

Social Entrepreneurship Policy: Evidences from the Italian Reform

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Abstract

Social entrepreneurship (third sector) is an increasingly important global economic phenomenon that is squarely under the academic lens. Social entrepreneurship represents an interesting opportunity for policy makers to explore new frontiers of economic growth and implement innovation in a potentially growing services sector with possible job opportunities coming from new job creation in the upcoming decades. Based on evidence from Italy, this

paper considers the broader picture of this phenomenon. Addressing the need to better understand the drivers of social entrepreneurship policy, we propose a model for interpreting the impact of the recent Italian reform of the third sector at various levels of the ecosystem, which favors innovation, technology adaptation, and greater employability. The presented results contribute to laying the foundation for the further development of a theory of entrepreneurship policy.

Keywords: social entrepreneurship; social enterprises; social entrepreneurs; third sector; entrepreneurial policy; entrepreneurial skills; entrepreneurship education.

Citation: Carnini Pulino S., Maiolini R., Venturi P. (2019) Social Entrepreneurship Policy: Evidences from the Italian Reform. *Foresight and STI Governance*, vol. 13, no 3, pp. 77–88. DOI: 10.17323/2500-2597.2019.3.77.88

Historically, social enterprises have always created economic and social value in the under-developed countries and in situations of economic and social hardship. In recent years, the general conditions of welfare systems in economically advanced countries and the development of new affordable technologies have increased the number of social enterprises, giving birth to new forms of enterprises that not only promote useful services for the community, but also represent interesting new forms of employment.

Social entrepreneurship represents an interesting opportunity for policy makers to explore new frontiers of economic growth and implement innovation in a section with great growth potential and possible job opportunities coming from job creation in upcoming decades. For this reason, the authors provide an in-depth case study of the Italian reform of the third sector, which was introduced in 2017, to demonstrate how entrepreneurial policies can be implemented to favor the development of a field with tremendous growth potential.

The main purpose of this study is to explore the main drivers of social entrepreneurship policy in order to innovate an established field, favor technological adaptation, and provide a greater employability. This paper is structured as follows: the first section offers a background on the definition of social entrepreneurship and related concepts in the academic literature; the second section describes the methodology and research; the third introduces the results of the study; and the final section presents the contributions of the study to academic literature and further research opportunities.

Literature Review on Social Entrepreneurship

Social entrepreneurship, generally defined as “entrepreneurial activity with an embedded social purpose” [Austin et al., 2012], has become an important global economic phenomenon [Dacin et al., 2010; Mair, Marti, 2006; Santos, 2012; Zahra et al., 2008]. Without reproducing a comprehensive analysis of the literature on the definition of social entrepreneurship and its attendant terms, social enterprise and social entrepreneur, we propose a review of the major contributors to this endeavor, which evidences both the areas of consensus and the areas where different definitions might coexist.

Although social entrepreneurship has been squarely under the academic lens for several decades, many researchers find that the field still lacks a comprehensive, universal definition of what social entrepreneurship is [Weerawardena, Mort, 2006; Short et al., 2009; Hoogendoorn et al., 2010; Nicholls, 2010; Bacq, Janssen, 2011; Abu-Saifan, 2012]. This is, in part, due to the fact that many definitions were driven by practice rather than theory [Mair, Marti, 2006; Santos, 2012], and in part due to the wide range of interpretations

of what both “social” and “entrepreneurship” mean, marked by the differing emphases on the prominence of social goals or the salient features of entrepreneurship [Martin, Osberg, 2007; Peredo, McLean, 2006]. However, despite the differences in interpretations and approaches, the variety of definitions associated with social entrepreneurship in the literature point to a focus on four key factors: the characteristics of social entrepreneurs, the sector in which they operate, the processes and resources used, and the primary mission and outcomes associated with social entrepreneurship [Dacin et al., 2010]. Seen through this lens, despite differences in focus, a consensus does emerge. Social entrepreneurship can be thought of as an activity that: (a) addresses social problems as its primary objective; (b) uses market mechanisms (e.g. sale of goods and services) to generate the resources needed to accomplish a social goal [Dees, 2001; Johnson, 2003], even if the goods or services are paid for by a third party [Thompson, Doherty, 2006]; and (c) there is an element of innovation in the way resources are combined and social issues are addressed [Mair, Marti, 2006; Nicholls, 2010].

Within these very broad definitions, there is a multiplicity of views on how these terms are interpreted, depending on the researchers’ different perspectives. Hoogendoorn et al look at these differences by organizing them along the lines of four distinct schools of thought (Table 1). The authors compare and contrast differences in approaches with regards to: what the unit of observation is in the literature (the individual or the enterprise); the centrality of the link between the mission and goods and services sold; the type of legal structure; the degree to which innovation is a defining feature; the presence of constraints on the distribution of profits; the importance of raising commercial income; and the extent of involvement in the governance of direct and indirect stakeholders [Hoogendoorn et al., 2010].

Some of the differences observed in defining social entrepreneurship spill over to the definition of social enterprise. Again, central to most definitions is the notion that social enterprises seek to solve social problems. However, the national differences in welfare, labor markets, and ideology together with researchers’ own worldviews, have led to the creation of many different kinds of enterprise [Zahra et al., 2009; Chell et al., 2010]. While acknowledging the ‘untidiness’ of social entrepreneurship, Peredo and McLean offer an interesting insight into the loci of social entrepreneurship depending on the place of social goals and the role of commercial exchange in different perspectives [Peredo, McLean, 2006]. The authors delineate a continuum in which, at one end, one finds the social goal as the exclusive aim of a social entrepreneur, locating social entrepreneurship firmly within the non-profit domain; at the other end, however, the authors are open to the possibility of including even primarily for profit organizations with some social component

Table 1. Schools of Thought in Social Entrepreneurship

Perspective	School
American	Social Innovation School Enterprise School
European	Emergence of Social Enterprise School, EMES UK approach

Source: compiled by the authors using [Hoogendoorn et al., 2010].

to their mission, citing the well-known case of Ben & Jerry's, and concluding that "Indeed, one thing that emerges from a look at the range of uses given to "social entrepreneurship" is the clear suggestion that the distinctions among public, private, and NFP sectors become attenuated" [Peredo, McLean, 2006, p. 64]. More recently, Abu-Saifan has attempted to put some boundaries around this continuum, which he contains between the confines of non-profit organizations with earned-income strategies to for-profit organizations with mission-driven strategies [Abu-Saifan, 2012]. Saebi et al.'s typology of social entrepreneurship is another attempt at bracketing the continuum, focusing on the recipients of both the social and economic missions; the authors see these two dimensions in terms of differentiated/integrated strategy (cross-subsidization or beneficiaries as the paying customers) and in terms of the beneficiaries being passive recipients or active participants in the process [Saebi et al., 2019]. Moreover, several authors have stressed the relationship between context and entrepreneurship [Shane, Venkataraman, 2000; Atamer, Torres, 2008]. This relationship is further elaborated upon by Mair, who views social entrepreneurship as a context-specific, socially constructed phenomenon [Mair, 2010]. For Mair, the purpose of social entrepreneurship is to bring about social change, modifying the social, political and economic reality at the local level. Thus, it is the local context that shapes the strategies and tactics employed by the social entrepreneur, including the choice of for-profit or nonprofit models. Even within the geographical boundaries of a single nation, social entrepreneurship can be the outcome of community work, in the form of voluntary associations or public organizations, as well as private firms working towards social objectives alongside profit goals [Shaw, Carter, 2007]. Bacq and Janssen have contributed to the definitional issues based on geographical and thematic criteria, stating that "two types of definitions appear in the European literature: conceptual and legal" [Bacq, Janssen, 2011, p. 381]. The EMES conceptual definition of "social entrepreneurship", characterized by a distinctive collective aspect, is accompanied by legal definitions given by national governments to provide a clear legal framework. Some of the examples cited include the social cooperatives in Italy, the Community Interest Companies in the UK, and the social purpose

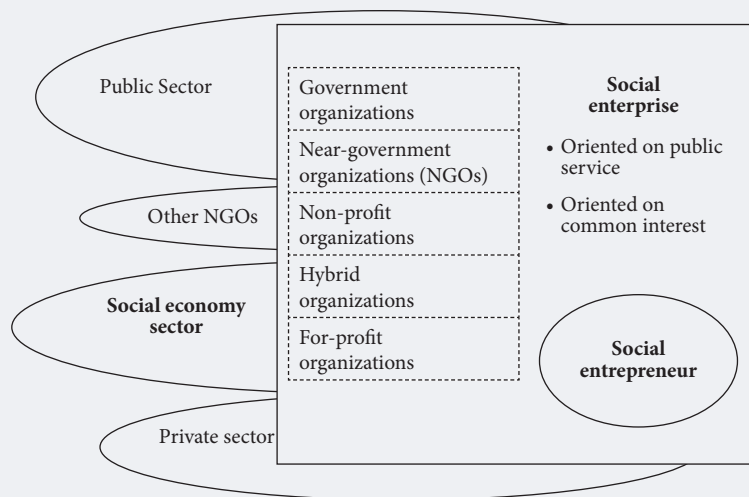
company in Belgium [Bacq, Janssen, 2011]. The case of Italy is of particular interest, as the economic weight of social enterprises is heavily felt, with thousands of social enterprises that provide a range of social services [Borzaga, Defourny, 2001].

A number of prominent scholars highlighted the importance of developing multilevel theories in organizational research [e.g., House et al. 1995, Klein et al. 1999], especially in social entrepreneurship [Tracey et al. 2011]. Traditionally studies have focused on micro or macro levels of analysis, ignoring the relationship among those levels or just exploring dynamics within the same level. The complexity of the social entrepreneurship phenomenon requires a multi-level approach, given that social entrepreneurship means different things to different people. It also means different things to people in different places. The field of social entrepreneurship has consequently become a large tent [Martin, Osberg, 2007] where different activities find a home under a broad umbrella of "activities and processes to enhance social wealth" [Zahra et al. 2009] or "entrepreneurship with a social purpose" [Austin et al., 2012].

This complexity offers space to different actors with multiple functions that can operate within the field of social enterprises. Social venturing, nonprofit organizations adopting commercial strategies, social cooperative enterprises, and community entrepreneurship are just some of the distinct phenomena discussed and analyzed under the 'umbrella construct' of social entrepreneurship, which deliberately emphasize 'distinct' phenomena since a great many factors can trigger or facilitate entrepreneurship. Inspired by Painter (2006), Brouard and Larivet provide a framework that throws light on the interconnections between social enterprise, social entrepreneur, and social entrepreneurship (Figure 1). In their model, "the social entrepreneur is the individual or group of individuals who act(s) as social change agent(s) using his (their) entrepreneurial skills for social value creation" [Brouard, Larivet, 2010, p. 32].

Social enterprise is defined here as any organization focused on public service or common interest but does not necessarily include the entrepreneurial element. In the central part of the Figure 1, the authors illustrate the various contexts in which social enterprises may be found, and in which social entrepreneurs may operate. The left-hand side of the figure distinguishes the range of sectors that harbor such enterprises, from private to public, with the social economy sector in particular evidence. In this representation, the social economy (also known as Third Sector) comprises for profits, nonprofits, and hybrid organizations that have a social mission as well as an economic one. Brouard and Larivet's framework maps the relationship among the concepts of social entrepreneur, social enterprise, social economy, and social entrepreneurship, paving the way for a structured interpretation of the impact of the Italian reform under study at various levels – at in-

Figure 1. The Three Levels of Analysis: Social Economy, Enterprise, and Entrepreneur



Source: [Brouard, Larivet, 2010].

dividual enterprise level, at context, or ecosystem level, and in terms of overall social impact.

The multi-level framework proposed by Brouard and Larivet's is an important model that serves to build a general reading of social enterprises, trying to tie also the figure of the entrepreneur and the sectors in which social enterprises create social value. The framework proposes an overall view of the phenomenon and therefore becomes a useful tool to build new policies, in particular, to find any structural gaps in a complex sector such as that of social enterprises.

Research Context

The term "third sector" indicates a group of organizations that produce goods/services and manage activities outside the market or, if they operate on the market, act with a non-lucrative purpose (generically defined nonprofit), without distributing profits to any of its members or employees but, on the contrary, they use these profits to increase the quantity and improve the quality of services provided. Such nonprofit organizations are characterized by a pursuit of the welfare of the community or a part of it. These organizations can be defined as social solidarity organizations that are specialized in the production of goods or services based on altruism, gift, trust, and reciprocity.

The definition of the third sector generically indicates all forms of organization that try to solve social challenges, through a variety of vehicles. Thus, this term embraces a very large reality, which includes, for example, voluntary associations and civil service, nonprofit organizations, non-governmental organizations,

and social enterprises (in various forms). In other words, all bodies that pursue nonprofit solidarity or social purposes. In Italy, the third sector represents an evolving field [Venturi, Zandonai, 2014], with many job opportunities offering new roles and new professional figures.

"Social enterprise is among the most functional organizational forms for the promotion and creation of new jobs and "good" employment. The motivation and passion towards the social cause together with an efficient business organization model and a vision of work based on precise objectives and economic sustainability are the main ingredients that characterize it." (CIT Serena Porcari, Chairman Dynamo Academy Social Enterprise)¹

This is confirmed by the Italian National Institute of Statistics (ISTAT), which in its latest census (2017) showed an 11% increase in nonprofit institutions operating in Italy compared to 2011. It also showed a total of 5 million volunteers and 780,000 employees, an increase of 16.2% and 15.8%, respectively, compared to the 2011 census. However, the census also indicates another important issue: the evident lack of technical professional expertise, with 50,000 people expected to retire in the short term, without a clear plan to replace them. Moreover, in the general Italian economic scenario, the third sector currently performs six times better than the rest of the country's economic actors [ISTAT, 201]. We can therefore say that the social economy is solid despite the general crisis that has plagued Italy and the whole of Europe. This is particularly important in the context of a nonprofit sector that has the same need for innovation as the for-profit sector,

¹ Interview Vita Magazine – 2018. <http://www.vita.it/it/article/2019/02/18/parte-la-campagna-di-raccolta-fondi-tramite-sms-solidale/150707/>, accessed 17.03.2019.

Table 2. Data Sources

Data Sources	Number of Documents	Informant
<i>Printed articles</i>	22 journalistic articles 26 academic papers	University professors; researchers; field experts
<i>Interview</i>	25	Italian third sector and social enterprise experts; social entrepreneurs; consultants; investors and bankers
<i>Official Documents</i> (reports released by the Ministry of Labor and Welfare)	10	The Minister of Labor and Welfare and the deputy minister in charge of the reform

Source: authors.

but with fewer resources to invest. Indeed, the third sector emerges as an area within the nonprofit sector that particularly values those soft skills that build fundamental human capital (and that are unlikely to be replaced by new technologies): interpersonal skills, stakeholder management, medical and personal assistance, fundraising, and so on.

“The fact that the technological and digital revolution is destined to have a significant impact on how to produce, work and consume is a subject that is now widely discussed on a global scale. (...) Certainly, this revolution will not only affect individuals, but our own social and human relations, and even in these fields political action will not be limited to assisting but will have to play an active role in adapting to the present concepts and models now outdated: in the way of doing [social] business, in the way of training and educating, and in the way of designing welfare services.” (CIT Claudio Cominardi, Undersecretary of State for Labor and Social Policies)².

Digitalization is an opportunity that plays out in many different aspects, because it can help better define the new identity of social enterprises, increase the impact of internal communication, develop fundraising in an innovative way, through the use of platforms, direct communication channels and reporting systems, and provide better services to people with disabilities. It is necessary to affirm the professionalizing elements of the third sector, rethinking the model of collaboration between profit and nonprofit, and favoring the sharing of skills. It is also important to think about a governance system that brings together the different actors and embraces the use of technology to enhance impact. Digitalization applied to the third sector is a tool that can be used to plan and improve the possible outcomes of activities, better profiling stakeholders and recipients of such activities. However, it is not always easy to convey the strategic nature of these investments to the actors that operate in the field. In recent years, the third sector has seen rapid evolution, but there is still an important gap in knowledge concerning the poten-

tial of digitalization. Hence it is also vital for nonprofits to invest in digital technology.

“Technological innovation is one of the challenges facing the Third Sector” (CIT Giuseppe Guzzetti, Chairman of the Association of Foundations and Banks)³.

Given the limited propensity of single organizations or entrepreneurs to make investments in digitization, in 2017 an important reform of the third sector came into force in Italy, which aimed to boost the potential of innovation drivers.

Methodology

Considering the exploratory nature of our study, we adopted an inductive, qualitative approach following the principles of grounded theory [Glaser, Strauss, 2017; Strauss, Corbin, 1990]. Using an open-ended design, themes and theoretical trajectories emerged from the data [Corbin, Strauss, 2008]. In terms of a theoretical sampling strategy, we concentrated on the recent reform of the Italian third sector introduced in 2017. This research is based on a wide database that we developed over the last year of investigation (2018), which covers the reactions to the reform of the main Italian experts in social entrepreneurship and is based on both archival and journalistic interview data (see Table 2).

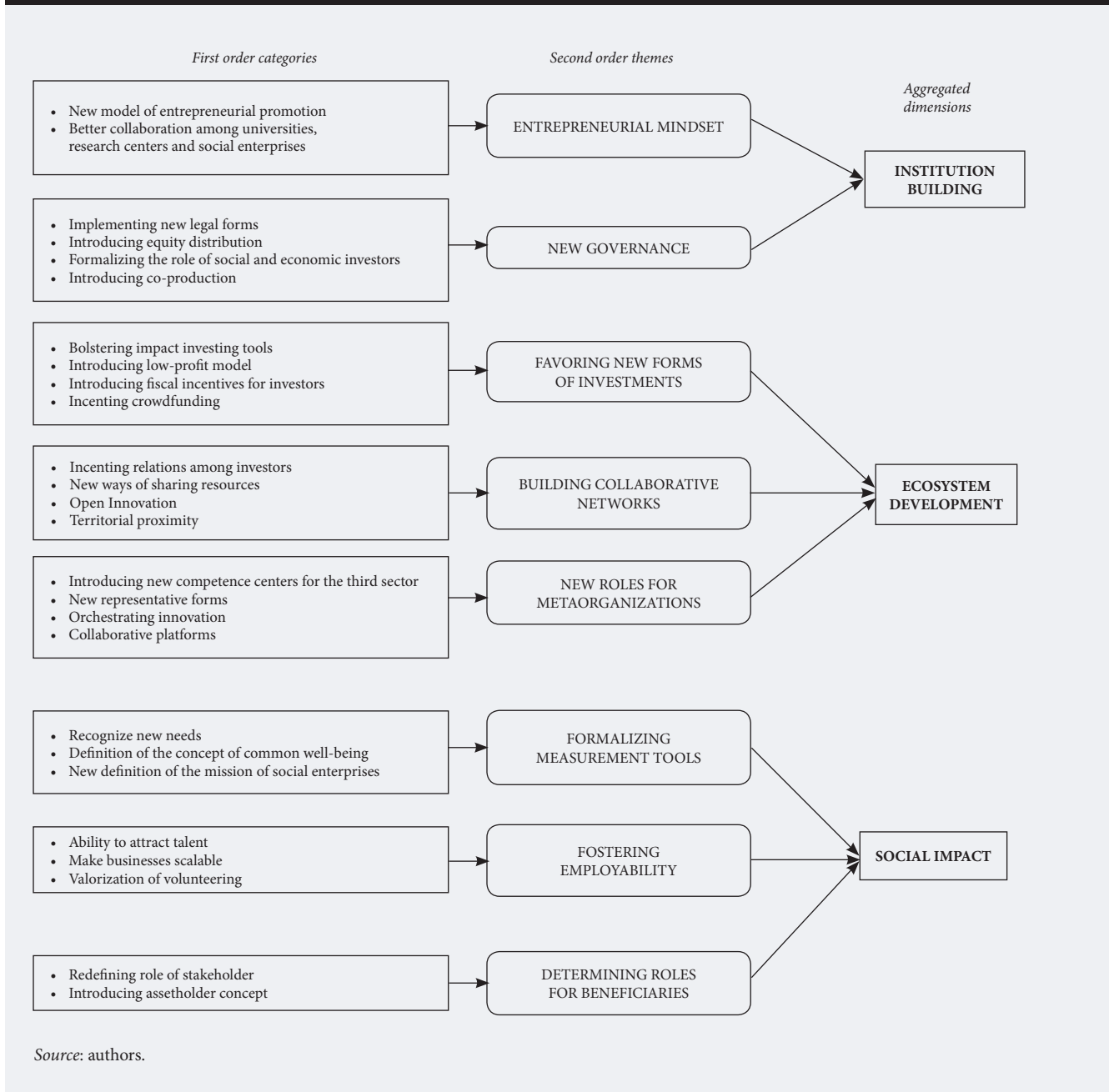
The authors independently codified the data and worked together for the triangulation used to moderate possible biases in understanding the purpose of the reform. One of the authors is an expert of the Italian third sector and actively participated in meetings and conferences relating to the new policy introduced in 2017. The data analysis was conducted following the inductive grounded theory methodology [Strauss, Corbin, 1998; Gioia et al., 2013]. The analysis stages are represented at Figure 2.

The first step of the data analysis is based on descriptive and open coding (to identify first-order categories) following [Gioia et al., 2013]. The analysis has

² Interview Vita Magazine – 2018. <http://www.vita.it/it/article/2018/12/13/2-milioni-in-piu-per-il-dopo-di-noi-ma-ne-avevano-annunciati-89/150099>, accessed 17.03.2019.

³ Interview Vita Magazine – 2018. <http://www.vita.it/it/article/2019/04/08/guzzetti-lo-stato-rispetti-i-corpi-intermedi/151191/>, accessed 17.03.2019.

Figure 2. Data Structure



been conducted with a qualitative software (NVivo 11) used to codify earlier categories and to visualize relationships between codes. During the second step of analysis, we completed axial coding [Strauss, Corbin, 1998], collapsing first order categories into theoretical constructs [Eisenhardt, 1989]. During the third and last phase of our analysis, we refined second order categories into aggregate dimensions.

Findings

One of the main drivers introduced with the reform aims to widen the spectrum of action of social enterprises. The explanation of the findings highlights the main points of the reform, which will empower a sec-

tor that, in itself, is structurally characterized by an internal transformation process aimed at supporting growing trends in terms of economic growth and future employability. Our coding analysis showed three main drivers of the reform that can be adapted at the individual, organizational and field levels of analysis introduced by the Brouard and Larivet's framework [Brouard, Larivet, 2010].

Institution Building

The introduction of entrepreneurial mechanisms should increase the efficiency and effectiveness of projects with a high social impact. When discussing the development of an entrepreneurial mindset, it is important to understand the full potential for social

entrepreneurship in Italy. This potential is not limited to the ‘pure’ social enterprise basin, rather the reform purposefully broadens the field of observation, including a plurality of legal forms and organizational categories for which the “social” aspect is a strategic asset with respect to operational management [Venturi, Puccio, 2018; Maiolini et al., 2019]. The mindset is developed by opening up to new business forms (and consequently new business models), such as benefit-corporations or innovative startups with a social vocation. The innovative startups with a social vocation operate exclusively in the sectors indicated by the reform and must implement a social impact methodology into their strategic plan. Interestingly, in addition to traditional sectors such as fair trade, social agriculture, microcredit and so on, the reform expands the reach of social vocation to incorporate new sectors, including: social services, first aid and risk prevention, protection of the environment, blood donation, culture, sport and entertainment, philanthropy, education and research, and participation to political and social life. Benefit-corporations, on the other hand, are a new legal form of business introduced by law n. 208/2015⁴ that can distribute profits and simultaneously pursue a common benefit purpose, operating responsibly, sustainably, and transparently within their communities and territories of reference. The new forms of governance and the new social enterprise models have been introduced to encourage the emergence of economically sustainable entrepreneurial forms able to solve complex social problems through market responses.

“The reform of the Third Sector will bring considerable risk capital closer to the social world. [The concept of] profit has been clarified and today is embedded into social business, and even the most ideologized Third Sector organizations could have no difficulty accepting the novelty. All this while the uncontrolled flow of immigrants is displacing the European governments that, in order to integrate them and avoid social tensions, will have to acquire skills now absent. Maybe by relying on Third Sector companies.” (Mario Calderini)⁵.

The strategy adopted by Italian policymakers is to unlock the economic and growth potential of the Italian third sector giving the opportunity to the new social enterprises to manage investments like for-profit companies and bridging market efficiency with social purpose.

“The importance of the reform is to have recognized the Third Sector’s ability to produce social and economic utility together.” (Stefano Zamagni — Professor of Economics at the University of

Bologna, a Fellow of the Human Development and Capability Association (HDCA), and President of the Pontifical Academy of Social Sciences)⁶.

Ecosystem Development

One of the main obstacles to the growth of social enterprises is linked to the scarce growth and scalability of organizations. It is necessary to favor the construction of networks of organizations that collaborate together with other actors (public administration, citizens, beneficiaries, voluntary organizations, investors, philanthropists) privileging the solution of problems rather than the interests of individual participants. A fundamental element of this is the construction of associative networks of different actors that can collaborate across sectors, as well as the widening of the spectrum of action from a local to national scale.

“The social enterprise redesigned by the reform expands the biodiversity of the subjects by introducing some significant innovations: converse with diversity, compete with technology, and incorporate new generations and critical thinking to continue being bottom-up innovators” (Flaviano Zandonai)⁷

The construction of networks and new partnership models bring into play the extraordinary internal biodiversity of the third sector. The new associative networks go beyond the traditional networks through which similar subjects hold dialogue with institutional “counterparts”. These networks reach into communities of people and organizations that include new typologies of actors called asset-holders, in other words, all participants in the creation of economic and social value introduce a new perspective, in which different players identify innovative solutions in different ways, encouraging a harmonious coexistence of cooperative and competitive relationships. Third sector institutions and social enterprises are first and foremost entities that can be used by citizens interested in pursuing the common good. Such citizens are, in logical order, though not necessarily in terms of importance, the first stakeholders of the third sector [Fici, 2018]. An ecosystem is therefore formed by many actors who perform different activities, have different objectives, and can make different kinds of contributions. For this reason, it is important to recognize an important role for those actors able to play the role of mediators and orchestrators [Giudici et al., 2018] in the processes of the identification, production, and implementation of solutions.

Given the complexity of actions collectively put into play, it is necessary to understand the strategic importance of actors who manage the transmission of information and act as the platform or marketplace by

⁴ The 2016 Stability Law (Act No. 208/2015). For more details see: <https://www.sistemab.org/wp-content/uploads/2016/02/Italian-benefit-corporation-legislation-courtesy-translation.pdf>, accessed 17.03.2019.

⁵ Interview ilSole24Ore Newspaper – 2017. <https://nova.ilssole24ore.com/frontiere/welfare-come-sistema-distribuito-e-connesso/>, accessed 17.03.2019.

⁶ Interview Vita Magazine – 2017. <http://www.vita.it/it/article/2017/07/13/stefano-zamagni-sono-tre-le-ragioni-per-cui-lavventura-di-vita-deve-co/144009/>, accessed 17.03.2019

⁷ Interview Avvenire Newspaper – 2019. <https://www.avvenire.it/opinioni/pagine/tanti-soldi-per-il-sociale-e-un-paradosso-da-gestire>, accessed 17.03.2019.

which all the actors interact with each other. So, the how and where open innovation processes and orchestration of resources are selected and distributed within collaborative communities or networks become strategically relevant.

Social Impact

The reform was designed to introduce the concept of social impact, including tools such as methodological guidelines and metrics, to define a new process for identifying the third sector. In order to exploit the results of a social enterprise, it is necessary to associate social outcomes with the measurement of economic efficiency and understand which benefits a particular solution has created in a community. A social enterprise is distinguished from a traditional enterprise by its ability to show the transformation it produces in terms of the creation and distribution of both economic and social value.

“We do not know what will happen in the future, but we know with certainty that the social dimension is changing the economy and the way to value is produced, so we must equip ourselves with a new paradigm where cohesion and sustainability will weigh more.” (Paolo Venturi)⁸

The new models introduced by the reform require innovative startups with a social vocation to simultaneously impact market innovation and show benefits produced for the beneficiaries. The most relevant solution is to measure social impact, defined as the metric that becomes the main tool for qualifying and measuring the sociality of the entrepreneurial action.

“The social [dimension] enters as a characterizing factor in traditional supply chains producing a new generation of services (social agriculture, social housing, cultural welfare, social tourism, etc.); technology and new skills are significantly modifying the organizational models and the life cycle of new social enterprises; lastly, the social purpose is increasingly measured in terms of impact.” (Vincenzo Algeri, Official Report on Impact Investing UBI Banca – 2018) [UBI Banca, 2018].

The reform emphasizes how today it is impossible for any kind of company to omit the identification of social outcomes in the definition of a long-term economic strategy. Efficiency alone is no longer sufficient to build competitiveness and sustainability. The social dimension, understood as the quality of value, sustainability, and care of its stakeholders [Porter, Kramer, 2011] is no longer an externality or an effect of economic action, nor an element that can only be used to heal the “failures” of the state and the markets. Thus, it becomes necessary to understand how to measure it and how to aggregate performance measurement systems of economic sustainability and the creation

of social value. The social dimension is no longer relegated to being an output of the redistribution process implemented by public institutions, but becomes a generative mechanism, an input, within the model of integral human development [Venturi, Puccio, 2018]. The social dimension as an input allows one to trigger and accelerate processes of hybridization and convergence, bringing about systemic innovation. In addition, starting from the perimeter of the enterprise, they also modify the external dimension of it, giving life to new forms of participation and territorial democracy better able to respond to requests from communities and territories.

Discussion

The analysis of the data shows how, referring back to Brouard and Larivet’s framework mentioned earlier, the Italian reform impacts the social entrepreneur, the social enterprise, and the social economy, effectively supporting the drivers of social entrepreneurship (Table 3). From an individual perspective, the reform aims to encourage the use of new organizational models that allow social entrepreneurs to use new forms of business as their vehicle for social action [Mair, 2010]. The institution building process takes place thanks to the use of governance tools and the development of a new awareness in building a social enterprise (through the development of innovative entrepreneurial mindsets). It favors the implementation of a generative driver of new forms of hybrid organizations, so-called “second generation hybrids” [Rago, Venturi, 2014, p.1], such as start-up enterprises with a social purpose, community enterprises, or cooperative platforms. Hybrid organizations bring a transformative systemic innovation [Mulgan, Leadbeater, 2013] able to involve other forms of organizations (both profit and nonprofit) in a complementary manner.

In terms of ecosystem development, the main need is to encourage the development of partnerships and networks between social enterprises and other ecosystem actors. There are two players that have an important role to play in this: the investors, through the launch of new impact investing tools and new forms of hybrid social media, and representative organizations (meta-organizations) that must find new tools and services to offer to associated organizations. By encouraging the development of collaborative networks between different actors, it is possible to increase the impact that social enterprises can create. The greater the number of subjects involved, the greater the ability to produce economic and social value [Brouard, Larivet, 2010] because this value creation is distributed among a variety of sectors thanks to a process of cross-sector partnership and smart relocation along the entire value chain.

⁸ Interview Ernst & Young Foundation. [https://www.ey.com/Publication/vwLUAssets/Report_Forum_Fondazione_EY/\\$FILE/Report_Forum%202018.pdf](https://www.ey.com/Publication/vwLUAssets/Report_Forum_Fondazione_EY/$FILE/Report_Forum%202018.pdf), accessed 17.03.2019.

Table 3. Characteristics of the Third Sector Reform

Drivers of the reform	Level of the impact	Activities required	Expected outcomes
Institution building	Social Entrepreneur	<ul style="list-style-type: none"> • Governance initiatives • Instruments to develop a new mindset 	<ul style="list-style-type: none"> • New organizational forms
Ecosystem development	Social Enterprise	<ul style="list-style-type: none"> • New investment instruments; • New ways to characterize representation with meta-organizations 	<ul style="list-style-type: none"> • Development of alliances and partnerships
Social impact	Social Economy Sector	<ul style="list-style-type: none"> • Measuring impact; • favoring employability; • organizing new forms of beneficiary involvement. 	<ul style="list-style-type: none"> • Creation of social and economic value; • New job opportunities and new forms of employability

Source: authors.

Last but not least is the impact produced by the new forms of social enterprises. The enlargement of a network of actors allows the system to expand opportunities to create economic value and to involve a greater number of workers. The new forms of welfare in Italy today represents a real “industry” that is worth 109.3 billion euro, equal to 6.5% of GDP. For Italian families, it is now the third item of expenditure after food and housing. On average, family spending on welfare accounts for 14.6% of net income [Tucci, 2017]. These elements are important to promote employability in two ways: on the one hand, the creation of new jobs, thanks to the growth and scaling that social enterprises can do and, on the other hand, the development of networks of companies and ecosystems favors the creation of new professional figures and allows the allocation of new skills in the world of the third sector. Similarly, new forms of collaboration and networks of companies allow one to innovate the services offered to the beneficiaries, allocating them in a new way in the value chain of the enterprises [Venturi, Zandonai, 2014]. In any case, it is also important to find new ways of measuring outcomes of these innovative forms of job creation. The ability to measure becomes the real challenge to be solved in order to demonstrate the effectiveness and efficiency of this new model of social enterprise.

Directly related to the implications of the reform in terms of job creation are the implications for the skills needed to be effective in a growing and more complex third sector. Without opening a whole new front on a detailed analysis of a broad range of skills, we feel a strong focus should be placed on the development of entrepreneurial skills, both because they constitute a large subset of the broader range and because it is where, in Italy, there may be the largest gap. An entrepreneurial mindset and the entrepreneurial skills that go with it are essential for social entrepreneurs as they work on building social enterprises and collaborative networks. However, while individuals may be able to chart an educational path that develops entrepreneurial skills, policy makers cannot leave this development to chance. On the contrary, they will have to become experts at entrepreneurial skills and foster their development at all levels.

This will involve, first of all, acknowledging the importance of entrepreneurial skills. The 2019 Global Talent Competitiveness Index (GTCI) clearly establishes the importance of entrepreneurial talent in creating new jobs at startup level, as well the vital role it can play in larger organizations and even governments. It further stresses that entrepreneurial skills should “be fully reflected in the curricula and practices of existing educational institutions, including business schools” [Lanvin, Monteiro, 2019, p. 8]. In the GTCI index, Italy ranks 38th overall but 23rd among European countries [Lanvin, Monteiro, 2019]. In a study involving 170 entrepreneurs and prospective entrepreneurs, Elmuti et al. find that there are causal linkages between entrepreneurial education and ventures’ effectiveness [Elmuti et al., 2012]. The research carried out by Charney and Libecap shows that an entrepreneurial education produces self-sufficient, enterprising individuals, who contribute to growth and wealth creation and become champions of innovation. In particular, they found that “on average, emerging companies that were owned by or employed entrepreneurship graduates had greater than five times the sales and employment growth than those that employed non-entrepreneurship graduates” [Charney, Libecap, 2000].

Secondly, it will involve identifying the key entrepreneurial skills to foster. In this regard, the policy maker can rely on the significant work performed by the European Union, which first identified entrepreneurship and sense of initiative as one of the eight key competences necessary for all citizens to thrive and then developed the EntreComp framework, which proposes a shared definition of entrepreneurship as a competence [Bacigalupo et al., 2016]. The EntreComp framework is articulated into three interrelated competence areas (Ideas and Opportunities, Resources, Into Action), which in turn consist of five competences each. The framework further outlines an eight-level progression model that can be of great value for curriculum development.

Third, it will involve identifying the multiple areas of intervention, which go beyond a purely academic curriculum. Research shows that the development of entrepreneurial skills stems from a combination of varied experiences, rather than depth in any specific type of

experience or education [Stuetzer *et al.*, 2013]. This has significant implications for curriculum design and argues for the incorporation of greater flexibility in the activities in which students can take part. Huq and Gilbert specifically look at the benefits of work-based learning in social entrepreneurship with findings that strongly advocate for the inclusion of work-based learning to develop the mindset and the skills that social entrepreneurs will need [Huq, Gilbert, 2013]. Tixier *et al.* provide further guidance by analyzing entrepreneurship education at three different levels: the fostering of a widely spread entrepreneurial mindset, the development of entrepreneurial knowledge and skills that will lead to entrepreneurial action, and creating more exposure to entrepreneurial situations [Tixier *et al.*, 2018]. The policy maker may intervene at all of these levels to foster the culture and the skills needed to support the growth of social entrepreneurship (as well as for profit entrepreneurship).

Conclusions and Directions for Future Research

In this paper we have focused our analysis on the innovation introduced by the reform of the Italian third sector introduced in 2017, presenting the first results that demonstrate the drivers of development for Italian social enterprises. The new policies introduced seek to find a way to ensure the greater efficiency of the system of Italian social enterprises. The Italian third sector is expanding and growing. To foster growth, it was necessary to introduce suitable tools: new organizational models, new forms of governance, multidisciplinary sector, new forms of investment, and the possibility of creating partnership and effective alliances. Making social enterprises more effective means allowing these organizations to grow and produce greater social and economic value. In this way, it is possible to envisage the greater economic sustainability of companies through the development of new employability and new forms of work (technological and not) that can accompany the development and innovation of social enterprises.

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The model presented in this paper further examines the issue of entrepreneurial policy theory as a main driver of innovation for a specific typology of organizations (social enterprises) or a specific field (the third sector or social economy in general). Relying on the Mair and Marti's conceptualization of social enterprises [Mair, Marti, 2006], it provides new guidelines to study the evolution of a specific typology of organization that provides tools and policy instruments that favor the adoption of innovation at all organizations. By doing so, our research contributes to setting up foundations for the development of a theory of policy entrepreneurship [Autio, Rannikko, 2016] applied to social enterprises and the third sector. The development of this theory is all the more important because it will render social entrepreneurship theory more actionable by explaining how, in some situations, institutions may shape organizations and not the opposite. Finally, considering the three-level model provided by [Brouard, Larivet, 2010], this approach aims to explore the interactions that exist between the different levels of analysis and provide empirical evidence of how individuals can use organizations to innovate sectors.

Bringing the individual level of analysis together with the organizational and sectoral levels opens up new paths of research on entrepreneurial policy. First of all, our study is an exploratory study case for the purpose of theory building. The validity of the case study is solid as it goes into a case of an industry that introduces a reform to build the foundations for the development of innovation within it with a multi-level approach that takes into consideration what happens at the level of individuals, organizations, and field. Future studies will be able to generalize the multi-level approach in other sectors and try to understand whether the dynamics are the same or if there are significant differences or similarities. In addition, further studies should concentrate on the development of a framework that measures the impact of entrepreneurial policy on employability and on the creation of new job opportunities.

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