

CHAMBERS TAKE SOCIAL ENTERPRISE ON BOARD

Business is changing: how best to update business support services? Italy's chambers of commerce emerge from the QUASAR project with a brand new service in their portfolio, tailored to the needs of the fastest-growing section of their membership, social enterprises. Social enterprises emerge with a stronger identity, legal recognition, strengthened management skills, and a steadily growing regional support network.

Italy is home to 240,000 'third sector' organisations – associations, social co-operatives, foundations and others – which turn over €38 billion a year, employ 630,000 people and absorb the voluntary energies of some 3.3 million people. It is also home to a well-established system of chambers of commerce, industry, handicraft and agriculture (CCIAA). Yet till recently there has been a mutual lack of understanding between the two. Historically the chambers of commerce have tended to write off the non-profit-distributing sector as an uninteresting niche, and ignore its proven capacity to create jobs and income, especially for disadvantaged people. While social enterprises have been legally obliged to pay subscriptions to chambers of commerce, the chambers have not provided services tailored to their needs. QUASAR aimed to build a bridge from both ends, by making the culture of social enterprise managers more businesslike, and at the same time the chamber of commerce culture more sensitive to the benefits of social enterprise.¹



Learning without borders: QUASAR co-ordinator Francesco De Rosa (centre rear) and colleagues at a transnational seminar on training tools and methodology in Paris on 12-14 November 2003

The project was led by AsseforCamere, the training branch of the chambers of commerce. Managing Director Alberto Valentini explains why they went into the EQUAL project. “*Social enterprises have a growing role to play, and it is complementary to that of the profit-making sector. The third sector provides 6.4% of Italy's jobs. We wanted to understand social enterprises, and support their creation and consolidation – which is a job we are already well used to doing with conventional enterprises.*”

Its key partner was ASTER-X (Agenzia di Servizi del Terzo Settore) the strategic arm of the Permanent Forum of the Third Sector, which is made up of 16 national organisations representing the various families of cultural and voluntary associations and social co-operatives.

The project's central aim was to improve the quality of social enterprise, but in the end it has achieved much more than that. It has built a national partnership between the third sector and the country's key business support organisation, the chambers of commerce, trained chamber staff and social enterprise managers in eight regions, set up eight observatories and made a crucial difference to legislation on social enterprise.

¹ Guideline 18 of the *Integrated Guidelines for Growth and Jobs* suggests that: “special attention should be paid to promoting the inclusion of disadvantaged people in the labour market, including through the expansion of social services and the social economy.” Guideline 22 urges increased access to entrepreneurship training. See http://europa.eu.int/growthandjobs/pdf/COM2005_141_en.pdf

PILOTS IN EIGHT REGIONS ACROSS THE COUNTRY

QUASAR worked with the chambers in eight participating provinces: Milan, Treviso, Forlì-Cesena, Florence, Cagliari, Potenza, Bari and Palermo. Co-ordinated by a central unit, the project's work was based around seven specialist working groups combining experts from the third sector and from the chambers. These tackled issues such as social services reform, social quality, training, finance and local development, and produced an impressive series of guidance manuals.

Meanwhile the research partners carried out preparatory studies of the socio-economic conditions in each of the pilot areas (Istituto Tagliacarne) and the strengths and weaknesses of the social enterprise sector (CENSIS). Work on the ground in each region was launched with a conference to which all the local second-level organisations were invited. The result was partnerships that involved between eight (in Treviso) and 22 (in Bari) organisations.

QUASAR nominated a co-ordinator in each of the eight regions taking part, who took on the job of organising enterprise check-ups, running local training courses, and creating the local 'observatory of the civil economy'. The observatories typically involve a triangular partnership between the third sector forum, the chamber of commerce and the local university, and have around three staff, though in some places other organisations have joined too.

The project delivered eight local training courses, equipping some 180 people to collaborate effectively in the QUASAR committees, and subsequently in the observatories. The courses comprised between 10 and 18 days of training, on the themes of social enterprise, the chamber system and the territory. Modules specifically about social enterprise went into issues such as value and motivational capital, internal and external relations, organisational and service quality, and managing the tension between a business's economic performance and its social performance. A national seminar was also held for chamber of commerce personnel.

ENTERPRISE CHECK-UPS

The project exceeded its own expectations by checking the health of 240 enterprises, of which 45% were social co-operatives, 32% permanently trading VAT-registered associations, 15% committees and clubs, and the remaining 8% foundations and social enterprises of other types. The check-ups were carried out by a specialised agency attached to each chamber of commerce. They went through the topics of mission and vision, strategic planning and social marketing, and on to image and competitiveness. Key issues for social enterprises are social accounting – the *bilancio sociale* – and human resources. *“The difficult part of the human resources job is to convert managers from thinking only about the bottom line to a broader vision,”* says Mr Valentini.

Mr Valentini also stresses the key role of finance. *“As part of the project we commissioned, with the help of Banca Intesa, a study on finance for the third sector, which showed up the need for specialised financial products. Social enterprises are undercapitalised and often suffer from delays in receiving income. So in the second round of EQUAL our CRESO project focuses on finance, and has as a partner one of the country's biggest bank groups, the network of co-operative banks, Federcasse. We are working towards a national network, and 21 regional chambers have come on board. It will also bring universities into partnership. Another task that CRESO will be tackling is to carry out a cost-benefit analysis of social enterprise, that will build the case for greater attention from policy makers.”*

LEARNING IS A TWO-WAY STREET

One of the pioneering aspects of the project, says Francesco De Rosa, who co-ordinates the QUASAR project on behalf of ASTER-X, was to bring the different families of the third sector together. *“It was not easy at the beginning, as we had to overcome the fragmentation of the third sector, which includes cultural associations representing various groups, voluntary organisations that deliver social services, and social co-operatives. This anarchy made it difficult to work with the business or public sectors.”*

At first, the chambers of commerce assumed that they knew all the answers and that what was needed was to transfer their existing expertise to a new group of organisations. The expert groups were split on the issue. But a funny thing happened. Once the third sector realised that this was what was going on, they overcame their differences and started to work together. From the end of 2002 onwards, the collaboration worked well. The people from the third sector realised

they needed to learn entrepreneurial methods, and the chambers of commerce people came to appreciate the value of the third sector approach. The newfound sense of unity is one of the foundations of the social enterprise law that has just been adopted.

TESTIMONY FROM PUGLIA

The eight observatories span the Italian peninsula from northwest (Milan) to southeast (Bari), and it is in the latter town that the project has grown fastest. Gianfranco Visicchio, president of Bari's regional third sector forum, tells how things worked in Puglia, a region suffering from the crisis in the textile and footwear sectors. *"We have 23 member organisations, and at first not everybody saw the importance of working with the chamber of commerce. But once we had joined the QUASAR project, our members got the benefit of an enterprise check-up, which identified problems and development options. The most common problems we found were in the financial and management areas, and the chamber has arranged training courses to deal with them."* To join the project, social enterprises raised 20% of the funding themselves through self-taxation, and the chamber of commerce contributed €100,000 last year, with a further €150,000 this year. The project is now tackling the problem of the relationship with the public authorities – with evident success. *"We have raised the profile of the sector, and this year for the first time we are mentioned in the regional plan for social services,"* says Mr Visicchio. *But the partnership could be broader, he thinks: "We expected greater involvement from other organisations. Perhaps the new law will push things forward."*

PARTNERSHIP MECHANICS

QUASAR worked well because of the obvious benefits both sides stood to gain from working together. But even with the best will in the world, the right structures need to be in place. The mechanics of delivering the project relied on the use of a type of hybrid organisation called an *azienda speciale* – a sort of semi-public company formed under the wing of the chamber of commerce. These agencies can act more flexibly than the chamber itself, as they are not public bodies and their staff are not civil servants. They are the perfect tool to carry out a time-limited project.

Livia Consolo, President of ASTER-X, says the project's national groups worked well. *"As the project progressed, stereotypes have been broken down, scepticism has faded, and we have shown that collaboration can work,"* she says. *"Sharing ideas was a very important way to improve the level of management skills in social enterprises."*

Mr Valentini agrees: *"The project has built up a good collaboration between the chambers of commerce and the third sector, based on their complementarity, or what we might call the principle of 'horizontal subsidiarity'. We acknowledge the link between economic growth and social cohesion, and we have set up a circular process of exchange."*



ASTER-X president Livia Consolo with Professor Ugo Ascoli, Francesco Barbolla and Enrico Bocci of the Florence Observatory at a focus group in Florence on 13 January 2005

The local dimension has also been crucial: the observatories have been got off the ground by local QUASAR Committees made up of representatives of the chambers of commerce and the local third sector organisations.

HELPING THE LAW TO CATCH UP WITH REALITY

The project has improved the regulatory environment by establishing recognition of the concept of social enterprise in law. *"When we started the project, hardly anyone talked about 'social enterprises',"* says Livia Consolo. *"As the project ends, the Senate has just approved a law which defines social enterprise nationally. QUASAR made a real contribution to the definition the law has adopted: that social enterprises are non-profit distributing, independent and accountable both*

economically and socially. Following the law establishing social co-operatives, this law is another building block in the edifice of better living and working conditions for disabled people.”

For Grazia Sestini, senator for Arezzo and undersecretary at the Ministry of Labour and Social Policy, the law bridges the chasm between Fiat and the Red Cross. *“We have succeeded in defining in law something which is a proper business, registered at the chamber of commerce, but which does not have profit as its main purpose. This is no contradiction. The law has now caught up with reality.”* She is careful to distance social enterprises from the mentality of grant dependence. *“The idea of social enterprise is a cultural revolution. It has to trade profitably, even if it reinvests its surplus. There’s no public authority waiting to bail it out at the end of the year.”*

BENEFITS ALL ROUND

What does the third sector gain from the partnership? First, the project clarified the sector’s identity, by obliging social enterprises to define what they stand for and be less self-referential.

Secondly, it means that social enterprises can call on the services that the chambers provide to all their members – and remember social enterprises are legally obliged to subscribe to the chambers, whereas only 30% of them are members of one of the co-operative federations. But over and above that, they can expect the chambers to represent their interests within government: the chambers are after all public bodies with a formal role in local economic development. Sometimes there is a direct relationship: all the chambers have a co-operative representative on their governing council, and in three regions – Basilicata, Sardinia and Emilia Romagna – that representative comes from the social co-operative family. In political terms this gives social enterprises the formal status that craft firms have by virtue of their federal bodies.

Thirdly, the Civil Economy Observatories are a means of ensuring that in the future social enterprise is not forgotten. They are formally constituted as organs of the chambers of commerce, which guarantees the revenue needed to survive. They are led by a president, who is a member of the council of the chamber of commerce, and who is supported by a co-ordinator and a secretariat. They are overseen by a committee bringing on board the combined strengths of the chamber of commerce, university, voluntary service, social associations and social co-operatives. Their tasks are:

- to carry out research and supply information in support of the chambers’ policies
- to represent the third sector
- to offer social enterprises tools, information, and skilled technical assistance to support their consolidation and development; these are delivered jointly by the Special Agency of the Chambers of Commerce and local third sector organisations
- to assist social enterprise start-ups, by enabling them to become part of a system which has high quality standards and shares best practice.

The observatories also play a role in transmitting the social enterprise culture, to everybody’s benefit. *“We often forget the prodigious laboratory that the social co-operative sector has been over the last 20 years,”* says Francesco De Rosa. *“We were the first to talk about ideas such as corporate social responsibility and social accounting that are now mainstream.”*

And what do the chambers of commerce get out of the deal? Primarily, it is a marketing plus, as the project has equipped them to serve more effectively this rapidly growing section of their membership – a section that stands to grow ever faster as voluntary organisations take advantage of the new law to convert into social enterprises. *“It was as we were developing the tools to carry out the enterprise check-ups that they realised how different social enterprises are,”* says Mr De Rosa. *“They finally realised they had a lot to learn from us about things like networking.”*

Quasar’s results certainly seem impressive enough to the chambers of commerce in Rome, Pisa, Perugia and Benevento, who have now launched observatories of their own. Other chambers are joining in. With legal recognition on one hand and a widespread and professional support network on the other, social enterprises are in a fortunate position, thanks to EQUAL.

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National partners: AsseforCamere, ASTER-X Agenzia di Servizi del Terzo Settore, CENSIS - Fondazione Centro Studi Investimenti Sociali, Fondazione Istituto GuglielmoTagliacarne

Transnational partnerships: TCA 1258 SITED (Social inclusion through enterprises development) – partners DE-EA-93973 innova Entwicklungspartnerschaft für Selbsthilfegenossenschaften, AT-3-01/128: Empowerment kleiner und mittlerer sozialer Organisationen, FR-NAT-2001-10817: EETIC – entreprendre ensemble sur un territoire pour l'inclusion par la coopération

Contact: Francesco De Rosa – QUASAR co-ordinator

Address: ATS Progetto Quasar, international contact c/o Aster-x Via Montebello, 8 – 00185 Roma - Italy

Telephone: +39 06 47825107

Fax: +39 06 47882345

E-mail: progetto.quasar@aster-x.it ; f.derosa@aster-x.it ; societario@aster-x.it

Website: www.progettoquasar.it/