



NATIONAL PROFILES OF
WORK INTEGRATION SOCIAL ENTERPRISES:
ITALY

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The "ELEXIES" Project

This project is specifically concerned with the different types of social enterprise for integration, also known as work integration social enterprise (WISE) in 12 EU countries. Its aim is to identify and describe their main characteristics as social enterprises, the type of work integration they provide, their numbers, and how they have developed and are supported. The ultimate goal of the project is to build a database accessible on internet.

The study is conducted using the EMES Network definition of social enterprise as a common reference point and guideline for determining the social enterprises to be included in the study. The EMES definition distinguishes, on the one hand, between criteria that are more economic and, on the other hand, indicators that are predominantly social.¹

Four factors have been applied to corroborate the economic and entrepreneurial nature of the initiatives.

a) A continuous activity producing goods and/or selling services

Social enterprises, unlike the traditional non-profit organisations, are normally not engaged in advisory activities as a major goal or in the redistribution of financial flows (as, for example, grant-giving foundations). Instead they are directly involved in the production of goods and the provision of services to people on a continuous basis. The provision of services represents, therefore, the reason, or one of the main reasons, for the existence of social enterprises.

b) A high degree of autonomy

Social enterprises are voluntarily created by a group of people and are governed by them in the framework of an autonomous project. Although they may depend on public subsidies, public authorities or other organisations (federations, private firms, etc.) do not manage them, directly or indirectly. They also have the right of participation and to terminate the project.

c) A significant level of economic risk

Those who establish a social enterprise assume totally or partly the risk of the initiative. Unlike most public institutions, their financial viability depends on the efforts of their members and workers to secure adequate resources.

d) A minimum amount of paid work

As in the case of most traditional non-profit associations, social enterprises may also combine monetary and non-monetary resources, voluntary and paid workers. However, the activity carried out in social enterprises requires a minimum level of paid workers.

¹ See C. Borzaga & J. Defourny (2001), *The Emergence of Social Enterprise*, London, Routledge, pp.16-18.

To encapsulate the social dimensions of the initiative, five indicators have been selected:

i) An initiative launched by a group of citizens

Social enterprises are the result of collective dynamics involving people belonging to a community or to a group that shares a certain need or aim. They must maintain this dimension in one form or another.

ii) A decision-making power not based on capital ownership

This generally means the principle of "one member, one vote" or at least a voting power not distributed according to capital shares on the governing body which has the ultimate decision-making rights. The owners of the capital are obviously important, but the decision-making rights are shared with the other stakeholders.

iii) A participatory nature, which involves the persons affected by the activity

Representation and participation of customers, stakeholder orientation and a democratic management style are important characteristics of social enterprises. In many cases, one of the aims of social enterprises is to further democracy at local level through economic activity.

iv) Limited profit distribution

Social enterprises not only include organisations that are characterised by a total non-distribution constraint, but also organisations like co-operatives in some countries, which may distribute profits only to a limited extent, thus avoiding a profit-maximising behaviour.

v) An explicit aim to benefit the community

- One of the principal aims of social enterprises is to serve the community or a specific group of people. To the same end, a feature of social enterprises is their desire to promote a sense of responsibility at local level.
- The database of work integration social enterprise has been produced for each country. Due to different circumstances in each country (especially legislative frameworks) there have been slightly varied approaches to mapping the sector. Researchers have generally made a great effort to ensure that the most interesting and progressive initiatives are represented. There are certain types of social enterprise which have their own legislative framework, and which are *exclusively* concerned with work integration. The second type, concerns those social enterprise which are exclusively engaged in work integration, but though they are recognisable as a distinctive type, they do not enjoy a complete and specific legal recognition, and thus generally operate under a range of different legal forms also used by organisations out of the field of work integration. Other types of social enterprise do not have their own specific legislation, and only a proportion of that type will be engaged with work integration. Researchers have made particularly strong efforts to ensure that the first two categories are included, but lack of data has meant that some of the latter category may be missing.

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Introduction

In Italy, B-type social co-operatives (*cooperative sociali di tipo b*) are the only type of work integration social enterprises fighting social exclusion which is officially recognised. In fact, there are organisations other than social co-operatives whose activities also involve disadvantaged people but, on the one hand, these organisations cannot be defined as enterprises according to the EMES criteria and, on the other hand, the integration through work of disadvantaged people is not their priority aim. Consequently, only B-type social co-operatives will be described in the identification sheet of the present work. We will nevertheless briefly mention some other types of initiatives (and the reason why we chose not to describe them in the identification sheets) in this introductory section.

Some traditional worker co-operatives, associations, etc. pursue, among other aims, the objective of employing disadvantaged people, but they normally employ very few of them and are not recognised by law as work integration organisations. Consequently, these organisations cannot be called work integration social enterprises in a proper sense.

The first "integrated co-operatives of production and labour" were born during the 1980s; their original purpose was the social integration of ex-patients of mental hospitals (which were closed in Italy after the issuing of Law 180/1978). Over time, these organisations extended their activities to include the work integration of patients with physical or mental disabilities. After the issuing of Law 381/91 regulating social co-operatives, these co-operatives stopped dealing with the work integration of disadvantaged people.

Other experiences of work integration also include the so-called "Labour of Public Utility" projects (*Lavori di Pubblica Utilità*, or LPU), regulated by law and promoted by the government as an active labour market programme at the end of the 1990s, with the main purpose of creating new employment, training and entrepreneurship. The LPU projects are projects of workfare targeting specific groups of people other than those defined as disadvantaged by Law 381: people looking for their first job, long term unemployed, people hired in the framework of the "job mobility" programme (a programme established by the local Labour Office according to which enterprises hiring unemployed people registered in a so-called "mobility list" - *lista di mobilità* - can benefit from social contribution exemption). The projects can be promoted by public administrations, by other public institutions, by private enterprises

with public economic participation and by social co-operatives. According to the law, on-the-job training projects can also be included in the experiences of work integration for disadvantaged people; these projects can be organised by various types of public or private organisations.

We should also mention sheltered workshops experiences run by organisations, social co-operatives, associations, etc. These organisations are active in creating job opportunities for physically (in most cases) disabled people. However, they do not carry out work integration as a stable and continuous activity and, unlike B-type social co-operatives, they are not regulated by law.

Finally, we should mention the fact that since 1968 the government has worked to help disabled people to get into employment. Law 482/68 set a compulsory quota of disabled workers that each enterprise has to employ. This legislation was updated through a reform in 1999 (Law 68 of 1999). The new law reduces the quota of disabled workers that firms with more than 50 employees must employ from 15% to 7%; firms with 35 to 50 employees must employ two disadvantaged workers; and firms with 15 to 35 employees must employ one disadvantaged worker. The main purpose of this new law was to establish a functional diagnosis of the disabled person, in order to identify his/her global ability as far as work integration is concerned. Evaluations (in particular in statistical terms) of the effects of this new legislation are not yet available, but the predominant feeling among both the organisations and the enterprises dealing with disabled people is that the law is failing to bring about the emergence of broad local partnership networks involving institutions, social co-operatives and enterprises in the search of new job opportunities for the disabled people.

B-type social co-operatives

1. Brief historical description

In Italy, the 1980s saw the emergence of innovative experiences – namely a new type of enterprises, aiming at the integration into work of disadvantaged people. The roots of these initiatives are to be found, on the one hand, in the process of de-institutionalisation (through which institutions providing care for people affected by mental disorders - but also for young people with domestic problems and orphans - were phased out) and, on the other hand, in the development of a demand for work integration support for disabled people who had, in the previous years, followed educational and training paths. A third factor also played a role in the emergence of these new enterprises: the shortcomings of Law 482/68, which supported the employment of disabled people through the establishment of a quota system that required firms and public bodies with more than 35 employees to hire a quota of disabled people equal to 15% of the overall workforce (this law was finally reformed in 1999, as abovementioned). The shortcomings of Law 482/68 were numerous: the compulsory quota was too high; the law did not foresee alternative modalities and support for work integration; it was based on a management system which was too bureaucratic; and it failed to take into account large groups of the population who needed this kind of support (such as drugs addicts and people with mental trouble) while including in its target group people who were not really in need.

The new experiences developed as an alternative to the traditional frameworks (experimented in some other European countries) supporting the integration of disadvantaged people, such as sheltered workshops. The new forms of enterprise were created with the aim of giving disadvantaged people a remunerated and stable job (if possible). The percentage of disadvantaged people employed was originally much lower than what is usually the case in sheltered workshops, although, in comparison with the percentage in the labour market as a whole, this percentage was and still remains quite high: at least 30% of the total labour force of a social co-operative have to be disadvantaged workers.

From the very beginning, the juridical form adopted by most initiatives was the co-operative; as far as the production activity is concerned, it varied according to the territorial productive context and to the sensitivity of the public administrations. Sectors of activity included services (cleaning services for public and private firms, green area maintenance, restaurants and food providing in general, laundry), manufacturing, handcraft (glass, wood working), etc.

Until 1991, several social co-operatives offered a combination of both welfare services and work integration activities. Law 381 of 1991 on social co-operatives put an end to this mix of activities; as it will be explained in the next section, all social co-operatives had to choose between these two fields of activities.

The historical evolution of B-type social co-operatives shows that, originally, their goal was to create job opportunities for disadvantaged people. Over time, the purpose became the work integration of these workers, which can also be achieved through

on-the-job training. Thanks to different positive conditions, such as the existence of an adequate legal framework and the availability of free human and monetary resources, work-integration social co-operatives have proven able to successfully deal with both the training of the disadvantaged workers and the identification of jobs more suitable for these people, with the purpose to help them find employment in the open labour market.

2. Key features

2.1. Legal form(s) and structure of ownership

Law 381/91 defines two types of social co-operative: A-type social co-operatives, which deliver social, health and educational services, and B-type social co-operatives, which provide work integration for disadvantaged people. The latter can produce any kind of goods or services, except those provided by A-type social co-operatives. Law 381 provides that all social co-operatives must choose one of these two types, but it does not clearly differentiate between them, nor does it clearly answer the question whether B-type social co-operatives can deal with social services and whether A-type social co-operative can have work integration aims. A clear distinction was thus established by the Ministry of Labour. This distinction has a twofold relevance:

- from an administrative point of view, a net distinction between the two types of social co-operatives was required by the Institute of Social Security (*Istituto Nazionale della Previdenza Sociale*, or INPS) in order to avoid abuse in subsidies. As a matter of fact, Law 381 provides for an exemption from social security contributions (which amount to about 33% of the cost of labour) only for the disadvantaged workers employed in B-type (work integration) social co-operatives;
- from a strategic point of view, a clear differentiation was deemed necessary by the co-operative movement in order to support the specialisation of social co-operatives.

Some B-type social co-operatives also pursue other aims, which are collateral and secondary to the aim of work integration, even if not less important, such as biological production activities or recycling.

The structure of ownership respects the democratic principle of "one person, one vote". As far as the decision-making power is concerned, there are no differences among the various members of the social co-operatives. All members have the same rights and the same weight in the decision-making process. Disadvantaged workers, when they are members of the social co-operative, can also take part in the decision-making process.

2.2. Pursued goals

Over the years, B-type social co-operatives have evolved towards an ever greater specialisation. As already mentioned in the historical description section, their original purpose was the stable integration of the disadvantaged inside the organisation; over time this aim evolved to include as well the on-the-job training of the disadvantaged, with the ultimate aim to give them the abilities required to find and

to keep a job outside the organisation, in the open labour market. In recent years, most organisations have increasingly been stressing the importance of training, coming to consider it as a major purpose of B-type social co-operatives.

It is possible to distinguish between three main groups of B-type social co-operatives on the basis of their goals. Over time, there has been a gradual shift of many co-operatives from the first group to the second, and then to the third, but the three groups still coexist.

- the first group includes social co-operatives pursuing the aim of employing and training the disadvantaged people without having a clear idea about the stability of these jobs;
- the second group is composed of social co-operatives whose aim is to integrate disadvantaged people mainly in the co-operative. The main limits of co-operatives belonging to this group are linked to the fact that they are effective only for some people, affected by specific types of disadvantages;
- the third group comprises work integration social co-operatives whose main purpose is to integrate disadvantaged people into the open labour market. This goal can be reached after a period of training, of working experience inside the co-operative, during which the social co-operative works to improve both the social and professional abilities of the disadvantaged people.

2.3. Types of jobs provided

Since B-type co-operatives are employer organisations, they make use of the different kinds of market contracts, such as part-time contracts or fixed term contracts. But social co-operatives can use these contracts within a framework which is specific to them: the so-called "national contract for social co-operatives" (*Contratto nazionale delle cooperative sociali*, or CCNL). This contract system regulates the working relations inside social co-operatives, be they active in the social service sector (A-type social co-operatives) or in the field of work integration of disadvantaged people (B-type social co-operatives). The CCNL constitutes a common base for the debates with the public administration, which is very important for these enterprises.

Regarding the use of the different types of contracts within the CCNL by work integration (B-type) social co-operatives, it also has to be mentioned that:

- the type of contract is chosen according to the disadvantaged worker's needs: for example, if the worker has a limited physical or psychical endurance, the contract applied will be part time;
- the type of contract chosen is also influenced by the purpose of the work integration social co-operative: if the aim is to employ disadvantaged people inside the organisation, the contracts would be preferably open-ended contracts, while, if the aim is to integrate disadvantaged workers outside the co-operative, in the open labour market, the contracts applied would be temporary contracts.

2.4. Weight of training

Due to the evolution of the aim of B-type social co-operatives in the last few years towards integration in the open labour market, training plays a growing role. Work

integration social co-operatives, through innovative job services, aim at increasing the disadvantaged workers' opportunities to find external job.

B-type social co-operatives do not only help disadvantaged workers (through on-the-job training and integration programmes), but they can also be a valuable source of information for private enterprises: social co-ops, thanks to the work they have done with disadvantaged workers, have a good knowledge of the real productive capacity of the disadvantaged workers and they can therefore help firms define which job is the most suitable for each worker. In this effort, social co-operatives are trying to obtain that private enterprises, on one hand, and policymakers, on the other hand, recognise the important role they play in the integration of people excluded from the traditional productive processes.

2.5. Types of employed workers

Law 381 gives a clear definition of disadvantaged people: those with physical or mental disabilities, drug addicts, alcoholics, minors with problem families and prisoners on probation. A proper public authority must certify the disability: the declaration is normally effective only for a fixed period of time, for all typologies, except for the permanently disabled. Marginalized adults constitute the biggest group, followed by prisoners. The law allows the Government to add other types of disadvantaged workers, but until now the Government did not use this possibility, except in 1999, when prisoners in general were added to the definition. B-type social co-operatives can also employ people affected by a typology of disadvantage not contemplated by the law (such as long-term unemployed people), but in this case the enterprise does not benefit from the social contribution exemption and there is not a specific law regulating the employment; the market rules which apply to any enterprise are then regulating the system.

Less than 50% of the co-operatives are concerned with the work integration of disabled people such as defined by the law establishing the compulsory quota system.

2.6. Types of resources

It is possible to identify at least six possible sources of income:

- market resources coming from the sales to the private and public sectors. About 50% of B-type co-operatives provide services (such as environmental maintenance activities, laundry, cleaning), but they also manufacture goods (agriculture, handicraft, publishing etc) which are sold to other private enterprises or to private customers, or even to the public sector;
- resources deriving from the public administrations. Article 5 of Law 381 provides that public administrations can establish contracts with social co-operatives for the supplying of goods or services (excepted health and social services) without having to issue an invitation to tender. In 1996, Law 52 modified Article 5 of Law 381, establishing that the amount of supplying agreed over in such "direct" contracts cannot be higher than the limits set by the European Commission for public tenders. For higher amounts, it is not possible for public administrations to award the contract directly to a social co-operative. However, public administrations are allowed to introduce, in the invitation to tender, a "social clause" according to which the contract must be carried out employing

disadvantaged people within the framework of specific recovery programmes. Most of these invitations to tender are won by B-type social co-operatives, although a growing number of for-profit enterprises participate and obtain contracts;

- public contributions not related to contracts. These sources are coming from labour market policies but they currently represent only a marginal part of the total income of work integration social co-operatives. Since labour market policies are partially managed by the Regions, these contributions can vary from one Region to another;

- donations or other private contributions. However, given their clear productive behaviour, work integration social co-operatives receive few donations or other private contributions. The quota paid by members of the social co-operative (which constitute the social capital of the enterprise) is not high: in most cases the amount paid is symbolic. The risk capital is normally built on using retained (not distributed) profits;

- work carried out by volunteers. A high number of people play a productive or managerial role inside the enterprise without earning money. On the whole, voluntary work is a decreasing phenomenon in the co-operative movement, and this is especially true in A-type social co-operatives; but recent statistics show an increase of volunteering in B-type social co-operatives;

- saving realised through exemption from the social security contributions. According to Law 381/91, all B-type social co-operatives in which disadvantaged workers represent at least 30% of the total labour force can benefit from this measure. The exemption applies only to the contributions that should be paid for the disadvantaged workers (and not for all the workers employed).

2.7. Links with public policies

B-type social co-operatives currently have more links with social policies than with labour market policies. As a matter of fact, Italian public policies for the work integration of disadvantaged people were and are still heavily based on regulation policies; actually, until 1999, the only national policy was the quota system for the employment of disadvantaged workers within mainstream enterprises (established by Law 482/68, and reformed in 1999, as explained in the introductory section of the present work). The new law (Law 68 of 1999) introduces some attempts of compensative policies, providing some benefits to the firms employing disadvantaged people. The new law was also expected, as abovementioned, to favour the creation of broad local partnership between institutions, social co-operatives and enterprises, with the aim to look for new job opportunities for disabled people, but until now it seems to have failed in so doing. Work integration social enterprises, in this context, are considered as promoters of alternative programmes, close to supported employment strategies, rather than as tools of – or, at least, organisations closely linked to – public policies.

But although links with public policies are still limited, since the transfer of the authority in the field of labour policies from the central government to local institutions, links between B-type social co-operatives and active policies have been increasing. A clear example of this link is the experience of the "Action 11" (*Azione 11*) launched by the Trento Labour Agency. This experience was based on the awareness of the policymakers that, on the one hand, policies and instruments for the

integration of disadvantaged people are in fact active labour policies and not social policies and that, on the other hand, social co-operatives are not just an instrument for the employment of the disadvantaged workers, but also an instrument of job training. Purposes of the project, which started in 1992, are:

- to promote the creation of new enterprises aiming at the work integration of disadvantaged people (and not at the creation of new jobs for the disadvantaged);
- to organise or to finance training programmes, carried out by social co-operatives or consortia;
- to contribute to the improvement of the management of co-operatives and consortia;
- to contribute to the hiring of disadvantaged people.

2.8. Basic Data

The first social co-operatives were created at the end of the 1970s, and they developed during the 1980s (most strongly after the approval of Law 381). Data from the National Institute of Social Security Contributions (*Istituto Nazionale della Previdenza Sociale*, or INPS)² for the years 1993 to 1998 clearly evidence the strong growth of the sector (cf. table 1).

Table 1: The evolution of social co-operatives for work integration: 1993-1998

	1993	1994	1995	1996	1998	1999	2000
Number of co-operatives	287	518	705	754	1463	1787	1915
Annual rate of growth (%)		80.5	36.1	6.9	39.3	22.1	7.2
Total employment	4501	7115	9837	11.165	23.104	28.079	32.939
Annual rate of growth (%)		58.1	38.3	13.5	43.8	21.5	17.3
Disadvantaged workers employed	1675	3204	4686	5414	11.319	12.310	13.569
Annual rate of growth (%)		91.3	46.2	15.54	54.5	8.8	10.2
Average number of employees per co-operative	15.7	13.7	13.9	14.8	15.8	15.7	17.2
Average number of disadvantaged workers per co-operative	5.8	6.2	6.6	7.2	7.7	6.9	7.1
Disadvantaged workers in total workforce (%)	37.2	45.0	47.6	48.5	49.0	43.8	41.2

Source: National Institute of Social Security (INPS)

From 1993 up to now, Italian work integration social co-operatives have experienced a substantial development, in terms both of number of organisations and of number of people employed. The rate of growth was very high at the beginning, because of the process of separation in two co-operatives (an A-type co-operative and a B-type co-operative) of several co-operatives that, before the approval of Law 381, were managing both the provision of social services and work integration activities.

² The INPS is the institute to which work integration social co-operatives have to communicate the number of disadvantaged people they employ in order to benefit from a contribution exemption.

From these data it is interesting to notice:

- the stable and continuous rate of growth in the number of co-operatives, in total employment and in the number of disadvantaged workers employed;
- the stability of the average size of these co-operatives;
- the stability of the percentage of disadvantaged workers in the total workforce (a little higher than the minimum required by law, i.e. 30%).

It has to be underlined that INPS data underestimate the number of disadvantaged people employed in B-type social co-operatives. This is due to the fact that the enterprise can benefit from social security contributions exemption only for the disadvantaged workers defined as such by law. If they hire, for instance, long-term unemployed people (who are not defined as disadvantaged by law), they are not entitled to any fiscal benefit. In most cases, the co-operative thus chooses not to declare the new employees to the INPS.

3. Relation to the EMES socio-economic criteria

3.1. A continuous activity producing goods and/or selling services

Beside their goal of work integration (to train disadvantaged people in order to make them able to find a job in the open labour market, or to give them a job inside the social co-operative), social enterprises have a highly developed entrepreneurial attitude. During the last decade, work integration social enterprises have increasingly been characterised by a strong independence from non-market resources. Most resources now originate in the sale of goods or services to private and public markets.

3.2. A high degree of autonomy

Social co-operatives are, in most cases, created by a group of people or by another co-operative (especially A-type social co-operatives) and their decision-making process is characterised by a high degree of autonomy. The Board of Directors is normally representative of the various stakeholders of the organisation (workers, users, volunteers). The Board of Directors manages the enterprise without being bound by external directives from the public administration or other private institutions. The relationships with the public services are voluntary and characterised by a high degree of autonomy.

3.3. A significant level of economic risk

Social co-operatives in general and work integration social co-operatives in particular are characterised by a clearly entrepreneurial attitude. In order to be competitive in the open market (especially if the social co-operative works in the industrial sector or in the services market), B-type social co-operatives need to follow a managerial approach which is close to that of for-profit enterprises. This normally implies the necessity to face an economic risk. Members of the social co-operatives are quite directly involved in such risk, according to the normative regulation of social co-operatives. The amount of risk capital subscribed by each member is normally small, but the indivisible reserves voluntarily accumulated are often quite consistent.

3.4. A minimum amount of paid work

Social co-operatives, compared to other forms of social enterprises, are usually characterised by a low proportion of volunteers and a high proportion of people employed. Analysing the number of volunteers active in social co-operatives (in both B-type and A-type social co-operatives), it is possible to distinguish three types of co-ops: those without volunteers; social co-operatives with a small number of volunteers (from 1 to 20), which constitute the prevalent group; and those with a high presence of volunteers (more than 20). The average number of employees (members and non-members) in work integration social enterprises is about 13 to 15 employees, with an average of five to six disadvantaged workers. According to Article 4 of Law 381, disadvantaged people whose disability has been certified by a public administration must represent at least 30% of the total number of employees.

3.5. An explicit aim to benefit the community

Work integration social co-operatives in Italy were born with the purpose to find stable jobs for disabled people. Over time, as we have seen, the tools used to reach this purpose have evolved and, nowadays, besides the stable job created inside the social co-operative itself, we find on-the-job training and experiences aimed at increasing the employability of the disadvantaged people. In this context, B-type social co-operatives can, under many aspects, be considered as active labour market policies tools. Studies have been conducted to measure the net benefit of some experiences³; they showed that the capability of the social co-operative to successfully help their workers find employment in the open labour market makes it possible to enlarge the number of disadvantaged people who can benefit from the possibility to find a job. The integration of disadvantaged people in the open labour market has a twofold positive effect: to the obvious positive step that the integration of the disadvantaged worker in the open labour market constitutes, one must add the fact that this makes it possible for the co-operative to welcome a new disadvantaged worker. These two effects both create a net monetary benefit for the collectivity and a social benefit for the disadvantaged persons who found a job.

3.6. An initiative launched by a group of citizens

Most social co-operatives in general and work integration social co-operatives in particular (especially the co-operatives created in the last 5 to 7 years) are private initiatives, designed to overcome the shortcomings of labour policies for the work integration of disadvantaged people.

Most founders are people who worked for some time as volunteers in other social co-operatives or other non-profit organisations, but they can also be retired people with a high sensibility to social matters or young unemployed people who receive some specific public contributions targeted to the creation of new social enterprises.

³ The most famous experiment is that of the Trento Labour Agency – Project 11 (*Agenzia del Lavoro di Trento - Progetto 11*).

3.7. A decision-making power not based on capital ownership

Like all other co-operatives, work integration social co-operatives follow the "one person, one vote" rule. Members of work integration social co-operatives are represented in the Board of Directors; the members' decision-making power is not influenced by shareholding in the enterprise. Members are called to adopt the balance sheet and to deliberate on institutional topics.

3.8. A participatory nature involving the persons affected by the activity

Law 381 establishes that social co-ops should allow the disadvantaged workers to become members of the co-operative. Some co-operatives, although not all, follow this rule, especially those which employ disadvantaged people in a stable way.

A study on the satisfaction of workers in social co-operatives demonstrates that they are more satisfied than workers employed in other non-profit enterprises (public administration, religious non-profit institutions, associations), especially as regards their involvement in the management of the enterprise. The participatory nature of social co-operatives is particularly obvious in multi-stakeholder co-operatives, in which all or most stakeholders are represented in the decision-making bodies.

3.9. A limited profit distribution

Law 381 did not modify the rules on profit distribution provided by the general law on co-operatives. As a consequence, social co-operatives – like any other type of co-operative - cannot distribute any profit. All benefits are allocated to the indivisible reserve (which can never be divided among members).

4. The supporting umbrella structures

Italian social co-operatives are characterised by an intensive activity of networking, especially at the organisational level. This has led to the development of many representative and co-ordinating structures, both at the local and national levels. Social co-operatives networks are active both at the political / union level and at the entrepreneurial level.

At the political / union level, representative and coordinating structures have been developed within the more important "co-operative centrals" (*centrali cooperative*). Examples of such structures include, among others, Federsolidarietà (inside of Confcooperative), ANCST (inside of Legacoop) and Agci Solidarietà. There is also another organisation bringing together a lower number of social co-operatives, called the National Union of Italian Co-operatives (*Unione Nazionale delle Cooperative Italiane*, or UNCI).

Regarding the networks established to develop entrepreneurial abilities, it is quite common, for social co-operatives, to join a consortium. In Italy there are two types of consortia: first level consortia and second level consortia. First level consortia bring together grassroots co-operatives (both A-type and B-type co-operatives); they are widespread at the local level and are set up as social co-operatives. They support

member co-operatives by means of management, financial and legal consultancy. They also act as tenders' general contractors on behalf of member co-operatives and support the organisations in project drafting. A very important role of these consortia is to develop new activities and sectors satisfying local community needs. Second level consortia comprise second level organisations.

There are in Italy more than 200 consortia, mostly first level consortia; there are also some second level consortia (consortia of consortia). The biggest second level consortia is called "Consorzio Nazionale delle cooperative sociali *Gino Mattarelli*".

5. Innovative Features

It is possible to define as innovative three features characterising the activity of some B-type social co-operatives:

- the cooperation of the co-operatives mostly with private clients. This is a feature that defines the social co-operative as a social enterprise, according to the EMES criteria stating that social enterprise have a continuous activity producing good and / or selling services;
- the development of relationships with for-profit enterprises in the field of integration through work of disadvantaged people⁴ or in the production activity (it is quite common that firms place an order to social co-operatives for the production of a determined amount of goods);
- the development of methodical relationship with authorities in charge of labour market policies. The Trento Labour Agency constitutes a quite successful example of this.

⁴ Enterprises subject to the legislation providing for the compulsory employment of a determined quota of disabled workers (Law 68 of 1999, described in the introductory section of the present work) can benefit from a temporary exemption of the compulsory employment of disadvantaged workers through conventions with B-type social co-operatives (ex law 381/91) or with unions. The object of these conventions must be job orders. Time limits are set (after 2 years at most, firms have to employ the disabled), as well as quantitative limits (the amount of the job order must ensure suitable economic treatment and cover social contribution for the workers involved).

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