

ABSTRACT

Nonprofit sector and CSR in the Italian Official Statistics

Massimo Lori (Istat) Chiara Orsini (Istat)¹

The implementation of the 2030 Agenda for Sustainable Development that requires a solid statistical framework has prompted National Institute of Statistics to produce SDG indicators. While Nonprofit institutions and social entrepreneurship are increasingly recognized as important actors supporting the achievement of sustainable development goals (Salamon and Haddock 2015), official statistics investigating those actors are rare. Even in absence of international regulations as legal basis for producing social economy and Third sector related statistics, the Italian Institute of Statistics (Istat) has been producing official statistics on the core characteristics of Nonprofit Institutions (NPIs)² for more than 20 years.

The objective of the paper is to show the state of art of statistical production on Nonprofit sector and Corporate Social Responsibility in Italy. Istat is committed to analyzing Nonprofit sector and Social economy by providing policy makers, scholars and stakeholders with a comprehensive overview of the social and economic dimensions in Italy. In accordance with the European development policies and within its modernization program, Istat launched the permanent censuses project. The focus of this project is to integrate archive data, to create statistical registers and to conduct supporting statistical surveys, in line with the new organizational, technological and methodological model aimed at fully exploiting the potential of data available.

Following ESS Vision 2020 principle in strengthening the use of administrative data while reducing the overall costs and burden, in 2015 Istat implemented the permanent census strategy, by creating yearly the business Register on Nonprofit Institutions and enterprises, which is built upon administrative data sources, as well as by conducting periodically a sample survey. In order to produce a high-quality statistical information, the INPs Register is updated yearly and the data are disseminated in the framework of a scientific conference that involves both scholars and main stakeholders. Moreover, the sample survey of nonprofit institutions intends to provide an overview on nonprofit sector in Italy comparable over time, at the local level, by directly collecting data on thematic issues, as well as emerging topics such as social innovation and digitalization.

With the objective of enhancing the available information and expanding the perspective of social economy, the 2019 permanent census of enterprises has investigated the corporate environmental, social, and governance (ESG) performance, including the corporate social responsibility. Undeniably, the integration of data source, combining surveys results with administrative data, positively contributes to acquire insight on SDGS while enhancing measures and statistics on Third sector and social economy, such as the creation of satellite account of nonprofit institutions.

¹ The views expressed here are those of the authors and do not necessarily reflect those of the Italian Institute of Statistics.

Contacts: Massimo Lori; E-mail: malori@istat.it; Chiara Orsini; E-mail: chorsini@istat.it.

² The definition of Nonprofit Institution (NPI) adopted by Istat refers to the criteria laid down by the System of National Accounts (SNA 2008) and the European System of Economic Accounts (ESA 2010). According to these criteria, NPIs are defined as "separate legal entities, which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general government and from property income." (SNA 2010, § S.15).

Nonprofit sector and CSR in the Italian Official Statistics

Massimo Lori **Italian Institute of Statistics** (malori@istat.it)

Chiara Orsini **Italian Institute of Statistics** (chorsini@istat.it)

1. Introduction

In the last decades the interest of statisticians, policy makers and social scientists has been focusing on organizations that are different from market firms or public agencies. In literature and public debate, this type of social institutions is variously mentioned as “non-profit”, “voluntary”, “civil society”, or “third sector” organizations and commonly under these terms are included sports and recreation clubs, art and cultural associations, private schools, research institutes, hospitals, charities, religious institutions, social services organizations, advocacy groups and charitable foundations.

The reasons for this interest towards those organizations, named on “nonprofit institutions”, are to find not only in the functional importance assumed in the context of social policy and the legal framework, but also in their specific way of doing business and in interpreting economic action. In brief, we can identify four reasons behind the public interest:

- NPIs economic relevance has been growing in Countries throughout the world. Despite the idea of the nonprofit sector marginality in contemporary societies, the empirical evidence has shown the economic growth of this sector even in recent periods of economic crisis and the capabilities to solve persistent social and economic issues;
- NPIs are increasingly concerned in public policy. Against the backdrop of the welfare state crisis, a process of "nonprofitization" of social policies is taking place as governments increasingly give to nonprofit organizations public services (Salamon, 2015);
- NPIs have distinct organizational behavior and features that differentiate them from the others economic sectors. At least for some analytical purpose, it is important splitting NPIs out from the others economic actors, considering their specific organizational structure and social functions;
- NPIs' role to promote democracy, pluralism e social cohesion. A more accurate representation of the nonprofit sector appears even crucial if we consider the social and the economic relevance. Indeed, NPIS can play a fundamental part in the construction and maintenance of a vibrant and cohesive society.

Therefore, in recent years the need of statistical information on the non-profit sector without privileging only the world of business firms and public agency has increased.

The paper³ explores, thus, how and to what extent the Italian National Institute of Statistics (Istat) is committed to producing official statistics nonprofit sector, in order to investigate emerging issues.

³ This Paper is the result of the joint work of Chiara Orsini and Massimo Lori. However, each chapter was drafted by a lead author and subsequently reviewed by the other. The lead author of the paragraphs 4, 5, 7 and 8 is Chiara Orsini and the paragraphs 1,2,3 and 6 were drafted by Massimo Lori.

2. Nonprofit sector in the official statistics

The measurement of the nonprofit sector has always challenged scholars and Organizations dealing with official statistics. In fact, Nonprofit institutions are not always easily identifiable, particularly when there is not a legal framework enable to identify them when they are not legally formalized. Nonetheless, the international regulations concerning the production of official statistics provide some definitions, identifying the characteristics that distinguish nonprofit institutions. A general definition of nonprofit institutions, applicable to different national contexts, is contained in the System of National Accounts (UN, 2008: 61, 455) which states that:

<< Non-profit institutions (NPIs) are legal or social entities created for the purpose of producing goods and services but whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them [...] The distinguishing feature that identifies an NPI is that its status does not permit it to be a source of income, profit or other financial gain for the units that establish, control or finance it. An NPI may make a profit, it may be exempt from taxes, it may have a charitable purpose but none of these are determining characteristics. The only essential criterion for a unit to be treated as an NPI is that it may not be a source of income, profit or financial gain to its owners >>

Therefore, NPIs can produce goods and services for sale like for-profit businesses. However, the above-mentioned definition states that none of these characteristics distinguish NPIs from other institutional units considered in national accounts. There is only one decisive character: the constraint of non-distribution of profits. An organization to be classified as a nonprofit institution must not be a source of income, profit, or other financial gain for those who set up, control or finance them (businesses, public administrations, families or individuals, etc.).

However, this definition does not provide a comprehensive classification of the contribution of nonprofit institutions in the 4 sub-sectors of the economy in the SNA (Non-financial corporations, S11 ; Financial corporations, S12; General government, S13; Households sector, S15). Moreover, the contribution of the nonprofit sector to the economy results underestimated and its characterization, biased, if the contribution is assigned other sub-sectors. Infact, the primary objective of SNA 2008 and ESA 2010 is to determine the criteria for the allocation of NPIs to the appropriate institutional sectors of SNA, i.e., government and financial and non-financial corporation's sectors. Regarding the remaining NPIs serving the household sector, a separate sector, i.e. nonprofit institutions serving households (NPISHs), is created for the purpose to distinguish the revenues and final consumption expenditures of households, as distinct from those of NPISHs (UN, 2003). Therefore, NPIs are taken into account by SNA 2008 and ESA 2010 but they are not grouped into a specific economic sector. Although NPIs reflect important economic, social and political dimensions, Nonprofit sector is not well represented and identified by the framework of the System of National Accounts. Thus, SNA does not provide a comprehensive statistical picture of NPIs, dealing with the classification of NPIs to the institutional sectors based on certain characteristics that NPIs share with other units assigned to those sectors.

An important contribution to establish exhaustive identification and coverage of nonprofit sector came from the publication of the Handbook on Non-profit Institutions in the Framework of National

Accounts (UN 2003) and the updated version (UN, 2018). The UN Handbook carefully defines what belongs to "non-profit institution", the activities carried out and the products / services it produces / delivers, the accounting and financial items. From statistical point of view, the key element is the definition of the constitutive characteristics of the institutional units called "nonprofit". According to the operational definition recommended in the Handbook (UN 2003, p.18), the constitutive elements of a nonprofit institution are five:

<< The non-profit sector consists of units that are: (a) Organizations; (b) Not-for-profit and non-profit-distributing; (c) Institutionally separate from government; (d) Self-governing; (e) Non-compulsory >>

From an operational point of view, the UN Handbook listed important aspects, especially for the purposes of a measurement, which aims to economically characterize the units in the sector. Therefore, it is stated that NPIs must:

- I. have a stable and formal organization;
- II. to be able to register cash accounts and balance sheets;
- III. not pursue profit as their main mission and cannot distribute it;
- IV. be private or institutionally separated from public administrations;
- V. finally, participation in their activities must be (to some extent) voluntary.

Furthermore, the Handbook has introduced a specific classification International Classification of Non-profit Organizations (ICNPO) to classify the activities performed by nonprofit institutions. The ICNPO classification is more relevant than the NACE⁴ for describing the typical activities of NPIs that in many cases are not highlighted in the NACE scheme. In 2018 the ICNPO was updated when the Handbook (UN 2018) was revised (and now includes a broader set of third sector organization activities within nonprofit sector).

3. Sustainable Development Goals

Nonprofit institutions and social entrepreneurship are increasingly recognized as important actors supporting the achievement of sustainable development goals (Salamon and Haddock 2015). The NPIs' contribution to social well-being and sustainable development can be found in: the way of being (as places of active participation), the way they operate (they create networks and relationships among individuals), the issues they deal with (care for people in conditions of fragility or protection of the commons) (Forum, 2017). The "outcome" of nonprofit institutions is the creation of trust and social capital (Putnam, 1993). NPIs perform a crucial social function: they create conditions and opportunities for active participation for citizens and they encourage inclusive

⁴ Classification of economic activities Ateco 2007 was developed by Istat and used in statistical surveys replacing Ateco 2002. Ateco is the national version of the European classification Nace Rev.2 and it was developed with the contributions of experts and representatives of public and private institutions, with the purpose to describe the peculiarities of Italian production structure, particularly regarding categories and subcategories of economic activity (Istat 2009).

process. In addition, NPIs create the so-called “positive externalities”, having social function. The production system generates social costs (called "negative externalities"): from land consumption to environmental damage, social tensions or fractures (insider Vs outsider), up to the consumption of relational goods and capital social. The Sustainable Development Goals (SDGs), approved by the United Nations in 2015, design an inclusive development model, where many principles and values are pursued by nonprofit sector. In fact, considering the ICNPO, it is possible to note that every activity carried out by nonprofit institutions can be linked to several SDGs. (Figure 1)

Figure 1. ICNPO Activity and related Sustainable Development Goal

Type of activity	SDGs
income support and maintenance	1
international activities/humanitarian aid and external aid for economic development	1, 2, 5, 6, 10
economic, social and community development	1, 5, 7, 8, 9, 10, 11, 12
sports	3
hospitals and rehabilitation	3
nursing homes	3
mental health and crisis intervention	3
other health services	3
social services	3
culture and arts	4
primary and secondary education	4
higher education	4
other education	4, 8
civic and advocacy organizations	5, 12, 16
employment and training	8
research	9
other recreation and social clubs	11
emergency and relief	11
housing	11
animal protection	13, 14, 15
development and housing	14, 15
law and legal services	16

Source: Forum Terzo Settore, 2017

4. Istat commitment on NPIs Official Statistics

Istat strategy to measure the economic contribution and social impact of the nonprofit sector has been built over the last two decades. The production of official statistics regarding the nonprofit sector was launched in the nineties in Italy. In 1991 the 7th General Census of Industry and Services⁵ provided for the first time an overview of “non-commercial institutions” in Italy, by disseminating the core statistical information such as the number of institutions, the dimension of human resources (employees and volunteers) employed as well as the economic activities. Subsequently, since 1996 several surveys have been conducting on specific typologies of nonprofit institutions such as the voluntary organizations listed in the Regional Registers (Italian Law on Volunteering L. 266/91), social cooperatives and Foundations surveyed.

In the last decade numerous studies have been developed further insight about Nonprofit sector, as the acquired importance in the economic system. Nonprofit institutions are considered as leading actor not only in term of employment and economic dimension, but also in term of social value, social capital, its impact on individual and collective well-being. However, the shortage of comprehensive approach in producing high-quality, relevant, and timely data on the nonprofit area has affected scientific research regarding NPIs socio-economic impact, as well as policy making process. At the international level, the lack of harmonized statistical standards, definitions and methodologies impeded to provide a complete picture of the economic weight of non-profit institutions across Countries.

To respond to the growing interest that statisticians, policy makers and social scientists, in the early to mid-1990s Istat took part to the Johns Hopkins Comparative Nonprofit Sector Project (CNP). The research project aims to define the scope, structure, financing, and role of the private nonprofit sector in several Countries, led by the Center for Civil Society Studies at the Johns Hopkins University (JHU CCSS). The objective of the project is to provide a comparative empirical approach, a common framework and set of definitions, as well as a global information-gathering strategy to evaluate the impact these organizations have and the contributions they make, as well as the drawbacks they entail. The CNP provided Nonprofit Institution definition, classification of economic activities carried out and a set of dimensions to explain sector size, composition, character, and role linked to history, legal arrangements, religious backgrounds, cultures, socioeconomic structures, and patterns of government policy.

In this context, the United Nations together with the contributions from SNA experts, national accountants and other specialists from a variety of developed and developing countries developed statistical standards and guidelines for the development of data on non-profit institutions (NPIs) the Handbook on Nonprofit Institutions in the System National Accounts. By adopting UN definition and approach, Istat conducted the First Census of Private Institutions and Nonprofit Enterprises in 2000. The Census provided the first official statistical overview of the nonprofit sector in Italy and the main dimensions, internationally comparable. In line with UN classification and definition, Istat was forefront and pioneer in producing official statistics on Nonprofit sector.

⁵ Istat, Enterprises, Institutions and local units. At the National level: Italy. 1995

Afterward, Istat conducted the Census of Nonprofit Institutions within the General Census of Industry and Services in 2001 and in 2011, ensuring a consistent set of information in time series. Particularly, the 2011 Nonprofit Institutions Census introduced significant innovations. A basis list of nonprofit institutions was created from administrative data and statistical archives, containing core information, as well as the questionnaire was enriched with thematic sections, investigating economic and social dimensions.

Moreover, the Nonprofit census surveys collects information on volunteers engaging in NPIs. The definition of volunteer adopted was in line with the International Labour Organisation (ILO) Manual of the measurement of volunteer work⁶ (ILO 2011) as well as the multipurpose survey named 'Aspect of daily life', which investigate also the social participation in Italy.

5. The permanent Census: Register of Nonprofit Institutions

In line with Istat modernization strategy⁷, stating that 'the production process is focused on the use of statistical registers, derived from administrative sources with continuous supplying mechanisms to collect information', in 2016 Istat implemented the permanent Census. Following ESS Vision 2020⁸ principle in strengthening the use of administrative data while reducing the overall costs and burden, Istat has implemented the permanent census strategy, involving in this process economic units such as enterprises, public and nonprofit institutions. Unlike traditional census, held every ten years, the economic permanent census is conducted by creating yearly the Register of economic units as well as by conducting periodically the surveys. This process of data integration increases the quantity and quality of the data output, by providing continually economic units updated data on the structural characteristics through the register as well as by collecting periodically information on thematic topics through the survey. Hence, the Permanent Census of Nonprofit Institutions leads Istat to produce relevant annual data on the structural characteristics of the Nonprofit Institutions, gathered through different administrative sources. Those data are integrated with periodic sample surveys, investigating on social and economic dimensions as well as thematic issues of Italian nonprofit institutions.

In compliance with international framework, Istat identifies NPIs following SNA definition, which states that NPIs are "legal or social entities created for the purpose of producing goods and services but whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them" (2008 SNA, paras. 4.8 and 4.83).

⁶ The Volunteer is defined as "the person who that provides her/his work, even if only occasionally, without any pay. A volunteer performs altruistic and solidarity activities for the benefit of other individuals or for the collectivity in general or in pursuance of the statutory objectives of the institution. Members and associates of the NPIs that perform the activity in voluntary form, of free will and without pay, for the objective of pursuing institutional mission of the organization, are also considered volunteers".

⁷ Istat, ISTAT'S MODERNISATION PROGRAMME, January 28, 2016.

⁸ European Statistical System, ESS Vision 2020: *Building the future of European statistics*, Luxembourg, 2014.

In 2016 Istat implemented the First Permanent Census of Nonprofit Institutions (NPIs), which integrates the information gathered from the sample surveys and the data from the statistical business register. The Census of Nonprofit Institutions aims to:

- a. update, and to achieve consistency of information regarding the nonprofit sector in Italy with its economic and social dimensions;
- b. to gather information about organizational characteristics through a series of thematic sections, while ensuring the time series data;
- c. meet the national and international informational needs by realizing the Nonprofit Satellite Account;
- d. build a system of statistics comparable at the international level according to the Handbook (UN, 2003);
- e. increase the availability of the information in the administrative data archives;
- f. realize a statistical business Register of Nonprofit institutions, based on the integration of administrative sources and statistical surveys and interoperable with other Business Registers.

Within the permanent Census framework, Istat created yearly the register of nonprofit institutions updated through a process of integration of administrative and statistical sources and its regular maintenance ensures the updating of the active units, providing an official source of data for statistical analysis of the nonprofit sector and its demography. Despite their diverse organizational or legal forms, the NPIs included in the Register are identified, by considering the UN Handbook⁹ recommended five features, which together make up the operational definition of NPIs institutions: Organization, Self-governing, Non-compulsory, Significant limitations on the distribution of surplus (profits), Private. Therefore, this operational definition identifies not only nonprofit institutions to be considered as NPISH but also those classified in the other institutional sectors of the system of national accounts. The NPIs Register provides identification (fiscal code, name, address and municipality) and stratification (main economic activity, size, legal form, date of creation and date of cessation, turnover) variables. The Register contains data on the individual (workers' characteristics such as sex, age, education, nationality, etc.) and the main job variables (professional status, type of contract, etc.) by job categories. Particularly, employment is formed by internal, employees and self-employed, and so-called external workers of an enterprise which represents all people that, not classified as employees or self-employment participate to the productive process of the enterprise on the base of a contract. The group of external workers contains those temporary workers, used from a temporary employment agency. Employment is measured both in terms of yearly average of job positions (computed on the base of the weekly presence of workers) and number of workers employed at the end of the year. The implementation process of the register has addressed two methodological issues: the identification of the statistical units and the estimate of active institutions. With respect to the first issue, Italian nonprofit institutions have a variety of legal and organizational forms (cooperatives, mutual aid societies, voluntary associations, foundations, etc.) due to a fragmented regulatory framework, therefore, it is necessary to integrate several administrative archives and sources to identify them. With regards to the second methodological issue, the presence in administrative sources does not guarantee nonprofit

⁹ United Nations, Satellite Account on Non-profit and Related Institutions and Volunteer Work, New York, 2018.

institutions existence or activity, thus a statistical model has been implemented to distinguish active institutions from not operating institutions. In 2020 Istat released the statistical data of the Register of Nonprofit Institutions at the reference year of 2018.

Furthermore, in the framework of permanent census Istat periodically conducts the sample survey of nonprofit institutions, which intends to provide an overview on nonprofit sector in Italy comparable over time, at local level, by directly collecting data on thematic issues, such economic dimensions, service provided, social exclusion, networking, communication and fundraising. Particularly, in 2016 Istat conducted the survey involved a sample of about 43 thousand nonprofit institutions. The questionnaire has been realized by a Scientific Committee composed of internal personnel, focused on National accounts and business statistics, as well as external experts such as academic scholars, experts and relevant stakeholders, in order to meet emerging needs and priorities of users. The main results released provided information on active nonprofit institutions at the reference year of 2015, by disseminating data on Human resources (volunteers and external workers), Economic Resources (Balance Sheet And Type Of Funding), Activities (Prevalent Activities And Services Provided), Vulnerability (Type Of Vulnerable Person Categories), Networking (Type Of stakeholders and type of participation), Communication: (communication tools and products), Fundraising (type of fundraising carried out). Guarantying a coherence with previous permanent census, Istat has been planning the new sample survey of Nonprofit institutions in 2022, the reference year is 2021. The 2021 survey on Nonprofit institutions investigates core information on nonprofit sector, ensuring time series, as well as emerging issues such as digitalization and resilience of nonprofit institutions after COVID-19.

6. Main data on Nonprofit sector

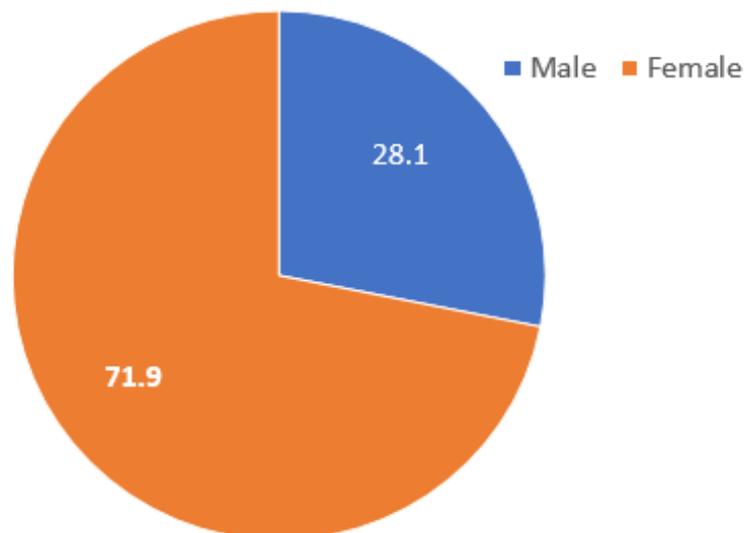
The distribution of nonprofit institutions at the regional level is high concentrated, over 50% in the North, while 27.1% of the nonprofit institutions is located in the South of Italy. However, in the South the trend of the nonprofit institutions has been growing: since 2017, the number of the institutions per 10 thousand inhabitants reaches 50.7 (48.3 in 2017) in the islands and 45.7 in the South (43.7 in 2017).

Table 1. Nonprofit Institutions and employees by Region. Year 2018, absolute values and percentage.

Region	Institutions		Employees		Volunteers (2015)	
	Absolute Value	Per 10,000 inhabitants	Absolute Value	Per 10,000 inhabitants	Absolute Value	Per 10,000 inhabitants
North-West	100,375	62.4	288,488	181.4	1.662.178	1,031.7
North-East	81,921	70.3	204,563	175.5	1.422.089	1,221.3
Centre	79,780	66.4	193,689	161.2	1.266.461	1,049.5
South	63,809	45.7	103,729	74.3	768.406	544.6
Islands	33,689	50.7	63,007	94.9	409.625	608.4
Italy	359,574	59.6	853,476	141.4	5.528.760	911.4

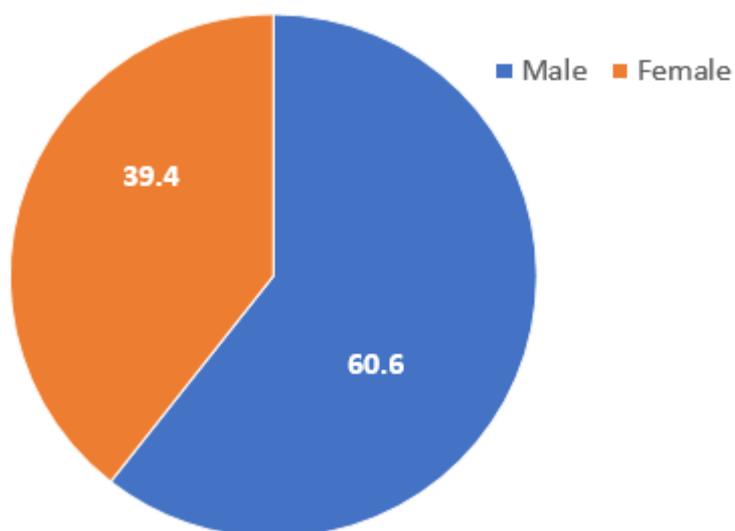
In term of local distribution, the workers and volunteers of the nonprofit institutions are employed in the North: over 55%. Considering 2017 and 2018, the workers employed in the nonprofit institutions increase in the North (+2.6%) and the South (+1.4%) while decreasing in the Islands (-1.2%). Although over 70 percent of employees are female (figure 2), nonprofit managers are mainly male (figure 3).

Figure 2. Employees in nonprofit institutions by gender. Year 2015, percentage



Source: Istat

Figure 3. Nonprofit employees in managerial position by gender. Year 2015, percentage



Source: Istat

In term of the legal form, the Association is the most widespread (85.0%), following by Other legal form¹⁰ (8.4%), social cooperative (4,4%) and Foundations (2.2%). The distribution per legal form shows 53.0% of workers employed in the Social Cooperatives, 19.2% in the Associations and 12.2% in the Foundations. The workers significantly increase in social cooperatives (+2.4%) and foundations (+1.9%), while decreasing in the Associations (-3.0%).

Table 2. Nonprofit Institutions and employees by Legal Forms. Year 2018, absolute values and percentage.

Legal form	Institutions			Employees		
	Absolute Value	%	Var. % 2018/2017	Absolute Value	%	Var. % 2018/2017
Association	305,868	85.0	2.6	164,162	19.2	-30
Social cooperative	15,751	4.4	-0.1	451,843	53	2.4
Foundation	7,913	2.2	6.3	103,909	12.2	1.9
Other legal forms	30,042	8.4	3.1	133,562	15.6	0.9
TOTALE	359,574	100.0	2.6	853,476	100.0	1.0

The distribution of nonprofit institutions by economic activity is focused on cultural, sports and recreational activities, reaching 64.4% of the institutions, followed by social services and civil protection (9.3%), Business and professional associations, unions activities (6.5%), Religion (4.7%), Education and research (3.9%) and Health (3.5%).

Table 3. Nonprofit Institutions and employees by Economic activity (ICNPO). Year 2018, absolute values and percentage.

Economic activity	Institutions			Employees		
	Absolute Value	%	Var. % 2018/2017	Absolute Value	%	Var. % 2018/2017
Culture and recreation	231,275	64.4	2.4	52,629	6.2	-11.3
Education and research	13,993	3.9	0.6	127,694	15.0	1.6
Health	12,529	3.5	2.4	186,399	21.8	1
Social services	33,564	9.3	4.1	319,48	37.3	2.6
Environment	5,482	1.5	2.4	2,123	0.2	2.9
Development and housing	6,549	1.8	0.9	102,131	12	3.3
Law, advocacy and politics	5,801	1.7	9.9	3,158	0.4	-12.1
Philanthropic intermediaries and voluntarism promotion	3,775	1.0	3.9	2,213	0.3	3.4
International	4,313	1.2	2.9	4,107	0.5	-3.1
Religion	17,072	4.7	1.5	10,162	1.2	5.8
Business and professional associations, unions	23,459	6.5	3.7	38,642	4.5	0.0
Not elsewhere classified	1,762	0.5	-0.4	4,738	0.6	2.6

Paid workers are employed mainly in the Social services (37.3%), Health (21.8%), Education and Research (15.0%) Development and housing (12.0%).

In term of Human resources, 85.5% of nonprofit institutions operate without employing paid workers. However, this percentage is less than 45.0% in Development and Housing and Education and Research sectors. Furthermore, in these two sectors about 20% of nonprofit institutions employ at least ten workers. On the contrary, institutions operating in the fields of Culture

¹⁰ In the other legal forms are included: religious entities, sports club, mutual and social enterprises.

Recreation, Philanthropic intermediaries and voluntarism promotion, Environment in most cases do not employ employees (90.0%).

**Table 4 – Nonprofit Institutions by Economic activity and class of employees.
Year 2018, percentage value.**

Economic activity	No employee	Employees		Total	
		1-2	3-9 10 and more		
Culture and recreation	94.2	3.7	1.7	0.4	100.0
Education and research	42.1	10.5	25.3	22.1	100.0
Health	70.0	7.5	9.2	13.3	100.0
Social services	68.8	8.0	10.5	12.7	100.0
Environment	91.3	5.1	3.1	0.5	100.0
Development and housing	29.8	16.5	26.0	27.7	100.0
Law, advocacy and politics	89.0	6.9	3.0	1.1	100.0
Philanthropic intermediaries and voluntarism promotion	92.1	4.0	2.6	1.3	100.0
International	87.6	6.4	4.2	1.8	100.0
Religion	84.5	10.2	4.1	1.2	100.0
Business and professional associations, unions	72.5	15.5	8.2	3.8	100.0
Not elsewhere classified	71.3	13.6	9.4	5.7	100.0
Total	85.5	6.0	4.8	3.7	100.0

Concerning economic dimension, 61% of nonprofit institutions had income under 30 thousand euro, particularly 38.1% the income is less than 10 thousand euro and 22.6% of the nonprofit institutions were between 10 thousand and 30 thousand euro.

**Table 5 – Nonprofit Institutions by class of Revenues.
Year 2015, percentage values**

Class of revenues	%
0 - 5.000 euro	26.0
5.001 - 10.000 euro	12.1
10.001 - 30.000 euro	22.6
30.001 - 60.000 euro	13.0
60.001 - 100.000 euro	7.9
100.001 - 250.000 euro	9.9
250.001 - 500.000 euro	4.1
Over 500.001 euro	4.4
TOTAL	100.0

Whereas the medium-large nonprofit institutions (with income between 30 thousand and 100 thousand euro) were 20.9% as well as the large-size nonprofit institutions (with income over 100 thousand euro) were 18.4% of the total.

Table 5 – Revenues and Expenditures of Nonprofit sector by type of funding source and item of expenditure. Year 2015, absolute values in EURO

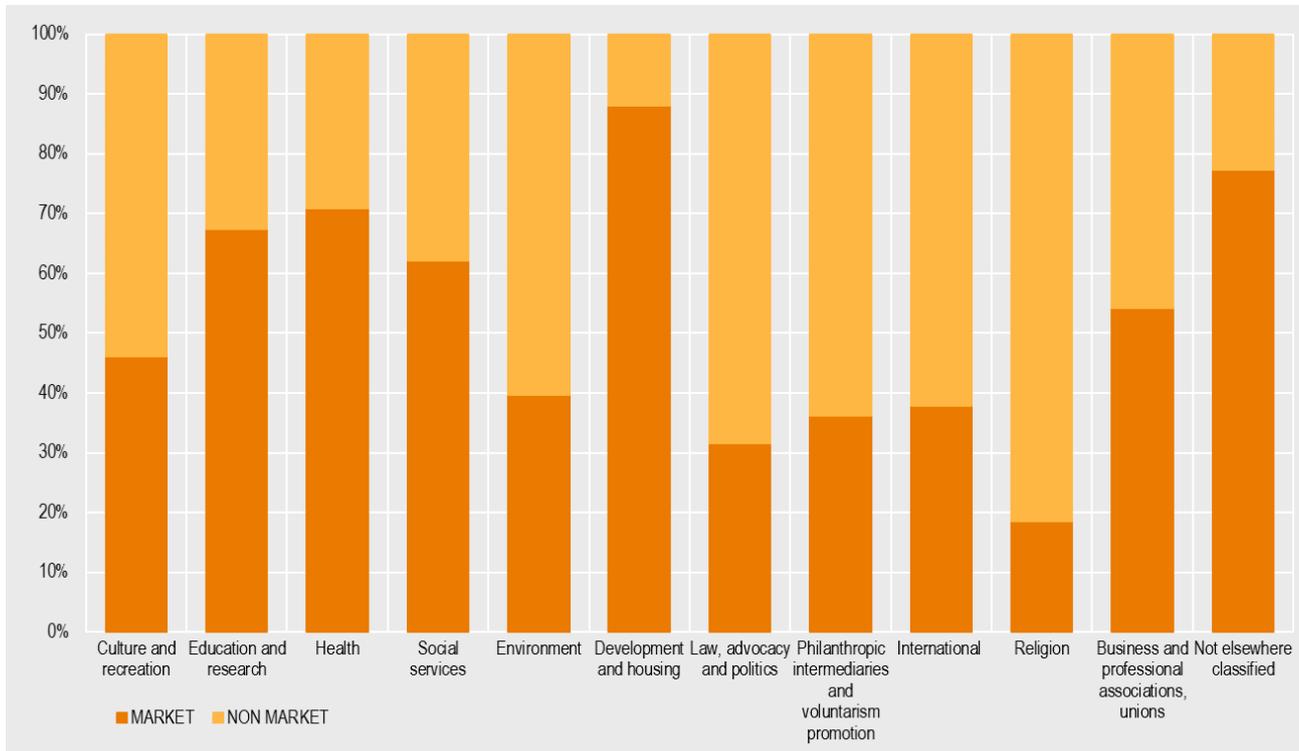
Revenue (€)		Expenditure (€)	
grants and contributions free of charge from national and/or international public institutions	2,448,294,522	personnel expenditure	19,817,409,740
proceeds/revenue from contracts and/or conventions with national and/or international public	17,661,922,881	consultant expenditure	2,314,316,520
members' yearly contributions	19,249,518,643	refunds to volunteers	1,091,294,355
proceeds/revenue from selling goods and services	16,113,151,483	purchase of goods and services	21,601,128,766
contributions, gifts, donations and bequests	4,858,125,483	third party contributions and funding	7,131,613,370
proceeds/revenue from financial assets and real estate	5,655,944,774	expenditure from financial assets and real estate	2,540,625,767
other proceeds/revenue from private source	4,412,520,934	tax burden	1,812,145,291
		other expenditure	5,050,582,161
Total	70,399,478,720	Total	61,359,115,970

The main sources of revenue regarding the Italian nonprofit sector are members' yearly contributions (27.3%), revenue from contracts and/or conventions with national and/or international public (25.1%) and revenue from selling goods and services (22.9%). Concerning the revenue balance sheet, 85.5% of Italian nonprofit institutions receive funding from private. Only 14.5% of institutions are mainly funded by public sector. The main items of expenditures of nonprofit sector in Italy are purchase of goods and services (35.2%) and personnel expenditure (32.3%).

According to ESA 2010, Nonprofit institutions provide service either at significant prices (market) or almost for free (non-market). In 2015, Nonprofit institutions market producers are 33.2%, while non market-oriented institutions are 66.8%, which are recorded in nonprofit institutions serving households. Market oriented institutions are mainly focused on carrying out Social services (12.4%), Business and professional associations, unions (6.8%), Education and Research (6.1%), Health (5.7%) and Development and housing (4.8%), while non-market oriented institutions are mainly operating

in the sector of Culture, sports and recreation (68.2%), Religion (5.8%), Law, advocacy and politics (1.9%), Environment (1.7%), International (1.5%) and Philanthropic intermediaries and voluntarism promotion (1.3%).

Figure 4. Nonprofit institutions by economic activity and market/non-market orientation. Year 2015, percentage



Source: Istat

7. Corporate Social Responsibility (CSR)

The enterprise activities have significant impacts on social, environmental and economic dimensions in the EU and around the world. Not just in terms of the products and services they offer or the jobs and opportunities they create, but also in terms of working conditions, human rights, health, the environment, innovation, education and training. Integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations, enterprises become socially responsible. European Union and Public Authorities have an important role in supporting and encouraging companies to conduct their business responsibly, by introducing a set of voluntary and mandatory actions to promote Corporate Social Responsibility¹¹ (CSR), while implementing the UN guiding principles on business and human rights (UNGPs) and the UN 2030

¹¹ The European Commission defined Corporate Social Responsibility (CSR) as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

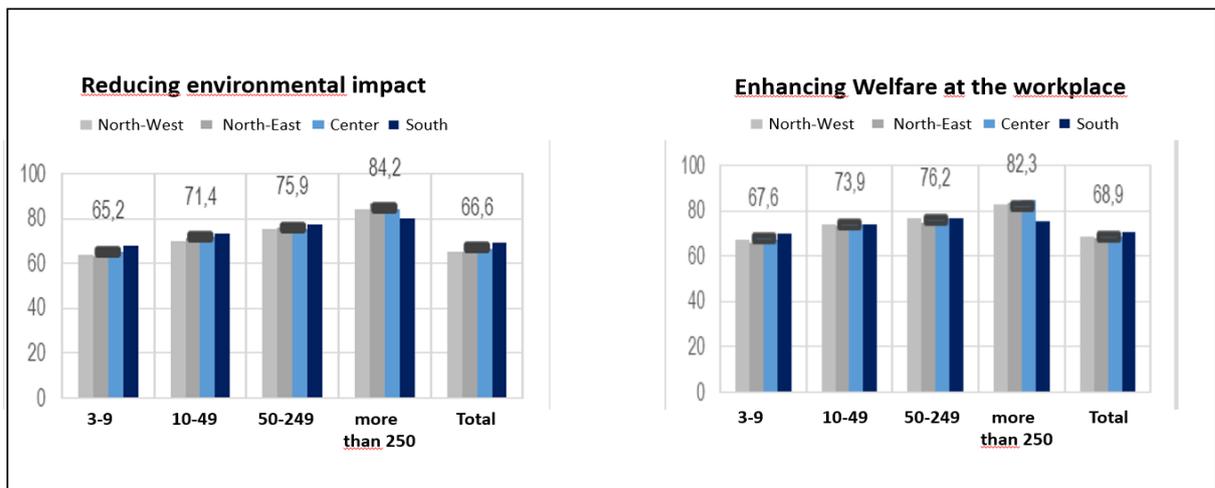
agenda for sustainable development. Furthermore, the Sustainable Developments Goals, particularly with the Goal 12 'Ensure sustainable consumption and production patterns', as well as OECD initiatives in measuring the impact of businesses on people's well-being and sustainability provide a common language and improving the quality, comparability, and coherence of information on the impact of businesses on societal progress and people's life.

In the last years. Istat has been exploring the impact of business decisions on sustainable development. Particularly, with the objective of enhancing the available information and expanding the perspective of social economy, Istat has investigated the corporate environmental, social, and governance (ESG) performance, including the corporate social responsibility. Through combining different data sources, in 2019 Istat launched the Permanent Census of Enterprises¹², which provided a detailed picture of the Italian economic system, by integrating the data in the business Register with the qualitative information, gathered by the sample survey, on emerging issues, including Corporate social responsibility.

The dimensions investigated are the corporate measures to increase social sustainability and working welfare, such as smart working and measures of the protection of health and safety at the workplace, as well as corporate actions linked to sustainable development, such as reducing the impact on the environment. The corporate social responsibility initiatives increase for the enterprises employing more than 250 workers, particularly considering the actions for collective interest and for local development. The business strategy for sustainable development of micro-enterprises (3-9 workers) is oriented towards actions to increase working welfare, while the large enterprises have more propensity in implementing measures for protecting health and safety at the workplace and for reducing impact on the environment.

Figure 5. Sustainable activities by class of workers and local level

¹² The first permanent census took place in 2019, with a sample of about 280,000 enterprises, employing more than 3 workers. The sample represents about 24.0% of Italian enterprises, that produce 84.4% of the National added value, and employ 76.7% of the workers (12.7 million) and 91.3% of employees.



Source: Istat

Regarding Corporate Social Responsibility, the enterprises carried out actions for the local economic development, by promoting sports activities (27.8%), humanitarian projects (24.7%), cultural initiatives (22.2%), as well as by participating in projects to enhance social inclusion and poverty reduction (17.6%). At regional level, the data show interesting trend differences: the enterprises located in the North of Italy are focused on the sports initiatives, particularly in the Northeast, while in the South of Italy enterprises carried out actions for reducing poverty and social exclusion. Regarding the local development activities, the enterprises employing more than 250 workers are the most active in supporting local marketing strategies, through promoting the cultural heritage and protecting natural resources.

8. Future: The Satellite account of nonprofit institutions

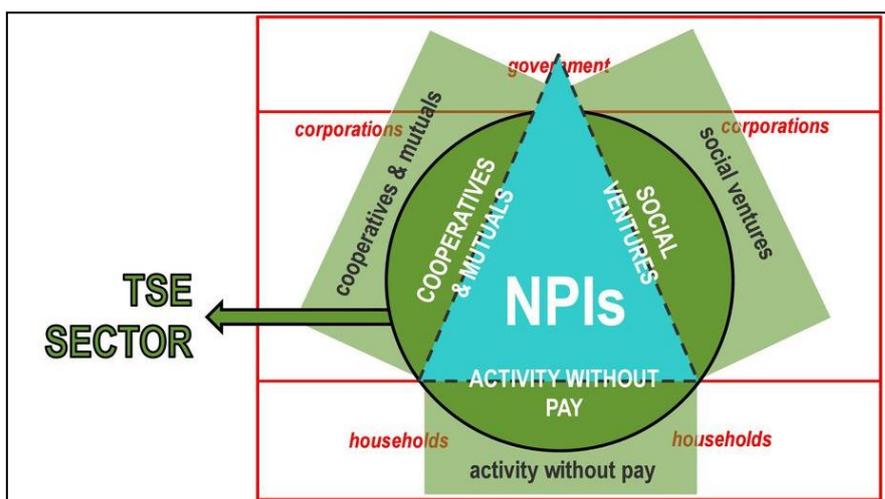
The National Account procedures ensure a consistent treatment of the actors involved in the economic system of Countries. However, regarding Nonprofit institutions this approach does not represent properly the relations and the synergies between NPIs and other economic agents, which are competitors in producing goods and services (enterprises and national Government), and the final beneficiaries (households and general Government). As mentioned before, in the National Accounts NPIs are classified in several institutional sectors having different organization structures, size and sources of revenue. Hence, information on NPIs is spread out among the institutional sectors, therefore associated with other types of existing institutional units.

Despite the fragmented sector, the growing interest for the dynamic and the opportunity generated by nonprofit sector, leads to create a satellite account for the nonprofit sector. As stated in the European Council Conclusion, 'Developing and implementing satellite accounts aim at establishing the effective contribution of the social economy to economic growth and social cohesion in the European Union'¹³. Satellite accounts are a tool to satisfy specific knowledge needs and to develop

¹³ Council of the European Union, Council Conclusions: The promotion of the social economy as a key driver of economic and social development in Europe (7 December 2015), para. 19.

an integrated study of specific economic sector. While remaining anchored to the core of the accounting system, the satellite accounts may adopt additional or alternative analysis definitions and categories. They are a propulsive element to enhance statistical information availability for the users and they are considered an important factor to foster future schemes in the national accounting field. A satellite account integrates the available information for NPISHs units with data concerning the market NPIs and other third sector units registered in the several institutional sectors. The UN Handbook on Satellite Account on Nonprofit and Related Institutions and Volunteer Work (2017) extended the scope of Third sector, embracing a broad set of social economy organisations such as cooperatives, mutual societies and social enterprises that meet a test of being primarily oriented to public purpose. This public purpose criterion is operationalised by the significant limitation on their distribution of profit.

Figure 6. The Conceptualization Scheme of the Third or Social Economy (TSE) Sector



Source: L.Salamon 2016, available at: <https://ccss.jhu.edu/unsd-presentation/>

In the past two decades, Italy has progressively developed a comprehensive information system to identifying and assessing the resident NPIs in the national accounts estimation. The statistical information, provided by the census and sample surveys on nonprofit sector, has been integrated and updated by using data from administrative sources. Through creating a system of registers. In the last years, Istat provides information on the structure of all resident institutional units (enterprises, private and public institutions), such as size in terms of financial turnover and persons employed, legal form, and economic sector of activity. The integrated information system of Registers integrates information on the NPIs structure with data on financial economic statements from administrative and fiscal sources at the micro data level. Moreover, the information on the structure, organization, control and economic dimensions gathered by the sample survey of nonprofit institutions are combined with administrative data. The available data allowed to implement methodologies to estimate several required variables to compile the complete set of accounts and the satellite account concepts and definitions. The currently strategy planned for NPI permanent census ensures the availability of based information and significantly enhance the quality of the estimation. The System of Permanent Census provides a powerful integrating

framework for economic statistics on the non-profit sector. A wide range of data sources are available on key dimensions of Italian nonprofit institutions, and these are planned to be combined and integrated into an SNA framework to build satellite account estimates. Confronting multiple data sources in a comprehensive and coherent accounting system will strengthen data quality and lead to the full exploitation of all available source data related to nonprofit sector.

References

Istat, *Structure and profile of Nonprofit Institutions*, Rome, 2020.

Istat, *Sustainability in the enterprises: environmental and social dimensions*, Rome, 2020.

United Nations, *Satellite Account on Non-profit and Related Institutions and Volunteer Work*, New York, 2018.

Istat, *Permanent Census of Nonprofit Institutions: preliminary results*, Rome, 2017.

Forum Terzo Settore, *Il Terzo Settore e gli obiettivi di sviluppo sostenibile. Report 2017*, 2017, Rome.

Salomon, L., *Putting NPIs and the Third Sector on the Economic Map of the World*, Johns Hopkins University, New York, 2016

Istat, *Istat's Modernisation Programme*, 2016, Rome.

Council of the European Union, *Council Conclusions. The promotion of the social economy as a key driver of economic and social development in Europe*, Brussels, 7 December 2015.

Salomon, L., Haddock, M., *SDGs and NPIs: private nonprofit institutions. The Foot Soldiers for the UN Sustainable Development Goals*, Johns Hopkins Center for Civil Society Studies Working Paper Series No. 25, 2015.

European Statistical System, *ESS Vision 2020: Building the future of European statistics*, Luxembourg, 2014.

International Labour Organization, *Manual of the Measurement of Volunteer Work*, Geneva, 2011

United Nations, *System of National Accounts (SNA 2008)*, New York, 2008.

Istat, *Enterprises, Institutions and local units. At the National level: Italy*. Rome, 1995.