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### **Third sector and local development in Italy**

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Volunteering and social capital

*Abstract:*

Recent years have witnessed a considerable growth of a broad range of non-profit organizations in Italy (whose number increased by 283 percent, between 1991 and 2001). These organizations, occupying the space between the market and the state, play an important role in the development of civil society, but they also have a role in local economic development.

Despite their diversity in terms of legal status, services given, fields of activity, dimensions, etc., these organizations share common values such as altruism, mutuality, solidarity, belief in the importance of individual initiative. In fact, they are private entities that pursue finalities of public interest, by mobilizing new resources and encouraging empowerment and participation. In this way, non-profit organizations contribute importantly to the production of “social capital”, which consists of bonds of trust and reciprocity among people. Where there is plenty of “social capital”, there are the best conditions for the development of cooperation and those bonds of trust and reciprocity have been found to be positively and significantly related to the economic performance of the Italian regions [Putnam 1993].

“Trust creates reciprocity and voluntary associations, reciprocity and associations strengthen and produce trust” (see Putnam 1993, 163-185). Furthermore, the forms of social capital are self-reinforcing and cumulative by nature, then “the more social capital is used, the more it grows” [Coleman 1988].

At the local level, it seems that social capital favours economic development and entrepreneurship as well as the flourishing of non-profit organizations. In Italy, for instance, the successful model of Industrial districts – small areas characterized by high manufacturing specialization based on a network-like context of small/medium enterprises – shows a spatial pattern similar to the one of non-profit sector. Is there, in general, a link between local economic development and the Third sector, as a producer of social capital? Can the social capital produced by the Third sector be considered as a “competitive advantage” for local economies?

In this paper, before trying to answer the above questions, the authors will provide an overview of the Italian non-profit sector (in terms of the organizations’ legal status, sector of activity, type of services offered, human resources involved, etc.), based mainly on the results of the latest economic Census (2001). In order to show the main trends of the variables, data of the first Non-profit Organizations Census (1999) and those of the previous economic Census (1991) will also be used.

Then a focus on geographical distribution of the non-profit sector in Italy will be presented and the presence of non-profit organizations in the Industrial districts [IPI 2002] will be in depth analysed to explore models and patterns of profit and non-profit development. Data from the Industry and Services Census (2001) and Non-profit Census (1999) will be used.

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