Study on the social enterprises ecosystem in Emilia-Romagna

20th November 2017
1. DEFINITION OF SOCIAL ENTERPRISE

2. SOCIAL ECONOMY IN EMILIA-ROMAGNA AND THE ROLE OF SOCIAL ENTERPRISES

3. CHARACTERISTICS AND DEVELOPMENT OF SOCIAL ENTERPRISES

4. SURVEY METHOD

5. ASSESSMENT NEEDS AND MAIN CHALLENGES FOR SCALING SOCIAL ENTERPRISES

6. ECOSYSTEM OF BUSINESS SUPPORT INSTRUMENTS AND TOOLS

7. GAP ANALYSIS AND POLICY RECOMMENDATIONS
1. Definition of social enterprise
Definition of social enterprise

• Recently the European and Italian national public policies have recognized the importance of social enterprises as development drivers and as creators of virtuous paths which can be useful to exit the economic crisis and counteract unemployment.

• In official documents of the European Union, it is stated that is urgent to overcome the traditional binomial State-Market in order to reach the progress goals set by the European countries.

• Even if there is not a unique legal form or definition of social enterprises in Europe (they are nationally regulated), the definition given by the European Commission in the Social Business Initiative may help us to draw up a common profile of the social enterprise.

• According to the European Commission, a social enterprise has three main characters:

1) Its objective is to have a social impact rather than make profit;
2) It uses its profits primarily to achieve social objectives;
3) It is managed in an accountable way and the internal organization reflects its social-oriented profile. Decision making processes are democratic and participatory and it is closed to the territory to which belongs.

• “A map of SE and their ecosystem in Europe” (2014) concretizes the definition through the identification of three dimensions:

a. Entrepreneurial dimension
b. Social dimension
c. Governance dimension

The encounter of these three elements generates the social enterprise.

• The Social Enterprise is part of the wider spectrum of the Social Economy, which includes the companies created to meet the needs of their members through the production of goods and the delivery of services, where both the decision making process and the distribution of profits are not directly related to the share of capital paid by the shareholder.
2. Social Economy in Emilia-Romagna and the role of Social Enterprises
Social economy in Emilia-Romagna and the role of social enterprises

SOCIAL ECONOMY AS ADDED VALUE FOR THE REGIONAL DEVELOPMENT

The Emilia-Romagna Region has started a process to redefine the concept of development. The new paradigm is meant highlight the importance of the social component of the economy through the development of integrated tools for the promotion of social economy in its territory. The research "Another welfare: generative experiences" - realized in 2011 by the Social Policy Department of the Emilia-Romagna Region, ERVET and AICCON - highlighted the value generated by the Social Economy in the regional territory.

Social Economy is one of the highest added value “products” in the Region and plays a decisive role for both social cohesion and territorial development. Social Economy organizations represent a point of excellence in Emilia-Romagna: the presence and activity of social enterprises, social cooperatives, associations and volunteer organizations contribute to the creation and consolidation of the social and economic fabric of the Region. The added value produced by the Social Economy on a territory (economic, social, institutional, cultural or environmental) improves its competitiveness through a positive impact on the community, on the profit companies and on the Public Administration. Moreover, competitive territories facilitate the competitiveness of their companies and generate innovative processes at different levels. Studies have shown that there is a strong link between competitiveness and relations within a territory. The systematic interaction between the three vertices of the triangle representing the whole society (the political-institutional, commercial and civil spheres) is crucial for the development of a territory.
Social economy in Emilia-Romagna and the role of social enterprises

THE CREATION OF SHARED VALUE

As shown in the research "Welfare and Well-Being: the Role of Businesses in Community Development" (2014), policies and practices improve a company's competitiveness while improving at the same time the economic and social conditions of the communities in which they operate. Through the creation of shared value (the joint production of economic and social value), enterprises become actors of development by responding to the needs and challenges they have to face.

Fig. 1 – La creazione di valore condiviso

Fonte: Venturi, Rago (2013)
Social economy in Emilia-Romagna and the role of social enterprises

THE CREATION OF SHARED VALUE

The research analyzes the creation of shared valued by for profit enterprises in the regional context. The case studies investigated show that the production of shared value has positive internal effects (in terms of efficiency, enterprise culture, growth of skills) as well as external ones, and influences the improvement of social cohesion or the relationship with the Public Administration.

The Emilia-Romagna Region is characterized by a high density of social economy organizations, with a sound structure and stable relations with for profit enterprises (with which they contribute to the territorial development and the co-production of welfare services) and represents a relevant model at the National level.

As mentioned above, in Emilia-Romagna, Social Economy is one of the most dynamic sectors, with a considerable and growing presence both in terms of economic units and paid workers (employees and external workers).

According to the latest Census of Non-Profit Institutions (2011), the Emilia-Romagna Region’s social economy organizations accounted for 8.24% of those active in Italy, for a total of 28,947 institutions. They employ 13.7% of total paid workers (workers, external workers and temporary workers) and 428,550 volunteers (9% of the Italian national total).
3. Characteristics and development of social enterprises
Characteristics and development of social enterprises

SOCIAL ENTERPRISES AND SOCIAL COOPERATIVES IN ITALY

In Italy there are two categories of social enterprises:

1) Social enterprises (d.lgs 155/2006);

2) Social cooperatives, which have the same peculiarities of the social enterprises (l.n. 381/1991)

According to the most recent data of the Labor and Social Policies Ministry, SOCIAL ENTERPRISES are 1,367, employing 16,474 employees and 2,700 volunteers for a value of production of 314 million euros while SOCIAL COOPERATIVES are 12,570 units, with 513,052 employees, 42,368 volunteers for a production value of around 10 billion euros.

In Italy cooperatives and social enterprises respond to the needs of more than 5 million beneficiaries.
Characteristics and development of social enterprises

THE POTENTIAL OF SOCIAL ENTREPRENEURSHIP IN ITALY

Considering the critical macro economical scenario, which affected the welfare sector (where most of the social enterprises operate) the results in terms of employees, beneficiaries and value of production are very significant. The welfare sector is facing new emerging challenges, as well as the reduction of public funding, the difficulties in re-aggregating needs in public demand for public goods and the growing number of competitors, internals and externals to social economy.

Then analyzing the potential of social entrepreneurship in Italy, this category would include: legally recognized social enterprises - social cooperatives and social enterprises ex lege -, non-market oriented organizations, such as associations, foundations, voluntary organizations, religious bodies etc. All these organizations gain over half of their economic resources from market and almost all of them have at least one employee (also innovative start-ups and benefit companies).
Characteristics and development of social enterprises

**THE POTENTIAL OF SOCIAL ENTREPRENEURSHIP IN ITALY**

<table>
<thead>
<tr>
<th>Type</th>
<th>Unit Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non profit market oriented (social cooperatives excluded)</td>
<td>11,940</td>
</tr>
<tr>
<td>Social cooperatives</td>
<td>16,918</td>
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<tr>
<td>Local enterprises ex lege</td>
<td>1,367</td>
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<tr>
<td>SIAVS</td>
<td>150</td>
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<td>Benefit companies</td>
<td>105</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30,480</strong></td>
</tr>
</tbody>
</table>

*Potential of social entrepreneurship in Italy (elaboration Symbola-Aiccon on ISTAT data 2011, Enterprise register/innovative startups 2016, 2017)*
Characteristics and development of social enterprises

THIRD SECTOR REFORM

The economic-entrepreneurial development of non-profit organizations has led them to become real "social enterprises" often acting as service providers (in particular health care services).

The Third Sector Reform (Legislative Decree N.106 / 2016) has regulated the existing legislative landscape through the introduction of a new role for the social enterprises. These are considered as being a “privileged corporate vehicle” for the third organizations with an entrepreneurial-oriented identity.
In the Emilia-Romagna Region there are 27 SOCIAL ENTERPRISES with a total of 585 employees, while SOCIAL COOPERATIVES are 875 and the employees are 51,374.

In June 2017, with 5,137 enterprises, Emilia-Romagna has been ranked as the sixth Italian region for dissemination of cooperation (13 cooperatives per 1,000 enterprises) and it is second only to Lombardy as employment rate, with 237,979 employees (more than 14 employees per 100 employees). Since 2012, while cooperative enterprises in the region have declined by 4%, the number of employees has grown by over 8,000 (3.6%).

Regarding the distribution of social enterprises with respect to the business sectors, enterprises and social cooperatives were mainly engaged in social-health care (47%, updated to 31/10/2016).
Characteristics and development of social enterprises

LEARNING/TRAINING ACTIVITIES FOR EMPLOYEES

In 2015, 41% of social enterprises carried out continuous learning/training activities for their employees. This percentage is significantly higher than the national average of 21%. The social enterprises operating in the health and social care sector are investing more than the others in the training activities of their employees.
Characteristics and development of social enterprises

LEARNING/TRAINING ACTIVITIES FOR EMPLOYEES

The most demanded competence within social enterprises is the ability to work in group, reported as "very important" for the 55% of the recruitments scheduled in 2016. Written and oral communication skills, as well as flexibility and capability of adaptation were judged "very important" by half of recruitments. The request for transversal skills is higher as the qualification level of the professional profiles increases, which is therefore very common for "high skill" professions.

The other ways in which social enterprises carry out learning/training activities consists in hosting people for internship periods, or stages (also with the purpose of assessing candidates for their placement), or for the school / work alternation’s activities.
Characteristics and development of social enterprises

LEARNING/TRAINING ACTIVITIES FOR EMPLOYEES

Social enterprises that…

- In 2015 carried out training activities

- NEL 2015 HANNO EFFETTUATO ATTIVITA’ DI FORMAZIONE
  - Totale Imprese: 41.0%
  - Sanità e assistenza sociale: 49.9%
  - Istruzione: 48.6%
  - Altri servizi alle persone: 36.1%
  - ICT e servizi avanzati: 34.4%
  - Industria: 27.5%

- NEL 2015 HANNO OSPITATO TIROCINI
  - Totale Imprese: 34.0%
  - Sanità e assistenza sociale: 40.3%
  - Istruzione: 35.5%
  - Altri servizi alle persone: 33.4%
  - Servizi operatori: 29.1%
  - Trasporti e logistica: 28.6%

- NEL 2015 HANNO OSPITATO E NEL 2016 OSPITERANNO STUDENTI IN ALTERNANZA SCUOLA-LAVORO
  - Totale imprese 2015: 12.6%
    - Sanità e assistenza sociale: 16.2%
    - Istruzione: 14.0%
  - Totale imprese 2016: 13.8%
    - Sanità e assistenza sociale: 18.6%
    - Istruzione: 15.4%
  - Commercio e turismo: 12.6%
  - ICT e servizi avanzati: 10.7%
  - Altri servizi alle persone: 6.3%
3. Survey method
Survey method

HOW THE ANALYSIS WAS CONDUCTED: TWO LEVELS

The analysis was conducted on a heterogeneous sample, composed by 20 social economy organizations, representing the various types of social enterprises in Emilia-Romagna. The purpose was to highlight the different directions taken by these organizations in response to the changing external context.

The analysis was mainly qualitative and the research activity took place on two levels and it was built and shared with stakeholders.
Survey method

HOW THE ANALYSIS WAS CONDUCTED: TWO LEVELS

1) Desk analysis:

- analysis of the existing documents, starting with the two researches carried out by ERVET in 2011 and 2014;
- Overview of the Social Economy in Emilia-Romagna;
- Main peculiarities of the social enterprises system: values, productive processes, networks, relations with local actors (e.g. PA, companies, etc..)
- New rules on social economy and social enterprises at the European, National and Regional levels;
- Evolution paths: challenges and opportunity from the current economical and social context
Survey method

HOW THE ANALYSIS WAS CONDUCTED: TWO LEVELS

2) On the field:

The analysis consisted in the realization of 20 semi-structured direct interviews to social enterprises’ Presidents, Directors or Human Resource Managers. The OBJECTIVE was to bring out the elements that represents fundamental parts of the life and development of the enterprises, focusing in particular on the ongoing change, on the challenges they face and the skills they need to address this change. The interviews were conducted by the interviewer on the basis of the grid shared with project partners once it was tailor-suited to the regional context.
Survey method

INTERVIEW TEMPLATE

The construction of the interview template deserves to be briefly described.

Starting with the template shared by the partners, we further investigated some issues with a professional methodologist and AICCON - the Italian Association for the Promotion of the Cooperation and Non-Profit culture - which already collaborated with ERVET in previous surveys.
**Survey method**

1. **SAMPLE’S STEP CONSTRUCTION**

1. Since the beginning, the local stakeholder group of the RaiSE project has been involved in the identification of the social enterprises to be included in the survey sample.

1.1 **Selection criteria**: exemplarity rather than statistical representativeness was considered in order to enhance the variety of the experiences;

1.2 **Bottom up approach**: the stakeholder group members identified the enterprises that they considered the most interesting for the purpose of the project;

1.3 **Guidelines** followed in order to identify the final number of enterprises to be interviewed (20) were:

   a. long-medium time of development;
   b. identifiable, tangible and quantifiable results;
   c. innovative experiences on (at least) one of the following aspects:
## Survey method

### 1. THE SAMPLE

<table>
<thead>
<tr>
<th>ENTERPRISE NAME</th>
<th>PROVINCE</th>
<th>STAKEHOLDER/ERVET (*) (*suggested by)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cefal – impresa formativa</td>
<td>Bologna</td>
<td>Third Sector Forum</td>
</tr>
<tr>
<td>2. Fondazione Nuovo Villaggio del Fanciullo</td>
<td>Ravenna</td>
<td>Third Sector Forum</td>
</tr>
<tr>
<td>3. Associazione Porte Aperte</td>
<td>Modena</td>
<td>Third Sector Forum</td>
</tr>
<tr>
<td>5. Ancora Servizi</td>
<td>Bologna</td>
<td>AGCI</td>
</tr>
<tr>
<td>6. Lai Momo</td>
<td>Bologna</td>
<td>AGCI</td>
</tr>
<tr>
<td>7. Società Dolce</td>
<td>Bologna</td>
<td>AGCI</td>
</tr>
<tr>
<td>8. Associazione AUT AUT</td>
<td>Modena</td>
<td>ANCI</td>
</tr>
<tr>
<td>9. Il Bettolino</td>
<td>Reggio Emilia</td>
<td>ERVET</td>
</tr>
<tr>
<td>10. Open Group Soc. Coop</td>
<td>Bologna</td>
<td>ERVET</td>
</tr>
</tbody>
</table>
## Survey method

### 1. THE SAMPLE

<table>
<thead>
<tr>
<th>ENTERPRISE NAME</th>
<th>PROVINCE</th>
<th>STAKEHOLDERS/ERVE (*)</th>
<th>(* suggested by)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Group Soc. Coop</td>
<td>Bologna</td>
<td>ERVET</td>
<td></td>
</tr>
<tr>
<td>Camelot – officine cooperative</td>
<td>Ferrara</td>
<td>ERVET</td>
<td></td>
</tr>
<tr>
<td>Il Girasole società cooperativa</td>
<td>Reggio Emilia</td>
<td>ERVET</td>
<td></td>
</tr>
<tr>
<td>Zero cento – cooperativa sociale</td>
<td>Faenza</td>
<td>Legacoop</td>
<td></td>
</tr>
<tr>
<td>Cento fiori</td>
<td>Rimini</td>
<td>Legacoop</td>
<td></td>
</tr>
<tr>
<td>Consorzio Solidarietà Sociale</td>
<td>Forlì Cesena</td>
<td>Confcooperative</td>
<td></td>
</tr>
<tr>
<td>Parma 80</td>
<td>Parma</td>
<td>ERVET</td>
<td></td>
</tr>
<tr>
<td>Proges</td>
<td>Parma</td>
<td>Legacoop</td>
<td></td>
</tr>
<tr>
<td>Dimora D’Abramo</td>
<td>Reggio Emilia</td>
<td>ERVET</td>
<td></td>
</tr>
<tr>
<td>Consorzio SIC</td>
<td>Bologna</td>
<td>ERVET</td>
<td></td>
</tr>
<tr>
<td>Arca di Noè cooperativa sociale</td>
<td>Bologna</td>
<td>ERVET</td>
<td></td>
</tr>
</tbody>
</table>
2. INTERVIEWS AND FIRST RESULTS

2. ERVET interviewed the organizations part of the sample and made their gaps and needs visible in terms of internal organization, managerial skills, strategical objectives and so on.

2.1 1 hour and a half interviews were conducted vis a vis at the enterprises headquarter
2.2 Only few of them were conducted via telephone
2.3 Both the vis-a-vis and the telephonic interviews were integrated with data and documents
2.4 The interviewed showed interest in the research results and made themselves available to participate in other activities related to the project.

3. PARTICIPATORY PROCESS

3.1. The first results were shared with the stakeholders and integrated with their inputs
Survey method

PROVINCES WHERE THE INTERVIEWS TOOK PLACE

Emilia-Romagna Region
3. Assessment needs and main challenges for scaling social enterprises
Assessment needs and main challenges for scaling social enterprises

OVERVIEW

Even if the sample is not statistically value, it can represent a trustworthy overview of the main changes happened in the last few years in the social enterprises sector.

The mapped enterprises have been settled in the time span ranging from the 70s to the present time. During this period their evolution has been crossed and influenced by macro economic, social and political aspects.

The recent economic crisis represents a turning point in the evolution of social enterprises in Emilia-Romagna. Social enterprises had to face a decrease in the public funding and reorganize themselves by innovating their services and processes.
Assessment needs and main challenges for scaling social enterprises

MACRO AREAS ANALYZED

- MISSION AND ORGANIZATION CULTURE
- AREAS OF ACTIVITY
- MARKET AND TERRITORIAL DIMENSION
- NETWORKS AND RELATIONS SYSTEM
- ORGANIZATIONAL DEVELOPMENT
- LEARNING/TRAINING ACTIVITIES
- STRATEGIC DEVELOPMENT LINES
- SOCIAL IMPACT
- FINANCIAL RESOURCES
Assessment needs and main challenges for scaling social enterprises

MISSION AND VALUES

• Most enterprises were CREATED FROM THE BOTTOM to meet particular needs of a community

• In some cases PUBLIC ADMINISTRATIONS have supported the establishment of new social enterprises

• Small cooperatives formed CONSORTIA, through which they have started up new enterprises

• Cooperatives VALUES are often linked to the protection of rights, provision of assistance to vulnerable people, promotion of the human dignity etc.
Assessment needs and main challenges for scaling social enterprises

MISSION AND VALUES

• Since some enterprises have become big companies and the founding values have had to adapt to the NEW ENTREPRENEURIAL PROFILE, the risk of losing them is high.

• GENERATIONAL TURNOVER implies the presence of young employees who are more qualified than their previous colleagues but are not as committed to the mission as they used to be.

• Deliver COMPETITIVE SERVICES is becoming more urgent than strengthening the internal sense of belonging

• There is more EXTERNAL COMMUNICATION than internal activities for fostering cohesion
Assessment needs and main challenges for scaling social enterprises

AREAS OF ACTIVITY

The main social enterprise peculiarity is to respond - in an innovative way - to social needs that require specific interventions. Being more flexible than the Public Administration, these organizations can adapt their services to particular needs and to the emerging ones.
Assessment needs and main challenges for scaling social enterprises

AREAS OF ACTIVITY

<table>
<thead>
<tr>
<th>Educational services production, packaging, etc..</th>
<th>Productive activities (agricultural catering and banqueting,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and social services</td>
<td>Communication</td>
</tr>
<tr>
<td>Social-assistance services</td>
<td>Culture</td>
</tr>
<tr>
<td>Working and social inclusion</td>
<td>Tourism</td>
</tr>
<tr>
<td>Hosting of immigrants and asylum seekers</td>
<td></td>
</tr>
</tbody>
</table>
Assessment needs and main challenges for scaling social enterprises

MARKET AND TERRITORIAL DIMENSION

• STRONG LOCAL ROOTS. Only a few enterprises moved their services out of Emilia-Romagna, to other Italian regions, and only one enterprise is exporting services to Belgium and China.

• INTERNATIONALIZATION is perceived as an interesting business opportunity, although not easily feasible at the moment.

• The PUBLIC SECTOR is still the main partner and “customer”. However because of the decrease in public resources, the enterprises are diversifying their funding and are looking for new opportunities in the private market.
Assessment needs and main challenges for scaling social enterprises

NETWORKS AND RELATIONSHIPS SYSTEM

• All the interviewed social enterprises are MEMBERS OF THEMATIC NETWORKS, depending on their main areas of activity. Moreover they have established good relations with other local actors, such as institutions, third sector organizations, for profit companies, etc..

• Social enterprises are aware of the OPPORTUNITIES represented by the EUROPEAN UNION funding and some of them participate in European projects.

• Public Administrations are the main interlocutors for social enterprises which have been involved in CO-DESIGN activities. According to the majority of the enterprises, public-private partnership is considered to be a positive experience, even if some of them highlight the rigidity shown by the public sector.

• Some enterprises have obtained specific certification testifying the QUALITY of their services.

• All the social cooperatives have close relations with the ASSOCIATIONS which they belong to (Legacoop, AGCI and Confcooperative). These organizations represent the cooperatives at the political and institutional levels.
Assessment needs and main challenges for scaling social enterprises

ORGANIZATIONAL DEVELOPMENT

• Introduction of MONITORING AND EVALUATION SYSTEMS of the services delivered

• HUMAN RESOURCES function. Some cooperatives have an office dedicated to the selection and evaluation of human resources.
  ✓ NEW PROFESSIONAL (and particular) PROFILES with managerial and economic background.
  ✓ The management of cooperatives is interested in LEARNING/TRAINING ACTIVITIES in order to achieve the managerial skills needed they need to compete with other organizations on the private market.

• Creation of consortia in order to overcome difficulties of the individual enterprise members and generate ECONOMIES OF SCALE and centralized activities and services.
Assessment needs and main challenges for scaling social enterprises

LEARNING/TRAINING ACTIVITIES

• Social enterprises provide 60-70 hours of annual training to each employee

• 80% of the training activities are referred to TECHNICAL/OPERATIVE SKILLS DEVELOPMENT

• Only 20% of the training activities is dedicated to the DEVELOPMENT OF MANAGERIAL SKILLS.

• Learning/training activities are delivered through the organization of special courses, internal and externa coaching, masters....

• Main contents of the learning/training activities are: particular rules, operative processes, corporate social responsibility, problem solving, marketing

• Learning/training activities are financed through SELF-FINANCING, FONCOOPER (regional funding for the implementation of projects aimed at increasing productivity or employment, product valorization, etc.), other social enterprises, and others.
Assessment needs and main challenges for scaling social enterprises

STRATEGIC DEVELOPMENT LINES

- Social enterprises represent a SUCCESSFUL organization form
- They experience mergers, liquidations, consortium aggregations, etc..
- They consolidate the existing services and extend the area of intervention by acquiring new and innovative services to respond to specific needs
- Investments in new premises and equipment are needed
Assessment needs and main challenges for scaling social enterprises

SOCIAL IMPACT

• SOCIAL IMPACT evaluation is almost absent

• All enterprises recognize the importance of the SOCIAL BALANCE but only a few of them already produce it.
Assessment needs and main challenges for scaling social enterprises

FINANCIAL RESOURCES

- PUBLIC funding
- PRIVATE contracts
- EUROPEAN projects
- FUNDRAISING
4. Ecosystem of business support tools and instruments
Ecosystem of business support tools and instruments

1. PUBLIC POLICIES
2. CITIZENS WHO ORGANIZE THEMSELVES

EVOLUTION FACTORS
a. Political acknowledgment and legally recognized forms at the regional level
b. Market access
c. Public support in the start-up and scale-up phases
d. Access to finance
e. Networks and mutual support mechanisms
f. Research, education and skills development
Ecosystem of business support tools and instruments

Fig. 5 – Ecosystem of social enterprises (resource: European Commission, 2016)
Ecosystem of business support tools and instruments

POLITICAL ACKNOWLEDGEMENT

Three Regional laws on:

1) SOCIAL COOPERATION

2) SOLIDARITY ECONOMY

3) SOCIAL ENTREPRENEURSHIP
Ecosystem of business support tools and instruments

POLITICAL ACKNOWLEDGEMENT

1) Regional law n.12 on SOCIAL COOPERATION

• recognizes social co-operation as a public-service body involved in the design and management of services;

• emphasizes the importance of social enterprises which are committed with labor and social inclusion (new relation with PA)

• Advisory Committee on Social Cooperation to facilitate the connection between regional policies and social cooperation
Ecosystem of business support tools and instruments

POLITICAL ACKNOWLEDGEMENT

2) Regional law n.19 (23 of July 2014) on SOLIDARITY ECONOMY

• recognizes solidarity economy as effective tool to counteract economic, environmental and employment crisis;
Ecosystem of business support tools and instruments

POLITICAL ACKNOWLEDGEMENT

3) Regional Law n. 14 (18 of July 2014) on SOCIAL ENTREPRENEURSHIP

- Promotion of corporate and community welfare projects in Emilia-Romagna to qualify the already existing of health, social and housing services
- Promotion of the culture of corporate social responsibility and the social enterprise
- Creation of territorial laboratories for corporate social responsibility (to strengthen the skills of the enterprises and support their innovation process that contribute to reach the Agenda 2030 targets)
Ecosystem of business support tools and instruments

POLITICAL ACKNOWLEDGEMENT

The Emilia-Romagna Region, together with the Third Sector Forum and Unioncamere is creating the first REGIONAL OBSERVATORY ON SOCIAL ECONOMY in order to improve information about non-profit sector by drafting reports on the situation of the Third Sector in the Emilia-Romagna Region and its evolution.

THIRD SECTOR DATABASES are also available online
Ecosystem of business support tools and instruments

MARKET ACCESS

A. Diversification of products and markets through the introduction of innovations and different exchange forms

B. Search for new financial and human resources

In this scenario there are different supporting instruments for social enterprises
Ecosystem of business support tools and instruments

PUBLIC SUPPORT AT THE ITALIAN NATIONAL LEVEL

➢ Reform of the Third Sector (law n.106/2016):

- Profit tax and management surplus
- Tax and income deductions
- Crowdfunding
- Solidarity bond
- Guarantee fund and credit facility for social economy
- Social enterprises can allocate 3% of their annual net profits to funds set up by bodies or associations, as well as to the Social Italy Foundation.
Ecosystem of business support tools and instruments

PUBLIC SUPPORT AT THE ITALIAN NATIONAL LEVEL

- Incentives for innovative start-ups, including those with a social vocation
- These enterprises have the opportunity to raise capital with equity crowdfunding campaigns or to access the Guarantee Fund for SMEs
Ecosystem of business support tools and instruments

PUBLIC SUPPORT AT THE REGIONAL LEVEL

The Emilia-Romagna Region supports social enterprises through:

• Subsidies for SMEs (ROP ERDF, Axis 1, Action 1.1.2)

• Subsidies for SMEs (ROP ERDF, Axis 1, Action 1.4.1) to support innovative and high knowledge intensive start-ups

• Subsidies for the most representative cooperative’s associations within the Regional context (Regional Law 6/2006)

• EmiliaRomagnastart-up
Ecosystem of business support tools and instruments

FINANCE ACCESS

<table>
<thead>
<tr>
<th>Source of funding</th>
<th>Nature of funding</th>
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<tbody>
<tr>
<td><strong>Fonti interne</strong></td>
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</tr>
<tr>
<td>Base sociale</td>
<td>Versamenti di capitale/prestito sociale</td>
</tr>
<tr>
<td>Gestione</td>
<td>Avanzo di gestione/patrimonio</td>
</tr>
<tr>
<td>Strumenti interni di finanza</td>
<td>Private</td>
</tr>
<tr>
<td><strong>Fonti esterne</strong></td>
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</tr>
<tr>
<td>Grant</td>
<td>Community</td>
</tr>
<tr>
<td>Equity</td>
<td>Community</td>
</tr>
<tr>
<td>Finance</td>
<td>Community</td>
</tr>
<tr>
<td>Asset</td>
<td>Private</td>
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</tbody>
</table>

Tab. 2 – Fonti di finanziamento delle imprese sociali (fonte: AICCON, 2016)

Tale 2 - sources of funding for social enterprises (source: AICCON, 2016)
Ecosystem of business support tools and instruments

FINANCE ACCESS

➢ BANK FINANCING/LOANS

• Only **4.4%** of social enterprises failed in obtaining the required funding from the banks;

• Among those enterprises which obtained the funding, the **37.7% did not get the full amount required**

  ✓ insufficient guarantees
  ✓ too high required amounts
  ✓ insufficient cash flow
  ✓ lack of guarantees (16.7%)
  ✓ lack in experience (4%)

• The funding required have been used for current management (40%), short and long term investments (50%) and restructuring of the previous debt (8%)
Ecosystem of business support tools and instruments

FINANCE ACCESS

- SOCIAL IMPACT FINANCE (Social Impact Agenda, SIA): at the moment only the region of Sardinia has experience on this topic

The Emilia-Romagna Region support access to credit for enterprises through the following measures:

- Access to credit facility for enterprises and self-employed workers
- Foncooper (bound to the implementation of projects directly linked to territorial growth)
- Incentives to fair trade operators
Ecosystem of business support tools and instruments

NETWORKS, SCALING MECHANISMS AND MUTUAL SUPPORT

- Role of the organizations representing social cooperatives (Legacoop, AGCI, Confcooperative). All of them are member of the Alliance of Italian Cooperatives.
  - Polical-institutional representation
  - Legal, legislative and labor support
  - Support to innovation processes (new markets, internationalization, etc.)

- Two projects in the Emilia-Romagna Region:
  - **CoopUpIn – cooperation as open innovation** (Confcooperative, Irencoop, AICCON and Social Seed): spreading a permanent culture of innovation within the cooperation sector
  - **Innovacoop** (Legacoop Emilia-Romagna): support to innovation and internationalization through research activities and technological transfer
Ecosystem of business support tools and instruments

NETWORKS, SCALING MECHANISMS AND MUTUAL SUPPORT

- Regarding the promotion of cooperation and the support to new entrepreneurial projects:
  - Coopstartup (Legacoop)
  - CoopUP (Confcooperative)

Legacoop, Confcooperative and AGCI are also members of the Regional Stakeholder Group of the RaiSE project.
Ecosystem of business support tools and instruments

NETWORKS, SCALING MECHANISMS AND MUTUAL SUPPORT

- COOPERATIVE FINANCE
  - Financial Cooperative Consortium for the Development
  - Cooperation Finance Enterprise
  - Cooperfidi Italia
Ecosystem of business support tools and instruments

SUMMARIZING

1) NETWORKING

2) SCALING is a slow process

3) PARTNERSHIP and enterprises network but also GROWTH ADIANCECIES

4) THIRD SECTOR REFORM
Ecosystem of business support tools and instruments

RESEARCH, EDUCATION AND SKILLS DEVELOPMENT

The Emilia-Romagna Region carried out researches and projects to analyze the Regional social model:

• Another welfare. Generative experiences (2011)


• Corporate welfare models in Bologna (2013). Alma Mater Foundation

• Corporate welfare. Unioncamere E. R. project
Ecosystem of business support tools and instruments

RESEARCH, EDUCATION AND SKILLS DEVELOPMENT

The Emilia-Romagna Region support enterprises competitiveness also through the valorization of the HUMAN CAPITAL:

- Operative Plan European Social Fund 2014/2020
- Employment Pact (2015)
- Investment in training activities for innovative start-up
  - Demetra Formazione and Irecoop Emilia-Romagna
5. Gap analysis and policy recommendations
Policy recommendations

1. Fostering the creation of enterprises networks, legal instruments and new organization models

2. Cross fertilization between innovative start-ups and consolidated enterprises

3. Investments in new technologies

4. Construction of impact-oriented financing instruments

5. Facilitate the development of new skills within social enterprises
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