



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA

ARCHIVIO ISTITUZIONALE
DELLA RICERCA

Alma Mater Studiorum Università di Bologna Archivio istituzionale della ricerca

Social Enterprises and Public Value: A Multiple-Case Study Assessment

This is the final peer-reviewed author's accepted manuscript (postprint) of the following publication:

Published Version:

Bandini, F., Mariani, L., Gigli, S. (2021). Social Enterprises and Public Value: A Multiple-Case Study Assessment. *VOLUNTAS*, 32, 61-77 [10.1007/s11266-020-00285-8].

Availability:

This version is available at: <https://hdl.handle.net/11585/777824> since: 2024-06-25

Published:

DOI: <http://doi.org/10.1007/s11266-020-00285-8>

Terms of use:

Some rights reserved. The terms and conditions for the reuse of this version of the manuscript are specified in the publishing policy. For all terms of use and more information see the publisher's website.

This item was downloaded from IRIS Università di Bologna (<https://cris.unibo.it/>).
When citing, please refer to the published version.

(Article begins on next page)

VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations

Social enterprises and public value: a multiple-case study assessment

--Manuscript Draft--

Manuscript Number:	VOLU-D-19-00292R4
Full Title:	Social enterprises and public value: a multiple-case study assessment
Article Type:	Research Papers
Corresponding Author:	LAURA MARIANI Università degli Studi di Bergamo Bergamo, Lombardia ITALY
Corresponding Author Secondary Information:	
Corresponding Author's Institution:	Università degli Studi di Bergamo
Corresponding Author's Secondary Institution:	
First Author:	LAURA MARIANI
First Author Secondary Information:	
Order of Authors:	LAURA MARIANI Federica Bandini Sabrina Gigli
Order of Authors Secondary Information:	
Funding Information:	
Abstract:	Positioned at the crossroads of the market, public policies and civil society, social enterprises are private organizations that achieve social goals and, in an entrepreneurial way, respond to collective needs. By considering the micro foundation of value generation as emerging from the assessment of three Italian social cooperatives' business models, the aim of this paper is to understand the contribution and the approach adopted by work integration social enterprises to the creation of public value. Our findings suggest that the approach adopted in order to generate value, changes according to several contextual factors. We identified, in particular, three models (the cooperative-driven; the people-driven, and the market-driven model) that are characterized by different relationship with the cooperative system, a differentiated tension towards commercial activities and specific catalysts for value creation.

As required, we:

- checked the “not validated” references providing the needed changes;
- added the following recent literature references:

On Public value creation by SEs:

- 1) Cabral, S., Mahoney, J. T., McGahan, A. M., & Potoski, M. (2019). Value creation and value appropriation in public and nonprofit organizations. *Strategic Management Journal*, 40(4), 465-475.
- 2) Chandra, Y., & Paras, A. (2020). Social entrepreneurship in the context of disaster recovery: Organizing for public value creation. *Public Management Review*, 1-22.

On SEs:

- 3) Testi, E., Bellucci, M., Franchi, S., & Biggeri, M. (2017). Italian social enterprises at the crossroads: Their role in the evolution of the welfare state. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 28(6), 2403-2422.
- 4) Pestoff, V., & Hulgård, L. (2016). Participatory governance in social enterprise. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 27(4), 1742-1759.
- 5) Sandberg, B., Elliott, E., & Petchel, S. (2019). Investigating the Marketization of the Nonprofit Sector: A Comparative Case Study of Two Nonprofit Organizations. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 1-17.
- 6) Ismail, A., & Johnson, B. (2019). Managing Organizational Paradoxes in Social Enterprises: Case Studies from the MENA Region. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 30(3), 516-534.

On WISE:

- 7) Krupa, T., Sabetti, J., & Lysaght, R. (2019). How work integration social enterprises impact the stigma of mental illness. *Social Enterprise Journal*.

The authors

Social enterprises and public value: a multiple-case study assessment

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

Corresponding author:

Laura Mariani, Associate Professor,
University of Bergamo,
Department of Management, Economics and Quantitative Methods
Via dei Caniana, 2, 24127, Bergamo, Italy
email: laura.mariani@unibg.it
telephone: + 39 0352052882
fax: +39 0352052549

Federica Bandini, Associate Professor,
University of Bologna,
Department of Management
Via Capo di Lucca, 34, 40126, Bologna, Italy

Sabrina Gigli, Associate Professor,
University of Bologna,
Department of Management
Via Capo di Lucca, 34, 40126, Bologna, Italy

Social enterprises and public value: a multiple-case study assessment

1. Introduction

The role that organizations play in addressing social problems and creating social value has always been a critical dimension of market economies (Hall 1987, Thompson et al. 2002). However, the use of the term social entrepreneurship and the development of social enterprise (SE) theories are more recent phenomena that have been promoted by a wide range of politicians and personalities in civil society. They have been drawing attention to successful examples of social entrepreneurs who affect social change by introducing innovative business models that address some of the most complex social problems, therefore, conquering media and political space. Positioned at the crossroads of the market, public policies and civil society (Nyssens, 2007), SEs are hybrid organizations that achieve social goals and, in an entrepreneurial way, respond to collective needs (Battilana and Lee 2014; Battilana et al 2015; Borzaga and Defourny, 2001) with a more or less prominent orientation to commercial activities (Sandberg et al 2019). The perception of the ability of SEs to produce social outcomes through a more innovative and responsive business than those of both public institutions and traditional third sector organizations is one of the drivers of the increased attention of governments to social entrepreneurship phenomena (Powell et al 2018; Powell and Osborne, 2015). Governments, in fact, are progressively looking towards SEs and other hybrid organizations to deliver social welfare services (Cornelius and Wallace, 2010), and bring up ethical issues related to the need to address the conflicting *ratio* of social welfare and commercial activities (Doherty et al. 2014) is becoming a fundamental challenge that should be faced (Ramus and Vaccaro, 2017; Teasdale, 2010).

Definitions of SEs and their role in the institutional environment change across the world and the distinctive features of SEs are deeply rooted in the social, economic, political and cultural contexts in which these organizations emerge (Defourny and Nissens, 2010; Pestoff and Hulgård 2016). In particular, while the concept of SE in the United States is broader in terms of industries and aims, the attention is mainly focused on the entrepreneurial dimension of the social business; in Western

1 Europe, SE means, primary, organizations founded to provide employment services or welfare
2 services, adopting participatory governance models (Kerlin, 2006). More specifically, while in the
3
4 US tradition, social enterprises include those initiatives which tend to be fully self-financed,
5
6 regardless of any defining features other than a alleged social mission, in the European approach what
7
8 is really at stake is the way in which the primacy of a social mission is preserved (Defourny and
9
10 Nissens, 2010). In this vein, specific governance structures are put forward with the twofold objective
11
12 of promoting a participatory involvement of stakeholders, on one hand, and protecting the primacy
13
14 of the social mission, on the other hand (Defourny and Nissens, 2010).
15
16

17
18 In this study, we consider, in particular, the Italian social cooperatives, which are the primary form
19
20 of SE in the country and represent a significant experience of social entrepreneurship in Europe (Testi
21
22 et al 2017). The first appearance of an early version of SE in Europe, in fact, can be found in the
23
24 Italian social cooperatives in 1991 (Spear and Bidet, 2005; Nyssens, 2007; Thomas, 2004). Similar
25
26 models were later adopted in other European countries such as Portugal (in 1998), Spain and Greece
27
28 (in 1999), and Poland (in 2006). Social cooperatives' model is consistent with the International
29
30 Cooperative Alliance principles¹; accordingly, they have to adhere to several conditions, such us the
31
32 appropriation of 3% of net profit to the fund for the promotion and development of a cooperative's
33
34 system, a democratic governance with the "one person, one vote" rule, and profit distribution
35
36 constrains (Borzaga et al 2017). Compared to the traditional model of cooperatives, in social
37
38 cooperatives, the prevalence of the external mutuality on the internal interest emerges. This means
39
40 that they are call to pursue the interests of the overall community, rather than the exclusive interest
41
42 of their members. According to the Italian regulation, social cooperatives can provide social,
43
44 healthcare, and educational services (Type-A social cooperatives) or operate in other industries, albeit
45
46
47
48
49
50
51
52
53
54

55
56 ¹ More specifically, a cooperative may respect eight founding principles: internal mutuality; external
57 mutuality; limitation to profit distribution; participation; representativeness; accessibility; intergenerational
58 solidarity; and inter-cooperative solidarity. Because of these principles, the main aim of cooperatives is not
59 so much to achieve the highest return on capital investment to satisfy a common pre-existing requirement or
60 need, to give members a greater advantage or saving than would otherwise have been possible separately
61 (Thomas, 2004).
62
63
64
65

1 maintaining the aim of inclusion of disadvantaged people in the labor market, being economically
2 sustainable (Type-B social cooperatives). The latter, in particular, are the sole form of work
3 integration SEs in Italy.
4

5
6
7 By focusing on the micro-foundations of value generation, this paper aims to understand the
8 contribution and the approach adopted by SEs, in the form of social cooperatives, to the creation of
9 public value. Based on the assessment of three Italian Type-B social cooperatives' case studies, this
10 work wishes to shed a light on the business models adopted by SEs, so as to highlight how private
11 organizations with a social vocation may generate value creation for the public.
12
13
14
15
16
17

18
19 Following Talbot (2011), public value can be quickly defined as what the public regard as valuable.
20

21 More specifically, following Meynhardt, "Public value is value for the public. Value for the public is
22 a result of evaluations about how basic needs of individuals, groups and the society as a whole are
23 influenced in relationships involving the public" (Meynhardt 2009, p.112). Accordingly, public value
24 would reflect people's basic needs, and the basic needs of individuals shape the fundament for public
25 value creation (Meynhardt, 2017). In his seminal contribution, Moore (1995) identified a triangle
26 whose dimensions trace the boundary of the public value frame: values of the public; institutional
27 legitimization; and resources and capabilities. In this vein, Moore encourages the management of
28 public organizations "to 'manage up' to the formal authorizing environment, 'manage outward' to
29 the public and other stakeholders, and 'manage down' to make sure that the organization has the
30 operational capacity to actually deliver public value" (Bryson et al. 2017, p. 641).
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

46 Although such an approach has been an essential cornerstone of the recent public management theory,
47 its application to the complexities of the contemporaneous context requires us to adapt Moore's
48 normative approach to answer the need of a polycentric, multi-sector, multi-level, and multi-logic
49 system, in which a wide range of actors are involved in the creation of public value (Bryson et al.,
50 2017). Together with public institutions, in fact, different actors can be the actual promoters of public
51 value creation, at the center of the triangle (Bryson et al., 2014). Although there is generalized
52 awareness on this topic, non-public actors' contribution to the creation of public value is still
53
54
55
56
57
58
59
60
61
62
63
64
65

1 underexplored; there are only a limited number of studies that focus on the role of private actors, with
2 specific attention on the contribution of the nonprofit organizations (i.e., Mendel and Brudney, 2014;
3 Bovaird and Loeffler, 2012; Chandra and Paras, 2020). Within this limited debate, the role of SEs is
4 even more insufficiently investigated.
5
6
7

8
9 However, the social mission orientation of such organizations combined with their inherent tension
10 to be financially independent from external public aides and grants suggests that SEs can be
11 considered potential catalysts of the sustainable generation of public value.
12
13
14

15
16 This paper is organized as follows: after introducing the theoretical framework in which the
17 characteristics of SEs are presented, the dimensions of both public value and business models are
18 operationalized. The empirical section focuses on the case studies of three Type-B social cooperatives
19 in Italy. In the last section, the results are discussed and some concluding remarks are provided.
20
21
22
23
24

25 26 **2. Theoretical background**

27
28 Through the production of goods and services, SEs' primary purpose is to pursue social goals,
29 generating benefits for the society. Both the entrepreneurial approach and profit-making are
30 considered instrumental for the fulfillment of organizational social aims (Peredo and McLean, 2006,
31 Johnstone and Lionais, 2004; Ismail and Johnson, 2019).
32
33
34
35
36
37

38
39 Accordingly, SEs are forms of hybrid organizations that implement commercial activities for the
40 generation of positive social and environmental externalities, rather than for private gain, and the
41 hybridity of SEs is related to the arrangement of activities, structures, processes, and meanings
42 through which these organizations understand and combine different aspects of multiple
43 organizational forms (Battilana and Lee, 2014). Great emphasis, in particular, is put on capturing
44 heterogeneous forms of organizations that are dedicated to having a certain social impact;
45 consequently, the spectrum of hybrid organizations involves several categories of firms with different
46 institutional logics (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014; Pache and Santos,
47 2012). For SEs, therefore, the financial value is the means for creating social value, and social
48 entrepreneurs have dual social and financial objectives that guide their managerial decision-making
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1 (Emerson and Twersky 1996). As a consequence, SEs' business model is more complex than that of
2 commercial enterprises and nonprofit organizations since it requires them to combine two very
3 different objectives in fundamental ways. These objectives must be managed using a balanced
4 approach: on the one hand, in fact, a higher commitment to the social cause may compromise
5 profitability since social entrepreneurs may be tempted to take on unprofitable functions that would
6 be more appropriate for nonprofit organizations; on the other hand, an excessive focus on the financial
7 dimension may clash with a strong cultural biases against earning profits in the social sector (Dees
8 and Anderson, 2003). In order to assess the creation of public value in SEs, we propose starting from
9 the analysis of the business model of these organizations, to identify the sources of value, on the one
10 hand, and to describe the processes of public value generation, on the other hand. Both the public
11 value's concept and the dimensions of business models are operationalized to guide the analysis of
12 the empirical findings.

13 **Operationalizing Public Value**

14 Moore's (1995) book on public value has marked the birth of the research in a new field of public
15 administration and management. The proposed normative theory of strategic management in the
16 public sphere is intended to support public managers in creating value for citizens. The author, in
17 fact, explained that, "The aim of managerial work in the public sector is to create public value just as
18 the aim of managerial work in the private sector is to create private value" (Moore 1995, p. 28). Since
19 1995, this research field has evolved becoming an emerging paradigm for post-new public
20 management networked governance (Stoker, 2006). In particular, together with the managerial
21 approach, at least, two other approaches to public value analysis can be identified (Bryson et al
22 ..,2014). The first one is concerned with the societal level and deals with the values that provide
23 "normative consensus about the rights, benefits, and prerogatives to which citizens should (and
24 should not) be entitled; the obligations of citizens to society, the state, and one another; and the
25 principles on which governments and policies should be based" (Bozeman 2007, p. 17). The second
26 one, in contrast, is concerned with the psychological dimension and explores the creation of public

1 value in the relationship between the individual and the society. Accordingly, public value is
2 “founded in individuals, constituted by subjective evaluations against basic needs, activated by and
3 realized in emotional-motivational states, and produced and reproduced in experience-intense
4 practices” (Meynhardt 2009, p. 212). Recognized as an important but far less known sub-field of
5 studies (Bryson et al., 2014), the psychological approach seems particularly suitable for fulfilling the
6 research aims of this contribution and assessing the ability of work integration SEs to create public
7 value. Many social enterprises use the number of hired people as the outcome to measure their impact
8 and effectiveness, however there are many other effects that can be assessed, starting from the impact
9 of SEs’ activities on individual users’ well-being.

10 The psychological approach has been proposed by Meynhardt (2009, 2017) and provides a micro-
11 foundation perspective on the creation of public value. In particular, it focuses on the individuals’
12 subjective evaluations of their basic needs (Epstein, 1998), which are translated into basic dimensions
13 of individual values that can be aggregated at the societal level. In fact, although the quality of the
14 relationship between citizens and society is subjective, when it gains an intersubjective weight, it
15 becomes objective, reaching a reasonable normative consensus at the societal level (Bryson et al.,
16 2014). This implies that value creation does not concern the individual user exclusively, rather it
17 involves the wider collectivity, through the improvement of social cohesion and interaction (social
18 value), the diffusion of sustainable practices (environmental value), and the improvement of the
19 democratic process (political value) (Bovaird and Loeffler, 2012). Shifting the analysis from public
20 managers and institutions to the needs of individual citizens, this approach also overcomes the
21 distinction between public and non-public, providing an intersectoral foundation of value, “regardless
22 of whether the objects being evaluated are products, services, investment opportunities, or
23 organizations” (Meynhardt, 2017, p. 143). Accordingly, in order to support the empirical analysis,
24 we operationalize public value following the conceptualization proposed by Meynhardt (2009) as
25 summarized in Table 1.

Table 1: Basic needs and value dimensions

The first dimension is related to a *moral-ethical* value and refers to a need for positive self-worth and high self-esteem, which can be satisfied when a person experiments fairly and with justice. This implies the development of a consistent relation between the individual and her/his environment. The second dimension concerns *political-social* values and is related to the need for positive relationships, addressing an individual's belongingness as a social being and the need for social identity. While moral-ethical value focuses on individual identity, political-social value refers to group membership, social cohesion, and solidarity experiences. The third dimension refers to the need to maximize pleasure and avoid pain, to have a positive experience. The associated value is defined as *hedonistic-aesthetical* and is related to feelings of self-efficacy and flow-experience. The last dimension of public value is related to the need for control and coherence that translates into basic *utilitarian-instrumental* values, such as functionality and effectiveness.

Operationalizing the Business Model

Recent attention has been paid to the adaptation of Porter's (1985) value chain analysis in an attempt to connect the public value aspiration to models of organizational structure and delivery (Williams and Shearer, 2011). Moore himself (2003, p. 13) uses the concept to identify what "specifies the relationship between desired outcomes, on one hand, and the resources, processes, activities and outputs that are required to achieve the desired results". In this vein, by observing the role values along SEs' operations, Michaud and Tello-Rozas (2019) highlight how the coherence between normative values and the creation of financial and social value can contribute to achieving organizational sustainability, while producing important impacts at the societal level.

Accordingly, we suggest considering the assessment of organizational business models to provide a tool for the assessment of public value creation. In recent years, the business model has been the focus of substantial attention from both scholars and practitioners. In particular, it has received increasing attention from academics interested in explaining how organizations can contribute to the value

1 creation. The business model, in fact, describes “the content, structure, and governance of transactions
2 designed to create value through the exploitation of business opportunities” (Amit and Zott, 2001),
3
4 reflecting the organization’s realized strategy (Casadesus-Masanell and Ricart, 2010; Shafer et al.
5
6 2005). The business model describes the design of the value creation, delivery, and capture
7
8 mechanisms employed by crystallizing the customer's needs and ability to pay, defining the manner
9
10 by which the organization responds to and delivers value to customers, inviting customers to pay for
11
12 value, and converting those payments to profit through the proper design and operation of the various
13
14 elements of the value chain (Teece, 2010).
15
16

17
18 Although scholars have not yet developed a standard and extensively accepted definition for the
19
20 business model, some common trends and concepts can be identified (Zott et al., 2011). First of all,
21
22 there is a general acknowledgement that the business model is a distinct unit of analysis from the
23
24 product, firm, industry, or network. In particular, it is centered on a focal organization but its
25
26 boundaries are broader. Secondly, business models emphasize a system-level approach to explaining
27
28 how organizations perform their activities. Furthermore, the activities of a focal organization and its
29
30 partners play an important role in the proposed conceptualizations of business models. Finally, they
31
32 seek to explain both value creation and value capturing. Even though the research on business models
33
34 mainly considers private for-profit organizations, a small number of studies is moving the attention
35
36 to the specific field of social entrepreneurship (Seelor and Mair, 2007).
37
38

39
40 In our analysis, we have adopted the model proposed by Yunus et al. (2011) for the assessment of
41
42 SEs’ business. The authors classify the components of the business model into *value proposition*,
43
44 *value constellation*, and *profit equation*. The value proposition includes the identification of the
45
46 organizational users and summarizes the characteristics of the value provided, as well as the
47
48 relationships with the users. While the value proposition of a private firm can be defined as the
49
50 implicit promise that a company makes to its customers to deliver a particular combination of values
51
52 (Martinez-Hernandez, 2003), the value proposition of nonprofit organizations relates to the needs of
53
54 a wider range of stakeholders (Salamon et al., 2000; Cabral et al 2019). An SE combines both
55
56
57
58
59
60
61
62
63
64
65

1 perspectives by proposing a twofold value proposition: an impact value proposition that concerns the
2 social value delivered to different stakeholders and a commercial value proposition that includes the
3 goods or services produced for the customers on the market. Value constellation includes the way in
4 which services are provided. According to Yunus et al. (2011), a value constellation is the answer to
5 the question “How do we deliver this offer to our customers?”. The answer to this question involves
6 not only the company’s own value chain but also its value network with its suppliers and partners.
7 Therefore, a key strategic task includes the reconfiguration of roles and relationships among a
8 constellation of actors—suppliers, partners, public administrations, and users—in order to mobilize
9 the creation of value through new combinations of actors and resources. Finally, profit equation is
10 the translation of the other two—value proposition and value constellation—respectively in terms of
11 revenues and costs, both social and financial. More specifically, while the revenues are strongly
12 related to the overall institutional context that determine the weight of public financing on the overall
13 revenues, as well as the revenues from the commercial activities, the costs of social cooperatives are
14 directly related to the structure of the offer—personnel cost, depreciation of equipment, supplies,
15 financial expenses and so on.

36 **3. The empirical setting of Italian WISE: Type-B Social Cooperatives**

37 To fulfill the research aims, the dimensions of public value creation, on one hand, and the components
38 of the social business model, on the other hand, are here considered in order to analyze the cases of
39 three Italian social cooperatives.

40 Italian regulation identified four groups of SEs, namely: social cooperatives; social enterprises under
41 the form of associations; social enterprises under the form of foundations or religious institutions;
42 and limited company social enterprises (Borzata et al., 2017). Among these, about 16,000
43 (representing 90% of the Italian SEs) are social cooperatives. With 12 billion euros of turnover—
44 almost 1% of Italian GDP—social cooperatives employ 300 thousand workers. Originally, these
45 organizational forms were spontaneously created by civil society beginning in the 1980s, mainly on
46 a volunteer basis, with the aim to provide welfare services for their members. The presence of such
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1 organizations has brought on a need for new legal frameworks that allow them to match their social
2 mission to an economic activity. As a result, social cooperatives were recognized with a special law
3 in 1991 (Law 381/91). Although social cooperatives follow the managerial patterns of private
4 enterprises that compete, in the open market, their aim is to go beyond profit generating. As a result,
5 they focus on the will to satisfy a widespread demand for communal services that neither the state
6 nor private firms are able to meet. Accordingly, Law 381/91 has shaped a unique structure with a
7 dual feature: publicly oriented with regard to the aims and supply of essential goods and services and,
8 at the same time, market-oriented in terms of organizational structure and efficiency.

9 By combining the aim of social inclusion with commercial intentions, Type-B social cooperatives are
10 the sole form of work integration SE in Italy (Spear and Bidet, 2005). Italy boasts about 3,500 of
11 them, operating in different industries, with a turnover of 2 billion euros (Istat 2015, Euricse 2015).
12 Engaged in the integration of disadvantaged people in Italy, these SEs are required to employ at least
13 30% of low employable workers (Borzaga and Tortia, 2010; Borzaga et al., 2010). Type-B social
14 cooperatives are often founded by volunteer organizations for the integration of disadvantaged
15 citizens into society such as the disabled, drug addicts, the elderly, former prison inmates, mentally
16 disabled, and immigrants. They propose innovative schemes for disadvantaged people by offering
17 them stable jobs, or by promoting their entrepreneurial skills (Mattioni and Tranquilli, 1998).

41 **4. Methods**

42 To better understand the process of public value creation through the assessment of the business
43 models of SEs, we have analyzed three Italian social cooperatives by adopting the multiple-case study
44 approach. By employing replication logic into the multiple case study, research design ensured that
45 external validation was established (Creswell, 2007, Yin, 2009). Multiple sources of methods were
46 undertaken: semi-structured interviews were supplemented by document analysis (social report,
47 financial report, websites, and newspapers articles) in order to increase the validity and provide
48 verification of the data obtained. In this way, examining the cases from multiple sources help us
49 obtain a much more rigorous and rich research design and increase the credibility of the results

1 (McMurry et al., 2004). This qualitative approach was considered as the most appropriate since it
2 does not aim to establish a relationship among causes and effects but to explain the basic
3 characteristics of particular modes of organization (Yin, 2009); to neutralize the effects of individual
4 context specificities, we have selected three organizations that share the general aims of Italian
5 “Type-B” social cooperatives but operate in different industries. The research project involved a three
6 steps procedure, as summarized in Table 2.
7
8
9
10
11
12
13
14
15
16

17 *Table 2: Research phases*
18
19
20
21

22 In the first phase, we conducted two-hours interviews with two key informants in which we obtained
23 an overall picture of the Type-B social cooperatives’ system. The aim of these interviews was the
24 identification of the main macro-Pattern of social cooperatives that gave us a guide for the selection
25 of the case studies. The key informants were the president of AICCON (Italian Association for the
26 Promotion of the Culture of Cooperation and of Nonprofit)—previously the president of
27 Federsolidarietà—as well as the President of Legacoop Romagna office. They were contacted as
28 representatives of two intermediate level organizations aggregating different social cooperatives,
29 namely, Legacoop and Confcooperative². After this first step, according to the results from the
30 interviews, we identified two main patterns of Type-B social cooperative characterized by a different
31 contextual background. The first one (*Pattern 1*) includes the cooperatives born from charity-based
32 experiences. Often established by a religious inspired movement of the civil society, these social
33 cooperatives are typically founded by volunteers already engaged in supporting associations for the
34 promotion of disable people’s rights, or by organizations that provide social care services for disable
35 people. The growing need for the growth of a context able to support the introduction of these people
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

57
58 ² Legacoop and Confcooperative are the apex organization of the Italian most important cooperatives’ network. Their
59 activities include the safeguard the interests of the associated cooperatives, and provision of technical, legal and
60 accounting assistance. **Federsolidarietà** is the federation of social cooperatives belonging to Confcooperative.
61
62
63
64
65

1 to the labor market is the primary input for the development of these initiatives. The second one
2 (*Pattern 2*) is represented by the social cooperatives born within the wider Italian cooperative
3 movement. For these organizations, Italian cooperative associations—Confcooperative and
4 Legacoop—have played a key role in founding them or enabling them to develop the identity
5 necessary for maintaining a tenuous equilibrium between productive goals and their civic role in
6 diffusing social and economic benefits for communities, both culturally and territorially defined.
7

8
9
10
11
12 In the second phase, three focus groups with social cooperatives operators (about 10-15 people each)
13 were conducted with the twofold aim to validate the patterns identified in the first phase and support
14 the development of the semi-structured interview questions for data collection within the selected
15 cooperatives. With reference to the first aim, the operators confirmed the existence of the models that
16 emerged during the interviews with the key informants. In addition, they identified an emerging third
17 pattern of social cooperative (*Pattern 3*) that is not rooted in Italian tradition. In this emerging model,
18 the foundation of the social cooperative is motivated by the need to identify a legal form suitable to
19 the Italian context and be able to support the growth of a social business with flexibility and fiscal
20 advantages. With reference to the second aim, we asked each operator to describe the business model
21 of their own organization following the macro-dimensions designated by Yunus et al. (2011).
22 Through this adaptation of the original framework to real cases, we have been able to develop a set
23 of questions covering the main aspect of value creation in SEs, with specific attention to the
24 institutional characteristics of type - B social cooperatives. Table 3 includes a summarized description
25 of the research protocol that emerged from the focus groups.
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50

51 *Table 3: The framework for business model assessment*
52
53
54
55

56 We selected three case studies of Type-B social cooperatives—each of them associated with one of
57 the three patterns that emerged from the interviews and the focus groups—to be involved in the
58 qualitative analysis in phase three. To sample the case study cooperatives, a grounded theory
59
60
61
62
63
64
65

1 approach was taken (Glaser et al., 1967). Furthermore, in order to capture potential specificities
2 related to the social cooperative size, a combination of small and medium-large cooperatives have
3 been considered. In order to reduce the potential influence of the context on the development of the
4 SEs' business models, we chose three social cooperatives located in Northern Italy, in three regions
5 (Lombardy, Emilia-Romagna, and Veneto), with similar socio-economic backgrounds. The principal
6 source of investigation were semi-structured interviews which were carried out with the founders,
7 board members, CEOs, and operators with coordination roles within the three organizations and
8 covered the areas outlined by their business model. Interviews were recorded, and its main points
9 were transcribed. The results of the interviews were integrated with information collected from the
10 assessment of internal documents (i.e., procedure manuals and services protocols), data from the
11 social and financial reporting, newspapers, and official communications from the website, to describe
12 the value creation through the value constellation of each social cooperative.
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

29 **5. Case Studies Description**

30
31
32 The main features of the selected case studies (pattern, main social mission, industry, total revenues,
33 target, and contextual information) are summarized in table 4.
34
35
36

37 *Table 4: Case studies*

38
39
40
41
42 *Coop-A* – The first cooperative was founded in 2015 by saving a branch of a bankrupted cooperative
43 originally engaged in the field of paper recovery. According to public information, its social mission
44 is focused on the support to disadvantaged people in reaching personal autonomy through work.
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

Coop-A provides cleaning services, reception services and waste disposal services in Bologna, Italy and the surrounding area. It has employed 135 workers, 35 of them suffering from mental disorders. According to the CEO, the strong relationship on the job between common workers and workers with a mental disorder is a powerful tool for facilitating the social integration of disadvantaged people. Coop-A works in close collaboration with local social services and mental health centers that report people with mental illnesses to them, in particular, those who have reached the necessary

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

psychological equilibrium condition and are considered beneficial for the labor market. Coop-A, thanks to the close relations with the other actors of the cooperative world, Legacoop in particular, has built a customer portfolio that includes hospitals, local branches of trade unions and labor chambers over the years.

Coop-B – The cooperative was founded in 1993 by a charity located in the area of Monza (Italy) that engaged in the provision of assistance services for people with disabilities. According to public information, its social mission is mainly focused on helping severely disabled people in self-realization. Coop-B is a small SE whose aim is to provide a job to young people with disabilities, after the regular path within the Italian education system. Coop-B has three lines of activities for its employees, namely: ceramic and carpentry products, bicycle repair and component assembly, services outsourced for private companies. According to the approach of mutual learning, Coop-B created a co-working space made up of laboratories and work departments, where young people with disabilities and volunteers work side by side.

Coop-C – The cooperative was founded in 2013 with the aim to produce handcrafted, ethical fashion and sustainable garments and accessories in Veneto. According to public information, its social mission focuses mainly on the social inclusion of those who are excluded from the society. Coop-C recovers fabric scraps, remnants and offcuts from the entire textile chain production and reworks these into beautiful fabrics that would, otherwise, remain unused in archives or warehouses. Raw materials are provided by the most renowned Italian clothing companies. For each design, they create different models playing with color and material, and they produce one-of-a-kind pieces. Coop-C employs 87 people. 45 of them are disadvantaged people; mostly women with difficult pasts see this job as an opportunity to get their life back on track, helping them to achieve self-empowerment. Coop-C offers them training opportunities, the possibility to learn a profession and work. In 2016, Coop-C achieved financial sustainability having doubled the number of employees and the turnover every year.

6. Findings

1 With the aim to describe the process of value creation through the assessment of type B social
2 cooperatives' business models, findings are organized according to the Yunus et al.'s (2011)
3 framework.
4

5 ***Value Proposition and Revenue stream***

6
7
8
9 With reference to the social users, Coop-A employs people with mental disabilities, Coop-B employs
10 young people with different disabilities, while Coop-C works with women who risk social exclusion.
11

12 These specific categories of users have been selected for different reasons. In the case of Coop-A, the
13 selection was guided by the specific opportunity offered by Article 22 of Law 17/2005 of the Emilia
14 Romagna Region³. The interviewee stated that:
15

16
17
18
19
20
21
22 *"Given the conditions laid down in Article 22 and the fact that Legacoop increasingly asks*
23
24 *for our collaboration to identify people to be hired in different companies, this has led us to*
25
26 *focus more and more on this category of users".*
27

28
29 In the case of Coop-C, the choice to pay attention to marginalized women is motivated by the
30 founder's willingness to face this specific social challenge. In fact, both her studies and personal
31 history have intertwined, in various circumstances, with the problem of women in conditions of
32 fragility and the formulation of the value proposition of this social cooperative has its roots within
33 this path.
34

35
36
37
38
39 With reference to Coop-B, the selected category of disadvantaged people depends on the nature of
40 the founder charity. The operator explained that:
41

42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
*"By provided assistance to disabled people through our association, we realized that after
the standard path of compulsory studies at school, our girls and boys often did not have any
other ways to spend their time. Therefore, we decided to initiate a social cooperative to give
them the opportunity to work and learn".*

³ Article 22 of Law 17/2005 of the Emilia Romagna Region provides the possibility of stipulating agreements between the companies that must fulfill the employment obligations in favor of the workers belonging to the protected categories provided for by law 68/99 and the social cooperatives of Type-B.

1 By including different categories of disadvantaged people in the labor market, Type-B social
2 cooperative allow individuals to gain *utilitarian-instrumental* value to face a basic need for security.
3
4 The main benefit that these cooperatives offer to their social beneficiaries is the opportunity to enter
5 the labor market, allowing them to reach a certain level of autonomy and independence from a
6 financial point of view.
7

8
9
10 As the responders suggest, together with financial independence, these people are facilitated in
11 acquiring greater autonomy, more complete self-awareness (*moral-ethical value*), recognition from
12 the social point of view (*political-social value*), and self-realization (*hedonistic-aesthetical value*). In
13 particular, regarding people with mental disabilities, labor is perceived as an important opportunity
14 for facing distress. The following evidence provides some examples on such processes of public value
15 creation. The social report of Coop-B reports that:
16
17
18
19
20
21
22
23
24
25

26 *"We believe (...) in labor as one of the forms in which the human being is realized [hedonistic-*
27 *aesthetical value], defining his or her characteristics and gaining dignity [moral-ethical*
28 *value], and, consequently, his or her own well-being and capacity for social interaction*
29 *[political-social value]"*.
30
31
32
33
34
35

36 The operator of Coop-A argued further that:
37

38 *"People who are very dispirited have come to us. Now they walk with their heads high; they*
39 *have regained their dignity and face challenges in a new way [moral-ethical value].*
40 *Obviously, the difficulties do not disappear but are lessened, and this does not happen with*
41 *subsidies"*.
42
43
44
45
46
47

48 In the case of Coop-C the intrinsic characteristics of the job are also important:
49

50 *"We aim to give jobs to disadvantaged women, involving them in a supply chain that respects*
51 *both the market logic and social need. This stimulates active participation in beauty and*
52 *creativity [hedonistic-aesthetical value]. We strongly believe that fashion—with its message*
53 *of beauty, harmony, and creative colors —is a powerful tool for tackling social inequalities*
54 *and promoting social innovation [moral-ethical value]"*.
55
56
57
58
59
60
61
62
63
64
65

1 In this vein, creativity and beauty blend together with the wide range of environmental sustainability
2 and the recovery of high-quality fabrics otherwise unused thanks to a network of strictly selected
3 partners.
4

5
6
7 While the social dimension of the value proposition tends to converge on the need to give a job to
8 disadvantaged people, the value proposition on the commercial side depends on the specific industry
9 in which each cooperative works, and its importance, on the overall project of social inclusion, is
10 variable, ranging from an ancillary importance to a strategic relevance.
11
12
13
14
15

16
17 Regardless of whether the commercial aspect is strategic or ancillary, it is precisely from the
18 commercial dimension that the main categories of revenues—which are reflected in the profit
19 equation—originate. While in the case of Coop-B, the commercial activities depend mainly on the
20 abilities and skills of their volunteers, in the case of Coop-C, the offer has been developed around the
21 business idea of producing high-quality clothing from the recovery of fabric. At an intermediate level,
22 Coop-A's commercial offer initially depended on the opportunity to take the service branch, with its
23 long-standing customers, from the failed cooperative.
24
25
26
27
28
29
30
31
32

33
34 In the case of Coop-C, the pressure to be financial sustainable is strongly urged by the pressures of
35 the fashion market:
36
37

38
39 *“We started in 2014. In 2016, we achieved financial sustainability having doubled the number*
40 *of employees and the turnover every year. Such a crucial business expansion was also*
41 *validated by several recognitions, prizes, and collaborations with important commercial*
42 *brands that are showing an increasing interest in developing ethical collections to enhance*
43 *their social responsibility as companies”.*
44
45
46
47
48
49
50

51 With regard to the composition of the revenue streams, the largest part of the revenues originates
52 from commercial activities, whereas only a small part of the activities is financed by public grants
53 (less than 1% of total income for Coop-A and Coop-C; and 6% for Coop-B). Among these incomes,
54 public contracts have a very differentiated weight across the three case studies representing 75% of
55 total commercial revenues for Coop-A; 50% for Coop-B. In the case of Coop-C the percentage is
56
57
58
59
60
61
62
63
64
65

1 residual. Finally, donations from private individuals represent a small part of the total income for all
2 the social cooperatives. The highest is that of Coop-B with a rate that is lower than 5%. The responder
3 justified this relatively small contribution with the tendency, among donors, to support the founder
4 charity rather than its associated type-b social cooperative.
5
6
7
8

9 **Value constellation and expenses stream**

10 From the assessment of each cooperative's internal value chain, we have found that a fundamental
11 role is played by the integration of employees or volunteers with disadvantaged people. According to
12 the responders, in particular, such integration represents an important driver for the development of
13 a sense of belongingness (*political-social value*), on one hand, and a positive self-concept (*moral-*
14 *ethical value*), on the other hand.
15
16
17
18
19
20
21
22

23 Coop-B's interviewee described this engagement as follows:
24
25

26 *"We have created a co-working space made up of laboratories and work departments, where*
27 *young people with physical and psychological disabilities and volunteers work side by side,*
28 *learning from each other [political-social value]. A space made up of many spaces, different*
29 *but united by the thread of solidarity and commitment; to help and be helped is our watchword*
30 *[political-social value; moral-ethical value]"*.
31
32
33
34
35
36
37
38

39 In the case of Coop-C, the strong involvement of skilled designers and stylist is essential, too, and it
40 is related to the strategic importance of its commercial activities. In addition, although disadvantaged
41 employees are not directly involved in the design phase, their personal histories are inspiring for the
42 designers. As the interviewer of Coop-C explained:
43
44
45
46
47

48 *"Each item has to be handcrafted, a limited edition, eco-friendly, and unique in both its*
49 *aesthetic and social value. We always have to combine creativity and beauty [hedonistic-*
50 *aesthetical value] with respect for the environment and attention for those risking social*
51 *exclusion"*.
52
53
54
55
56
57

58 The analysis of the external value chain of the selected SEs highlights the importance of the
59 partnership between different categories of stakeholders as a source of collective social value.
60
61
62
63
64
65

1 The first category of partners includes private firms from the business sector. The fulfillment of Coop-
2 C's value proposition is strongly related to the provision of fabric scraps, remnants, and offcuts from
3
4 the entire textile chain production. A strong relationship is also developed with the commercial
5
6 partners. As the manager explained:
7

8
9 *“Other than our independent collection, today our creative team develops garment and*
10 *accessory collections in synergy with our partner companies' style and product departments.*
11
12 *The pieces are then distributed in the partners' flagship stores. Currently, the cooperative has*
13 *five single brand stores and has collections from over 50 multi-brand dealers spread across*
14 *the Northern and Central part of Italy. The number of companies that are deciding to join the*
15 *initiative is always increasing, with reasons varying from being passionate about the cause*
16 *to being keen and happy to be able to contribute to the diffusion of the slow fashion culture”.*
17
18
19
20
21
22
23
24
25

26 In the case of Coop-A, relations with private companies are stimulated by the presence of the law
27 mentioned above (provision 22 Law 17/2005). When private companies turn to Legacoop to benefit
28 from provision 22 (Law 17/2005), Legacoop turns to Coop-A which inserts workers among those
29 reported by social services. Even with more limited importance, even in the case of Coop-B,
30 relationships with private companies are essential: some companies in the province of Monza-
31 Brianza, in fact, turn to Coop-B for outsourcing manufacturing .
32
33
34
35
36
37
38
39
40

41 An important role is also played by the public sector, in particular, social services. The employment
42 of people with mental disabilities, ex-prisoners, and people risking social exclusion, in fact, requires
43 the development of a long-term relationship with local social services and often with the primary care
44 network. There are 70 Coop-C employees with 16 different nationalities who have often found jobs
45 through job centres and have been followed by social services. They are women who have often
46 experienced marginalization and have a fragile past: ex-prisoners, drugs addicts, abused women,
47 people who have escaped trafficking in prostitution and labor servitude, and those with disabilities.
48
49
50
51
52
53
54
55
56
57

58 In the case of Coop-A, this relationship is defined as irreplaceable. The director of Coop-A explained
59 how:
60
61
62
63
64
65

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

"Direct collaboration with social services is fundamental: they are the ones who tell us about people who are ready and who can get benefits from access to the world of work, favoring rebirth".

The role of the public sector as a buyer of services, in contrast, is less significant for these specific case studies. For Coop-C, this is evidently motivated by the specific industry in which this social cooperative operates. In the cases of Coop-A and Coop-B, the motivation is related to the limited size of these organizations, which does not allow them access to public competitions. In the case of Coop-A, any contract with the public sector is obtained indirectly through the consortium of social cooperatives to which this specific intent adheres.

In the specific case of Coop-A, the relationship with the overall cooperative system also emerged as crucial. The Legacoop circuit represents a protective environment for Coop-A, which can access their wide range of services, including training for its employees. The interviewee explained the fundamental role of the cooperative system starting from the Coop-A foundation, in particular:

"When the original cooperative went bankrupt, Legacoop made sure that their commercial activities that allowed job placement would continue. In particular, it was fundamental to identify ourselves as the potential helmsman to overcome the crisis",

And she explained further:

"Companies do it less; I think that the competitive dynamics of the private sector lead to restructuring that respects the element of the preservation of work less".

The partnerships that the social cooperatives develop with their stakeholders have a positive effect on the profit equation in terms of expenses containment. Coop-B, for example, can reduce training and coordination expenses by involving volunteers along the value chain. At the same time, Coop-A has always been able to count on the support of the cooperative system to obtain orders, with a positive effect on the containment of commercial expenses. Finally, Coop-C manages to obtain raw materials from the fashion industry for free or at very low prices in a win-win partnership in which Coop-C receives remnants, and the companies increase their social reputation.

1 At system level, Type-B cooperatives provide financial benefits, in terms of the reduction of
2 expenses, to the overall public sector, which is neither structurally nor financially capable of taking
3
4 on the job placement of disadvantaged people directly. As explained by the president of one of the
5
6 local associations of social cooperatives:
7

8
9 *"If Type-B cooperatives did not exist, the welfare system would have to take care of all these*
10
11 *situations. In addition, given the bureaucratic approach of the public sector and the different*
12
13 *regulatory constraints, for these people (disadvantaged people), one could only think of*
14
15 *initiatives of direct financial support, through subsidies and donations".*
16
17

18
19 Therefore, these organization allow the recovery of human capital for disadvantaged people,
20
21 otherwise unexploited, by placing it in the economic system, with a positive implication on the
22
23 welfare system's expenditures.
24

25 26 **7. Discussion**

27
28 The results from the assessment of the business models of Coop-A, Coop-B, and Coop-C are here
29
30 discussed. We highlight, in particular, two aspects.
31
32

33
34 The first is transversal and allows the development of some assumptions concerning the adaptability
35
36 of the public value generation model—according to the psychological perspective—to the specific
37
38 context of SEs for work integration. The second concerns the specificities of the business models
39
40 associated with three patterns of social cooperative identified in the early stages of the research.
41
42

43
44 With reference to the first aspect, through the application of Meynhardt's public value categories to
45
46 the context of Type-B social cooperatives - as mediated by the view point of SEs' workers, leaders,
47
48 and experts - we can presume that SEs are actors potentially able to apply a set of capabilities to
49
50 enable value creation consistent with either financial or social strategic objectives (Seelos and Mair
51
52 2007), through the development of new business models that can lead to societal wealth improvement
53
54 (Thompson and MacMillan 2010, Krupa et al 2019), affecting different dimensions of individual
55
56 public value creation, as summarized in Table 5.
57
58
59
60
61
62
63
64
65

Table 5: Public value creation in work integration SEs – hypothesis

1
2
3
4
5 More specifically, with reference to the moral-ethical dimension of value, we hypothesize that SEs
6
7 for work integration can support the development of personal self-esteem and a users' positive self-
8
9 view within a specific professional role (Semmer et al., 2007). The hedonistic-aesthetical dimension
10
11 of value manifests itself in users' self-realization through a sense of autonomy, authenticity, and self-
12
13 expression. It refers, in particular, to the possibility of developing one's self-view through a
14
15 professional role (Semmer et al., 2007), allowing individuals to have a positive experience within a
16
17 stimulating work environment. From the perspective of political-social value, we hypothesize that
18
19 SEs can become the promoter of social inclusion at the organizational level in particular, ensuring
20
21 that disadvantaged people can have access to the same rights, services, and benefits, as well as access
22
23 to employment and work, income and economic resources, material resources, education and skills,
24
25 healthcare, housing, social resources, community resources, and personal safety. Finally, the
26
27 utilitarian-instrumental dimension of value emerges when disadvantaged people are able to reach
28
29 financial independence through work. Accordingly, SEs may allow individuals to reach financial
30
31 autonomy, generating a potential saving of public funding for public subsidies. Shifting from the
32
33 individual perspective of disadvantaged people—who are the primary receivers of the value creation
34
35 processes—to the collective perspective, we hypothesize that SEs can contribute to mobilizing
36
37 important resources for collective benefit, confirming that value creation does not concern the
38
39 individual user exclusively, rather it has impact on social, environmental and political dimensions
40
41 (Bovaird and Loeffler, 2012). The work of disadvantaged people, in particular, becomes a source of
42
43 value that, in the absence of the positive contribution of the SEs, would not be enhanced. The
44
45 generation of social value at the collective level can be observed within the related communities and
46
47 stakeholders that are often strongly engaged in these projects. They generate value for the civil
48
49 society, community, customer, and the brand's partners, bridging the market and the social needs,
50
51 and facing unpleasant problems (i.e., immigrants' inclusion). In some cases, specific attention to the
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1 issues of the recovery and sustainability of goods also has a positive effect at the environmental level
2 of public value creation.
3

4 With reference to the second point, through the qualitative analysis we identified some distinctive
5 peculiarities in the business models associated with the three original patterns, highlighting how SEs'
6 growth and development are influenced not only by their national context (Defourny and Nissen
7 2010; Kerlin 2006), but also by their social, political and cultural micro-contexts, at the local level.
8
9

10 In particular, we suggest the emergence of three models of social cooperatives: the *cooperative-driven*
11 model, the *people-driven* model, and the *market-driven* model. Each model has a different approach
12 to the process of value creation that is translated into different value propositions and constellations
13 (Table 6). We classify the business models according to the importance given to have a cooperative
14 governance model, to the relevance of revenues from commercial activities, and to the attention given
15 to the intrinsic value of the commercial offer. We also distinguished the business model's key actors
16 and the main driver for value creation. With reference to the last point, in particular, we identified the
17 main driver of value creation for each model. Although the simultaneous tensions toward cooperative
18 principles, social mission, and financial sustainability coexist in all the cases assessed, our analysis
19 suggests the presence of different nuances that emphasize one or the other aspect within the three
20 models.
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43

44 *Table 6: Three Social Enterprises' approaches to public value creation*
45
46

47 Firstly, Coop-A adopts a cooperative-driven model. In this case, a fundamental role within the
48 business model is played by the Italian cooperative system in which the single social cooperative is
49 strongly embedded. Coop-A was reborn after the failure of another cooperative, thanks to the
50 mediation of Legacoop. In this case, the strong intrinsic mutuality and external relation with
51 Legacoop made the potential success of the business possible in which it is involved nowadays. This
52 also affects the structure of the commercial value proposition of Coop-A, which seems to follow the
53
54
55
56
57
58
59
60
61
62
63
64
65

1 trajectory of the emergent strategies (Mintzberg and Waters, 1985). The type of service provided, in
2 fact, does not depend on a deliberate strategy but on the opportunities given by the cooperative
3 system; what remains is the fulfillment of the cooperative's postulate of preserving labor
4 opportunities in the long-term. In this case, the cooperatives' governance model is essential and
5 represents the *raison d'être* for the members of the organizations. In this vein, the cooperation
6 principles are the guidelines for the governance and management of these organizations whose
7 structures and processes are inspired by internal and external mutuality, democratic participation and
8 representation, and solidarity. In particular, social cooperatives belonging to the cooperative-driven
9 model can be seen as organizations "conducive to social entrepreneurship and social innovation if
10 they apply the co-operative principles, and practice co-op values" (Novkovic 2008).
11

12 In contrast, we identified a *people-driven model* corresponding to the first pattern and the case of
13 Coop-B. Here, the overall business idea was developed starting from the needs of a specific category
14 of people, which catalyzes the work of volunteers around the idea of personal development. Coop-B,
15 in the end, has a strong relationship with the local community and local associations, which is its
16 strength. In principle, the *people-driven* model would not have the necessity to adopt the governance
17 model of the cooperative but the same activities would be performed in the context of simpler
18 association forms. In this specific case, the choice of the cooperative form is mainly related to the
19 opportunity to access the fiscal and social security incentives of the social cooperative. According to
20 this model, the importance of developing a recognized and market-appealing product is marginal, and
21 this is compensated by the existence of the supporting network of the founder association. With
22 reference to the main driver of value creation, in the people driven model we find the confirmation
23 that social mission is the most important driver of strategic management in social enterprises (Mair
24 and Marti, 2006; Peredo and McLean, 2006). The social mission of supporting severely disabled people
25 to reach social inclusion and self-realization, in fact, seems to be the driver of decision-making even
26 if this requires a continuous adaptation of the value proposition, according to the opportunities given
27 by both the external environment, and the new volunteers' competences and skills. This orientation
28

1 is coherent to those of traditional third sector organizations' approach in which the strategic design
2 is often affected by emergent contingencies, and the integration between mission and strategy is the
3 driver for long term sustainability (Phills, 2005).
4
5
6

7 Finally, Coop-C adopts a *market-driven* model, we observed a full integration of the social mission
8 with the market success, according to the "do good by doing good" approach, and this tension toward
9 the simultaneous fulfilment of social aims and financial sustainability converges into a precise
10 commercial value proposition that is referred to a specific target of customers. Coop-C utilizes
11 recycled materials, involving disadvantaged people in the production, but it also offers its products
12 following the rules of the fashion market. Therefore, the analysis of its value constellation makes it
13 clear that the potential success of its business is strictly related to the commercial customers that are
14 socially responsible. As occurring in the case of the *people-driven* model, the *market-driven* model
15 would not necessarily need the governance model of the cooperative, but it is only a consequence of
16 the advantage offered by the Italian institutional environment. This SE plays in a competitive market,
17 therefore, both the development of an appealing commercial value proposition and a positive
18 relationship with the providers are essential.
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

35 **8. Conclusion**

36
37
38
39 The aim of work integration SEs is allowing the mobilization of unused resources, human in
40 particular, in a sustainable manner. In this vein, they can effectively support the welfare system under
41 public budget restrictions recovering human capital by placing disadvantaged people in the economic
42 system, with a positive implication for the employees themselves, for the community and for the
43 welfare system's expenditures. In this vein, the need to fulfill the social mission still maintaining a
44 financial balance is a precondition for the sustainable development of SEs. In the assessed case
45 studies, we observed the organizational orientation toward the maintenance of both a clear identity
46 and a focus on the social mission, and specific attention to the financial sustainability in the long
47 term. According to our framework, the combination in the business model of both value constellation
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1 and value proposition allows for the generation of public value as summarized in the financial and
2 social value equation, and Coop-A's social report provides a good summary on this point.
3

4 "[Social cooperatives are able to gain] *a general benefit from the job placement of*
5 *disadvantaged people, where the general aim is a benefit in social terms, and also in economic*
6 *terms. The benefits in social terms are immediately recognizable. In fact, a person at a*
7 *disadvantage (...), through work, has the possibility to reintegrate socially and avoid the risk*
8 *of further marginalization.*"
9
10
11
12
13
14
15
16

17 Previous studies have shown the generated value of work integration SEs, highlighting their ability
18 to favor disadvantaged people's access to the labor market (e.g. Pattiniemi 2004; Savio and Righetti
19 1993; Ho and Chan 2010; Darby and Jenkins 2006). However, compared to previous works, this
20 contribution focuses on two particular aspects.
21
22
23
24
25
26

27 The first one concerns the existence of a value that goes beyond the well-being of individual users,
28 highlighting the existence of a link between personal benefits and positive effects on the overall
29 society in terms of public value. In this vein, from a policy-making point of view, a stronger public
30 support to WISEs' growth, can be crucial for the re-introduction of disadvantaged people into a
31 virtuous cycle in which they can contribute positively to a socially sustainable development.
32
33
34
35
36
37
38
39

40 Secondly, the qualitative analysis stressed that the ways to pursue common objectives can translate
41 into different business models. Similar objectives are pursued with different approaches, driven by
42 different thrusts. This contribution offers a deeper analysis of WISE's modus operandi who is affected
43 by a task environment – defined by a legal framework, cultural dimensions and economic context –
44 within which organizations develop their own business models that translate specific business ideas,
45 formulated within specific missions and visions, leveraging the resources actually available.
46
47
48
49
50
51
52
53
54

55 With reference to the first point, this study contributed to the literature on public value creation, with
56 a specific focus on the role that SEs can play in this process, looking at the micro-foundations of
57 value, in particular. The analysis of our case studies allows us to develop some proposals concerning
58
59
60
61
62
63
64
65

1 the generation of public value by bottom-up private initiatives. We suggest, in particular, that type-b
2 social cooperatives can contribute to the creation of public value by playing a role that no other actor
3
4 in the social context would be able to play under the same conditions of social and financial
5
6 sustainability. The results suggest a further development of the proposed analytical framework, in the
7
8 direction of a more general model of public value creation through the involvement of private
9
10 organizations such as SEs. Compared to nonprofit organizations, in fact, SEs are less dependent on
11
12 the public sector and have a more pronounced ability to activate private resources for public intents.
13
14
15 With specific reference to the case of Italian Social Coop-B, among these private resources, the work
16
17 of those at risk of marginalization is the most important: without the work of these organization, in
18
19 fact, these human resources would be difficult to exploit and would be lost, turning into a cost for the
20
21 public sector. Future research can be conducted with a specific attention to WISE's users by
22
23 performing surveys aimed at testing, from the empirical view point, the actual ability of type-b's
24
25 social cooperatives to create value – as suggested in our hypothesis - within the categories of public
26
27 value identified by Meynhardt.
28
29
30
31
32

33
34 With reference to the second point, our results stresses that the approach adopted in order to generate
35
36 value, changes according to several contextual factors. According to our evidences, in particular,
37
38 three different models can be identified. We defined the first one as cooperative-driven. Characterized
39
40 by a strong relationship with the cooperative system, in this model the cooperatives' governance
41
42 model is essential and represents the *raison d'être* for the members of the organizations. The second
43
44 model is the *people-driven* in which the business idea is developed starting from the needs of a
45
46 specific category of disadvantaged people, and strongly supported by the network of the founder
47
48 charity. Finally, in the *market-driven* model, the organization fully integrates the social mission with
49
50 the market success. Future research can be aimed at validating the proposed framework by assessing
51
52 on a large-scale analysis the diffusions of these models and their main characteristics in terms of both
53
54 governance structures, and management approaches.
55
56
57
58
59
60
61
62
63
64
65

1 Although the cases under analysis concerned a specific context, we believe that some of the
2 conclusions we have reached can be extended to other institutional environments. The Italian
3 specificities concern, above all, the *cooperation-driven* model since the SEs belonging to this
4 category—such as Coop-A—are strongly dependent on the cooperative system as conceived and
5 implemented in Italy. The *people-driven* and *market-driven* models, on the other hand, independently
6 of the reference governance model adopted, include SEs that, for both activities and characteristics,
7 could operate in any country. More generally, the public actor, in fact, can recognize that SEs play
8 an active role in interpreting the needs of citizens to implement public policies. This role, if
9 adequately promoted and supported, can lead to significant results in terms of ability to anticipate
10 individuals' needs, congruence of responses with respect to the individual's real aspirations, and
11 support for the socio-economic local development. In this context, public institutions are called to
12 play the role of sponsor and facilitator, through the implementation of active labour policies, specific
13 investments, and regulatory interventions aimed at promoting the growth of SEs and, consequently,
14 the creation of a sustainable public value.

15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34 These Italian SE cases provide an example of how the development of a sustaining institutional
35 context can allow the diffusion of social innovation from the bottom of the pyramid. Nevertheless,
36 further research is required to face the limitations of this explorative contribution.

37
38
39
40
41 The main limitations of this work are linked to its case study-based nature, which restricts the results'
42 external validity. Even though the cases were selected through theoretical sampling, to explore certain
43 elements and dynamics within a constrained comparative approach, other governance models of SEs,
44 other sectors and other countries' experiences may provide a different picture. As a consequence,
45 further research should first test the external validity of the mechanisms and dynamics highlighted by
46 our three cases, by extending the analysis to other typologies of SEs, contexts, and larger samples. At
47 the same time, whereas our case studies are examples of SEs where social mission and financial
48 sustainability are jointly and effectively fulfilled, it should be noted that several hurdles may get in
49 the way of such desirable outcome. Another yet complementary perspective may therefore look at
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1 cases of mission drift, creaming strategies, and opportunistic use of SEs' legal status in certain
2 jurisdictions to obtain financial and tax advantages, thereby shedding a light on the potential 'dark
3 side' of SEs' business model. Future studies that join together these different perspectives will
4 provide both scholars and practitioners with a better understanding of these business models'
5 components and their possible functioning, so as to support their contribution to the creation of public
6 value.
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

References

- 1
2 Amit, R., & Zott, C. 2001. Value creation in e- business. *Strategic management journal*, 22(6- 7),
3 493-520.
4
- 5 Battilana, J., & Lee, M. (2014). Advancing research on hybrid organizing—Insights from the study of
6 social enterprises. *The Academy of Management Annals*, 8(1), 397-441.
7
- 8 Battilana, Julie, Metin Sengul, Anne-Claie Pache, and Jacob Model. 2015. “Harnessing Productive
9 Tensions in Hybrid Organizations: The Case of Working Integration Social Enterprises.” *Academy*
10 *of Management Journal* 58 (6): 1658–85. <https://doi.org/10.5465/amj.2013.0903>.
11
- 12 Borzaga, C., & Tortia, E. C. 2010. The economics of social enterprises. *The Economics of Social*
13 *Responsibility. The World of Social Enterprises. London: Routledge*, 15-33.
14
- 15 Borzaga, C., and J. Defourney. 2001. “Conclusions: Social Enterprises in Europe, a Diversity
16 of Initiatives and Prospects.” In *The Emergence of Social Enterprise*, edited by C. Borzaga and
17 J. Defourney, 350–370. London: Routledge.
18
- 19 Borzaga, C., Depedri, S., & Bodini, R. 2010. *Cooperatives: the Italian experience* (pp. 1-12). Euricse.
20
- 21 Borzaga, C., Poledrini, S. and Galera, G. (2017) “Social Enterprise in Italy: Typology, Diffusion and
22 Characteristics”, *ICSEM Working Papers*, No. 44
23
- 24 Bovaird, T., & Loeffler, E. 2012. From engagement to co-production: The contribution of users and
25 communities to outcomes and public value. *Voluntas: International Journal of Voluntary and*
26 *Nonprofit Organizations*, 23(4), 1119-1138.
27
- 28 Bozeman, B. (2007). *Public values and public interest: Counterbalancing economic individualism*.
29 Georgetown University Press.
30
- 31 Bryson, J. M., Crosby, B. C., & Bloomberg, L. 2014. Public value governance: Moving beyond
32 traditional public administration and the new public management. *Public Administration Review*,
33 74(4), 445-456.
34
- 35 Bryson, John, Sancino, Alessandro, Benington, J., & Sørensen, E. 2017. Towards a multi-actor theory
36 of public value co-creation. *Public Management Review*, 19(5): 640-654.
37
- 38 Cabral, S., Mahoney, J. T., McGahan, A. M., & Potoski, M. (2019). Value creation and value
39 appropriation in public and nonprofit organizations. *Strategic Management Journal*, 40(4), 465-
40 475.
41
- 42 Pestoff, V., & Hulgård, L. (2016). Participatory governance in social enterprise. *VOLUNTAS:*
43 *International Journal of Voluntary and Nonprofit Organizations*, 27(4), 1742-1759.
44
- 45 Sandberg, B., Elliott, E., & Petchel, S. (2019). Investigating the Marketization of the Nonprofit
46 Sector: A Comparative Case Study of Two Nonprofit Organizations. *VOLUNTAS: International*
47 *Journal of Voluntary and Nonprofit Organizations*, 1-17.
48
- 49 Testi, E., Bellucci, M., Franchi, S., & Biggeri, M. (2017). Italian social enterprises at the
50 crossroads: Their role in the evolution of the welfare state. *VOLUNTAS: International Journal of*
51 *Voluntary and Nonprofit Organizations*, 28(6), 2403-2422.
52
- 53 Casadesus-Masanell, R., & Ricart, J. E. 2010. From strategy to business models and onto tactics.
54 *Long range planning*, 43(2-3), 195-215.
55
- 56 Chandra, Y., & Paras, A. (2020). Social entrepreneurship in the context of disaster recovery:
57 Organizing for public value creation. *Public Management Review*, 1-22.
58
- 59 Cornelius, N., & Wallace, J. (2010). Cross-sector partnerships: City regeneration and social
60 justice. *Journal of Business Ethics*, 94(1), 71-84.
61
62
63
64
65

- 1 Creswell, J. W., Hanson, W. E., Clark Plano, V. L., & Morales, A. 2007. Qualitative research designs:
2 Selection and implementation. *The counseling psychologist*, 35(2), 236-264.
- 3 Dees, J. G., & Anderson, B. B. (2003). Sector-bending: Blurring lines between nonprofit and for-
4 profit. *Society*, 40(4), 16-27.
- 5 Defourny, J., & Nyssens, M. (2010). Conceptions of social enterprise and social entrepreneurship in
6 Europe and the United States: Convergences and divergences. *Journal of social*
7 *entrepreneurship*, 1(1), 32-53.
- 8
9
10 Doherty, B., Haugh, H. and Lyon, F., 2014. Social enterprises as hybrid organizations: A review and
11 research agenda. *International Journal of Management Reviews*, 16(4), pp.417-436.
- 12
13 Emerson, J., & Twersky, F. (Eds.. 1996. *New social entrepreneurs: The success, challenge and*
14 *lessons of non-profit enterprise creation*. The Homeless Economic Fund, the Roberts Foundation.
- 15
16 Epstein, S. 1998. Cognitive-experiential self-theory. In *Advanced personality* (pp. 211-238).
17 Springer, Boston, MA.
- 18
19 Glaser, B., & Strauss, A. 1967. The discovery of grounded theory. *London: Weidenfeld and*
20 *Nicholson*.
- 21
22 Hall, P. M. 1987. Presidential address: Interactionism and the study of social organization. *The*
23 *sociological quarterly*, 28(1), 1-22.
- 24
25 Ismail, A., & Johnson, B. (2019). Managing Organizational Paradoxes in Social Enterprises: Case
26 Studies from the MENA Region. *VOLUNTAS: International Journal of Voluntary and Nonprofit*
27 *Organizations*, 30(3), 516-534.
- 28
29 Johnstone, H., & Lionais, D. (2004). Depleted communities and community business
30 entrepreneurship: revaluing space through place. *Entrepreneurship & Regional Development*, 16(3),
31 217-233.
- 32
33 Johnstone, H., & Lionais, D. 2004. Depleted communities and community business entrepreneurship:
34 revaluing space through place. *Entrepreneurship & Regional Development*, 16(3), 217-233.
- 35
36 Kerlin, J. A. (2006). Social enterprise in the United States and Europe: Understanding and learning
37 from the differences. *Voluntas: International Journal of Voluntary and Nonprofit*
38 *Organizations*, 17(3), 246.
- 39
40 Krupa, T., Sabetti, J., & Lysaght, R. (2019). How work integration social enterprises impact the
41 stigma of mental illness. *Social Enterprise Journal*.
- 42
43 Martinez-Hernandez, V. 2003. *Understanding value creation: the value matrix and the value cube*
44 (Doctoral dissertation, University of Strathclyde).
- 45
46 Mattioni, F., & Tranquilli, D. 1998. Social entrepreneurs: the Italian case. *Rome: D'Anselmi Editore*.
- 47
48 McMurray, A. 2004. *A commonsense approach*. Cengage Learning Australia.
- 49
50 Mendel, S. C., & Brudney, J. L. 2014. Doing good, public good, and public value: Why the
51 differences matter. *Nonprofit Management and Leadership*, 25(1), 23-40.
- 52
53 Meynhardt, T. 2009. Public value inside: What is public value creation?. *Intl Journal of Public*
54 *Administration*, 32(3-4), 192-219.
- 55
56 Meynhardt, T., Brieger, S. A., Strathoff, P., Anderer, S., Bairo, A., Hermann, C., ... & Gomez, P.
57 (2017). Public Value Performance: What Does It Mean to Create Value in the Public Sector?.
58 In *Public sector management in a globalized world* (pp. 135-160). Springer Gabler, Wiesbaden.
- 59
60 Michaud, V., & Tello- Rozas, S. (2020). Integrating normative values and/in value creation: A
61 strategic management decision aid tool for social enterprises' values practices. *Nonprofit*
62
63
64
65

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

Management and Leadership, 30(3), 377-398.

Mintzberg, H., & Waters, J. A. 1985. Of strategies, deliberate and emergent. *Strategic management journal*, 6(3), 257-272.

Moore, M. 2003. The public value scorecard: a rejoinder and an alternative to 'strategic performance measurement and management in non-profit organizations' by Robert Kaplan.

Moore, M. H. 1995. *Creating public value: Strategic management in government*. Harvard university press.

Novkovic, S. (2008). Defining the co-operative difference. *The Journal of Socio-Economics*, 37(6), 2168-2177.

Nyssens, M. (Ed.). 2007. *Social enterprise: At the crossroads of market, public policies and civil society*. Routledge.

Park, S., & Kim, S. (2016). Can Nonprofit Enterprises Lead to Better Revenue Conditions in Local Government?. *The American Review of Public Administration*, 46(6), 700-712.

Pestoff, V., & Hulgård, L. (2016). Participatory governance in social enterprise. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 27(4), 1742-1759.

Peredo, A. M., & McLean, M. 2006. Social entrepreneurship: A critical review of the concept. *Journal of world business*, 41(1), 56-65.

Phills Jr, J. A. (2005). *Integrating mission and strategy for nonprofit organizations*. Oxford University Press.

Porter, M. E. (1985). Value chain. *The Value Chain and Competitive advantage: creating and sustaining superior performance*.

Powell, M., & Osborne, S. P. (2015). Can marketing contribute to sustainable social enterprise?. *Social Enterprise Journal*.

Powell, M., Gillett, A., & Doherty, B. (2019). Sustainability in social enterprise: hybrid organizing in public services. *Public Management Review*, 21(2), 159-186.

Prebble, M. (2018). Is “we” singular? The nature of public value. *The American Review of Public Administration*, 48(2), 103-118.

Ramus, T., & Vaccaro, A. (2017). Stakeholders matter: How social enterprises address mission drift. *Journal of Business Ethics*, 143(2), 307-322.

Salamon, L. M., Sokolowski, S. W., & Anheier, H. K. 2000. Social origins of civil society: An overview.

Sandberg, B., Elliott, E., & Petchel, S. (2019). Investigating the Marketization of the Nonprofit Sector: A Comparative Case Study of Two Nonprofit Organizations. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 1-17.

Seelos, C., & Mair, J. 2007. Profitable business models and market creation in the context of deep poverty: A strategic view. *Academy of management perspectives*, 21(4), 49-63.

Shafer, S. M., Smith, H. J., & Linder, J. C. 2005. The power of business models. *Business horizons*, 48(3), 199-207.

Spear, R., & Bidet, E. (2005). Social enterprise for work integration in 12 European countries: a descriptive analysis. *Annals of public and cooperative economics*, 76(2), 195-231.

Stoker, G. (2006). Public Value Management: A Narrative for Networked Governance? *American Review of Public Administration*, 36 (1), 41–57.

1 Talbot, C. (2011). Paradoxes and prospects of 'public value'. *Public Money & Management*, 31(1),
2 27-34.

3 Teasdale, S. (2010). How can social enterprise address disadvantage? Evidence from an inner city
4 community. *Journal of Nonprofit & Public Sector Marketing*, 22(2), 89-107.

5 Teece, D. J. 2010. Business models, business strategy and innovation. *Long range planning*, 43(2-3),
6 172-194.

7
8 Testi, E., Bellucci, M., Franchi, S., & Biggeri, M. (2017). Italian social enterprises at the
9 crossroads: Their role in the evolution of the welfare state. *VOLUNTAS: International Journal of*
10 *Voluntary and Nonprofit Organizations*, 28(6), 2403-2422.

11
12 Thomas, A. 2004. The rise of social cooperatives in Italy. *Voluntas: International Journal of*
13 *Voluntary and Nonprofit Organizations*, 15(3), 243-263.

14
15 Thompson, J. L. 2002. The world of the social entrepreneur. *International journal of public sector*
16 *management*, 15(5), 412-431.

17
18 Williams, I., & Shearer, H. (2011). Appraising public value: Past, present and futures. *Public*
19 *administration*, 89(4), 1367-1384.

20
21 Yin, R. K. 2009. Case study research: Design and methods (applied social research methods). *London*
22 *and Singapore: Sage*.

23
24 Yunus, M., Moingeon, B., & Lehmann-Ortega, L. 2010. Building social business models: Lessons
25 from the Grameen experience. *Long range planning*, 43(2-3), 308-325.

26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

Table 1: Basic needs and value dimensions

Basic needs for	Motivation for	Basic value dimension
Positive self-evaluation	Positive self-concept and self-worth; consistent relationship between self and environment; feeling of high self-esteem.	Moral-ethical value
Maximizing pleasure and avoiding pain	Positive emotions and avoidance of negative feelings; flow-experience; experience of self-efficacy due to action.	Hedonistic-aesthetical value
Positive relationships	Relatedness and belongingness attachment, group identity optimal balance between intimacy and distance.	Political-social value
Control and coherence over one's conceptual system	Understanding and controlling the environment; predictability of cause and effect relationships; ability to control expectations to cause desired outcomes.	Utilitarian/ instrumental

Source: Elaboration from Meynhardt (2009)

Table 2: Research phases

Phase	Description	Participants/Interviewees	Other sources	Output
1.	Interviews with two Key Informants	Legacoop Romagna's President; AICCON's President	Italian literature on social entrepreneurship and social cooperatives	Identification of Type-B cooperative pattern (1 and 2).
2.	Three focus groups with social cooperatives operators.	Focus group 1: 5 social cooperative's operators Focus group 2: 10 cooperatives' operators Focus group 3: 7 nonprofit organization's operators	=	Models' validation. Identification of an additional emerging pattern (3). Definition of the research protocol for case study analysis
3.	Multiple case study analysis	10 semi-structured interviews with cooperatives' founders, board members, CEOs and operators	Social cooperatives' financial statements. Social reporting. Articles from national and local newspapers. Websites.	Description of the cooperatives' business model dimensions. Explanation of the process of public value creation.

Table 3: The framework for business model assessment

Dimensions	Investigated aspects	Main questions from semi-structured interviews
<i>Value proposition:</i>		
For social users	<p>Detection of the category of disadvantaged people that the organization aims to support.</p> <p>Explanation of the benefits for users and their community.</p> <p>Presentation of the expected results from the SE activities.</p>	<p>Which categories of disadvantaged people do you refer to? Why did your organization select this specific category? What benefits can your user receive from your SE?</p>
For commercial customers	<p>Identification of the segment of commercial users.</p> <p>Explanation of the advantages that the customers can receive from the SE instead of from its competitors.</p>	<p>Who are your commercial customers? Are there alternative competitors in your sector? Why should a customer choose your company instead of others?</p>
<i>Value constellation:</i>		
Internal value chain	<p>Presentation of the SE's value chain in terms of: focal internal resources and main activities.</p> <p>Explanation of the value creation process through the assessment of the relationship between these variables.</p>	<p>Which focal resources (physical, financial, and intangible) are involved in the fulfilment of your social aims? What are the phases of service provision/goods production?</p>
External value chain	<p>Presentation of the SE's value chain in terms of their key partnership through the assessment of the value creation process.</p>	<p>Who are the external partners that support you in the fulfilment of your objectives? How?</p>
<i>Profit equation:</i>		
Value for social users	<p>Explanation of the social benefits obtained concerning the investment. Understand the contribution of public grants and donations.</p>	<p>Can you describe the outcome that your social users obtained over time? Is the role of the public sector in giving grants/private donations essential to obtain such benefits?</p>

Dimensions	Investigated aspects	Main questions from semi-structured interviews
Financial value	Assessment of the organisational financial sustainability in the long term. Understand the contribution of different categories of commercial customers.	Can you please quantify your organisation's main ratios of profitability, solvency and liquidity? What are their tendencies over time? What is the specific contribution of public sector contracts to your organisation's financial performance?

Table 4: Case studies

Case	Pattern	Social mission (main)	Activity/Industry	Revenues and employees (K/Euros)	Users' target	Region	Region's contextual information GDP per capita (K); Employment rate; Public spending per capita.
Coop-A	2	Disadvantaged people's autonomy	Reception/Cleaning services/Waste management	2.000 135 employees (35 disadvantaged people)	Mental disabilities	Emilia Romagna	36.29 69.9 3,046
Coop-B	1	Self-realization for severely disabled people	Handcrafted products, bicycles repairing, component assembly services co-working space	200 6 employees (4 disadvantaged people)	Physical and mental disabilities	Lombardy	38.84 68.1 2,728
Coop-C	3	Inclusion of those who are excluded from the society	Ethical and sustainable fashion-quality clothes from the recycling of luxury production waste	2.700 87 employees (45 disadvantaged people)	Women risking social exclusion (immigrants, ex-prisoners)	Veneto	33.27 67.3 2,940

Table 5: Public value creation in work integration SEs – hypothesis

Basic value dimension	Motivation for...	Hypothesis on value creation in work integration SEs.
Moral-ethical value	Personal self-esteem and development of a self-view within a specific professional role.	SE workers feel good at their job since they perceive equality and justice
Hedonistic-aesthetical value	Self-realization as a sense of autonomy, authenticity, and self-expression at work.	SE workers feel that they can express themselves through the job because it is a positive experience in a good work environment.
Political-social value	Experimenting social inclusion in the labor context; Social-esteem through positive evaluation by others.	SE workers feel a part of the organizations; relationships with colleagues are good (social inclusion).
Utilitarian-Instrumental value	Access to the labor market, and related individual financial autonomy	SE workers are able to reach financial autonomy without public intervention.

Table 6: Three Social Enterprises' approaches to public value creation

Pattern	Case	Emerging model	Importance of...			Key actors	Main catalyst for value creation
			Being cooperative	Being commercial	Marketable products		
2	Coop-A	Cooperative-driven	Crucial	Crucial	Marginal	Cooperative system	Cooperative Principles for social mission
1	Coop-B	People-driven	Marginal	Marginal	Marginal	Founder Association	Social mission
3	Coop-C	Market-driven	Marginal	Crucial	Crucial	Commercial partners	Social mission-financial dimension balancing