

# Italian Social Enterprises at the Crossroads: Their Role in the Evolution of the Welfare State

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## Abstract

This paper investigates the relationship between the emergence of social enterprises (SEs) and the historical development of the Italian welfare state. Our research offers a comprehensive overview of the internal and external influences that shaped the constitutive relations between the welfare state and SEs. A qualitative methodology based on semi-structured interviews and focus groups has been adopted. This study suggests that two interconnected dynamics — the emergence of new social needs being answered by private organizations and the increased prominence of third sector actors during the privatization of the welfare state — shaped the co-evolution of the welfare

state and SEs in Italy. The study also suggests that the emergence and evolution of Social Enterprises in the years leading up to 2001 was mainly a bottom-up phenomena stemming from the actions of citizens setting up private organizations (often cooperatives) to answer to social problems created by new social needs and the structural reform of the welfare state. After 2001 especially with the new law on SEs in 2016, the evolution of SEs seems to have been increasingly influenced by the surrounding ecosystem of actors and supranational policy discourses rather than SEs themselves.

## Keywords

Social enterprises  
Welfare state  
Third sector  
Social cooperatives  
Benefit corporation  
Grounded theory

## Purpose

The paper objective is twofold. First, it investigates the relationship between the emergence of social enterprises (SEs) and the historical development of the Italian welfare state, offering a comprehensive overview of the internal and external influences that shaped the constitutive relations between the welfare state and social enterprises. Second, the paper also proposes to investigate the recent attempts to introduce new types of social enterprises and for-profit enterprises in order to understand whether it should be seen as a top-down evolution of the sector or an institutionalization of bottom-up processes. Consistently, we are keen to answer the following questions: I) *Were the social cooperatives just supporting the public sector, or did they represent an innovative mediator between the market and the state?*; ii) *Which are the internal and external influences that contributed to the bottom-up development of Italian social enterprises in the 1970s? Is it possible to retrace the same process also in the subsequent decades?*

We contend that such a research would: I) synthetically identify the policy discourses and the historical, economic, cultural, and institutional configurations that have shaped social enterprises in Italy; II) reveal potential pathways for the future development of the Italian welfare state; III) produce a comprehensive overview of the internal and external influences that contributed to the bottom-up development of Italian social enterprises as well as in setting the direction of this metamorphosis in recent years.

## Design, Methodology, Approach

In order to explore the co-evolution of social enterprises and the welfare state in Italy, we opted for a qualitative methodology based on semi-structured interviews and focus groups with recognized national experts in the field of social economy, social entrepreneurship, and the welfare state. After performing a review of academic and grey literature that focused on the interactions between social enterprise and the Italian welfare system, we undertook a series of in-depth semi-structured interviews and focus group discussions with a range of Italian stakeholders at various levels of the social enterprise ecosystem. Interviewees and focus group participants were selected through purposive sampling, which is a type of non-probability sampling whose main objective is to focus on various characteristics of specific demographics (Flick, 2009). We opted for semi-structured interviews because we wanted to cover fairly specific topics connected to our research questions. However, we also wanted to give the interviewees a great deal of leeway in how to reply (cf. Bryman and Bell, 2015). The group consisted of two experts from think tanks on sustainable development and innovation, two from the financial sector, one from a social cooperative, one from a consulting agency, one from a national association of social cooperatives, one from a consortium of social cooperatives, and one academic. The interviews focused on the professional experience of the respondents, with special emphasis on social enterprise issues in specific national contexts and the role of key institutions, such as public entities, interest groups, and trade unions, in the development of social enterprises from the 1970s to the present. We carried out a total of 9 semi-structured interviews. In order to collect further data and insights (cf. Bryman and Bell, 2015), the same topics were discussed in two focus groups with social entrepreneurs and local stakeholders (13 participants in total) that were held between May and June 2015. The groups were composed of seven social entrepreneurs (five of which were members of social cooperatives), one representative from the chamber of commerce, one financial institution employee, one support network employee, and one member of a third sector regional association. The content of our interviews and focus groups has been analysed through the use of grounded theory, an approach that enables researchers to code recurring concepts as a means of understanding the most relevant topics that emerge in relation to our research question (cf. Flick, 2009). Grounded theory, which has become the most widely used framework for analysing qualitative data (Bryman and Bell, 2015), is concerned with the iterative (or recursive) development of theory out of data, meaning that data collection and analysis proceed together, repeatedly referring back to each other (Bryman and Bell, 2015).

## Results

The research reveals that financial institutions, consultancies, and support organizations are pushing for a model of social enterprises that is more market-oriented and similar to traditional for-profit companies in terms of its dependence on financial products and consultancy. While the emergence of social enterprises in Italy during the 1970s was the product of bottom-up forces—an answer to social problems that would eventually be recognized legally by the state—the changes that have taken place over the last 10 years might have been less bottom-up than the previous ones. Moreover, our results suggest that the measurement of outcomes and the social impact services delivered by social enterprises and other non-profit organisations vis-à-vis other types of organizations, including for-profit and public sector entities, should be promoted. In fact, the absence of specific evidence of the superiority of SEs in providing services to the public suggests that the various attempts to reform social enterprises were motivated by ideology rather than an evidence-based quest for greater efficiency.

## Originality

An integrated research methodology enabled us to synthetically identify the policy discourses and the historical, economic, cultural, and institutional configurations that have shaped social enterprises in Italy, while also revealing potential pathways for the future development of the Italian welfare state. In fact, since our research question required an open, interpretative link between data and theory, the qualitative methodology offered a comprehensive, multi-perspective overview of the internal and external influences that shaped the development of social enterprises and the welfare State in Italy in the last forty years.

## References

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