisation under consideration. As is reasonable to expect, the revenues deriving from the delivery of goods and services for the productive organisations carry more weight (29.5%), especially if they are destined for the private sector (23.8%), whereas the importance of self financing is negligible (2%).

The organisations of advocacy in general have a profile which is very similar to those of the total sample, although as we have emphasised above, the impact of the financial support from the public sector is much higher, particularly where the covenants are concerned. Although not with as great a difference as with the productive organisations, the importance of the delivery of goods and service (22.5%) is still greater. This shows the importance that this function too has in filling a need that frequently the public sector cannot completely carry out. The significance of donations moreover is low (20.9%). There are structural explanations for this rather than reasons related to the specific nature of the bodies, as in the case of the productive organisations: in order to be able to count on consistent donations, it is necessary to activate an awareness campaign of the structured collectivity which does not fit with the widespread micro-structure of the world of Third Sector associations. As seen in Chapter Four, a systematic approach to fundraising is infrequent – only 13% say they constantly carry out this activity during the course of the year.

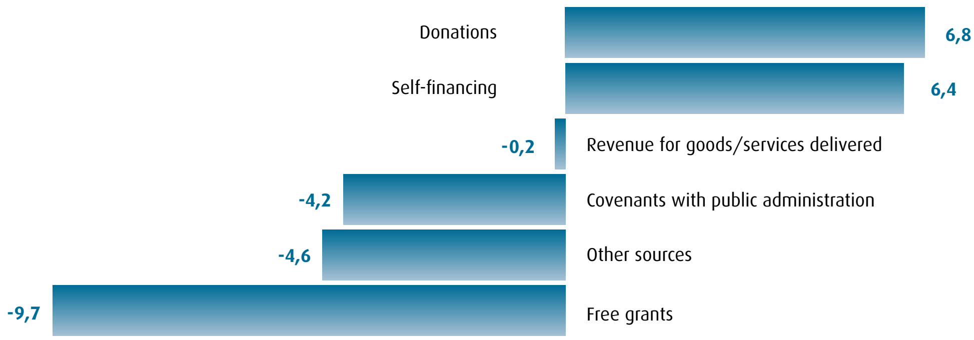
TABLE 4. COMPOSITION OF THE REVENUES				
	Total sample %	Advocacy %	Productive %	Grant-Making %
REVENUES FROM THE PUBLIC SECTOR	**36**	**41,8**	**53,4**	**12,3**
Covenants	27,8	32,2	37,9	12
Free grants	8,2	9,6	15,4	0,3
DONATIONS	**30,2**	**20,9**	**13,5**	**59,3**
Donations/legacies (non members)	17,9	9,4	7,4	41,1
Donations from banking foundations	2,3	3,6	0,8	0,9
Donations from firms and other foundations	2,6	1,9	0,9	5,1
5 per mille	3,4	3,6	0,8	4,8
8 per mille	0,2	0,4	0,1	0
Other fundraising activities	0,8	0,9	1,5	0
Other funding from the non-profit sector	0,7	0,6	1,9	0
Other contributions/donations	2,3	0,4	-	7,3
DELIVERY OF GOODS AND SERVICES	**18,7**	**22,5**	**29,5**	**4,2**
Revenues from assets,services delivered to private citizens	13,3	15	23,8	2,8
Sponsorships	0,1	0,3	-	-
Revenues from services delivered to members	3,9	5,8	4,6	0
Revenues from assets, services delivered (gen.)	1,3	1,4	1,1	1,4
Self financing (fees paid by members/subscribers)	**11,1**	**12,2**	**2**	**15,6**
OTHER SOURCES OF FINANCING	**4,1**	**2,6**	**1,6**	**8,6**
Earnings from capital	3,1	1,9	1,4	6,7
Budget transactions	0,5	0,1	-	1,7
Other sources of financing	0,4	0,5	0,3	0,3

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

As regards the productive organisations, it must be remembered that the main typology within this cluster are the social cooperatives, enterprises that truly absolve the functions of education, job placement and the well being of people through subsidiary means compared to those of the public sector. It is not surprising therefore that the main source of revenues in the financial statement come from covenants with central and local administrative institutions (37.9%, the average amount being 868,023 euros), followed by revenues associated with goods and services delivered to private citizens (23.8%, the average amount being 547,933 euros). As already emphasised, within the public contributions free grants are noticeable and account for 15.4% (8.2% the corresponding amount out of the total sample making an average contribution of 606,133 euros. Lastly, the donations which, although they are spread around, reaching 70% of the organisation, are characterised by more contained amounts (220,350 euros, for example, is the average amount of private donations from non members), and this figure represents only 13.5% of total revenues.

The grant-making function is represented by foundations, bodies with considerable economic importance and good relational skills, which allows them to raise enormous sums of money from varied sources thanks to intense fundraising activities: three-quarters of their revenues come from donations (59.3%) and from self financing (15.6%). Their broad skills and large organisational structure combined with the fact of being well-known, makes it possible for them to raise conspicuous sums in donations not only from individuals but also from firms (5.1%) and through the 5 per 1000 (4.8%), with much higher and more significant amounts compared to the other two functions. For these bodies, the decisive element are the assets that they own: to fulfill their function of grant-making, 79% of them use the proceeds deriving from their assets which alone constitute 6.7% of the revenues (the value of this item in the total sample is 3.1%, in the advocacy function 1.9% and in that of the productive 1.6%).
We will now consider the evolution of the revenues in 2010 compared to those of 2008 (Figure 1). Generally speaking, the variations observed are connected to the contextual period of economic recession that the country was going through. The Third Sector suffered particularly from the cuts in the state budget which translate into few covenants with central and local administrations and fewer free grants. In net terms (that is considering the difference between those who report an increase in the single item and those who report a decrease) the former suffered a negative variation of 4.2%, whereas the latter, as much as 9.7%. Noteworthy in positive,

FIGURE 1
Net trends for revenue by funding source, 2008-2010 variations



Source: Indagine sul non-profit, UniCredit Foundation
Note: net percentages calculated as differences between those reporting an increase and those reporting a decrease; total respondents: 2104.

on the other hand, are the donations (+6.8%) and the self financing (+6.4%). With regard to revenues deriving from the delivery of goods and services, it should be pointed out that although the net contribution is negative (-0.2%), the figure so close to zero indicates a substantial compensation between those who report an increase and those who report instead a decrease, showing that despite the crisis, those who managed to stay in the market place are holding their own.

With regard to the individual typologies (Table 5), the advocacy function which is made up of recently developed small but dynamic entities has compensated for the drop in public funds by turning to private sources: the organisations that have increased their revenues through self financing and donations are 7% greater numerically than those who are fewer in number for each of the listed sources.
The bodies with productive functions have managed to make up for the lack of free grant financing by increasing revenues in all the other sources that are listed, above all proceeds generated by the delivery of goods and services. The data shows that there is an extremely high percentage of paying demand that does not come from the public administration, parallel to this organisations have shifted their function, which implies an entrepreneurial evolution: from being on the receiving end of assistance from the public administration to offering assistance to the private sector.
The organisations that suffer more, on the other hand, are grant-making organisations that already raise large amounts through donations and self financing and that do not supply goods and services in the strict sense of the term. They thus have no alternative to the contributions from the public sector. This cluster has felt the effects of the financial crisis which led to a sharp decrease in the proceeds deriving from financial and asset investments (which are the fulcrum of the other sources).

TABLE 5. NET TRENDS FOR REVENUE BY FUNDING SOURCE, 2008-2010 VARIATIONS, LISTED BY INDIVIDUAL TYPOLOGIES

	Advocacy %	Productive %	Grant-Making %
Donations	**+7**	**+7,8**	-1,6
Self financing	**+6,8**	+3	-0,3
Revenues for goods/services delivered	-0,8	**+17**	0
Covenants with public administration	-4,3	+3,5	**-13,1**
Free grants	**-9,1**	**-15,5**	**-24,1**
Other sources	-4,6	+1,9	**-18,7**

Source: Indagine sul non-profit, UniCredit Foundation
Note: net percentages calculated as differences between those reporting an increase and those reporting a decrease; total respondents: advocacy 1647, productive 425, grant-making 29.

6.3 EXPENDITURES

Also with regard to the scale of the expenses, the data shows differences connected to the diverse nature and aims of the bodies considered (Table 6). Overall, there is an average amount of expenditure equal to 267,000 euros associated with each organisation (286,000 euros, see Table 2). This comes to a positive balance of 19,000 euros, which is not a small sum if you bear in mind the diverse typologies and dimensions of the entities involved. The gap between revenues and expenses is, in fact, much greater for grant-making organisations (170,000 euros on average) which tend to be very large, for productive organisations (59,000 euros), which as mentioned previously on more than one occasion greatly resemble for profit firms.

In general terms, the main item of expense is that of the staff and the collaborations, the average cost being 162,755 euros, which confirms the the significance of human resources to the sector. This item is mentioned in only 51.9% of the cases but this figure is influenced by the lower number of paid staff in advocacy organisations. Not far behind are the expenses associated with the efficiency of the organisation (this item is mentioned by 93.4% of the sample giving an average amount of 159,744 euros). As regards promotional costs and fundraising (present in 32.8% of the organisations) it is interesting to note that the average cost (16,449 euros) is generally more than compensated for by the revenues deriving from this activity (average amount, 91.344 euros [53])

[53] Amount calculated as average revenues deriving from: donations from individuals (non members); donations from banking foundations; donations from for profit firms and foundations of firms; 5 per 1000 (Italian citizens may devolve 5 thousandths of their income tax to a non profit organisation of their choice and in the case of the 8 per 1000, 8 thousandths to religious bodies); other fundraising activities

For the organisations in the advocacy function, the figure for expenses, like that for revenues, is definitely less than in the other non-profit organisations: on average they spend just over one tenth of what the productive organisations spend and slightly more than one thirtieth of what the grant-making organisations spend. In particular and as has already been observed, the item regarding costs associated with the remuneration of staff and those who collaborate is greatly reduced: staff who are paid directly occur in only 33.7% of the organisations, that is to say an average of 9 people as opposed to 36 in the productive function (see Table 2, paragraph 4.3). On the contrary, almost one fifth of the total number of organisations in the advocacy function did not use any external consultants (for the productive function the percentage is 3 out of 100, see Table 9 paragraph 4.6).

The aim of the productive function is to supply educational and welfare services and the reintegration into social life and the working world of disadvantaged individuals. The organisations of this functional cluster thus have one of their largest expenditures under the item “staff and collaborations”: it is reported in 93.6% of cases and has an economic impact close to those of the expenses for specific activities.

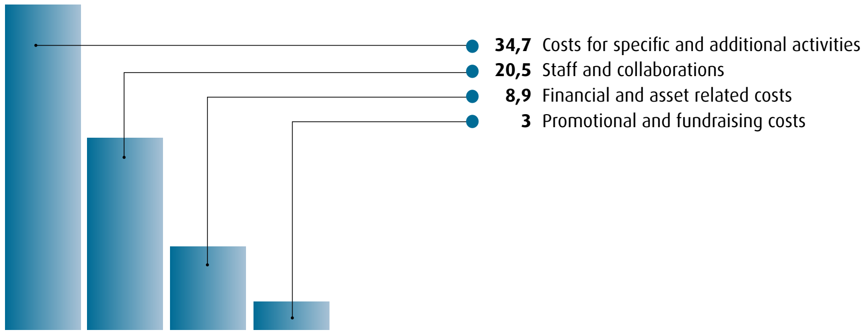
The grant-making function has several distinctive features: the average costs associated with specific activities is extremely high (just under 2.7 million euros); this figure is connected to the community work that is characteristic of organisations in this functional cluster. 44.1% of organisations also report considerable promotional and fundraising expenses (over a million euros); this activity is often developed within organisations and carried out in an organised and ongoing manner (overall 32.8% of the organisations in the Third Sector spend money on this activity but with an economic impact which is decidedly smaller, that is to say an average of 42,740 euros). This drain on resources, however, through donations and self financing generates revenues that account for more than 75% of the total proceeds (see Table 4), compared to an overall expenditure of 12% (Table 7).

TABLE 6. BALANCE SHEET 2010: EXPENDITURES (ORGANISATIONS THAT REPORT EACH ITEM IN EXPENDITURE AND AVERAGE AMOUNT)

	Total sample %	Advocacy %	Productive %	Grant making %
Cost of specific and additional activities	93,4	93,3	93,6	100
Average amount	*159.744*	*85.405*	*644.544*	*2.687.321*
Staff and collaborations	51,9	49,1	93,6	93,3
Average amount	*162.755*	*100.740*	*596.435*	*820.692*
Promotional and fundraising costs	32,8	32,4	34,6	44,1
Average amount	*42.750*	*16.719*	*91.028*	*1.085.331*
Financial and asset related costs	36,5	34,2	63,9	87,9
Average amount	*14.576*	*11.189*	*22.321*	*78.567*
Average expenditures in the Third Sector	**267.000**	**146.000**	**1.209.000**	**4.000.000**
Not indicated	4,2	4,5	-	-

Source: Indagine sul non-profit, UniCredit Foundation
Note: net percentages calculated as differences between those reporting an increase and those reporting a decrease; total respondents: advocacy 1647, productive 425, grant-making 29.

FIGURE 2
Net trends for expenditure per cost item, 2008-2010 variations



Source: Indagine sul non-profit, UniCredit Foundation
Note: net percentages calculated as differences between those reporting an increase and those reporting a decrease; total respondents: 2104

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29

TABLE 7. COMPOSITION OF THE EXPENDITURES

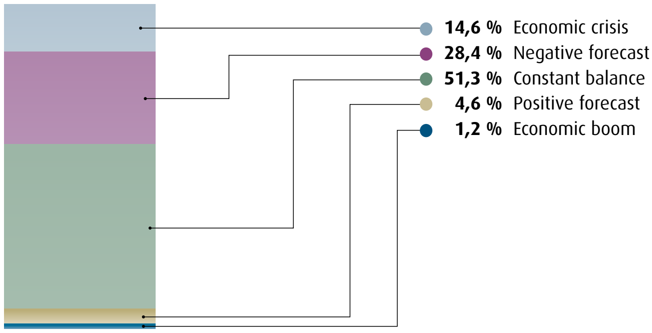
	Total sample %	Advocacy %	Productive %	Grant-Making %
Costs for specific and additional activities	58,4	57,1	49,9	67,2
Staff and collaborations	33,1	35,4	46,2	19,1
Promotional and fundraising costs	6,2	4,4	2,7	12,0
Financial and asset related costs	2,3	3,1	1,2	1,7

Let us look more closely at the composition of the expenditures as shown in the balance sheet of 2010. As expected, overall 58.4% of the available budget is spent on normal running costs necessary to carry out the specific activities; this number increases to 67.2% for grant-making organisations, given the functions they perform in the local community as mentioned earlier, whereas for the productive organisations the number decreases to 49.9%. Roughly one third of the expenses of the sector goes to pay staff and collaborations (not surprisingly, 46.2% for the productive organisations). The costs regarding promotional and fundraising expenses (6.2%) and for financial and asset related costs (2.3%) are residual.

Compared to the data for 2008, the costs have generally increased (Figure 2) especially with regard to expenses connected to the specific activities (+34.7% is the percentage of organisations that report an increase for this cost) and those relating to human resources (+20.5%): a confrontation between revenues and expenditures (Figure 1 and Figure 2) reveals that the economic result is undermined not so much by a decrease of the revenues as by the increase of costs at all levels.

The increase in expenditures relating to the carrying out of specific activities is transversal in all the organisations, which highlights a generally greater commitment towards the community precisely during the years of the crisis. Greater investment is also evidenced in human resources and fundraising in both grant-making and productive organisations. However, whereas for the

FIGURE 3.
Forecasts for 2012



Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2104

productive organisations an increase in costs has taken place together with an increase in revenues (with the exception of the free grants), for the grant-making cluster the increase in expenditures has not been offset by an increase in revenues. The statistics relating to the net increase in the financial and asset related expenses is interesting and of overall significance, above all as regards the productive organisations. For the latter, this result points out that the benefits connected to the entrepreneurial dimension have been upset by an increase of more than 30% in running costs.

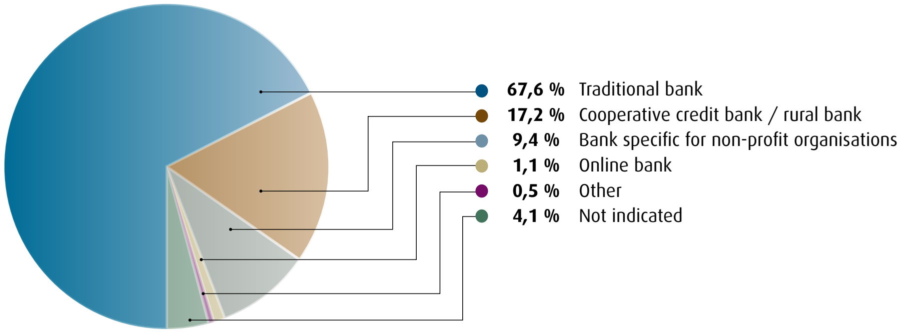
TABLE 8. NET TRENDS FOR EXPENDITURE PER COST ITEM, 2008-2010 VARIATIONS, LISTED BY INDIVIDUAL TYPOLOGIES

	Total sample%	Advocacy %	Productive %	Grant-Making %
Expenses for specific activities and incidentals	**+34,7**	**+35**	**+36,9**	**+15,8**
Staff and collaborations	**+20,5**	**+18,6**	**+38,8**	**+66,6**
Financial and asset related expenses	+8,9	+8,5	**+12,1**	**+13,4**
Promotional and fundraising expenses	+3	+2,4	**+10,6**	**+23,1**

Source: Indagine sul non-profit, UniCredit Foundation
Note: net percentages calculated as differences between those reporting an increase and those reporting a decrease; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

Whereas the economic situation deriving from the 2010 balance sheet is positive as shown previously in the comparison of average revenues and expenses, the same cannot be concluded for the future (Figure 3). Although only 5.8% of organisations expect an improvement in their financial situation from the 2 year period 2010-2012, with revenues in 2012 exceeding those of the expenditures, 51.3% expect a situation in which costs and revenues will move in unison so that the results of the balance sheet will be more or less constant. However, the crisis that is hitting the Italian and international market is also influencing the Third Sector: 28.4% of the organisations expect a fall in revenues and this would not be supported by a decrease in costs nor will increased costs be covered by greater revenues. A veritable crisis with an increase in costs and a drop in revenues; this is the scenario that 14.6% of the sample is anticipating.
Size is what counts however. The larger organisations (more than 130 workers, paid and unpaid) have less drastic forecasts, with only 35.6% of them

FIGURE 4
Typology of banking institution



Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2024.

seeing a deterioration of the economic and financial situation during the next two years. It is instead the medium sized organisations that feel the crisis more markedly (50.6% have negative prospects), whereas small organisations (fewer than 50 workers) that often operate outside the logic of the market place perceive it even less.

6.4 THE RELATIONSHIP WITH BANKS

Almost all non-profit organisations have active relationships with at least one banking institution (Table 9); less than 5% of organisations have not reached a point in which they require to. This is particularly true for advocacy organisations which, both because they are younger and exert less of an influence on the social fabric, are likely to be small and thus not manage large cash flows. We should not forget, however, that organisations may have financial partners other than banks (such as Poste Italiane, the national postal service, for example). Productive and grant-making organisations have the most complex relationship with banks, over two thirds reported that they carry out relationships with more than one banking institution (70.6% and 77.3% respectively against 30% of the total sample).

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: 2104, of which advocacy 1647, productive 425, grant-making 29.

TABLE 9. INVOLVEMENT WITH BANKS

	Total sample	Advocacy	Productive	Grant-making
One bank	64,9	67,4	29,4	22,7
More than one bank	30,4	27,7	70,6	77,3
None	4,7	4,9	-	-

For the most part non-profit organisations establish relationships with traditional banks (67.6% of respondents), it is likely that, as for individuals, the wide distribution and proximity of their branches (Figure 4) influences their choice. All three typologies of non-profit organisation choose to work with cooperative credit institutions (Figure 3) however it is still uncommon for them to choose banks specifically dedicated to the non-profit sector. Indeed, social cooperatives prefer to work with those institutions that know them the best and/or those that offer dedicated services. The figures for use of online banking are of little relevance (1.1%).
The most common financial products used by organisations that have esta-

FIGURE 5
Typology of bank by functional cluster

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: advocacy 1567, productive 425, grant-making 29.

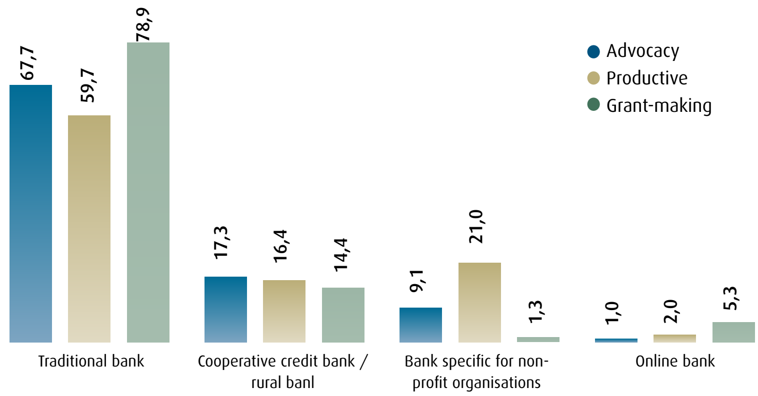
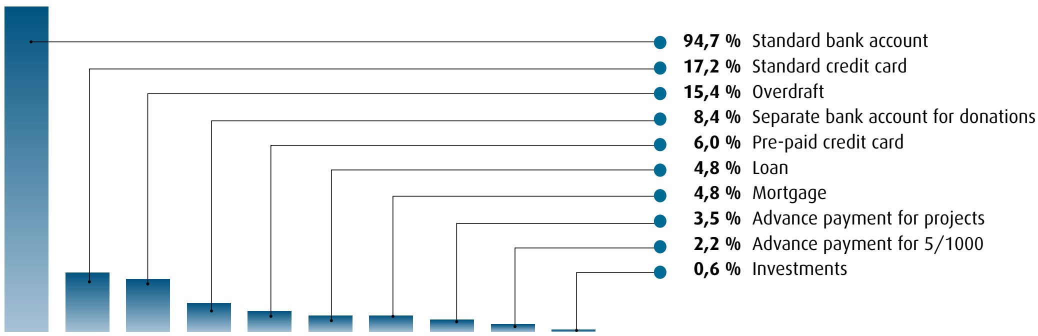


FIGURE 6
Use of financial products

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total respondents: 2024.

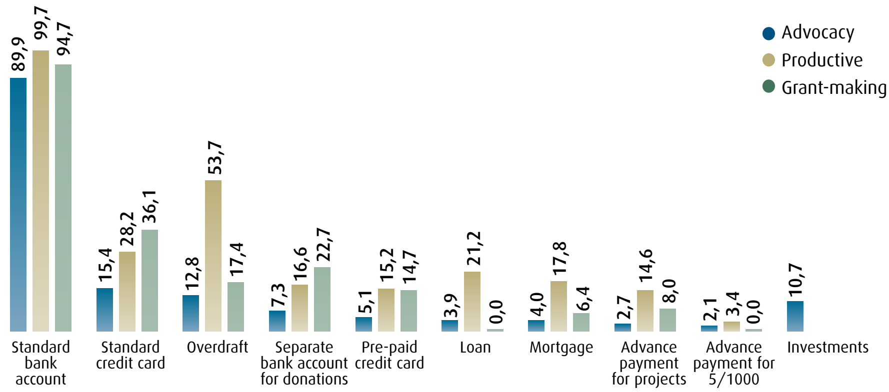


blished relationships with a bank (Figure 6 and Figure 7) are standard bank accounts (94.7%) which in 8.4% of cases are supplemented by a separate bank account for donations. This is particularly true for productive organisations (16.6%) and grant-making organisations (22.7%), which as we have seen are the organisations that carry out fundraising in a more structured manner. The rather small proportion of non-profit organisations that do not have separate bank accounts for the specific purpose of collecting donations indicates that banks are not seen as fundraising partners or that they perceived mainly in terms of the services that they traditionally offer for profit clients[54]. It is less common for non-profit organisations to use other kinds of banking products, such as standard credit cards (17.2%), pre-paid credit cards (6%) and over-drafts (15.4%). Productive organisations once again stand out for their use of traditional banking services, especially as regards loans; indeed, 53.7% of this cluster fall into this category. Productive organisations prove once more their need for complex services that can support them in their offer of services on the market: because they carry out an entrepreneurial activity they need the same financial tools used by for profit enterprises and have a great need for funds and liquidity. Grant-making organisations are also characterised for their use of standard banking products, investment services in particular (10.7%), an unsurprising outcome seeing as much of the revenue used by these organisations to carry out their activities derives from investments.
There is however a great need for products and services specific to the Third Sector (Figure 6): almost half of the organisations would gladly accept such an

[54] The Figure is not altogether surprising. The banking system abroad does not help Third Sector organisations in their fundraising activities and there are separate entities, specifically set up for this purpose, to carry out this role.

FIGURE 7
Use of financial products by type of institution

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total respondents: advocacy 1567, productive 425, grant-making 29.



offer from their bank and only 28.3% of organisations report that they already receive services specifically for the non-profit sector. There are significantly more productive organisations with access to dedicated services (47.7%), probably as a result of their "resemblance" to for profit enterprises. Grant-making organisations, on the other hand, are decidedly more significant from a financial point of view and thus are less inclined to feel the need for dedicated services (34.5% do not receive nor require such products and services).

Over 70% of non-profit institutions are not interested in using other financial products if not those related to the advance payment on public funding, both for specific projects and the 5 per 1000 (Table 10). These kinds of services help meet the need for liquidity and shorten the waiting time involved in cashing public funding.

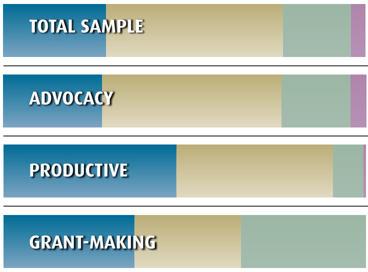
Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; multiple answers; total respondents: advocacy 1567, productive 425, grant-making 29.

TABLE 10. DESIRED FINANCIAL PRODUCTS

	Total sample	Advocacy	Productive	Grant-making
Advance payment on project funds	22,5	22,5	26,3	9,4
Advance payment on the 5 per 1000	12,5	12,9	6,8	6,7
Pre-paid credit cards	4	4,1	2,3	-
Seperate bank account for donations	0,2	0,2	-	-
None of the above	70,1	69,8	70,8	84

Aside from the information provided by the figures in the survey, what elements most distinguish the relationship between banks and non-profit organisations? To date there has been a somewhat "random" and non linear matching of supply and demand. From the banks' point of view, the perception is that they are dealing with a hybrid subject, neither a family nor a business, and thus no specific service is on offer; on the other hand, organisations have tended to rely on traditional services, perhaps because they lack the specific financial skills that would allow them to request more sophisticated products, or at the very least better support their activities. As highlighted in the paragraph above, the non-profit sector moves over 67 billion euros in

FIGURE 8
Services specifically dedicated to non-profit organisations



	Yes	No and I don't believe I need them	No but I wish the bank offered them	Not indicated
TOTAL SAMPLE	28,3 %	48,7 %	18,8 %	4,1 %
ADVOCACY	27,2 %	49,5 %	19,0 %	4,4 %
PRODUCTIVE	47,7 %	43,2 %	8,4 %	0,7 %
GRANT-MAKING	36,1 %	29,4 %	34,5%	0,0 %

Source: Indagine sul non-profit, UniCredit Foundation
Note: in percentages; total respondents: advocacy 1567, productive 425, grant-making 29.

income. In order for the banking system to be an effective intermediary of these resources, it is necessary for the two parties to establish more than occasional contact and it would seem that steps in this direction are being taken. During the economic and financial crisis, credit-giving institutions touched the capacity for stability of the non-profit sector during economic downturns first-hand, especially that of social enterprises. Small organisations but large numbers of them and all characterised by positive credit performance and an overall better ability for paying back debt than for profit enterprises. According to Banca d'Italia's latest available figures, in September 2011 the yearly run-off rates of cash-flow loans (calculated according to the figures stated in the current report) to non-profit organisations was 0.6% against 2.6% for non financial enterprises and 2.1% for productive families [55].
The feeling, however, is that the true monetary value of the non-profit sector is still poorly understood and that it is therefore difficult both to create and request specific financial products. Fostering a good relationship with the banks will be imperative with the advent of Basel III: banks will have to strengthen capitalisation and follow more stringent rules when giving out loans. Unfortunately one of the problems faced by small and medium sized Italian enterprise is the lack of equity and capitalisation and non-profit organisations are no exception to this equation.

[55] The quarterly run-off rate measures the relationship between bad debt (that is to say overdue cash-flow loans due to insolvency) and lending at the end of the previous quarter and can be calculated according to the number of loans actually in place or their value.

AFTERWORD

Stefano Zamagni
PRESIDENT OF AGENZIA PER IL TERZO SETTORE

Our gratitude must go to the Unicredit Foundation for wanting to design and bring to fruition this research study on the Third Sector which is now brought to the reader for his judgement. The authors of this work deserve considerable credit: first of all, for the analytical exactitude with which they conducted this empirical survey and for their ability to elucidate a reality as complex and variegated as the non-profit sector in Italy. Their choice of civil economy as the vantage point from which to study the Third Sector is in itself an element of originality and marks a notable theoretical advance, a departure from the interpretive method of Anglo-Saxon provenance.

Secondly, focalising attention on the economic value of the Third Sector contributes to a clarification of the vitality of the sector. Too often in fact the tendency has been to "mix up" the economic, social and cultural values of the Third Sector. Such an amalgamation is not helpful in defining the specific identity of the various types of non-profits, but above all it certainly does not assist the legislator in passing laws that pertain to the sector in a meaningful way. (In other words, laws that are designed bearing in mind the specific exigencies and peculiarities of those in the field who will then be obliged to abide by them. As is well known, compliance is directly proportionate to the level of relevance of the laws).

The results presented by this research tell us that on balance the Third Sector in Italy is sufficiently sound to be able to contribute to the growth of the productive capabilities of our productive system. It is well-known - or should be – that above all the connective capital, more than the human capital enlarges the spectrum of the productive capabilities of an economy, thus determining significant increases in productivity and therefore competitiveness. This said, the Third Sector is second to no other entity in the generation of connective capital. The heart of its economic value - a value which unfortunately is not yet adequately appreciated, precisely

because it is not recognised – lies therein.
There is a further important result that this research has consigned to us: our Third Sector has reached operational heights such that permit the implementation of a model of circular subsidiarity which given present day realities, is a road map, indeed the only one, to give flight to a new type of welfare. In truth, if we want to keep the universality of our welfare system and at the same time do away with the paternalistic welfare model that we inherited from our recent past, there is no other route than that of seriously accepting the principle of circular subsidiarity which goes beyond a mere horizontal subsidiarity.
It is worthwhile mentioning that in an essay that is not well-known but is of remarkable insight, (Pauperism, 1835), Alexis de Tocqueville had already understood that: “There are two kinds of welfare. One leads each individual, according to his means, to alleviate the evils he sees around him. This type is as old as the world; it began with human misfortune ... The other, less instinctive, more reasoned, less emotional, and often more powerful leads society to concern itself with the misfortunes of its members and is ready systematically to alleviate their sufferings.”
As is comprehensible, this thought of his anticipates the argument for subsidiarity which demands a well organised civil society if we want to “alleviate the sufferance” of our citizens.
Our thanks then to the Unicredit Foundation for having gathered scholars and researchers around this important and innovative research project. They must be credited for having shown us that it is truly possible to shorten the “path” that “pessimistic” Martin Heidegger speaks of when he writes: “How long is every path that comes into nearness”.

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