

Social Innovation in Italy

Prepared by Marco Traversi

Italy is a country with a long and very strong tradition of the welfare state. It is a country where the historical tradition of the Catholic Church, and a strong left movement have shaped—during the last 60 years—many different ways to face societal problems. These experiences could well be defined as innovative when they were born and consolidated during the last century. In fact, Italy has one of the largest number of social cooperatives in the world (Federsolidarietà, the largest Italian umbrella organization for social coops has almost 6.000 members) and, following the milestone of law 381/91, this model of coops has already had 20 years of life.

Due to its long juridical tradition, Italy has a sound and complex legislation in the social sector which has given birth to many different kind of social actors, each one with his own features and commitments influenced by their corresponding legal literature. In particular it is possible to underline volunteering organizations (L. 266/91), foundations (in particular those in banking L. 218/1990), associations of social promotion (L. 383/00) and lastly the social enterprises (l. 155/06).

Despite the social sector's long tradition, the concept of social innovation is actually not well rooted in Italy—it is seen mostly as a consequence of a different welfare model coming from the Anglo-Saxon world. From an Italian perspective, this model appears to be business oriented and based on individualities.

There is not actually a generally accepted definition of social innovation in Italy. The most commonly used definitions come from the experiences of US or UK organizations or from the EU Institutions. There is, however, a growing debate about the topic, mainly due to the crisis of public finance which has lead to heavy cuts to the public budget for the sector—a new experience in the Italian reality. The substantial absence of private investors in the sector has produced a crisis in the management of services at the local level and has also led to the failure of many social coops which are some of the main social services providers in the country. Social enterprises and, partially, social innovation are considered as potential answers to the crisis.

These current conditions have fed the debate around social enterprise and, to a lesser extent, around social innovation. The debate began in the academic world thanks to some strong voices with a large international echo, such as Prof. Borzaga, from the University of Trento, and Prof. Zamagni, from the National Agency for the Onlus (for not-for-profit social utility organizations) who introduced in Italy a structured analysis of “third sector” organizations and proposed new management models and the new concepts of social finance, social bonds and social stock exchanges. The academic discussion is wide and well rooted all over Italy and involves some business schools like the Milan based private University of Bocconi with its Prof. Fiorentini, among others.

From the business point of view, Italy is still developing its frame for Corporate Social Responsibility. CSR is not yet a well developed concept all over the country and has only begun gaining attention during the last couple of years as Italian multinationals—mainly from the banking or communication sector—have turned towards social innovation. In general there is a tendency in this sector to confuse the ideas of social innovation and social media. Often, businesses adopt a narrow view, connecting innovation only to the new communication tools or the use of the new technologies.

The tone of government debate is not much better; social innovation is often marginalized and, when the debate finds voice, it is influenced by Prime Minister David Cameron's Big Society debate in the United Kingdom.

It is perhaps important to note that the introduction of a legal frame for social enterprises five years ago didn't help the creation of enterprise models in Italy, primarily because it founded a scarce interest in organizations already working in the sector. These organizations are mainly social coops which often fear to lose their privileged position in the sector. As already mentioned, these third sector bodies are very strong and have a long tradition in Italy and they seem to be more conservative than innovative. In the face of such a long history, the concept of innovation needs to break down doubts and obstacles in order to develop within the country. The fight to grow is not been helped by the almost total absence of an international exchange change for the Italian sector (with the notable exceptions of the NGOs and, recently, some social consortia). There is some hope, however, in that the lack of government spending during these last few years has pushed Italian organizations more towards European funding and international partnerships.

Social innovation in Italy has a very interesting field of opportunities because of the range of social challenges available for innovators to face. The health system, with its high level of cost and low efficiency, needs to be reformed. Further, the environmental challenges in Italy are enormous, and not limited only to the highly publicized management of urban waste. Moreover, Italy has the most aged population in Europe and one of the lowest average birth rates.

In general the government should address these challenges in a new way given the impossibility of continuing to leverage public spending as it did in the past. This should lead also to a new vision for financial business which cannot continue to ignore the sector and will consequently begin to build new financial tools shaped for it. This is already happening with the strengthening of specific ethical banks, which are growing fast, and also with the creation of specifically ethical branches of the main Italian banking groups. The debate about new financial tools is still weak but, at this point, it cannot be avoided.

In the end we can say that the obstacles are not so much in the legislation but in a lack of private finance and, more broadly, in the lack of a national, innovative approach due to the long and rooted Italian tradition of limiting social problems within specific and conventionally shaped boundaries.